FAUJI FERTILIZER COMPANY LIMITED

GEARING UP FOR A SUSTAINABLE FUTURE

2023

Annual Integrated Report

COVER STORY

Our journey, deeply rooted in the essentials of life—nourishing the earth, empowering communities financially, and embracing renewable resources—embodies a blend of tradition and innovation, gearing up for sustainability. We chart a course deeply rooted in environmental stewardship, empowering stakeholders, and the strategic utilization of renewable resources. Diversifying our footprint across key sectors—renewable energy, banking, cement, and food production—our focus lies in channelling the financial resources towards securing a robust, uninterrupted supply chain of essential raw materials, in line with our overarching business vision.

Looking ahead, we continue venturing the transformative journey—affirming our commitment toward a future—where sustainability becomes the cornerstone of our existence.

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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ANNUAL INTEGRATED REPORT 2023

Vision
Mission

Leading Through Our Purpose

Values
Practices

Value for/in our business model

Our vision, mission, codes and values are based on the principles of value creation and preservation. These principles are rooted in our business model and align every one within the organization. We apply integrated thinking to identify matters that could influence our ability to create value. Our value creating business model demonstrates how we make decisions, apply our resources/capitals, deliver performance and add stakeholder's value. Our sustainability report also presents information on environmental, social, governance and economic performance, while reporting the impacts on matters material to FFC and stakeholders. We use the following icons to express value creation, preservation and erosion in our Report.

- Value creation
- Value preservation
- Value erosion

Integrated Thinking and Delivery on our Purpose

Board and its subcommittees

Governance, Strategy & Future Outlook

Management, KPIs & Targets

Risk Governance

Enterprise Risk Management

Mitigation of Risks

Resource Allocation

Capitals

Value Creating Business Model

Identify & Prioritize

Materiality Assessment

Validate & Approve

Governance, Strategy and Future Outlook

Board of Directors of FFC has established well-organized governance system through which sustainability and prosperity of organization is being ensured. The system operates on the principles of transparency, accountability and good governance, by implementing relevant strategies and employing efficient and adequate resources, apprehending our vision, mission and values (VMVs), whereby safeguarding the interest of the stakeholders.

Our business strategy defines our short, medium and long-term strategic objectives whereas future outlook defined in each capital and forward looking statements explain about future that we envisage while elaborating our measurement achievements and target outcomes. We also explain the expected condition and performance, status of projects disclosed last year and sources of information and assumptions used for projections. As a leading organization always focusing on environment, governance and social matters, we have been endorsing/partnering up with our apex regulator (SECP) towards working on the ESG Regulatory Road map. Details of our ESG journey can be read on page 108.

Enterprise Risk Management

FFC has an independent risk governance structure comprising of senior management of the Company, headed by the MD&CEO. We identify risks and opportunities posed by our operating environment, assess the significance, review industry-specific issues. This report focuses on risks, opportunities and challenges that have a material impact on our capitals. Our risk management and internal control processes are discussed in detail on page 86. FFC is also embarking on ESG risk management measures in line with the proposals and guidelines by relevant forums.

Our Capitals

Our business deliver a culture of empowerment and accountability by employing resources/capitals, focusing on ESG through standardized, scalable and efficient way of doing business. These capitals have been explained in detail in Directors Report and Sustainability Report.

Materiality Assessment

FFC materiality assessment focuses on matters (issues, risks, opportunities) that have material impact on our capitals and ability to pursue sustainable business. This enables us to create long-term shared value in a rapidly evolving landscape, and their impacts on the economy, environment, and people. The assessment process has been segregated in four phases i.e. identification, prioritization, validation and approval. Materiality assessment has been explained on page 154.

Integrated Reporting Process

Reporting Frameworks

Reporting Process

Reporting Standards

Legal / Regulatory

Legal / Regulatory & Reporting Frameworks

Compliance & Control

Management Sign-off

Approving the Integrated Report

Board Approval

Reviews / Audits

Assurance & Reviews

Sign off

Reporting Process

The report is prepared by inputs and information received from cross functional process owners across the Company and its Subsidiaries. This information is assessed based on various reporting criteria and guidelines. 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 also prepared by a cross-functional team comprising of reporting representatives, subject matter specialists and CSR team, which produces the content of the report under the oversight from the CSR committee. For any feedback related to sustainability report please connect with our sustainability team at csr@ffc.com.pk

Monetary values are presented in Pakistani Rupee being the functional currency

Adherence with Legal / Regulatory and Reporting Frameworks

FFC complies with legal/regulatory frameworks and policies as defined in our capitals, whereas following key legal and regulatory frameworks, are also mentioned below

- Companies Act and related pronouncements
- Applicable International Financial Reporting Standards
- Code of Corporate Governance
- Integrated <IR> Framework & BCR reporting criteria of ICAP/ICMAP
- Global Reporting Initiative (GRI) Standards 2021
- Chemical Industry Standard of the Sustainability Accounting Standard Board (SASB)
- United Nations Global Compact (UNGC) "Ten Principles"
- PSX Reporting Criteria
- SDG reporting/ESG SECP Road Map

Integrity of The Report

The integrity of this report is ensured through a well-designed integrated reporting process, various reviews and approvals. Directors' Report and Financial Statements are reviewed by the Audit Committee and approved by the Board of Directors. Annual Integrated Report 2023 has been prepared on the basis and guidelines of <IR> and BCR ICAP/ICMAP Framework. The Board has endorsed and authorized the release of their Directors Report on January 26, 2024.

Independent External Review and Assurances

- Statutory Auditors; A.F. Ferguson & Co – a member firm of Pricewaterhouse Coopers network
- Cost auditors; BDO Ebrahim & Co., Chartered Accountants
- Compliance with IR Framework & ISAE 3000 (Revised); Ferso ESG – AA1000 Licensed Assurance Provider and Nadeem Safdar & Co. Chartered Accountants
- Pakistan Credit Rating Agency (PACRA)
- Various External Reviews/Evaluations and Audits as described in our Capitals mentioned in the Report.

Navigating through this report

page 452-453 will also assist the readers to understand and evaluate the ten domains of this report.

Our Integrated Report

Reporting Period

The report is prepared and published annually and covers the period January 01 to December 31, 2023. The report is published on March 05, 2024.

Data Compilation Methodologies

All financial data has been extracted from Audited Financial Statements (which are also part of this report). Data included in Capitals and Sustainability Report covers FFC's manufacturing plants, marketing offices/locations and head office.

There are no changes in the 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 associated entities, 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. Details related to financial position and performance are presented in Financial Capital, whereas all non-financial information/ KPI are mentioned in other Capitals and Sustainability Report.

Targeted Readers

The report primarily addresses stake-holders needs and provide them with a holistic view of our value creation potential.

Compliance beyond Reporting Criterion

Refer to Corporate Governance Section (page 105) under 'Governance practices exceeding legal requirements' and 'Disclosures beyond BCR Criteria' for the compliances beyond reporting criteria.

Ratti Gali Lake

Neelum Valley, Azad Kashmir, Pakistan
Credits: Usman Miski

01
COMPANY OVERVIEW

General information about the Company and its operations

COMPANY INFORMATION

Board of Directors

Mr Waqar Ahmed Malik, SI
Chairman

Mr Sarfaraz Ahmed Rehman
Managing Director & Chief Executive Officer

Dr Nadeem Inayat
Mr Saad Amanullah Khan
Ms Maryam Aziz
Syed Bakhtiyar Kazmi
Mr Shoaib Javed Hussain
Mr Jehangir Shah
Dr Ayesha Khan
Mr Yassir Ghiyati Ibn Ziyad
Mr Qamar Haris Manzoor
Mr Rashid Mahmood Langrial
Lt Gen Waheed Arshad, T.Bt, HI(M) (Retired)

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 Zulfiqar Ali Haider, 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 &
34390122

Auditors

A. F. Ferguson & Co.
Chartered Accountants
74 - East, Blue Area,
Jinnah Avenue, Islamabad
Tel No. +92-51-2273457-9,
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 2023

123%
Operational Efficiency

Rs **36.30** Billion
Contribution to National Exchequer

102,505
Farmers reached through our unique Agri. Services

Rs **61.68** Billion
Earnings before Interest Tax & Depreciation (EBITDA)

2,521 KT
Sona Urea production

2,505 KT
Sona Urea sales

43%
(Urea)
Combined FFC / FFBL market share

Rs **829** million
Donations

Rs **159.47** Billion
Highest ever turnover

60%
(DAP)
Combined FFC / FFBL market share

Rs **15.30** Billion
Highest ever investment income

USD **1** Billion
Import substitution

44%
Contribution to indigenous Urea production (FFC+FFBL)

Rs **15.49** Per Share
Dividend payout to shareholders

74%
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)

Agricultural 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% P2O5 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% K2O 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% K2O 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

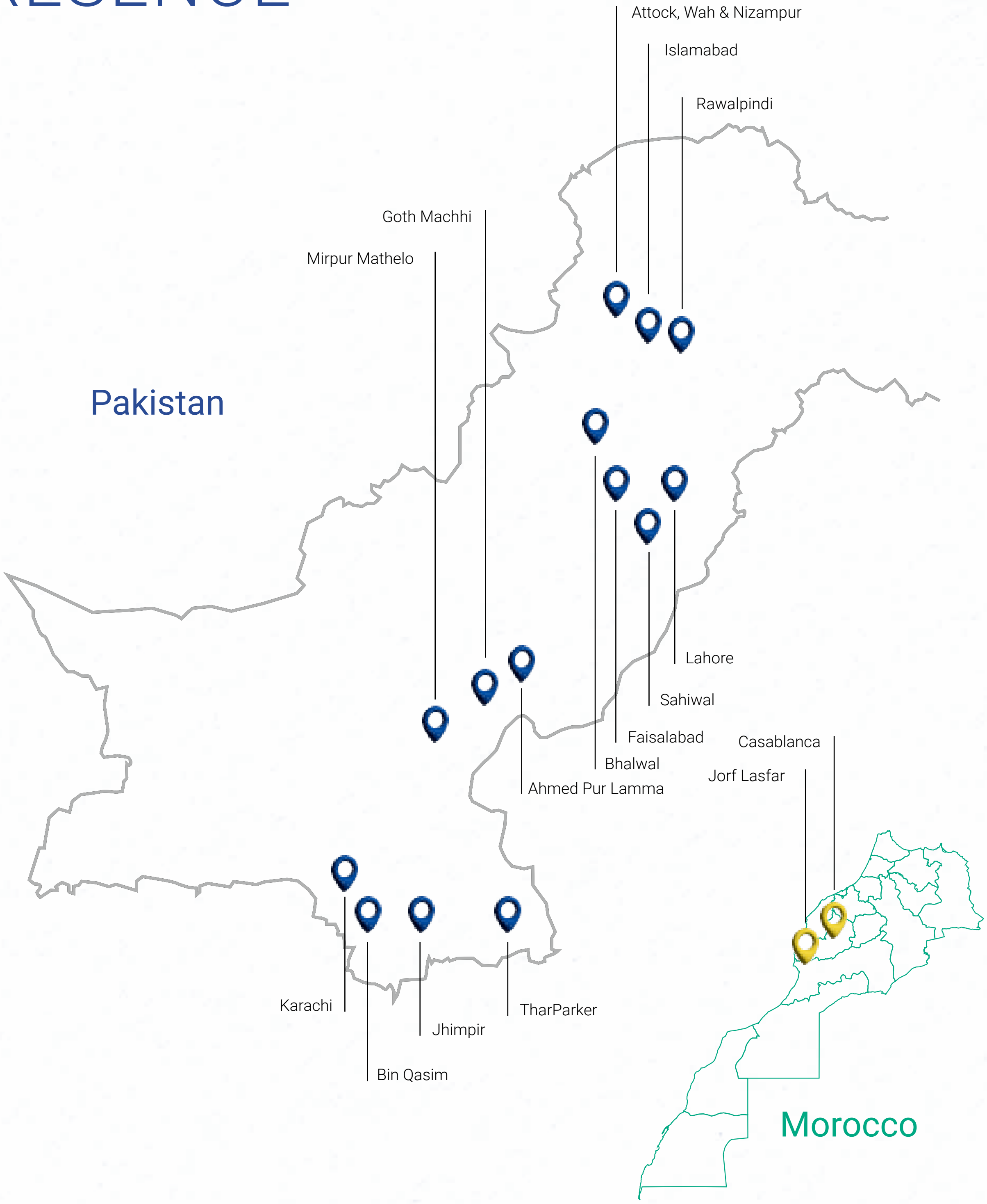
Fauji Fresh n Freeze Limited

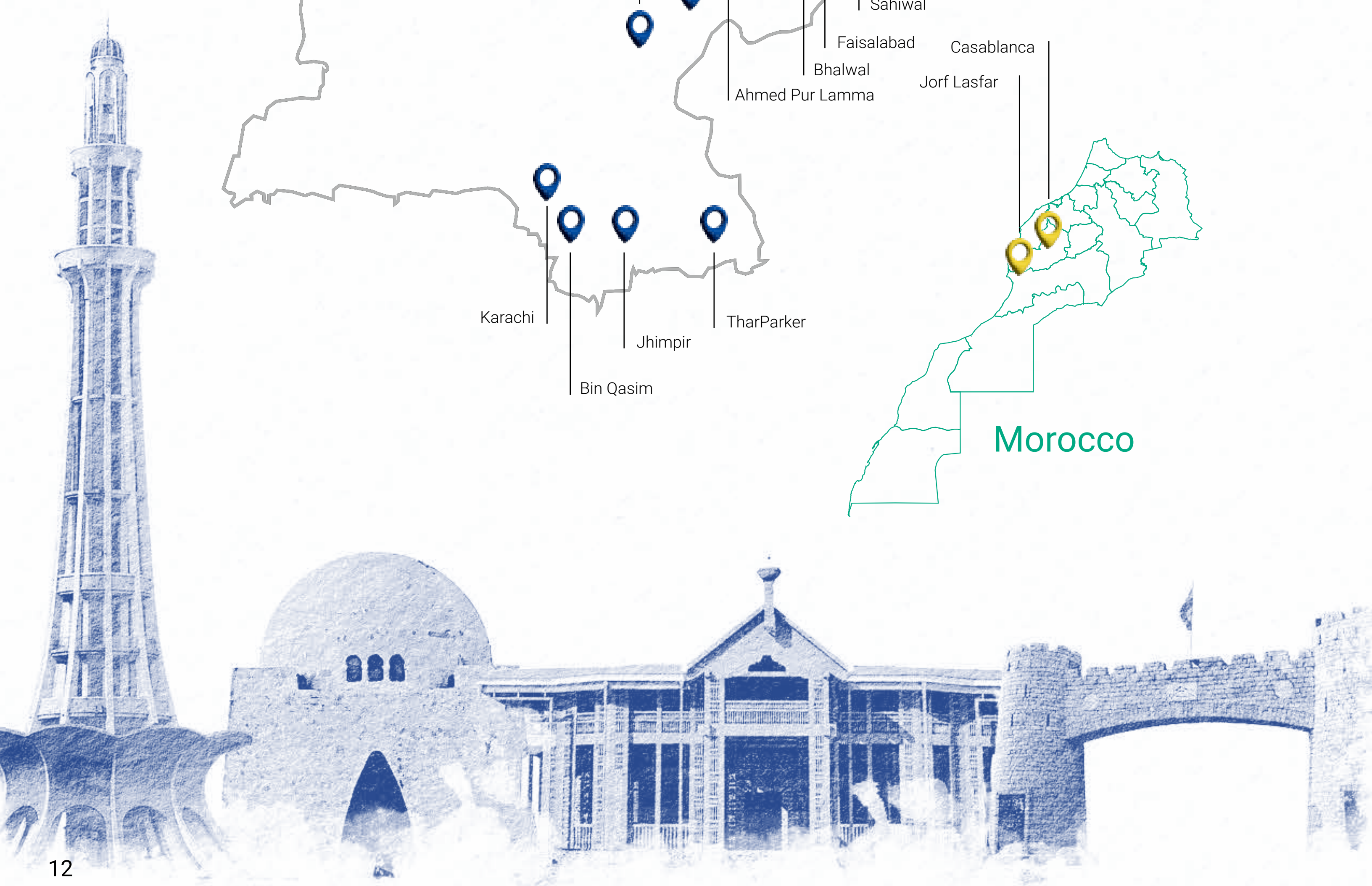
To provide quality frozen Fruits & Vegetables (F&V) and French Fries to domestic market with objective of hygiene, convenience, year round availability, the Company through its wholly owned subsidiary – Fauji Fresh n Freeze Limited (FFF) is operating a state of the art Individual Quick Freeze (IQF) processing 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
Regional Manager Office	Karachi	B-35, KDA Scheme No. 1, Karachi, Sindh
Food Security & Agriculture Center of Excellence	Ahmed Pur Lamma	Main Bhong Road, Ahmed Pur Lamma, Sadiqabad, Rahim Yar Khan, Punjab
National Incubation Center	Faisalabad	1st Floor, Expo Center, University of Agriculture Faisalabad, Jail Road, Faisalabad, Punjab

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 Defence Housing Authority (DHA), Islamabad
DAP & Urea Plant	Bin Qasim	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim, Karachi, Sindh

Fauji Foods Limited

Head Office	Lahore	42 CCA, Ex Park View, DHA Phase VIII, Lahore, Punjab
Processing Unit	Bhalwal	Sargodha Road, Qaisarabad, Bhalwal, Sargodha, Punjab

Askari Bank Limited

Head Office	Islamabad	3rd Floor, Plot No. 18, NPT Building, F-8 Markaz, Islamabad
Registered Office	Rawalpindi	AWT Plaza, The Mall, P.O. Box 1084, Rawalpindi, Punjab

Fauji Cement Company Limited

Head Office	Rawalpindi	Fauji Towers, Block 3, 68 Tipu Road, Rawalpindi, Punjab
Cement Plants	Attock	Jhang Bahtar, Tehsil Fateh Jang, Attock, Punjab
	Wah	Near Wah Railway Station Tehsil Taxila, Punjab
	Nizampur	Village Kahi, Naushera Punjab

Thar Energy Limited

Head Office	Karachi	11th Floor Ocean Tower, G-3, Block 9, Main Clifton Road, Karachi, Sindh
Thar Energy Plant	TharParker	HUBCO - Thar Energy Limited 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 Plant Site	Jorf Lasfar	BP 118 ElJadida, Jorf Lasfar, Morocco

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

CODE OF CONDUCT

FFC aims at maintaining the Organizational Culture that Promotes Transparency and Accountability through honesty, integrity and diligence in dealing with employees, customers, financial market, government, regulatory authorities and other stakeholders.

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, favor 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 behavior
  - » 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

FFC's Beliefs and Principles that articulate the desired culture of the organization. Standards describe how employees and the organization are expected to behave internally and externally. Serve as the basis for decision-making and influence actions in everyday situations

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

Excellence

in high-quality products and services to our customers

Consistency

in our words and deeds

Compassion

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

Fairness

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

Reputation

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

Teamwork

to synergize for achieving strategic objectives

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

FFC with a resilient business model, fortitude workforce in conjunction with diversified portfolio, a consistent contributor to the economy with the resolute purpose to create value for stakeholders; stands 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 through its three plants. The Company has contributed more than US$ 17.24 billion to the National Exchequer through import substitution of over 69.5 million tonnes of urea since its inception.

Associated Companies

Subsidiary Companies

Joint Venture Company

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.

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 43% in urea and 60% in DAP in 2023 (source: NFDC).

Askari Bank Limited

FFC acquired 43.15% equity stake in Askari Bank Limited (AKBL) against an investment of PKR 10.46 billion in 2013, as part of investment diversification. 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 PKR 35.83 billion at the end of the year. The Bank operates throughout Pakistan with a branch network of 660 branches, including 140 Islamic banking/sub branches, Wholesale Banking Branch in the Kingdom of Bahrain and a Rep office in Beijing, China.

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 production lines having an annual production capacity of 6.40 million tonnes. With an investment of PKR 6.4 billion, FFC holds 4.29% equity stake in the Company.

Fauji Foods Limited

Fauji Foods Limited (FFL) was founded in 2015 after the acquisition of Noon Pakistan Limited, a Company with over 50 years of dairy business legacy in Pakistan. FFC Energy Limited (FFCEL), holds 18.45% equity stake in FFL and has classified it as associated company based on the representation of it's directors in FFL board.

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 in October 2022.

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 2009. 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 wide array of plant related technical services pertaining primarily to operations, maintenance, inspection, engineering and information technology (IT/SAP). 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 570 KT urea)

1991
Listed with Karachi and Lahore Stock Exchanges

2011
SAP-ERP implemented in the Company

2012
FFCEL inauguration

Sona Tower, new state of the art Head Office Building in Rawalpindi

2013
Acquisition of 100% equity stake in FFFL

Acquisition of 43.15% equity stake in AKBL

Commencement of commercial operations by FFCEL

2015
Inauguration of FFFL

2016
Long term credit rating of AA and short-term rating of A1+

Won 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

2017
Highest ever DAP offtake - 513 KT

Highest ever all Fertilizer sales - 3,223 KT

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

Listed with Islamabad Stock Exchange

1993
Investment in FFBL (equity share: 49.88%)

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

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

2004
Equity investment of PKR 706 million in PMP

2008
De-Bottle Necking of Plant-III (capacity increased to 718 KT urea - 125% of design)

Equity Investment of PKR 6.4 billion in FCCL

2010
Investment in FFCEL, Pakistan's first wind power generation project

2018
Highest ever domestic urea sale - 2,527 KT

Investment in TEL, equity stake of 30%

2021
Equity investment of PKR 13.51 billion in FWEL-I (100%) and FWEL-II (80%)

2022
Commencement of Commercial Operations by TEL (with effect from October 01)

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

Maiden dividend from FWEL-I (PKR 1.75 billion) and FWEL-II (PKR 1.40 billion)

2023
13th consecutive 1st position - PSX Top 25 Companies

SAFA Awards in Manufacturing Sector, Good Corporate Governance and Integrated Reporting

Highest ever all product turnover PKR 159.47 billion

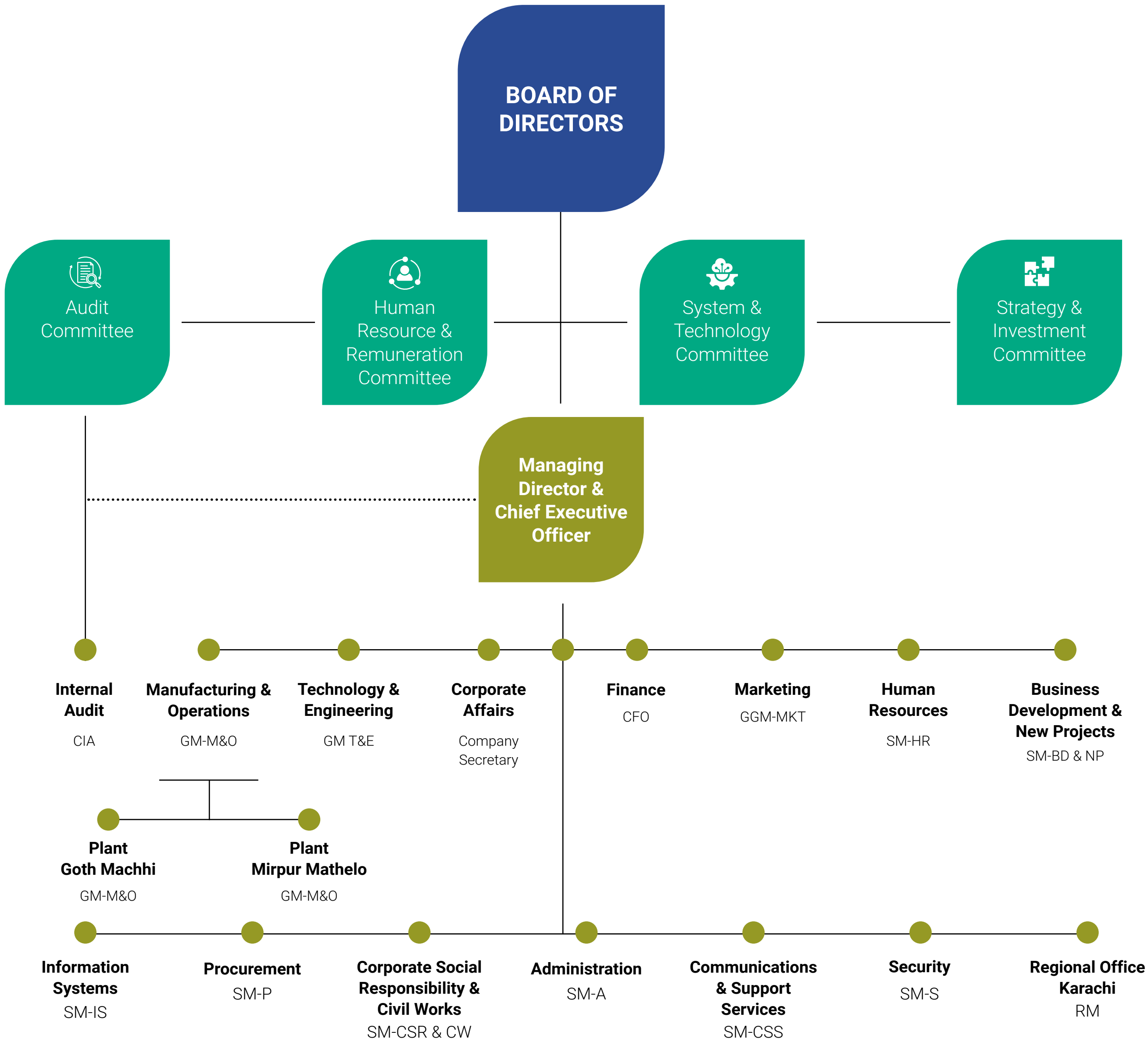
Highest ever investment income of PKR 15.3 billion

Overall First position for the 15th time and First position in Chemical & Fertilizer sector for 19th time in Best Corporate Report Awards 2022 by ICAP/ICMAP

Joint 1st in Best Sustainability Report Awards 2022 by ICAP/ICMAP

Awarded for Best ESG Reporting by CFA Society

ORGANIZATIONAL CHART



A	Administration
BD & NP	Business Development & New Projects
CFO	Chief Financial Officer
CIA	Chief Internal Auditor
CSS	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&O	Manufacturing and Operations
T&E	Technology & Engineering
MKT	Marketing
P	Procurement
RM	Resident Manager
SM	Senior Manager

Number of Employees

FFC has employed 3,209 people in its operations including plants, marketing offices and head office. Location-wise break-up of number of employees has been disclosed on page 310 of the Report.

Disclosure of total number of employees has been made in Note 44.4 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 166 of the Report.

External Environment

Significant factors affecting the external environment and our associated responses have been disclosed in detail on page 175 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
216th BOD Meeting - Final dividend for year 2022 proposed @ 31.50%

February
1st Corporate Briefing 2023

March
45th Annual General Meeting

April
217th BOD Meeting - First Interim Dividend announced @ 42.60%

May
218th BOD Meeting - Special Business

July
219th BOD Meeting - Second Interim Dividend announced @ 31.50%

Maintained long term credit rating of AA+ and short-term credit rating of A1+

August
2nd Corporate Briefing 2023

October
13th consecutive 1st position in PSX Top 25 Listed Companies

1st position in ICAP / ICMAP BCSR Awards all three categories: Overall, Chemical & Fertilizer sector and Sustainability Report

220th BOD Meeting - Third Interim Dividend announced @ 39.80%

November
Extraordinary General Meeting

December
221st BOD Meeting for Annual Budget

Bronze for the Best Presented Annual Report 2022 in the Manufacturing Sector and Silver for Good Corporate Governance in SAFA Award

STRATEGY AND RESOURCE ALLOCATION

Corporate Strategy to ensure Business Sustainability

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.

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.

Nature Medium Term and Long Term | **Priority** High

Strategic Objective

Sustain growth in fertilizer business

Strategy: 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.	**Resources allocated**	Human capital, financial capital, manufactured capital, intellectual capital and natural capital
	KPI Monitored	Production, Sales, Market Share and Net Profit Margin
	Status	Various viable options for alternative feedstock are being considered
	Future relevance of KPI	The KPI will remain relevant in future

Nature Short Term, Medium Term and Long Term | **Priority** High

Strategic Objective

Diversify locally and globally through leveraging synergies and fostering strategic partnerships

Strategy: 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 pursuing 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.	**Resources allocated**	Human capital and financial capital
	KPI Monitored	Return on Invested Capital, Gearing Ratio and Interest Cover
	Status	On-going process; hence, business opportunities are under consideration
	Future relevance of KPI	The KPI will remain relevant in future

Nature Short Term and Medium Term | **Priority** High

Strategic Objective

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

Strategy: 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.	**Resources allocated**	Financial capital and natural capital
	KPI Monitored	Return on Invested Capital and Share of Earning from Investments
	Status	On-going process
	Future relevance of KPI	The KPI will remain relevant in future

Nature Short Term and Medium Term | **Priority** High

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

Strategy: 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.	Resources allocated	Human capital, financial capital and natural capital
	KPI Monitored	Customer Satisfaction Index and Net Profit Margin
	Status	Ongoing process
	Future relevance of KPI	The KPI will remain relevant in future

Nature Short Term | **Priority** High

Strategic Objective
Improve operational efficiency through cost economization and enhanced synergies among functions

Strategy: 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.	Resources allocated	Human capital and financial capital
	KPI Monitored	Net Profit Margin
	Status	Ongoing process
	Future relevance of KPI	The KPI will remain relevant in future

Nature Long Term | **Priority** High

Strategic Objective
Demonstrate sustainable social, environmental and corporate governance commitment

Strategy: 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.	Resources allocated	Human capital, financial capital, social and relationship capital and natural capital
	KPI Monitored	Net Energy Efficiency
	Status	Ongoing process
	Future relevance of KPI	The KPI will remain relevant in future

Nature Long Term | **Priority** High

Strategic Objective
Nurture innovative thinking, teamwork and strong organizational purpose

Strategy: 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.	Resources allocated	Human capital, social and relationship capital and natural capital
	KPI Monitored	Employee Engagement
	Status	System is being reinforced to promote a culture of innovation
	Future relevance of KPI	The KPI will remain relevant in future

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. FFC ESG Journey can also be referred from page 108 to 109.

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 166.

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 control.

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 43% in Urea and 60% 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

Our Board comprises of members who possess significant acumen related to finance, economics and business management. Their strategic leadership steer FFC towards sustained growth and success.

Waqar Ahmed Malik, SI

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 including Fauji Fertilizer Company Limited:

• Askari Bank Limited	• Fauji Oil Terminal and Distribution Company Limited
• Daharki Power Holdings Limited	• Fauji Trans Terminal Limited
• Fauji Akbar Portia Marine Terminals Limited	• FFBL Power Company Limited
• Fauji Cement Company Limited	• Foundation Power Company Daharki Limited
• Fauji Fertilizer Bin Qasim Limited	• Foundation Solar Energy (Private) Limited
• Fauji Foods Limited	• FonGrow Private Limited
• Fauji Fresh n Freeze Limited	• Mari Petroleum Company Limited
• Fauji Infraavest Foods Limited	• Pakistan Maroc Phosphore, S.A. Director
• Fauji Kabirwala Power Company Limited	• Pakistan Mobile Communications Limited Director
• Fauji Meat Limited	• Pakistan Oxygen Limited

Mr Malik's expertise extends across diverse industries including chemicals, petrochemicals, consumer goods, life sciences, fertilizer, E&P, and cement. Earlier, he served with the British giant, then ICI Plc UK Limited, for 28 years in various roles including in Pakistan, the UK, the Americas & Europe. His last role with them was CEO of ICI Pakistan Limited from 2005 to 2012.

A fellow member of the Institute of Chartered Accountants of England & Wales (ICAEW) and is also an alumnus of the Harvard Business School (HBS) and INSEAD. Outside work, he is keen on art and horticulture. His career spans more than three decades in both the global and Pakistani business arenas. He specializes in transformation and turnaround along with a keen understanding of governance.

He participates actively in social and philanthropic activities through I-Care Foundation, as a Trustee, where he contributes to improving the quality of life of the underprivileged by enhancing the level of philanthropic support.

Mr Malik is a recipient of Sitara-e-Imtiaz given by The President of The Islamic Republic of Pakistan for his contribution towards the economy, public service, and social welfare in Pakistan and the British Asian Trust Awards by Prince Charles (Now HM King Charles III).

Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer (MD&CEO)

Joined the Board on October 16, 2021

EC SC CSR

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

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

Mr Rehman 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 Rehman 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 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 Rehman is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education. He has also 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 / environment.

Dr Nadeem Inayat

Non-Executive Director

Joined the Board on June 20, 2013

AC SI

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 Limited:

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

Dr Inayat holds a Doctorate in Economics and has over 38 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 also 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 (PIDE).

PROFILE OF THE BOARD

Saad Amanullah Khan

Independent Director

Joined the Board on September 29, 2018

AC HR&R ST

Saad Amanullah 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 Limited:

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

He has also served on the board of Pakistan Stock Exchange and State Life Insurance Corporation.

Mr Khan took early retirement in 2014 to follow his passion in social impact and driving 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**	

He authored a business book "It's Business, It's Personal" published in 2014 in the US along with many research papers. He 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.

Maryam Aziz

Independent Director

Joined the Board on July 5, 2019

ST SI

Maryam Aziz is a highly experienced finance and audit professional, with a career spanning over two decades in financial reporting, internal & external audit and risk management. A Fellow Chartered Accountant from the Institute of Chartered Accountants of Pakistan, in addition to professional certifications from Institute of Internal Auditors US, Association of Chartered Certified Accountants and Chartered Institute of Management Accountants UK. Ms Aziz is a certified director from the Pakistan Institute of Corporation Governance.

She began her professional accounting career with KPMG Taseer Hadi Khalid Co. and covered external audits, internal control reviews, due diligence reviews and privatization assignments at major financial institutions including Deutsche Bank, Standard Chartered Bank, UBL, SBP, ANZ Grindlays and NDFC.

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 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 also conducted and supervised multiple advisory and internal audit assignments for ORIX group companies in the MENA region

She serves as independent director on the Board of Engro Powergen Qadirpur Limited along with Fauji Fertilizer Company Limited and also served for 3 years as a director and Chairperson of the Risk Committee on the Board of ORIX Modarabas.

Ms Aziz brings valuable experience in governance of financial reporting and risk management to the FFC Board.

Board Committees

Audit Committee | Human Resource & Remuneration Committee | System & Technology Committee | Strategy & Investment Committee | Chairman / Chairperson

Management Committees

Executive Committee | Strategy Committee | CSR Committee

Syed Bakhtiyar Kazmi

Non-Executive Director

Joined the Board on November 18, 2020

AC SI

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:

• 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; interacted with the leadership in almost every industry, understanding their vision, their insights, and business and strategies. 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 organizations. As a thinker, he actively spreads his thoughts and ideas through his articles on national economics, business and taxation matters and issues, regularly published in reputable dailies.

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 following:

• Fauji Fertilizer Company Limited	• Pakistan Cable Limited
• Sui Southern Gas 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).

PROFILE OF THE BOARD

Dr Ayesha Khan

Independent Director

Joined the Board on October 09, 2021

HR&R SI

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

• National Rural Support Program Microfinance Bank	• Bank Alfalah
• Bulleh Shah Packaging Private Limited	

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.

Jehangir Shah

Independent Director

Joined the Board on October 09, 2021

AC SI

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

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

He has over forty years of 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 the 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.

Board Committees

Audit Committee | Human Resource & Remuneration Committee | System & Technology Committee | Strategy & Investment Committee | Chairman / Chairperson

Management Committees

Executive Committee | Strategy Committee | CSR Committee

Yassir Ghiyati Ibn Ziyad

Non-Executive Director

Joined the Board on October 03, 2023

ST

Mr Yassir Ghiyati is an accomplished executive who currently serves as the Vice President and Managing Director of Topsoe´s EMEA region.

Mr Ghiyati earned a Master of Science in Chemical Engineering from the Technical University of Denmark and has more than 15 years of professional experience in a range of engineering and commercial leadership roles.

With a background in process engineering, catalysis, technology licensing, and commercial leadership, Mr Ghiyati brings a broad expertise to the board. He is particularly experienced in the fields of hydrogen, power-to-x, syngas, ammonia, methanol, gas-to-liquid, and refining.

Mr Ghiyati's current focus is on deploying ultra-low carbon intensity hydrogen and ammonia solutions. He has authored several papers on this subject and is an active contributor to the energy transition debate.

Qamar Haris Manzoor

Non-Executive Director

Joined the Board on October 26, 2023

HR&R ST

Qamar Haris Manzoor has done his Masters in Chemical Engineering from USA and holds over 37 years of experience in plant and project management. He started his career with ICI managing its Soda Ash Plant operations and also worked on ICI's Polyester Plant, Exxon Chemical Pakistan Limited and ICI's PTA Plant. He managed various aspects of plant from Commissioning to Operation Management, Process and Project Engineering and HSE. He has also been a technical advisor of Lotte for its growth strategies in Pakistan and contributed in setting up a 48 MW Cogen Plant at Lotte's PTA Plant.

He also served as Chief Executive officer of El Paso Technology Pakistan Limited and Chief Operating Officer of Habibullah Coastal Power Company, Quetta. Mr Manzoor took the additional responsibility of Chief Executive Officer of Hawa Energy Limited, a 50 MW wind project and successfully concluded the key contracts for the project and maintained liaison with regulators and relevant ministries/ government bodies to ensure financial close on time.

During his previous job, he worked as Chief Operating Officer of Naveena Group's Energy and Steel Projects and played a leadership role to develop a green field project under the name of Naveena Steel Mills (Pvt) Ltd for a 300,000 TPA steel rebar plant at port Qasim, Karachi. He also led the development of Lakeside Energy Pvt Ltd, a 50 MW wind project at Jhampir, Sindh.

Mr Manzoor took over as MD&CEO of Fauji Cement and Askari Cement in June 2020 and is responsible to spearhead cement portfolio of Fauji Foundation. He is a Non-Executive Director of Fauji Fertilizer Company and holds directorship of following companies:

• Fauji Fertilizer Bin Qasim Limited	• FFBL Power Company Limited
• Foundation Power Company Dharki Limited	• Fauji Kabirwala Power Company Limited

PROFILE OF THE BOARD

Rashid Mahmood Langrial

Non-Executive Director

Joined the Board on January 02, 2024

An officer of Pakistan Administrative Service (PAS), Mr Rashid Mahmood Langrial is a public policy practitioner and a career civil servant with 28 years of experience in important administrative and policy making positions.

He joined the civil service of Pakistan in 1995 and has a varied experience in different sectors; earlier served as Secretary Power Division, Chief Secretary Gilgit Baltistan, Commissioner Lahore Division, Secretary Agriculture Punjab, Chief Executive Officer of National Power Parks Management Company (NPPMCL) (Pvt.), Chairperson Lahore Ring Road Authority as well as Secretary Tourism Khyber Pakhtunkhwa. In initial years of his service, he served as Assistant Commissioner in various subdivisions of Sindh Province and later in Punjab as Deputy Secretary (Cabinet) and Deputy Secretary (Staff) in S&GAD.

An alumnus of Government College Lahore and Harvard Kennedy School from where he did his Master's in Public Administration (International Development) (MPA-ID), he occasionally writes for national dailies.

Lt Gen Waheed Arshad, T.Bt, HI (M) (Retired)

Non-Executive Director

Joined the Board on February 01, 2024

HR&R

Lt Gen Waheed Arshad (R) graduated from the Pakistan Military Academy in October 1975 and joined the Elite Armoured Corps. In a career spanning almost four decades he has had a rich and varied experience in the Field Army. His training and grooming saw him graduating from Staff College, Quetta, Turkish Staff College, Istanbul and Army War College, Islamabad.

The General Officer was privileged to have been on the faculty of Pakistan Military Academy, Infantry School and Army War College. During his service in the field with troops, he commanded an Armoured Regiment, an Armoured Brigade, an Infantry Brigade and a Mechanized Division. In 1998, General was honoured with the award of Tamgha-i-Basalat in recognition of his selfless devotion to duty and courage.

In 2005, while serving as Director Military Operations, he was promoted to the rank of Major General. He then served as DG ISPR, DG Planning in COAS Secretariat before being posted as Vice Chief of General Staff from where he was promoted to the rank of Lieutenant General. A brief stint as Inspector General Training and Evaluation, General was posted to the coveted assignment of Chief of the General Staff of the Army in 2010. He retired from there in 2013 on completion of his service.

In his post retirement pursuits, the General has been a member of track-2 diplomacy forums focusing on Pak-India and Pak-US relations. He is also a director in Institute of Peace and Connectivity (IPAC), a Lahore based Think-Tank dedicated to regional peace and connectivity. As Chairman of Hussain Bibi Trust, he remains actively involved in community service and social work.

The General Officer is a keen sportsperson, an avid reader and remains well travelled.

Board Committees

Audit Committee | Human Resource & Remuneration Committee | System & Technology Committee | Strategy & Investment Committee | Chairman / Chairperson

Management Committees

Executive Committee | Strategy Committee | CSR Committee

Syed Atif Ali

Chief Financial Officer

EC SC CSR

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

• Foundation Wind Energy - I Limited	• Food Security and Agricultural Center of Excellence
• Foundation Wind Energy - II Limited	• Trustee on Sona Welfare Foundation
• Thar Energy Limited	• FFBL Power Company Limited

A Chartered Accountant by profession, he started his career as a trainee from KPMG Lahore in 2003. He is a fellow member of both, The Institute of Chartered Accountants of Pakistan 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 organizational 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.

Brig Zulfiqar Ali Haider, SI(M) Retired

Company Secretary

EC SC CSR

Brig Zulfiqar Ali Haider (R) joined Fauji Fertilizer Company Limited as Company Secretary on February 01, 2024 and holds the appointment of Company Secretary in OLIVE Technical Services (Private) Limited also.

He was commissioned in Pakistan Army in 1992, having graduated from Pakistan Military Academy Kakul. He had a distinguished career of 33 years and served on various command, staff and instructional appointments. The Brigadier is a graduate of Command and Staff College, Quetta and National Defence University, Islamabad.

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

BOARD COMMITTEES

Audit Committee

Objective

Audit Committee is to oversee the financial reporting, disclosure requirements, hiring, performance & independence of the external auditors, the performance of the internal audit function, policies and principles, internal control process, risk management policies and practices, and compliance with applicable laws/regulations.

Composition

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

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: a Fellow member of ICAP, a Doctorate in Economics, a Masters' in Business Administration and one with over 35 years of vast experience in financial sector.

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.

Attendance in the Audit Committee Meeting

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

Directors	Jan 23	Apr 19	Jul 18	Oct 20	Dec 12	Meetings Attended
Mr Saad Amanullah Khan Chairman						
Dr Nadeem Inayat Member						
Syed Bakhtiyar Kazmi Member						
Mr Jehangir Shah Member						

Quorum of the Meetings

The quorum of the Audit Committee meeting is to be comprised of either two members or two-thirds of the members of the Audit Committee, whichever is higher, where the presence of an independent director is a must. The company secretary acts as the secretary of the Committee.

Scope 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 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.

BOARD COMMITTEES

- 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 may be assigned by the Board of Directors.

Human Resource & Remuneration Committee

Objective

Human Resource & Remuneration Committee is constituted to make recommendations to the Board on matters related to Human Capital within its scope and assist the Board in the effective discharge of its responsibilities to oversee the Human Resource policy matters of the Company.

Composition

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

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 do not hold membership of the Committee.

Attendance in the HR&R Committee Meeting

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

Directors	Jan 13	Apr 18	Aug 04	Meetings Attended
Dr Ayesha Khan Chairperson				
Maj Gen Naseer Ali Khan, HI(M) (Retired) Member				
	Resigned			
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired) Member				
	Resigned			
Mr Saad Amanullah Khan Member				
Maj Gen Zafar Ul Haq, HI(M) (Retired) Member	Appointed as Member on Oct 26, 2023			
Mr Qamar Haris Manzoor Member	Appointed as Member on Oct 26, 2023			

Quorum of the Meetings

The quorum of the HR&R Committee meeting is constituted by the presence of minimum two committee members (50%), where the presence of an independent director is a must. The company secretary acts as the secretary of the Committee.

Scope 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 Collective Bargaining Agents (CBA) agreement from the Board of Directors.
- Carryout annual review of grievances initiated in accordance with the Grievance Policy.

BOARD COMMITTEES

System & Technology Committee

Objective

System and Technology Committee recommends the consideration of the Board proposals of asset/plant upgradation, maintenance strategy, plant KPIs, technical risks and Research & Development projects to be undertaken by the Company.

Composition

Members | 50% Independent | Non-Executive Chairman

FFC's S&T Committee comprises of four (04) members appointed by the Board, including two independent non-executive directors.

Attendance in the S&T Committee Meeting

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

Directors	Jan 12	Jul 11	Oct 12	Dec 06	Meetings Attended
Mr Peter Bruun Jensen Chairman				Resigned	
Mr Yassir Ghiyati Ibn Ziyad Chairman	Appointed Chairman on Oct 26, 2023				
Dr Nadeem Inayat Member				Resigned	
Maj Gen Naseer Ali Khan, HI(M) (Retired) Member				Resigned	
Ms Maryam Aziz Member					
Mr Qamar Haris Manzoor Member	Appointed as member on Oct 26, 2023				
Mr Saad Amanullah Khan Member	Appointed as member on Oct 26, 2023				

Quorum of the Meetings

The quorum of S&T Committee meeting is constituted by the presence of minimum two committee members (50%). The company secretary acts as the secretary of the Committee.

Scope 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:
    - Production
    - Service Factor
    - Capacity Factor
    - Energy Index
    - 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

Objective

Strategy and Investment Committee recommends the consideration of the Board proposals of new investment, acquisition and divestment to be undertaken by the Company.

Composition

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

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.

Attendance in the S&I Committee Meeting

The committee is to meet at least twice a year at an appropriate time and as otherwise required.

Directors	Oct 12	Meetings Attended
Dr Nadeem Inayat Chairman		●
Ms Maryam Aziz Member		●
Syed Bakhtiyar Kazmi Member		●
Dr Ayesha Khan Member		●
Mr Jehangir Shah Member		●

Quorum of the Meetings

The quorum of meeting is constituted by presence of 50% of members and at least one of whom is to be an Independent Director.

BOARD COMMITTEES

Scope 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 any business strategy, 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.

Joint Committee Meetings

Joint sessions of System & Technology and Strategy & Investment Committees were held with the Audit Committee, during the year.

Joint Session of Audit and S&T Committees

Directors	Feb 27	Apr 19	Meetings Attended
Mr. Saad Amanullah Khan Jointly Chaired	👤	👤	●●
Mr. Peter Bruun Jensen Jointly Chaired	🖥	🖥	●●
Dr. Nadeem Inayat Member	⊗	⊗	○○
Syed Bakhtiyar Kazmi Member	🖥	⊗	●○
Mr. Jehangir Shah Member	🖥	🖥	●●
Maj Gen Naseer Ali Khan, HI(M) (Retired) Member	👤	🖥	●●
Ms. Maryam Aziz Member	🖥	🖥	●●

Joint Session of Audit and S&I Committees

Directors	Dec 12	Meetings Attended
Mr Saad Amanullah Khan Chairman	🖥	●
Dr Nadeem Inayat Chairman	⊗	○
Ms Maryam Aziz Member	🖥	●
Syed Bakhtiyar Kazmi Member	🖥	●
Dr Ayesha Khan Member	🖥	●
Mr Jehangir Shah Member	🖥	●

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

Ather Javed

GGM - Marketing

Committee Member

EC SC CSR

Wajid Ishaq Bhatti

GM - Manufacturing & Operations

Committee Member

EC SC CSR

Syed Iftikhar Ahmed Kirmani

GM - Technology & Engineering

Committee Member

EC SC CSR

Aamer Fayyaz Ghuman

GM - Manufacturing & Operations (Goth Machhi)

Committee Member

EC

Muhammad Abdullah

GM - Manufacturing & Operations (Mirpur Mathelo)

Committee Member

EC

Brig Zulfiqar Ali Haider

SI(M) (Retired)

Company Secretary

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

EC SC CSR

Brig Qamar Ul Islam

SI(M) (Retired)

SM - Human Resource

Committee Member

EC

Brig Muhammad Arif

SI(M) (Retired)

SM - Corporate Social Responsibility

Committee Secretary

CSR

Col Salar Malik

(Retired)

SM - Sustainability & Innovation

Committee Member

SC

SWOT ANALYSIS

S W O T

Strength

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

Threat

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

High level of currency devaluation and current account deficit

Upper Kachura Lake

Skardu, Gilgit Baltistan, Pakistan
Credits: Usman Miski

02

DIRECTORS' REPORT

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

CHAIRMAN's REVIEW

The Board remains focused on agricultural productivity for enhanced food availability for the growing population of the Country.

Dear Shareholders,

I am delighted to inform that the Board of Directors of your Company has, once again, carried out their responsibilities diligently and steered the Company through a tough socio-economic environment.

The Company has achieved another year of outstanding performance, proving the effectiveness of our strategies and good governance. The Board's oversight led to the best use of resources, increased transparency and enhanced information sharing.

The Board also extended full support and advice to the management in tackling different strategic and operational challenges faced during the year. We also monitored FFC's effective risk management system besides safeguarding the stakeholders' interest, making sure that internal processes are accountable and well-managed.

As a result of our exceptional performance, we are pleased to announce a final dividend of Rs 4.10 per share, supplementing the previously declared interim dividends of Rs 11.39 per share throughout the financial year, culminating in an annual payout of 66.4%. This distribution signifies our commitment of sustained shareholders return. The aggregate payout by the Company to date stands at Rs 19.71 billion compared to Rs 15.43 billion last year.

The Board believes that profitability growth has a direct relationship with sustainable practices which would have a direct positive impact on the Company as well as its stakeholders.

The board has set-up an ESG Committee for adoption of ESG Standards on governance, control, reporting and its financial evaluation. The Company is in collaboration with key stakeholders for training besides effective and early implementation. The ESG Committee comprises of three non-executive directors, two of whom including the Chairman are independent non-executive directors.

On behalf of the Board, I would like to acknowledge valuable contributions of directors who have completed their term and warmly welcome our new directors who bring in diverse expertise of governance, strategy and business acumen.

FFC's Board has thirteen members comprising of twelve elected directors in addition to MD&CEO who is a deemed director. To highlight gender diversity, there are two ladies on the board. Of the twelve directors, eight are non-executive while four are independent.

The Board held six 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 execute their duties assigned under respective terms of references for assisting the Board in the above matters. The Pakistan Institute of Corporate Governance (PICG) conducted a detailed, impartial evaluation of the Board and its committees' performance collectively as well as individually for each member, ensuring a comprehensive review.

I would like to thank our customers, suppliers, bankers, employees, shareholders and Board of Directors for their ongoing support, dedication, and hard work. The Board remains focused on agricultural productivity for enhanced food availability for the growing population of the Country. We also stand committed for sustained return to all our stakeholders.

Waqar Ahmed Malik, SI
Chairman

Rawalpindi
January 26, 2024

MD & CEO's OVERVIEW

We remain focused on strategically reinvesting in the fertilizer business....

Dear Members,

The socio-economic challenges of last year continued their upward trajectory during 2023. Persistent geopolitical instability kept on disrupting international supply chain with rising commodity prices including oil & fertilizer products.

Country witnessed one of the highest inflation and interest rates. Shortage of foreign exchange and sharp devaluation of Pak Rupee caused delay in procurement of essential spares and machinery besides escalating the cost of these items.

The retrospective increase in Super Tax levy by Finance Act 2023 led to higher effective tax rate of 45% for the Company compared to 40% last year. The Company challenged this hike and obtained a stay order against the retrospective increase for 2022. In a separate case, the Islamabad High Court also declared retrospective imposition of super tax from year 2021 as unconstitutional. The tax department filed an intra-court appeal against this decision which is sub judice. However, following Supreme Court ruling, the Company deposited 50% of the Super Tax for 2021.

Gas prices for the fertilizer sector were also raised significantly by 75%. Only a partial impact of this increase was passed on by the Company during 2023 to offer urea fertilizer at most economical rates to the farmers.

Urea selling prices exhibited significant variations within the fertilizer industry, with FFC offering urea at lower selling prices by around Rs 200-500 per bag during most part of the year. Sona urea prices towards the close of 2023 stood at around Rs 3,400 per bag in contrast to international prices hovering around Rs 6,200 per bag.

FFC ensured fertilizer supply across the country through its nationwide network of warehouses and dealers, and also to avoid unscrupulous practices by some elements through equitable fertilizer distribution, monitoring fertilizer shipments and dealer stock. Dealerships were sensitized to market fertilizers at FFC suggested rates, while the farmers were also made aware to purchase product through registered dealers at prescribed rates. To further ease out urea availability and pricing issues for the farmers, the Company along with the Industry has coordinated a plan with Government to import urea and distribute it during 2024.

The Company remained resilient and delivered one of the best results ever with record other income of Rs 17.1 billion, higher than last year urea sales volume by 82 thousand tonnes and improved profitability of imported fertilizers. Net profitability thus stood at Rs 29.67 billion with Earnings per Share of Rs 23.32 compared to Rs 15.76 last year. The earnings in dollar terms, however, registered negative growth compared to 2021 and stood at the level of 2017.

The profitability for 2023, however, barely covers the Company's requirement to build up reserves for the capital-intensive and foreign exchange denominated nodal compression project in addition to essential maintenance of plants at world class level. The Company is about to kick off phase II of the critical Nodal Compression Project with capital outlay of over USD 100 million.

Urea production stood at an outstanding 2,521 thousand tonnes, 5% higher than last year while maintaining high reliability factors and optimum standards of Health, Safety and Environment. This increase in production enabled improvement in urea sales volume by 82 thousand tonnes.

FFC also continued its significant contribution towards the national exchequer through taxes and levies of Rs 36 billion compared to Rs 30 billion last year. The Company also enabled savings of around USD 1 billion foreign exchange to the Country via import substitution during 2023 with aggregate savings of around USD 4.8 billion during the last five years.

Shareholders shall also be delighted to learn that FFC has retained the top spot in the PSX Top 25 Companies Award for the 13th consecutive year. Additionally, the Company's annual report for 2022 once again achieved first place in all three categories of the Best Corporate Report competition held by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan (ICAP/ICMAP). At the SAFA level, the report achieved accolades in the manufacturing as well as corporate governance and integrated reporting sectors, which showcases Company's commitment to good governance, transparency, and best practices.

I am pleased to inform that the Thar Energy Limited has reported profitability from its very first year of operations while Askari Bank, Fauji Cement and Olive have reported growth in net earnings. The wind energy projects have also reported increased net profitability and improved cash flows while the debt obligations have been retired successfully, and these factors provide confidence of sustained contribution to the income streams of the Company.

Future Outlook

The economic pressures are likely to persist during 2024 with high inflation and interest rates forecasted by international agencies. Implementation of Axel Weight Regulation is projected to increase the transportation cost by around 45% while the foreign exchange parity and availability is also expected to remain a challenge during next year.

Unresolved matters with the Government regarding longstanding GST receivables and subsidy refunds continue to significantly impact the Company's working capital in a detrimental manner.

We remain focused on strategically reinvesting in the fertilizer business, and 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

Managing Director &
Chief Executive Officer

Rawalpindi
January 26, 2024

FINANCIAL CAPITAL

Contributing to SDGs	Inputs		
	Equity & Reserves Rs. 61,852 Million	Long-term Finances Rs.24,295 Million	Total Assets Rs 223,281 Million
	Outputs		
	Return on Capital Employed - 74%	Return on Equity - 48%	Net Profit Margin - 19%
	Earning per Share - Rs 23.32	Dividend per Share - Rs 15.49	
	Value Creation	**Value Preservation**	
Value Creating Business Model – page 166			

Macro – Economic Overview

During the year the Country faced unprecedented challenges such as rising interest rates, devalued currency and impacts of climate changes, increased POL prices, and political uncertainty. In addition, global instability strained the demand-supply balance which led to a slow-down of the global economic growth. Besides, fiscal deficit, mounting public debt, and circular debt situation have also added to the economic challenges, which resulted in a real GDP growth of 0.29% in year 2023 as compared to 5.97% of last year.

These challenges are expected to mount pressure on the economy in the coming year and policy makers would have to bring reforms to ensure a sustained economic environment.

Agriculture Sector

Maintaining the momentum in the agricultural sector is crucial for ensuring the nation's food security and advancing rural development. Pakistan's agriculture sector plays substantial role in contributing to the nation's GDP, which highlights its critical position in the Country's economic structure. Compared to a last year growth of 4.3%, the sector experienced a modest growth of around 1.55% only. Reduction in this growth primarily relates to the adversity caused by unfavorable weather conditions and rising inflations. Key crops such as cotton and rice were negatively affected during the period.

Fiscal Development

Pakistan faced tight budgetary conditions further impacted by the adversities caused by the floods of late 2022, that affected major crop cultivating areas of Country. These tough economic challenges added to the already existing economic trouble of Country.

There was some progress later in the year due to a successful Stand-By Arrangement (SBA) agreement with the IMF. Additionally, Government prioritized imports to tackle macroeconomic imbalances and exercised a tight monetary policy which helped slow down the worsening of key economic indicators. Tax revenues grew on the back of a significant rise in FBR tax collection despite various economic challenges at the domestic and global levels.

Money and Credit

To mitigate the escalating risks of inflation and balance of payment issues, arising from a combination of global and local factors, the State Bank of Pakistan pursued a more stringent monetary policy. Consequently, policy rates were significantly raised which stood at 22% at the close of year. This decision was primarily in response to ongoing inflationary pressures.

Inflation

On the global stage, the ongoing geopolitical conflicts are likely to further disrupt supply chain, worsening existing challenges. The national headline CPI inflation significantly increased from previous year. This surge is primarily due to rising prices of electricity and gas, a significant uptick in food prices, increased fuel and commodity prices. Additionally, currency depreciation has significantly influenced the import bill. Inflationary environment is expected to persist during year 2024. The completion of the IMF SBA and the implementation of vital structural reforms for long-term growth are critical.

FFC Performance

The above factors caused various challenges for the Company including escalation of operating and financing cost, besides delay in procurement of essential material and items as a result of shortage of forex exchange, import restrictions etc.

In continuation of the last year's trend, the retrospective application of 6% super tax also negatively impacted Company's profitability, which resulted in an effective tax charge of around 44.6% being one of the highest.

Through the Finance Act 2023, Government imposed federal excise duty on fertilizers, besides levying 5% GST on DAP. The impact of these levies had been passed on to sustain the margins of the Company. The company also realigned its strategies to cope with these challenges and delivered exceptional results to our stakeholders.

The various dimensions of the Company's financial and non-financial performance are explained in the following paragraphs;

Refer page 166

Production

2023 | 2,521 KT 2022 | 2,404 KT

FFC registered urea production of 2,521 thousand tonnes during the year, 5% increase over last year with a capacity utilization of 123%. This represents a 5% enhancement over the previous year, largely attributable to a more efficient maintenance schedule, with just one shutdown this year as opposed to two in the preceding year.

The Company also imported 28 thousand tonnes of DAP towards the close of year in view of improving DAP demand in the Country.

Sales

2023 | 2,505 KT 2022 | 2,423 KT

The Company recorded an increased Sona urea sales of 2,505 thousand tonnes, registering an increase of 3% from 2022. This growth is primarily due to higher production. DAP sales stood at 105 thousand tonnes, compared to 70 thousand tonnes of last year, mainly due to higher demand of phosphate fertilizers.

FINANCIAL CAPITAL

Financial Position Analysis

Equity and Reserves

2023 | 61.85 bn 2022 | 50.83 bn

At the close of the year, the company's net worth was valued at Rs 61.85 billion, a 22% rise from the previous year's Rs 50.83 billion. This increase is largely attributed to higher profits and retained earnings. Consequently, the break-up value per share escalated to Rs 48.62 from Rs 39.96 in 2022.

Borrowings

2023 | 24.30 bn 2022 | 21.74 bn

Long term borrowings (including current maturity) recorded at Rs 24.3 billion witnessed an increase of 12% compared to prior year. Throughout the year, the company diligently ensured the punctual repayment of its maturing financial obligations. Remarkably, FFC continued to meet its financial obligations in a timely manner, reflecting efficient financial management and strong liquidity.

Trade and Other Payables

2023 | 106.87 bn 2022 | 89.84 bn

Trade and other payables stood at Rs 106.87 billion, increased by 19% compared to last year, mainly due to transfer of current portion of GIDC liability from long term liabilities, and also increased balance payable to FFBL on account of consignment sales.

Short Term Borrowings

2023 | 13.74 bn 2022 | 57.99 bn

Short term borrowings of 13.74 billion depicted a significant decline of 76% compared to last year. This reduction was achieved due to better liquidity position.

Contingencies and Commitments

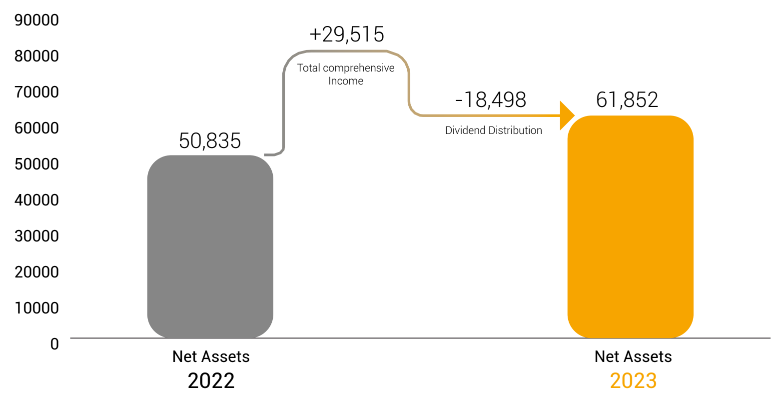
2023 | 39.84 bn 2022 | 34.50 bn

Contingencies include a penalty of Rs 5.50 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 a writ petition before Islamabad High Court which was disposed of directing CCP to proceed with regular hearing. As of December 31, 2023, the CCP has not yet initiated these proceedings and the company is awaiting notification for a hearing. Despite these developments, the company remains optimistic about its ability to successfully contest the accusations of unjustified price increases. In addition guarantees issued by banks on behalf of Company amounts to Rs 10.83 billion.

Financial commitments of the Company on account of capex and purchase of fertilizer, stores etc amounts to Rs 19.4 billion.

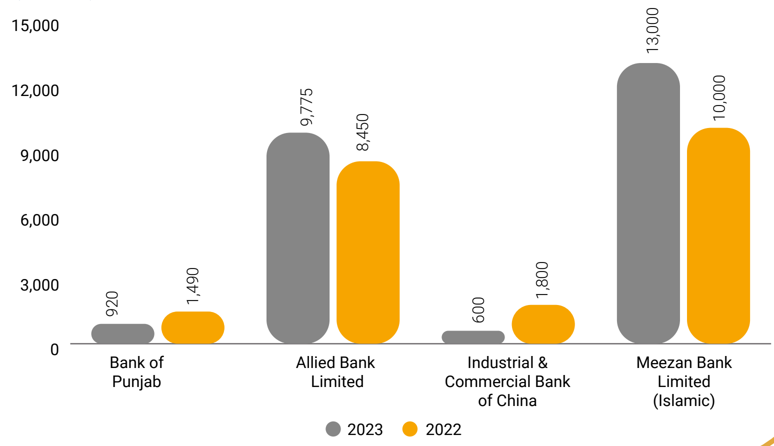
Growth in Net Assets

(Rs million)



Long Term Borrowings

(Rs million)



Profit Distribution and Equity / Reserve Analysis

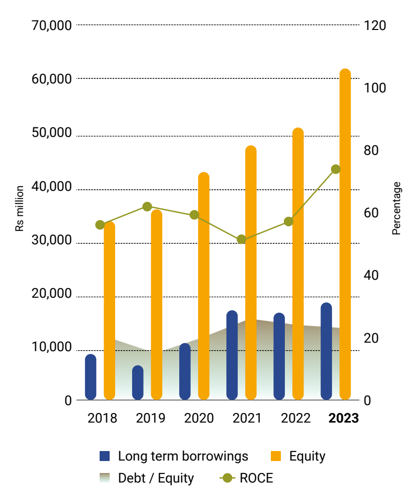
The Company's equity and reserves at the beginning of the year stood at Rs 50,835 million, whereas Rs 4,008 million were approved by the shareholders as final dividend for 2022.

During 2023, the Company earned total comprehensive income of Rs 29.52 billion and declared three interim dividends aggregating 14.49 billion while no transfers were made to general reserves.

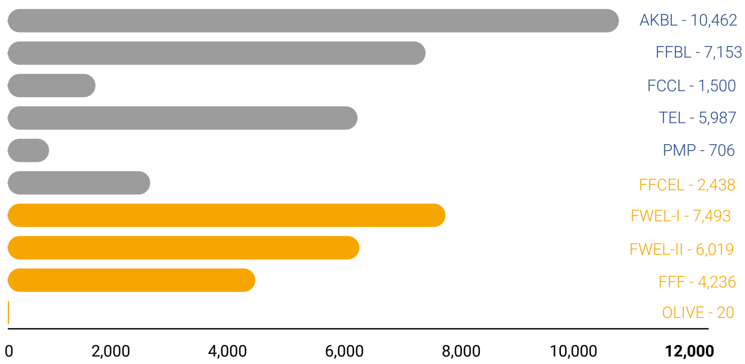
The aggregate equity and reserves at the close of the year therefore stood at Rs 61,852 million, as detailed below:

	Rs in million	Rs per share
Opening Equity & Reserves	**50,835**	
Final dividend – 2022	(4,008)	3.15
Net profit – 2023	29,673	23.32
Other comprehensive loss	(158)	
Available for appropriations	**76,342**	
Appropriations		
First interim dividend – 2023	(5,420)	4.26
Second interim dividend – 2023	(4,007)	3.15
Third interim dividend – 2023	(5,063)	3.98
Closing Equity & Reserves	**61,852**	

Equity & Debt



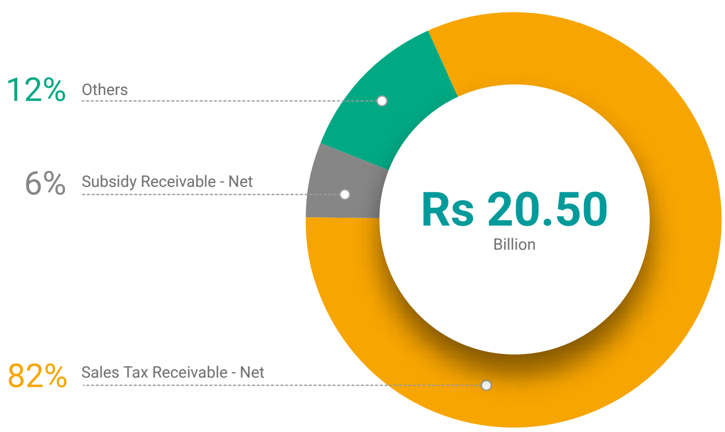
Equity Investments
(Rs million)



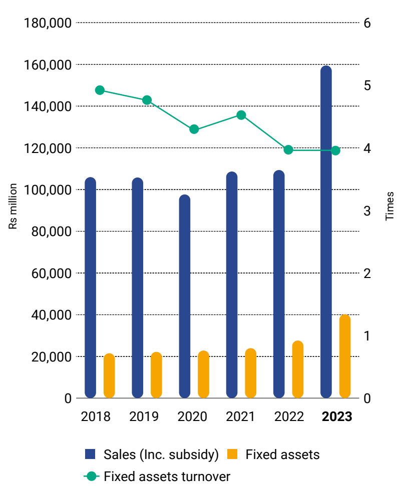
Associate Companies
Askari Bank Ltd. (AKBL)
Fauji Fertilizer Bin Qasim Ltd. (FFBL)
Fauji Cement Company Ltd.(FCCL)
Thar Energy Ltd. (TEL)
Pakistan Maroc Phosphore S.A, Morocco (PMP)

Subsidiary Companies
FFC Energy Ltd. (FFCEL)
Foundation Wind Energy I Ltd. (FWEL-I)
Foundation Wind Energy II Ltd. (FWEL-II)
Fauji Fresh n Freeze Ltd. (FFF)
Olive Technical Services (Pvt.) Ltd. (OLIVE)

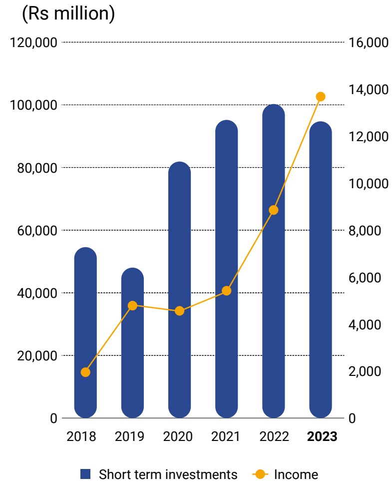
Other Receivables



Turnover, Fixed Assets and Fixed Assets Turnover



Short Term Investments and Income
(Rs million)



Property, Plant and Equipment
2023 | 40.22 bn 2022 | 27.63 bn

PPE increased by 46% to Rs 40.22 billion from the previous year. This increase is mainly on account of our ongoing reliability and sustenance projects, besides investment in marketing office building.

Long Term Investments
2023 | 48.72 bn 2022 | 50.53 bn

Long term investments declined by around 4% to Rs 48.72 billion, mainly on account of reclassification of PIBs to current maturity, recorded in short term investments.

Stores, Spares and Loose Tools
2023 | 7.78 bn 2022 | 6.30 bn

Stores and Spares stood at Rs 7.78 billion, with an increase of 24% from last year, is mainly attributed to the rising costs of these items, driven by increased international prices and a significant devaluation of the PKR.

Stock in Trade
2023 | 2.07 bn 2022 | 19.49 bn

Owing to efficient supply chain and marketing operations, almost entire inventory of fertilizer was liquidated during the year as compared to an unsold inventory valuing Rs 19.49 billion.

Trade Debts
2023 | 48.50 mn 2022 | 371.54 mn

Trade debts depicted a significant decline of 87% this year, primarily as a result of reduced credit sales.

Other Receivables
2023 | 20.50 bn 2022 | 26.62 bn

Other receivable amounting to Rs 20.50 billion depicted a decline of 23% from previous year. This decrease was largely attributable to the realization of cash margin related to PEF project, whereas a loss allowance against subsidy receivable from GOP and a provision for GST disallowance was also recorded during the year.

Short Term Investments
2023 | 94.74 bn 2022 | 100.27 bn

Short term investments recorded at Rs 94.74 billion depicted a decrease by 6% from last year, owing to its liquidation due to working capital needs.

Total Assets
2023 | 223.28 bn 2022 | 240.12 bn

The Company's total asset base reduced by 7%, to Rs 223.28 billion, resulted mainly from reduction in inventory, short term investments and other receivables.

FINANCIAL CAPITAL

Profit or Loss Analysis

Turnover

2023 | 159.47 bn 2022 | 109.36 bn

With an increase of 46% from last year, FFC has achieved a benchmark of highest ever aggregate turnover of Rs 159.47 billion. This was primarily achieved due to higher sales volume and passing on of the impact of inflation and other rise in cost.

It is worth noting that urea selling prices exhibited significant variation within the fertilizer industry, with FFC offering urea at lower selling prices by around Rs 200-Rs 500 per bag compared to the market. Sona urea prices towards the close of the period stood at around Rs 3,400 per bag in contrast to international prices hover around Rs 6,200 per bag.

Cost of Sales

2023 | 95.22 bn 2022 | 69.32 bn

The Company's cost of sales escalated to Rs 95.22 billion, with an increase of 37% compared to the previous year. Increased sales volume besides rising costs are driven by high inflation rates and increased raw material cost are key reasons. The impact of this escalation was mitigated in part by cost economization and efficiency improvement measures implemented by the management.

Distribution Cost

2023 | 12.68 bn 2022 | 10.11 bn

Higher dispatches, increased oil prices besides other inflationary factors and implementation of axle weight regulations towards the close of year, led to a surge in distribution costs to Rs 12.68 billion, registering a 25% increase from the previous year.

Finance Cost

2023 | 5.62 bn 2022 | 4.87 bn

Substantial increase in interest rates and higher financing needs to finance working capital requirement as well as capex, led to a finance cost of Rs 5.62 billion, an increase of 16%, compared to last year.

Other Losses

2023 | 4.06 bn 2022 | 2.79 bn

Other losses were registered at Rs 4.06 billion with an increase of 46% from previous year. Loss allowance on subsidy receivable from GOP of Rs 2.90 billion was made in 2023, owing to a considerable delay in receipt of subsidy from Government, whereas an unwinding charge on GIDC liability of Rs 1.16 billion was also accounted for.

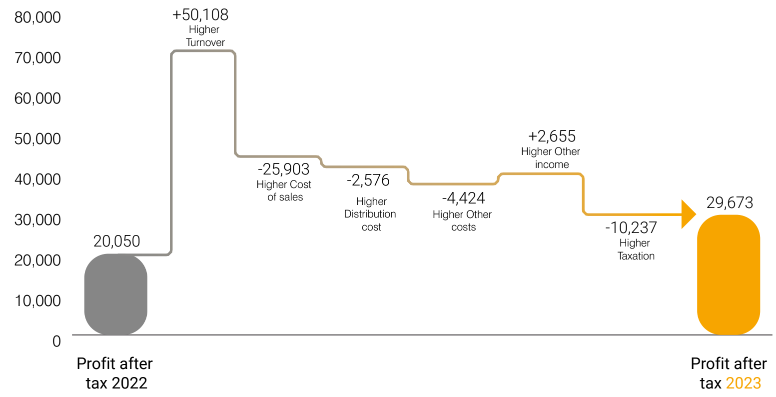
Other Income

2023 | 17.10 bn 2022 | 14.44 bn

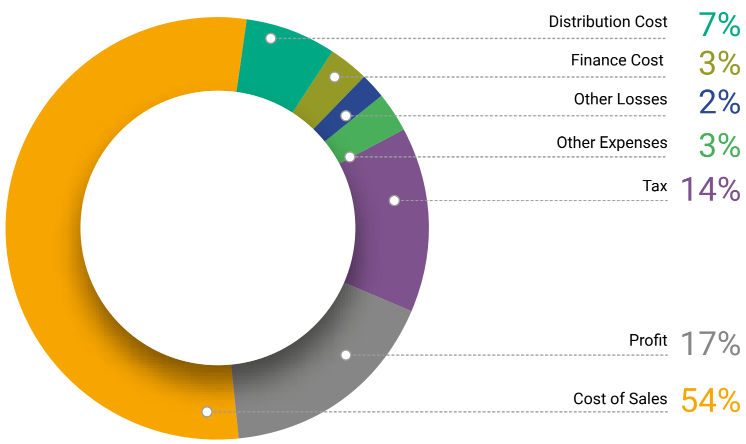
Other income of Rs 17.10 billion was earned registering an increase of 18% from previous year. The Company attained another benchmark of highest-ever income on deposits of Rs 15.30 billion, whereas, dividends from subsidiary companies of Rs 1.80 billion was also earned during the period.

Profit or Loss Waterfall

(Rs million)



Income Utilization



Provision for Taxation

2023 | 23.87 bn 2022 | 13.64 bn

Tax charge of Rs 23.87 billion was recorded compared to Rs 13.64 billion last year, attributed to increased earnings besides additional retrospective levy of super tax.

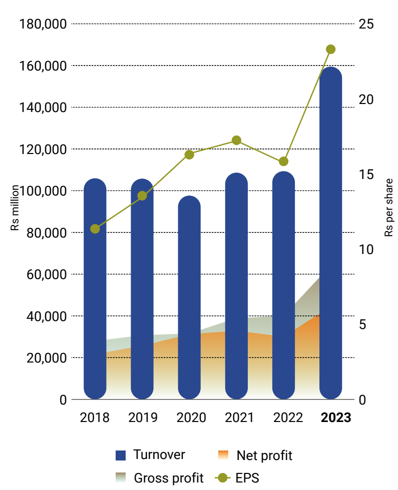
Profit for the Year

2023 | 29.67 bn 2022 | 20.05 bn

Company has achieved a new benchmark of recording its highest-ever net profit in 2023, amounting to Rs 29.67 billion. This represents a 48% increase compared to the previous year with an earnings per share of Rs 23.32.

Despite the improvement in profitability, the earnings in dollar terms stood at USD 106 million only, compared to USD 97 million in the previous year.

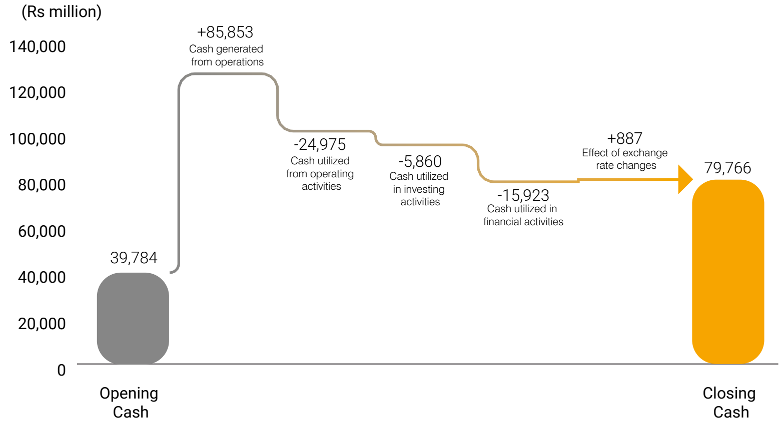
Profitability



Cash Flow Analysis

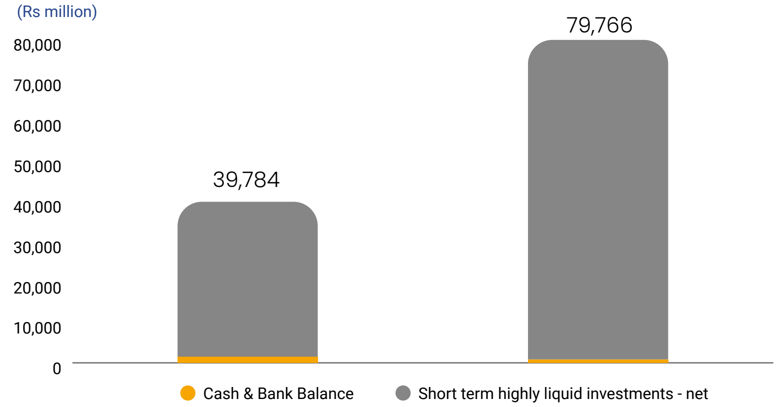
Cash Movement

(Rs million)



Cash & Cash Equivalents

(Rs million)



Cash Flows from Operating Activities

2023 | 60.88 bn 2022 | 1.58 bn

Cash flows from operations was recorded at Rs 60.88 billion, 59.30 billion more than last year which is mainly attributable to an increased profit and liquidation of inventory.

Cash Flows from Investing Activities

2023 | (5.86) bn 2022 | (0.86) bn

In order to ensure sustained operations, the Company continued its investment in capex projects with an expenditure of Rs 15.12 billion during the year.

Dividend income, investments and interest on deposits yielded around Rs 9.40 billion. Consequently, net cash used in investing activities stood at Rs 5.86 billion, compared to Rs 864.89 million in 2022.

Cash Flows from Financing Activities

2023 | (15.92) bn 2022 | (16.87) bn

Considering the capex needs, the Company borrowed finance of Rs 8 billion, however, debt repayment of Rs 5.45 billion was also made during the year. In order to ensure a regular income stream for its shareholders, FFC paid Rs 18.46 billion as dividends.

Net cash used in financing activities was Rs 15.92 billion compared to Rs 16.87 billion utilized last year.

Cash and Cash Equivalent

2023 | 79.77 bn 2022 | 39.78 bn

Compared with a closing balance of Rs 39.78 billion previous year, cash and cash equivalent stood at Rs 79.77 billion at year end, comprising Rs 92.65 billion of highly liquid investments and borrowings of Rs 13.74 billion.

Adequacy of Internal Control

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 26, 2024 is pleased to recommend a final cash dividend of Rs 4.1 per share i.e. 41% for the year ended 2023, for shareholders' approval, taking the total payout for the year to Rs 15.49 per share i.e. a payout of 66%.

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 312 onwards.

FINANCIAL CAPITAL

Financial Key Performance Indicators

Turnover

Rs million

2022	2023
109,364	**159,472**

Change 46%

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.

2023 Performance

Highest ever turnover due to better fertilizer prices and DAP inventory liquidation.

Earnings per Share

Rs

2022	2023
15.76	**23.32**

Change 48%

Why is this a KPI?

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

2023 Performance

The Company recorded EPS of Rs 23.32 during 2023 compared to Rs 15.76 last year.

Investment Income

Rs million

2022	2023
9,943	**15,297**

Change 54%

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.

2023 Performance

Benchmark investment income recorded due to efficient funds management and higher interest rate environment.

Dividend per Share

Rs

2022	2023
12.13	**15.49**

Change 28%

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.

2023 Performance

The Dividend per Share of the Company was Rs 15.49 per share during 2023 compared to Rs 12.13 last year.

Dividend Income

Rs million

2022	2023
4,449	**1,800**

Change -60%

Why is this a KPI?

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

2023 Performance

Lower payout by subsidiary / associated companies resulted in dividend income of Rs 1.80 billion.

Gross Profit Margin

%

2022	2023
37%	**40%**

Change 4%

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.

2023 Performance

Gross profit margin stood at 40% in view of improved market conditions.

Import Substitution

USD million

2022	2023
1,650	**1,001**

Change -39%

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.

2023 Performance

Contribution to National Exchequer through import substitution clocked in at USD 1.01 billion in 2023, due to a comparatively lower exchange rate in 2023.

Net Profit Margin

%

2022	2023
18%	**19%**

Change 1%

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.

2023 Performance

Higher margins mainly eroded due to retrospective imposition of Super Tax by Federal Government, and increased raw material & transportation cost.

Market Price per Share

Rs

2022	2023
98.71	**113.19**

Change 15%

Why is this a KPI?

The market price of Company's share on the Pakistan Stock Exchange as at December 31, 2023.

2023 Performance

Overall market performance improved during 2023 and FFC share price increased by around 15%.

Return on Capital Employed

%

2022	2023
57%	**74%**

Change 16%

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.

2023 Performance

Higher earnings before interest and tax, despite increase in capital employed led to ROCE of 74 %, compared to 57% last year.

Break-Up Value

Rs

2022	2023
39.96	**48.62**

Change 22%

Why is this a KPI?

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

2023 Performance

The break-up value per share was recorded at Rs 48.62, 22% higher than last year.

Return on Equity

%

2022	2023
39%	**48%**

Change 9%

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.

2023 Performance

Increase in profit lead to ROE of 48%, higher than the last year figure of 39%.

Non-Financial Key Performance Indicators

Manufactured Capital

Production Efficiency
123%

Farmers Engagement
102,505
Farmers reached through our Agri. Services

Warehouses
152

Intellectual Capital

ISO - Info sys
ISO 27001: 2013

FBR Track & Trace Integration

PCI - DSS Certification for Data Centres

Natural Capital

Environmental Protection
Rs 95 million

Energy Savings
1,056 TJ

Decrease in GHG emissions
17,168 MT

Human Capital

Workforce
3,209

Total Training Hours
21,751

Culture & Engagement Survey
98%

Trainings Through Linkedin Learning

4,800+ Hours Viewed

4,300+ Courses Completed

84,000+ Video Completed

Six Sigma-Green Belt Certification

Social and Relationship Capital

Contribution to National Exchequer
Rs 36.3 billion

Donations
Rs 829 million

Creating livelihood opportunities through **1,739** interest-free loans worth Rs. **59.19** Million in collaboration with Akhuwat

FINANCIAL CAPITAL

Analysis of Non-Financial Key Performance Indicators

Evaluation of non-financial key performance indicators (KPIs) has been provided for significant non-financial KPIs pertaining to the business and stakeholders across various capital forms, as outlined in the International Integrated Reporting Framework.

Manufactured Capital

(Page No. 114-119 & 173)

Our engagement in the importation, manufacturing, marketing, and distribution of high-quality fertilizers is designed to generate value for our stakeholders – the People – and, ultimately, for the broader economy.

Producing Quality Fertilizer

Our mission revolves around safeguarding and improving the productive potential of both farms and the earnings of our end consumers. Committed to meeting customer expectations and aligned with our strategic vision, we are dedicated to producing high-quality products that adhere to international environmental and safety standards, contributing to the well-being of both local farms and the broader planet.

Investing in Better Farm Productivity

Over the last four decades, FFC has significantly bolstered farm productivity through consistent commitment and investment in farm advisory. This includes building a loyal customer base, promoting the **Sona** brand in the marketplace, and creating substantial value for both FFC and farmers.

Intellectual Capital

(Page No. 120-123 & 119)

While intellectual capital lacks the visibility associated with monetized forms of capital in value creation, the company is steadfast in allocating resources to its development. This commitment is grounded in the belief that intellectual capital significantly enhances operational efficiency and fosters a competitive advantage in the contemporary technological era.

Human Capital

(Page No. 124-127 & 190)

The Company has fostered a culture of operational excellence through mentoring, delegation, and succession planning, cultivating a skilled workforce. Our well-defined policy outlines strategies for succession planning, recognition, talent acquisition, and leadership development. FFC is committed to managing HR priorities, attracting and nurturing talent in a conducive environment.

Providing Employment

FFC, has a workforce of 3,209 professionals as of December 31, 2023, spread across manufacturing sites, country-wide marketing networks, and the head office. To ensure the retention of this skilled workforce, the Company offers competitive and market-based remuneration, job security, attractive retirement benefits, and opportunities for skill enhancement and career development. This comprehensive approach aims to attract and retain competent individuals in various operations, including plants, marketing offices, and the head office.

Investing in Our Workforce

In 2023, FFC disbursed salaries and benefits amounting to Rs 13.8 billion, compared to Rs 10.5 billion in previous year. Additionally, the company upholds funded pension and gratuity schemes for its employees.

Providing Equal Opportunity

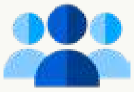
FFC, as an equal opportunity employer, ensures non-discrimination based on gender, class, or demography, aligning benefits with the specifics of each employment contract.

Developing Skills and Talent

Ensuring the retention and development of skilled manpower is essential for maintaining our competitiveness and value creation capability. FFC recognizes the importance of playing an active role in supporting the existing workforce through continuous reskilling and upskilling efforts, acknowledging that learning occurs daily through experiential, social, or formal avenues.

Investing in Health and Safety of Workforce

FFC is dedicated to ensuring the wellbeing of its employees by prioritizing a safe working environment. As part of its overall commitments, the Company consistently focuses on improving safety systems and adheres to state-of-the-art industrial safety standards to minimize potential harm from risks and hazards.



Social and Relationship Capital

(Page No. 130-134 & 199)

FFC recognizes its ethical responsibility towards both People and the Planet by engaging in environmentally friendly and fair business transactions. The Company ensures that its employees are educated and trained to assume responsibility in alignment with their roles, authority, and qualifications, contributing to our corporate commitment to ethical business practices.

Create and Share Value as a Trusted Business Partner

At FFC, we prioritize sharing value with our local partners through efficient local procurement practices, contributing to the overall economic development of the country. Our commitment to sustainability extends to the supply chain, where we actively engage with trusted partners to promote responsible practices and foster a sustainable business ecosystem.

Create and Share Value in Local Communities we Operate

The Company actively supports local communities by contributing through taxes and voluntary financial aid in crucial areas like education, health, sports, and infrastructure development. This commitment extends particularly to neighboring communities, positively impacting the overall country. Additionally, our local presence and engagement with regional suppliers significantly contribute to economic activity, fostering growth and prosperity in the local communities we serve.

Create and Share Value as a Socially Responsible Company

Safeguarding the planet and the environment remains the foremost priority at FFC, as evidenced by our ongoing investments in eco-friendly technologies and production processes.

Natural Capital

(Page No. 137 & 173)

The backbone of Pakistan's economy is its agricultural sector, which ensures food security by relying on the country's natural capital. In the face of an evolving environmental landscape marked by climate variations, natural resource scarcity, and ecosystem changes, the Company is well aware of the need to invest in relevant capital expenditures and adopt climate-resilient agricultural practices. This commitment reflects the Company's proactive approach to managing its environmental footprint while contributing to sustainable and resilient agriculture.

Prospects of the Entity Including Targets for Financial and Non-financial Measures

Throughout 2023, the socio-economic challenges from the previous year persisted and even intensified. Ongoing geopolitical instability continued to disrupt international supply chains, leading to a surge in commodity prices, including oil and fertilizer products. The country faced elevated inflation and interest rates, compounded by a shortage of foreign exchange and a sharp devaluation of the PKR, resulting in delays in procuring essential spares and machinery and increased costs for these items. Despite these hurdles, the Company achieved outstanding results, surpassing key operating and financial benchmarks set for the year. Regardless of challenges such as depleting gas reserves, inflationary pressures, and limited fiscal space, the Company's effective treasury management and strategic diversification projects provided crucial support, aligning with management's expectations of sustained earnings and returns to shareholders.

Methods and Assumptions Used in Compiling the Indicators

Key performance indicators serve as an accurate reflection of the Company's performance. The management consistently analyzes these indicators to assess the Company's achievements in comparison to predefined benchmarks. Below are some fundamental indicators that provide insights into the Company's performance and profitability:

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

Investment income includes income on deposits and returns 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 in 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' Section 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 sector witnessed significant resilience and growth amid a backdrop of dynamic economic and environmental factors since 2018. Despite lingering uncertainties, our Company demonstrated remarkable adaptability and strategic foresight, leading to consistent and excellent performance over the years. The year under review, remained challenging due to unstable economic conditions, rising inflations, dwindling forex reserves, monetary and fiscal tightening. However, despite facing challenges, our Company has achieved significant milestones in production and sales. Streamlined operations, efficient resource utilization, timely decision-making, and cost-saving initiatives have culminated in our highest-ever net profitability (PAT) despite imposition of Super Tax, strengthening our position in the market.

Horizontal Analysis

Shareholders' Equity & Reserves

Shareholders' equity comprising of share capital and reserves has surged by impressive rate of 85% over 2018. Although share capital and capital reserve remained unchanged during this period, however, the Company's revenue reserves witnessed six-year annual average increase of 19% on account of higher retention owing to upcoming Capex intensive projects.

Non-Current Liabilities

Long term borrowings were lower during 2018, witnessed further decline in subsequent years on account of healthy operational cash generation by the Company. However, last four years depicted an average annual increase (CAGR) of 11% in long term borrowings on account of major equity investments by the Company. Deferred liabilities recorded at Rs 4.01 billion, registered a decrease of 12% compared to 2018; with compensated leave absences remaining fairly constant.

Long term portion of GIDC payable amounting Rs 7.94 billion was also classified to current liabilities as per the guideline of IFRSs. Total non-current liabilities thus stood at Rs 22.12 billion compared to Rs 13.16 billion in 2018.

Current Liabilities

In 2018, there was a rise in the current portion of long-term borrowings to meet working capital needs due to demand / supply gap. By the end of 2019, this portion decreased to Rs 4.71 billion and has since remained relatively stable. Short-term borrowings have seen an average annual increase of 19% from 2018 to 2022 to support the company's working capital requirements. However, in 2023, there was a significant 76% reduction in this balance, attributed to an improved liquidity position mainly due to liquidation of DAP and demand pull market.

Withholding of GIDC consequent to Court's ruling in 2015 resulted in consistent increase in the balance of trade and other payables from Rs 60.60 billion in 2018 to Rs 106.87 billion in 2023. Classification of short-term portion of GIDC payable to current liabilities and increased balance payable to FFBL on account of consignment sales have increased the balance of trade and other payable. Accordingly, current liabilities increased from Rs 99.94 billion in 2018 to Rs 139.22 billion at the end of 2023.

Non-Current Assets

Non-current assets primarily comprise of property, plant and equipment and long term investments of the Company which have increased from Rs 51.13 billion in 2018 to Rs 93.16 billion in 2023, strengthening the Company's asset base.

Property, plant and equipment (PPE) witnessed an average annual growth of 13% since 2018 to 2023. In 2023, FFC made significant investments in its PPE, particularly in pressure enhancement facilities, to sustain infrastructure and ensure a steady supply of crucial raw materials. This investment marked a notable 45% increase compared to 2022, amounting to Rs 40.22 billion as of December 31, 2023

As part of FFC's diversification strategy, the company has significantly broadened its portfolio since 2018. This includes setting up Olive and acquiring 100% equity stake in Technical Services (Pvt) Limited, as well as acquiring 100% and 80% stakes in Foundation Wind Energy – I Limited (FWEL-I) and Foundation Wind Energy – II Limited (FWEL-II) respectively. As a result of these strategic moves, long-term investments, including investments in PIBs, reached Rs 48.72 billion by the end of 2023, reflecting an impressive increase of approximately 181% since 2018.

Current Assets

Stores, spares and loose tools have registered annual average increase of 17% since 2018. Although the balance stayed relatively stable until 2021, a notable surge occurred thereafter, primarily due to escalating inflation and the devaluation of the local currency.

In 2018, the stock in trade was elevated primarily due to a larger closing inventory of DAP to meet anticipated demand for the following year. However, in 2023, efficient supply chain and marketing operations led to liquidation of DAP inventory, in contrast to the previous year's unsold inventory valued at Rs 19.5 billion.

Throughout the six-year period, the company maintained a reasonable level of trade debts, except for 2019 when a significant portion of sales was made on credit due to depressed market conditions. In FY 2023, improved market conditions enabled the company to maintain robust control over trade debts, resulting in a notable 89% reduction in trade receivables to Rs 49 million, the lowest level since 2018.

Short-term investments surged to Rs 94.74 billion, nearly 1.7 times higher than in 2018, driven by improved cash availability and attractive returns on investments placed with various financial institutions. Consequently, on a cumulative basis, current assets increased from Rs 95.35 billion in 2018 to Rs 130.12 billion in 2023.

	2023 Rs M	23 Vs 22 %	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 %
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	48,970	29	37,953	10	34,632	17	29,654	31	22,685	11	20,501	24
	61,852	22	50,835	7	47,514	12	42,536	20	35,567	7	33,383	14
Non - Current Liabilities												
Long term borrowings - secured	18,200	12	16,295	(3)	16,740	58	10,627	64	6,473	(25)	8,584	(45)
Lease liabilities	-	(100)	17	(29)	24	(59)	59	(5)	62	-	-	-
Deferred government grant	-	-	-	-	-	(100)	25	-	-	-	-	-
Gas Infrastructure Development												
Cess (GIDC) payable	-	(100)	7,941	(62)	20,802	(37)	32,772	-	-	-	-	-
Deferred liabilities	4,012	23	3,272	(13)	3,758	(29)	5,259	19	4,412	(4)	4,578	(3)
	22,212	(19)	27,525	(33)	41,324	(15)	48,742	345	10,947	(17)	13,162	(35)
Current Liabilities												
Current portion of long term												
borrowings - secured	6,095	12	5,445	21	4,504	4	4,335	(8)	4,711	(35)	7,238	6
Current portion of lease liabilities	17	6	16	(58)	38	65	23	(47)	43	-	-	-
Current portion of deferred												
government grant	-	-	-	(100)	41	(53)	87	-	-	-	-	
Trade and other payables	106,867	19	89,836	44	62,481	34	46,621	(39)	76,009	25	60,599	56
Mark - up and profit accrued	1,304	(13)	1,506	108	723	163	275	(59)	676	125	300	57
Short term borrowings - secured	13,738	(76)	57,994	49	38,954	54	25,258	16	21,803	(24)	28,526	147
Unclaimed Dividend	517	8	479	1	472	1	468	(14)	542	(15)	639	46
Taxation	10,679	65	6,486	31	4,956	8	4,604	49	3,092	17	2,642	115
	139,217	(14)	161,762	44	112,169	37	81,671	(24)	106,876	7	99,944	69
Total Equity and Liabilities	223,281	(7)	240,122	19	201,007	16	172,949	13	153,390	5	146,489	35
Assets												
Non - Current Assets												
Property, plant & equipment	40,223	46	27,631	15	23,987	5	22,841	3	22,212	3	21,533	(3)
Intangilbe assets	1,572	-	1,573	-	1,576	-	1,572	-	1,577	-	1,575	(1)
Long term investments	48,721	(4)	50,525	10	46,115	33	34,675	12	31,088	16	26,899	(3)
Long term Loans & advances - secured	2,630	(42)	4,556	50	3,044	57	1,945	62	1,200	8	1,114	15
Long term deposits & prepayments	12	-	12	(20)	15	7	14	17	12	(14)	14	-
	93,158	11	84,297	13	74,737	22	61,047	9	56,089	10	51,135	(3)
Current Assets												
Stores, spares and loose tools	7,784	24	6,301	38	4,558	3	4,434	16	3,811	10	3,474	(1)
Stock in trade	2,068	(89)	19,488	1,760	1,048	228	320	(95)	6,795	(47)	12,932	3,174
Trade debts	49	(87)	372	(55)	833	(64)	2,287	(83)	13,460	266	3,678	(1)
Loans and advances - secured	3,415	258	953	26	759	(4)	789	(56)	1,795	69	1,060	(35)
Deposits and prepayments	711	136	301	349	67	31	51	-	51	(38)	82	5
Other receivables	20,501	(23)	26,621	18	22,619	8	20,965	19	17,653	12	15,725	13
Short term investments	94,737	(6)	100,269	5	95,196	16	81,902	70	48,041	(12)	54,585	77
Cash and bank balances	858	(44)	1,520	28	1,190	3	1,154	(80)	5,695	49	3,818	123
	130,123	(16)	155,825	23	126,270	13	111,902	15	97,301	2	95,354	71
Total Assets	223,281	(7)	240,122	19	201,007	16	172,949	13	153,390	5	146,489	35

SIX YEAR ANALYSIS

Vertical Analysis of Statement of Financial Position

	2023		2022		2021		2020		2019		2018	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Equity and Liabilities												
Equity & Reserves												
Share capital	12,722	6	12,722	5	12,722	6	12,722	7	12,722	8	12,722	9
Capital reserve	160	-	160	-	160	-	160	-	160	-	160	-
Revenue reserves	48,970	22	37,953	16	34,632	17	29,654	17	22,685	15	20,501	14
	61,852	28	50,835	21	47,514	23	42,536	25	35,567	23	33,383	23
Non - Current Liabilities												
Long term borrowings - secured	18,200	8	16,295	7	16,740	8	10,627	6	6,473	4	8,584	6
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	4,012	2	3,272	1	3,758	3	5,259	3	4,412	3	4,578	3
	22,212	10	27,525	11	41,324	21	48,742	28	10,947	7	13,162	9
Current Liabilities												
Current portion of long term borrowings - secured	6,095	3	5,445	3	4,504	2	4,335	3	4,711	3	7,238	5
Current portion of lease liabilities	17	-	16	-	38	1	23	-	43	-	-	-
Current portion of deferred government grant	-	-	-	-	41	-	87	-	-	-	-	-
Trade and other payables	106,867	48	89,836	37	62,481	31	46,621	27	76,009	50	60,599	41
Mark - up and profit accrued	1,304	1	1,506	1	723	-	275	-	676	-	300	-
Short term borrowings - secured	13,738	6	57,994	24	38,954	19	25,258	15	21,803	14	28,526	19
Unclaimed dividend	517	-	479	-	472	1	468	-	542	-	639	-
Taxation	10,679	5	6,486	3	4,956	2	4,604	3	3,092	2	2,642	2
	139,217	62	161,762	67	112,169	56	81,671	47	106,876	70	99,944	68
Total Equity And Liabilities	223,281	100	240,122	100	201,007	100	172,949	100	153,390	100	146,489	100
Assets												
Non - Current Assets												
Property, plant & equipment	40,223	18	27,631	12	23,987	12	22,841	13	22,212	14	21,533	15
Intangible assets	1,572	1	1,573	1	1,576	1	1,572	1	1,577	1	1,575	1
Long term investments	48,721	22	50,525	21	46,115	23	34,675	20	31,088	20	26,899	18
Long term loans & advances - secured	2,630	1	4,556	2	3,044	2	1,945	1	1,200	1	1,114	1
Long term deposits & prepayments	12	-	12	-	15	-	14	-	12	-	14	-
	93,158	42	84,297	35	74,737	37	61,047	35	56,089	37	51,135	35
Current Assets												
Stores, spares and loose tools	7,784	3	6,301	3	4,558	2	4,434	3	3,811	2	3,474	2
Stock in trade	2,068	1	19,488	8	1,048	1	320	-	6,795	4	12,932	9
Trade debts	49	-	372	-	833	-	2,287	1	13,460	9	3,678	3
Loans and advances - secured	3,415	2	953	-	759	-	789	-	1,795	1	1,060	1
Deposits and prepayments	711	-	301	-	67	-	51	-	51	-	82	-
Other receivables	20,501	9	26,621	11	22,619	11	20,965	12	17,653	12	15,725	11
Short term investments	94,737	42	100,269	42	95,196	47	81,902	47	48,041	31	54,585	37
Cash and bank balances	858	-	1,520	1	1,190	1	1,154	1	5,695	4	3,818	3
	130,123	58	155,825	65	126,270	63	111,902	65	97,301	63	95,354	65
Total Assets	223,281	100	240,122	100	201,007	100	172,949	100	153,390	100	146,489	100

Vertical Analysis

Shareholders' Equity

Share capital as a percentage of equity has dropped from 38% in 2018 to 21% in 2023, while revenue reserves as a percentage of equity have improved from 61% in 2018 to 79% at the close of 2023 owing to profit retention in the business to finance the future diversification needs.

Non-Current Liabilities

The company experienced a significant shift in the composition of its non-current liabilities, with long-term borrowing as a percentage of total non-current liabilities increasing by 17% from 65% in 2018 to 82% in 2023. This shift was largely driven by the company's strategic equity investments during the period. Furthermore, in 2023, the re-classification of the long-term portion of Gas Infrastructure Development Cess (GIDC) as current liabilities led to a notable decrease of Rs 7.94 billion in the balance of non-current liabilities.

Current Liabilities

The proportion of short-term borrowing relative to current liabilities experienced a notable 19% decrease, falling from 29% in 2018 to a mere 10% by 2023. This substantial decline is attributed to the adept management of both the supply chain and marketing operations. Moreover, the successful liquidation of a significant portion of the opening DAP inventory further contributed to enhance the overall liquidity position of business.

The proportion of trade and other payables relative to current liabilities increased from 61% in 2018 to 71% in 2019, attributed to the withholding of Gas Infrastructure Development Cess (GIDC) following a court ruling. However, in accordance with the requirements of the International Financial Reporting Standards (IFRS), a portion of the GIDC was reclassified as current liabilities. Additionally, the higher balance payable to FFBL for consignment sales contributed to the further rise in the percentage of trade and other payables to current liabilities, reaching 77% by 2023.

Non-Current Assets

The percentage of non-current assets relative to total assets experienced a notable increase of 7%, rising from 35% in 2018 to 42% in 2023. This uptick can be attributed to a greater allocation of investment towards strategic diversification projects, particularly in property and plant, aimed at ensuring the long-term viability and adaptability of the business.

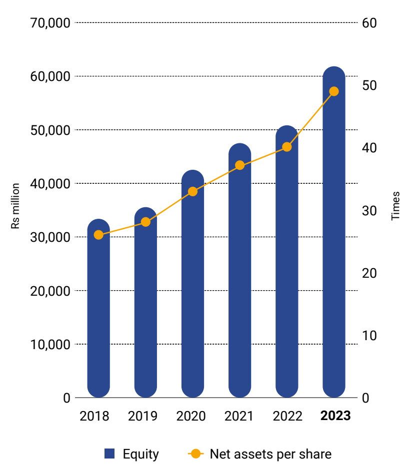
Current Assets

Stores, spares and loose tools as percentage of current assets witnessed increase of 2% in 2023 compared to six-year average of 4% due to surge in inflation and currency devaluation. Stock in trade as a percentage of current assets experienced a notable decrease, dropping from 14% in 2018 to 2% in 2023. This decline was primarily attributed to lower DAP inventory turnover. However, this percentage remained elevated in 2022 due to abnormal inventory levels amidst challenging market conditions.

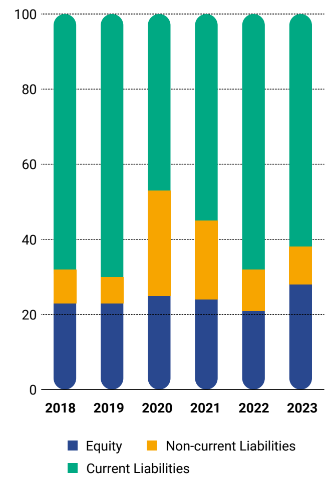
Trade debts as a percentage of current assets remained negligible at 0.04% by the end of 2022, significantly lower than the 4% recorded in 2018. Meanwhile, other receivables maintained consistency, forming 16% of total current assets in 2023, in line with the six-year average.Short-term investments as a percentage of current assets witnessed a steady increase from 57% in 2018 to 73% in 2023, reflecting the Company's gradual improvement in liquidity.

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

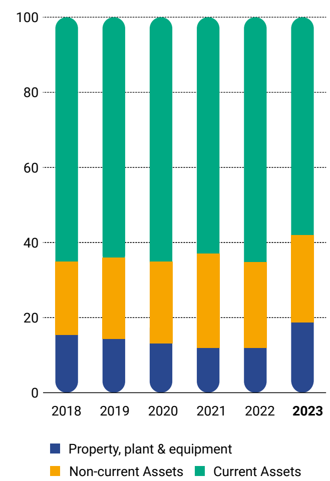
Equity & Net Assets per Share



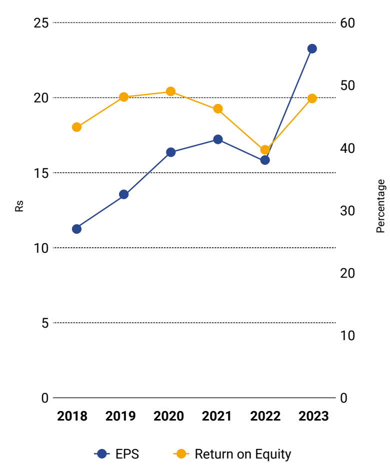
Financial Position Analysis - Equity & Liabilities
(Percentage)



Financial Position Analysis - Assets
(Percentage)



EPS and Return on Equity



SIX YEAR ANALYSIS

Horizontal Analysis of Statement of Profit or Loss

	2023 Rs M	2023 %	2022 Rs M	2022 %	2021 Rs M	2021 %	2020 Rs M	2020 %	2019 Rs M	2019 %	2018 Rs M	2018 %
Turnover - Net	159,472	46	109,364	1	108,651	11	97,655	(8)	105,783	(0.2)	105,964	17
Cost of sales	(95,220)	37	(69,317)	(1)	(69,772)	6	(66,072)	(12)	(75,046)	(4)	(77,986)	7
Gross profit	64,252	60	40,047	3	38,879	23	31,583	3	30,737	10	27,978	55
Distribution cost	(12,684)	25	(10,108)	20	(8,409)	7	(7,848)	(5)	(8,288)	(6)	(8,833)	3
Operating profit	51,568	72	29,939	(2)	30,470	28	23,735	6	22,449	17	19,145	101
Finance cost	(5,624)	16	(4,868)	112	(2,292)	22	(1,874)	(24)	(2,477)	51	(1,637)	(33)
Other (losses) / gains	(4,060)	46	(2,789)	(1)	(2,811)	(171)	3,940	(458)	(1,100)	-	-	-
Other expenses	(5,434)	79	(3,037)	3	(2,947)	12	(2,639)	14	(2,310)	10	(2,108)	29
	36,450	89	19,245	(14)	22,420	(3)	23,162	40	16,562	8	15,400	183
Other income	17,097	18	14,442	82	7,919	23	6,429	(11)	7,191	14	6,283	(39)
Profit before taxation	53,547	59	33,687	11	30,339	3	29,591	25	23,753	10	21,683	38
Provision for taxation	(23,874)	75	(13,637)	62	(8,443)	(4)	(8,772)	32	(6,643)	(8)	(7,244)	44
Profit for the year	29,673	48	20,050	(8)	21,896	5	20,819	22	17,110	18	14,439	35
EPS (Rupees)	23.32	48	15.76	(8)	17.21	5	16.36	22	13.45	19	11.35	35

Horizontal Analysis

Turnover and Cost of Sales

The Company has surpassed the Rs 150 billion milestone for the first time in the past six years, reaching its highest-ever turnover of Rs 159.47 billion in 2023. This milestone represents an annual average growth of 9% since 2018, primarily attributed to increased sales and successful absorption of inflationary and cost-related impacts. Correspondingly, the Cost of Sales has also experienced an average annual escalation of 4% since 2018, largely driven by higher raw material prices and inflationary pressures.

Gross Profit

FFC has demonstrated a steadfast commitment to elevating its gross profitability over the preceding six years by achieving a remarkable compound annual growth rate of 18%. This progression witnessed a surge from Rs 27.98 billion in 2018 to a notable Rs 64.25 billion in 2023, primarily attributed to the optimization of processes, efficient resource management, cost economization and the favorable trajectory of fertilizer prices due to doable passed-on throughout the period.

Distribution Cost & Operating Profit

Prudent cost control measures have effectively restrained the escalation of distribution costs, maintaining a compound annual growth rate of 1.5% until 2021. However, during the last two years, due to adverse economic conditions and geopolitical turmoil, petroleum prices (POL) have spiked substantially. Consequently, distribution costs surged by 20% in 2022 and 25% in 2023 compared to respective preceding years. Operating profit increased from Rs 19.14 billion in 2018 to an impressive Rs 51.57 billion in 2023.

Finance Cost

Over the past six years, finance costs have shown minimal variation, consistently hovering around the Rs 2 billion mark. However, a notable escalation became evident in the last two years, largely attributable to the prevailing high-interest rate environment in the country. As a result, finance cost surged by 3.4 times to Rs 5.62 billion compared to Rs 1.64 billion in 2018.

Other Expenses

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

Other Gains / (Losses)

Other gains / (losses) include re-measurement of GIDC liability and Expected Credit Loss (ECL) in compliance with the requirements of IFRSs. In the current fiscal period, other losses amounted to Rs 4.06 billion, marking a notable 46% increase from Rs 2.79 billion in 2022. This escalation is primarily attributed to a loss allowance recognized on subsidy receivable from the Government of Pakistan (GOP), totaling PKR 2.9 billion, reflecting substantial delays in subsidy receivable.

Other Income

Other income surged significantly, increasing by 2.7 times to reach Rs 17.10 billion in 2023, compared to Rs 6.28 billion in 2018, owing to effective utilization of funds and prevailing high rate of return enabled the Company to earn highest ever income on deposits of Rs 15.30 billion along with a dividend of Rs 1.8 billion from subsidiary companies.

Taxation

The fluctuation in tax charges over the years has generally mirrored the company's profitability trends. However, the effective tax rate for the current year was notably at 45%, higher than the average effective rate of 32% since 2018. This increase is attributed to the retrospective imposition of a super tax by the federal government.

Profit for the Year

The Company has demonstrated steadfast and robust growth in net profitability, maintaining an impressive average annual increase of 15% since 2018. In the fiscal year 2023, FFC reached a remarkable milestone, achieving a net profit of Rs 29.67 billion, a new benchmark for the company. This notable achievement can be predominantly attributed to the highest-ever turnover and record investment income. Overall, the Company's profitability experienced an outstanding growth of 106% in 2023 compared to 2018.

Vertical Analysis of Statement of Profit or Loss

	2023		2022		2021		2020		2019		2018	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - Net	159,472	100	109,364	100	108,651	100	97,655	100	105,783	100	105,964	100
Cost of sales	(95,220)	(60)	(69,317)	(63)	(69,772)	(64)	(66,072)	(68)	(75,046)	(71)	(77,986)	(74)
Gross profit	64,252	40	40,047	37	38,879	36	31,583	32	30,737	29	27,978	26
Distribution cost	(12,684)	(8)	(10,108)	(9)	(8,409)	(8)	(7,848)	(8)	(8,288)	(8)	(8,833)	(8)
Operating profit	51,568	32	29,939	27	30,470	28	23,735	24	22,449	21	19,145	18
Finance cost	(5,624)	(4)	(4,868)	(4)	(2,292)	(2)	(1,874)	(2)	(2,477)	(2)	(1,637)	(2)
Other (losses) / gains	(4,060)	(3)	(2,789)	(3)	(2,811)	(3)	3,940	4	(1,100)	(1)		
Other expenses	(5,434)	(3)	(3,037)	(3)	(2,947)	(3)	(2,639)	(3)	(2,310)	(2)	(2,108)	(2)
	36,450	23	19,245	18	22,420	21	23,162	24	16,562	16	15,400	15
Other income	17,097	11	14,442	13	7,919	7	6,429	7	7,191	7	6,283	6
Profit before taxation	53,547	34	33,687	31	30,339	28	29,591	30	23,753	22	21,683	20
Provision for taxation	(23,874)	(15)	(13,637)	(12)	(8,443)	(8)	(8,772)	(9)	(6,643)	(6)	(7,244)	(7)
Profit for the year	29,673	19	20,050	18	21,896	20	20,819	21	17,110	16	14,439	14
EPS (Rupees)	23.32		15.76		17.21		16.36		13.45		11.35	

Vertical Analysis

Gross Profit

Significant progress has been observed in the gross profit margin as a percentage of turnover, with 2023 marking an impressive 40% compared to 26% in 2018. This substantial increase can be attributed primarily to normalization of urea market post 2016-17 era, whereby prices were controlled due to subsidy, however, market started to recover the cost push pressures gradually, further robust cost control measures implemented to manage fixed costs effectively amidst consistently benefited from improved downstream market.

Operating Profit

The operating profit margin, measured as a percentage of turnover, has undergone a notable Upside, surging from 18% in 2017 to a commendable 32% by 2023. This remarkable achievement stands out amidst the backdrop of continually escalating inflation and heightened transportation expenses driven by elevated petroleum prices.

Other Expenses

Other expenses encompass WPPF and WWF related costs, in addition to research and development expenditures. These expenses have consistently mirrored the Company's profitability trends over the past several years.

Other Income

Other income as a percentage of turnover witnessed significant increase to 11% in 2023 as compare to 6% in 2018, on account of improved investment & dividend income.

Taxation

Tax charge as a percentage of turnover broadly remained consistent in line with fluctuation in topline. However, in 2023 due to retrospective imposition of super tax reached at 15% as compared to average rate of 8% for the past years.

Profit For The Year

Persistent governmental pressures contained the Company's ability to offset escalating operating costs, thereby limiting net profit margins during 2017 and 2018. However, sustained growth and cost economization initiatives thereafter has yielded robust margins, with 2023 boasting a healthy 19% compared to the average of 14% since 2018.

SIX YEAR ANALYSIS

of Cash Flows

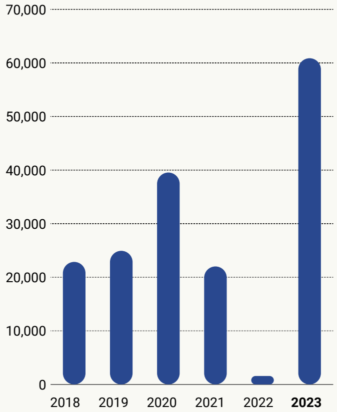
Summary of Cash Flows

Rs million	2023	2022	2021	2020	2019	2018
Net cash flow from Operating activities						
Profit before taxation	53,547	33,687	30,339	29,591	23,753	21,683
Adjustments for non cash & other items	5,363	(1,624)	4,026	(2,614)	1,814	(1,254)
Changes in working capital	24,813	(12,385)	179	22,078	7,917	7,860
Changes in long term loans and advances, deposits prepayments and deferred liabilities	2,130	(1,350)	(1,403)	(925)	157	(57)
Net cash (used in) / generated from operations	26,943	(13,735)	(1,224)	21,153	8,074	7,803
	85,853	18,328	33,141	48,130	33,641	28,232
Finance cost paid	(5,823)	(4,081)	(1,838)	(2,266)	(2,101)	(1,527)
Income tax paid	(19,152)	(12,670)	(9,283)	(6,320)	(6,604)	(6,041)
Subsidy received on sale of fertilizer	-	-	-	-	-	2,202
Net cash generated from / (used in) operating activities	60,878	1,577	22,020	39,544	24,936	22,866
Net cash flow from Investing activities						
Fixed capital expenditure	(15,120)	(6,069)	(3,591)	(2,942)	(3,138)	(1,400)
Interest received	1,337	893	719	891	1,805	1,050
(Increase) / Decrease in investments - net	6,033	(238)	(13,484)	(2,740)	(719)	211
Dividends received	1,800	4,499	2,150	1,151	1,971	1,299
Others	90	50	22	40	459	18
Net cash generated from / (used in) investing activities	(5,860)	(865)	(14,184)	(3,600)	378	1,178
Net cash flow from Financing activities						
Long term financing - disbursements	8,000	5,000	10,470	8,409	2,600	-
- repayments	(5,445)	(4,504)	(4,188)	(4,631)	(7,238)	(6,582)
	(18)	(33)	(31)	(31)	(33)	-
	-	-	-	190	-	-
Dividends paid	(18,460)	(17,334)	(16,853)	(14,131)	(14,665)	(9,912)
Net cash generated from / (used in) financing activities	(15,923)	(16,871)	(10,602)	(10,194)	(19,336)	(16,494)
Net (decrease) / increase in cash and cash equivalents	39,095	(16,159)	(2,766)	25,750	5,978	7,550
Cash and cash equivalents at beginning of the year	39,785	55,178	57,709	31,886	25,672	17,723
Effect of exchange rate changes	887	766	235	73	236	399
Cash and cash equivalents at end of the year	79,767	39,785	55,178	57,709	31,886	25,672

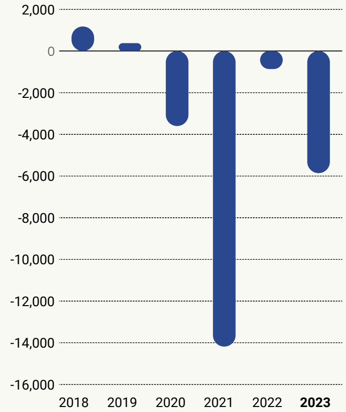
Free Cash Flows

Rs million	2023	2022	2021	2020	2019	2018
Profit before taxation	53,547	33,687	30,339	29,591	23,753	21,683
Adjustment non-cash items	5,363	(1,624)	4,026	(2,614)	1,814	(1,254)
Changes in working capital	24,813	(12,385)	179	22,078	7,917	7,860
	83,723	19,678	34,544	49,055	33,484	28,289
Less: Capital expenditure	(15,120)	(6,069)	(3,591)	(2,942)	(3,138)	(1,400)
Free cash flows	68,603	13,609	30,953	46,113	30,346	26,889

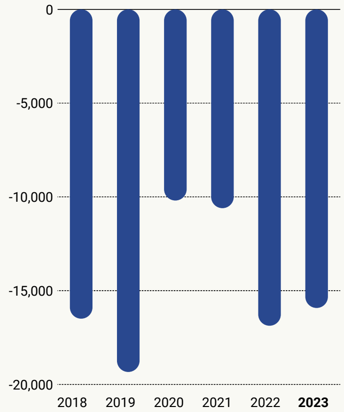
Cash Flows from Operating Activities
(Rs million)



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 operations were recorded at Rs 85.85 billion, 57.62 billion higher compared to 2018, mainly attributable to increased profitability and liquidation of inventory. The net cash generated from operating activities was further impacted by the payment of finance costs, which surged by 217% owing to higher average interest rates.

Additionally, income tax expenses rose by around 4 times primarily due to increased profitability amid the imposition of a super tax. Consequently, the net cash generated from operations was recorded at Rs 60.88 billion, compared to Rs 22.87 billion in 2018.

Cash Flows from Investing Activities

To ensure business continuity and sustained operations, the Company continued its strategic investment in capital projects, with a capital expenditure of Rs 15 billion compared to Rs 1.40 billion in 2018. Dividend earnings, investments, and interest on deposits yielded Rs 9.26 billion. Consequently, net cash used in investing activities stood at Rs 5.86 billion, compared to cash generation of Rs 1.18 billion in 2018.

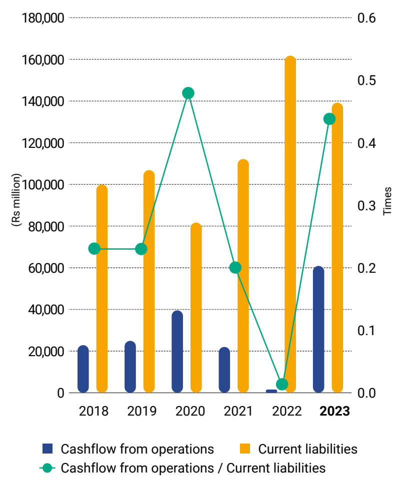
Cash Flows from Financing Activities

In response to its capital expenditure requirements, the Company secured financing of Rs 8 billion while also repaying debt amounting to Rs 5.4 billion over the course of the year. Additionally, in its commitment to providing consistent returns to shareholders, FFC disbursed dividends totaling Rs 18.46 billion. The net cash utilized in financing activities amounted to Rs 15.92 billion, slightly lower than the Rs 16.49 billion utilized in 2018, broadly hovering within the same range.

Cash and Cash Equivalent

Cash and cash equivalents stood at Rs 79.77 billion at year-end of 2023, a substantial increase compared to closing balance of 2018 amounting Rs 25.67 billion.

Cashflow from Operations / Current Liabilities



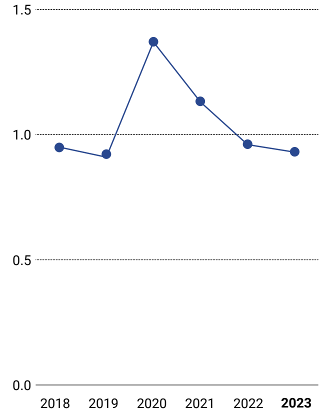
Direct Method Cash Flow

Rs million	2023	2022
Cash Flows From Operating Activities		
Cash receipts from customers - net	156,904	116,183
Cash paid to suppliers / service providers and employees - net	(67,196)	(94,938)
Payment to gratuity fund	(266)	(253)
Payment to pension fund	-	(149)
Payment to Workers' Welfare fund - net	(519)	(565)
Payment to Workers' Profit Participation fund - net	(3,000)	(1,950)
Finance cost paid	(5,823)	(4,081)
Income tax paid	(19,222)	(12,670)
Net cash generated from operations	60,878	1,577
Cash Flows From Investing Activities		
Fixed capital expenditure	(15,120)	(6,070)
Proceeds from sale of property, plant and equipment	90	50
Interest received	1,337	893
Investment in Foundation Wind Energy I & II Limited	-	-
Investment in TEL	(227)	(1,246)
Advance against issue of shares to TEL	-	(931)
Advance against issue of shares to OLIVE	-	-
Investment in Fauji Fresh n Freeze Limited	-	-
Advance against issue of right shares to FFBL	-	-
other investment - net	6,260	1,939
Dividends received	1,800	4,500
Net cash used from investing activities	(5,860)	(865)
Cash Flows From Financing Activities		
Long term financing - disbursements	8,000	5,000
- repayments	(5,445)	(4,504)
Repayment of lease liabilities	(18)	(33)
Grant received during the year	-	-
Dividends paid	(18,460)	(17,334)
Net cash used in financing activities	(15,923)	(16,871)
Net decrease in cash and cash equivalents	39,095	(16,160)
Cash and cash equivalents at beginning of the year	39,784	55,178
Effect of exchange rate changes	887	766
Cash and cash equivalents at end of the year	79,766	39,784

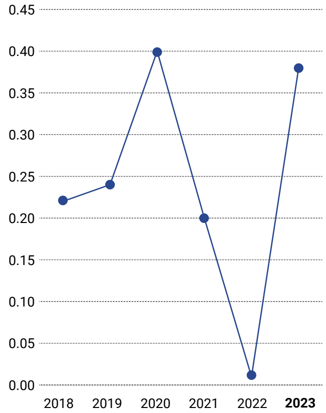
SIX YEAR ANALYSIS
of Financial Ratios

		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Gross profit ratio	%	40.29	36.62	35.78	32.34	29.06	26.40
Gross profit ratio (Including Subsidy)	%	40.29	36.62	35.78	32.34	29.06	28.03
Operating Margin	%	32.34	27.38	28.04	24.30	21.22	18.07
Net profit ratio	%	18.61	18.33	20.15	21.32	16.17	13.63
Net profit ratio (Including Subsidy)	%	18.61	18.33	20.15	21.32	16.17	13.32
EBITDA margin to turnover	%	38.68	37.46	32.27	34.58	26.96	24.06
EBITDA margin to turnover (Including Subsidy)	%	38.68	37.46	32.27	34.58	26.96	23.52
Operating leverage ratio	Times	1.17	27.50	0.33	(2.60)	(73.41)	1.68
Return on equity (Profit after tax)	%	47.97	39.44	46.08	48.94	48.11	43.25
Return on equity (Profit before tax)	%	86.57	66.27	63.85	69.57	66.78	64.95
Return on capital employed	%	73.92	57.43	50.78	59.19	62.39	55.57
Pre tax margin	%	33.58	30.80	27.92	30.30	22.45	20.46
Pre tax margin (Including Subsidy)	%	33.58	30.80	27.92	30.30	22.45	20.01
Return on assets	%	13.29	8.35	10.89	12.04	11.15	9.86
Growth in EBTDA	%	55.29	10.16	2.74	22.51	9.16	33.15
Earnings before interest, depreciation and tax	Rs in million	61,682	40,968	35,064	33,773	28,514	25,490
Earnings growth	%	48.00	(8.43)	5.17	21.68	18.50	34.81
Growth in turnover	%	45.82	0.66	11.26	(7.68)	(0.17)	16.81
Growth in turnover (Including Subsidy)	%	45.82	0.66	11.26	(7.68)	(2.38)	11.35
Capital Expenditure to total Assets	%	6.77	2.53	1.79	1.70	2.05	0.96
Liquidity Ratios							
Current ratio	Times	0.93	0.96	1.13	1.37	0.91	0.95
Quick / Acid test ratio	Times	0.86	0.80	1.08	1.31	0.81	0.79
Cash to current liabilities	Times	0.57	0.25	0.49	0.71	0.30	0.26
Cash flow from operations to turnover	Times	0.38	0.01	0.20	0.40	0.24	0.22
Cash flow from operations to turnover (Including Subsidy)	Times	0.38	0.01	0.20	0.40	0.24	0.21
Long term liabilities / current liabilities	%	15.95	17.02	36.84	59.68	10.24	13.17
Cash flow to capital expenditures	Times	4.03	0.26	6.13	13.44	7.95	16.33
Cash flow coverage ratio	Times	2.51	0.07	1.04	2.64	2.23	1.45
Activity / Turnover Ratios							
Inventory turnover ratio	Times	9	7	102	18.57	7.61	11.70
No. of days in inventory	Days	41	52	4	20	48	31
Debtors turnover ratio	Times	758	182	70	12.40	12.34	28.64
Debtors turnover ratio (Including Subsidy)	Times	55	22	17	7.21	6.99	10.26
No. of days in receivables	Days	1	2	5	29	30	13
No. of days in receivables (Including Subsidy)	Days	7	17	22	51	52	36
Creditors turnover ratio - GIDC	Times	1	1	2	1.46	1.42	2.34
- without GIDC	Times	12	12	21	24.64	51.93	88.37
No. of days in payables - GIDC	Days	253	271	180	250	258	156
- without GIDC	Days	31	30	17	15	7	4
Total assets turnover ratio	Times	0.71	0.46	0.54	0.56	0.69	0.72
Total assets turnover ratio (Including Subsidy)	Times	0.71	0.46	0.54	0.56	0.69	0.74
Fixed assets turnover ratio	Times	3.96	3.96	4.53	4.28	4.76	4.92
Fixed assets turnover ratio (Including Subsidy)	Times	3.96	3.96	4.53	4.28	4.76	5.03
Operating cycle - GIDC	Days	(252)	(269)	(175)	(221)	(227)	(142)
- without GIDC	Days	(30)	(28)	(12)	14	24	10

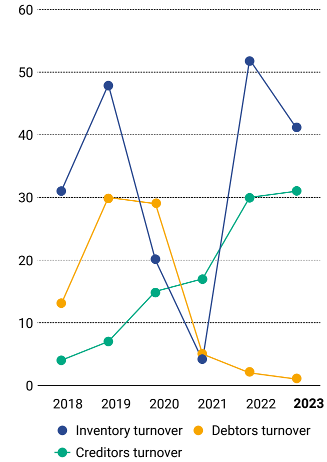
Current Ratio
(Times)



Cash Flow from Operations to Turnover
(Times)

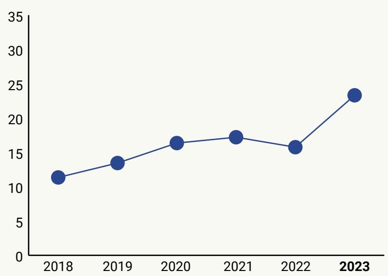


Inventory, Debtors and Creditors Turnover
(Days)

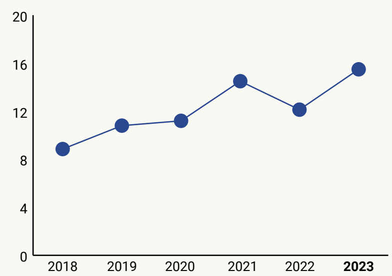


		2023	2022	2021	2020	2019	2018
Investment / Market Ratios							
Earnings per share (EPS) and Diluted EPS	Rs	**23.32**	15.76	17.21	16.36	13.45	11.35
Price earning ratio	Times	**4.85**	6.26	5.83	6.63	7.54	8.18
Dividend yield ratio	%	**15.26**	11.32	13.74	10.62	10.94	9.35
Dividend payout ratio							
- Cash (interim & proposed final)	%	**66.41**	76.97	84.25	68.44	80.30	77.98
- Cash & stock (interim & proposed final)	%	**66.41**	76.97	84.25	68.44	80.30	77.98
Dividend cover ratio	Times	**1.51**	1.30	1.19	1.46	1.25	1.28
Cash dividend per share (interim & proposed final)	Rs	**15.49**	12.13	14.50	11.20	10.80	8.85
Stock dividend per share (interim & proposed final)	%	**-**	-	-	-	-	-
Market value per share							
- Year end	Rs	**113.19**	98.71	100.26	108.50	101.47	92.85
- High during the year	Rs	**120.77**	126.89	113.68	114.54	109.12	103.68
- Low during the year	Rs	**90.97**	98.35	96.09	82.71	84.88	79.05
Breakup value (net assets per share)							
- Without revaluation reserves	Rs	**48.62**	39.96	37.35	33.43	27.96	26.24
- Investment in Related Party at fair / market value	Rs	**78.48**	57.31	60.70	54.30	44.17	51.65
Retention (after interim & proposed cash)	%	**33.59**	23.03	15.75	31.56	19.70	22.02
Change in market value added	%	**9.91**	(6.61)	(16.19)	2.11	10.36	18.86
Price to book ratio	Times	**11.32**	9.87	10.03	10.85	10.15	9.29
Market price to breakup value	Times	**2.09**	2.68	2.83	3.15	3.53	3.61
Sustainable Growth Rate	%	**16.11**	9.08	7.26	15.45	9.48	9.52
Total Shareholder Return (TSR)	%	**24.53**	9.72	4.47	17.20	17.37	25.51

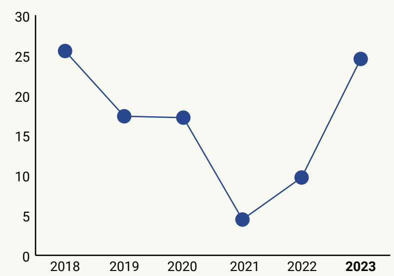
Earning Per Share (Rs)



Cash Dividend Per Share (Rs)



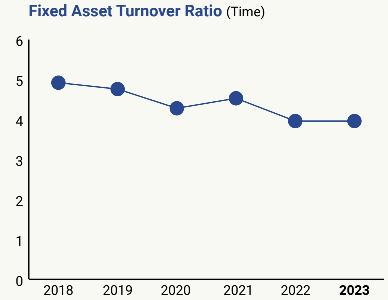
Total Share Holder Return (%)



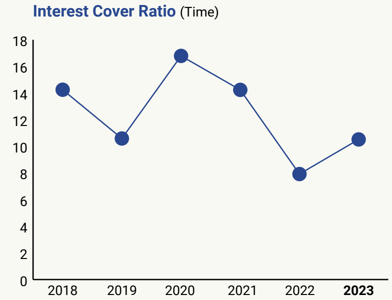
		2023	2022	2021	2020	2019	2018
Capital Structure Ratios							
Financial leverage ratio	Times	**0.61**	1.57	1.27	0.95	0.93	1.33
Weighted average cost of debt	%	**21.55**	17.29	10.91	6.44	13.71	8.18
Net Assets per share	Rs	**48.62**	39.96	37.35	33.43	27.96	26.24
Debt to equity ratio							
As per book value	Ratio	**23:77**	24:76	26:74	20:80	15:85	20:80
Interest cover ratio / Time Interest earned ratio	Times	**10.52**	7.92	14.24	16.79	10.59	14.25
Free-Float of shares as a percentage of total shares outstanding	%	**54.72**	54.72	54.58	54.06	54.04	54.04
Others							
Production per employee	MT/Employee	**786**	749	765	708	721	751
Revenue per employee	Rs M	**49.70**	34.01	33.18	27.81	30.60	31.57
Staff turnover ratio	%	**10.90**	8.40	15.95	7.58	4.88	4.57
Customer satisfaction index	%	**89**	89	97	96	96	95
Spare inventory as % of assets costs	%	**3.49**	2.62	2.27	2.56	2.48	2.37
Maintenance cost as % of operating expenses	%	**4.40**	4.40	3.40	2.55	2.16	1.76

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

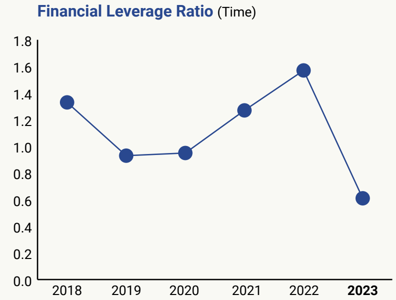
Fixed Asset Turnover Ratio (Time)



Interest Cover Ratio (Time)



Financial Leverage Ratio (Time)



SIX YEAR ANALYSIS

of Financial Ratios

Ratio Analysis

Profitability Ratios

Consistent growth in operating turnover, driven by improved pricing strategies and effective cost controls, has boosted the gross profit ratio to 40% and the net profit ratio to 19%, continuing the trend of improved profitability since 2018. Both return on equity (pre-tax profit) and return on capital employed have notably improved compared to the six-year average. Return on assets also witnessed significant improvement primarily due to the liquidation of DAP inventory.

Additionally, the ratio of capital expenditure to total assets has increased to 7%, up from the 2% average since 2018. This increase reflects the company's investment in strategic projects aimed at securing a reliable supply of raw materials amidst challenges such as high inflation, currency devaluation, and rising global commodity prices.

Liquidity Ratios

In 2023, the Company's current ratio stood at 0.93 times, slightly lower than the 0.95 times recorded in 2018 and also below the average of 1.06 times since 2018. This decline is attributed primarily to liquidation of opening inventory. However, the long-term liabilities to current liabilities ratio remained at 16%, which is lower than the six-year average, mainly due to the reclassification of GIDC liability into current liabilities

Cash flow coverage ratio has significantly improved due to better liquidity generation from operation coupled with highest ever income on deposits.

Activity / Turnover Ratios

The Company experienced a notable increase in downstream demand for DAP and Urea, leading to a swift reduction in inventory levels. Consequently, the inventory turnover days improved to just 9 days, highlighting effective inventory management practices. Moreover, the debtor turnover decreased to a mere 1 day, indicating a significant decrease in the Company's dependency on credit sales

Consequently, the Company's operating cycle clocked at negative 252 days compared to average negative of 207 days since 2017.

Investment / Market Ratios

Earnings per share surged to Rs 23.32 for the fiscal year 2023, marking a remarkable increase of 48% compared to the previous year. This substantial growth can be attributed to improved net profitability, which consequently boosted the market price of the Company's shares by the year's end. Further, Breakup value per share for 2023 reached Rs 48.62, representing a significant improvement of Rs 8.66 compared to 2022 and surpassing the historic average of Rs 32.99 since 2017.

Company declared cash dividend for 2023 amounted to Rs 15.49 per share, resulting in a cash payout ratio of 66%, with no issuance of stock dividends. Dividend payout is slightly lower than the average of 78% since the 2018 due to on going capital intensive projects.

Capital Structure Ratios

In 2023, the Company's financial leverage showed improvement compared to the past six-year average of 1.21. This improvement was driven by a significant reduction in borrowings, attributed to enhanced liquidity position. Moreover, the debt to equity ratio improved consistently to 23:77 from the previous year's ratio of 24:76.

The Company maintains robust financial stability, ensuring its ability to repay commercial loans. Despite undertaking multiple strategic investments, the interest cover ratio stands strong at 10.52 times, a notable increase from the previous year's ratio of 7.92.

Explanation of Negative Changes in Performance

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, tables and graphs.

Summary of Financial Statements

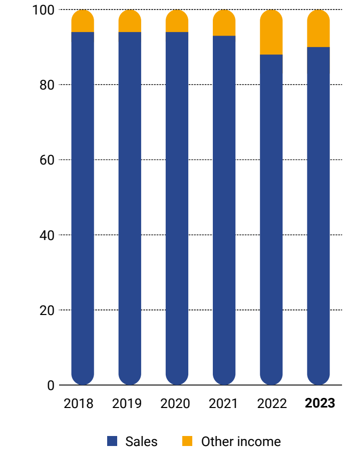
Rs million	2023	2022	2021	2020	2019	2018
Summary of Balance Sheet						
Share capital	12,722	12,722	12,722	12,722	12,722	12,722
Reserves	49,130	38,113	34,792	29,814	22,845	20,661
Shareholders' funds / Equity	61,852	50,835	47,514	42,536	35,567	33,383
Long term borrowings	18,200	16,295	16,740	10,627	6,473	8,584
Capital employed	80,052	67,130	64,254	53,163	42,040	41,967
Gas Infrastructure Development Cess (GIDC) payable	-	7,941	20,802	32,772	-	-
Deferred liabilities	4,012	3,272	3,758	5,259	4,412	4,578
Property, plant & equipment	40,223	27,631	23,987	22,841	22,212	21,533
Long term assets	93,158	84,297	74,737	61,047	56,089	51,135
Net current assets / Working capital	(9,094)	(5,937)	14,101	30,231	(9,575)	(4,590)
Liquid funds (net)	88,471	52,213	61,440	63,878	38,420	32,175
Summary of Profit & Loss						
Turnover - net	159,472	109,364	108,651	97,655	105,783	105,964
Turnover - net (including Subsidy)	159,472	109,364	108,651	97,655	105,783	108,364
Cost of sales	(95,220)	(69,317)	(69,772)	(66,072)	(75,046)	(77,986)
Gross profit	64,252	40,047	38,879	31,583	30,737	27,978
Gross profit (including Subsidy)	64,252	40,047	38,879	31,583	30,737	30,378
Distribution cost	(12,684)	(10,108)	(8,409)	(7,848)	(8,288)	(8,833)
Operating profit	51,568	29,939	30,470	23,735	22,449	19,145
Operating profit (including Subsidy)	51,568	29,939	30,470	23,735	22,449	21,545
Finance cost	(5,624)	(4,868)	(2,292)	(1,874)	(2,477)	(1,637)
Other gains / (losses)	(4,060)	(2,789)	(2,811)	3,940	(1,100)	
Other expenses	(5,434)	(3,037)	(2,947)	(2,639)	(2,310)	(2,108)
Other income	17,097	14,442	7,919	6,429	7,191	6,283
Other income (excluding Subsidy)	17,097	14,442	7,919	6,429	7,191	3,883
Profit before tax	53,547	33,687	30,339	29,591	23,753	21,683
Provision for taxation	(23,874)	(13,637)	(8,443)	(8,772)	(6,643)	(7,244)
Profit after tax	29,673	20,050	21,896	20,819	17,110	14,439
EPS - Basic & Diluted (restated) - Rs	23.32	15.76	17.21	16.36	13.45	11.35

Quantitative Data

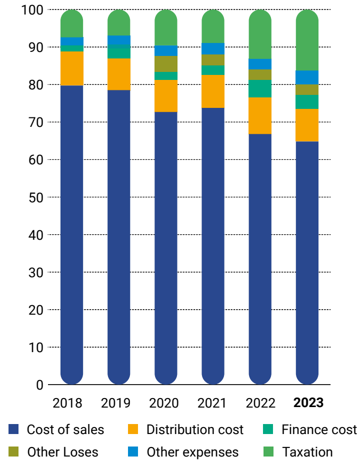
		2023	2022	2021	2020	2019	2018
Designed Capacity							
Plant I - Goth Machhi	KT	695	695	695	695	695	695
Plant II - Goth Machhi	KT	635	635	635	635	635	635
Plant III - Mirpur Mathelo	KT	718	718	718	718	718	718
Total designed capacity	KT	2,048	2,048	2,048	2,048	2,048	2,048
Plant wise Production - Sona Urea							
Plant I - Goth Machhi	KT	882	787	864	878	830	858
Plant II - Goth Machhi	KT	828	767	753	810	821	792
Plant III - Mirpur Mathelo	KT	811	850	890	799	841	872
Total production - Sona Urea	KT	2,521	2,404	2,507	2,487	2,492	2,522
Capacity Utlization							
Plant I - Goth Machhi	%	127%	113%	124%	126%	119%	123%
Plant II - Goth Machhi	%	130%	121%	119%	128%	129%	125%
Plant III - Mirpur Mathelo	%	113%	118%	124%	111%	117%	121%
Total capacity utlization	%	123%	117%	122%	121%	122%	123%
Sona Urea Sales	KT	2,505	2,423	2,477	2,512	2,467	2,527
Imported Fertilizer - Sales	KT	124	72	226	253	253	503
Others							
Market capitalization	Rs in million	144,005	125,583	127,555	138,038	129,094	118,127
Numbers of shares issued	Million	1,272	1,272	1,272	1,272	1,272	1,272
Contribution to National Exchequer	Rs in million	36,278	29,955	30,402	27,118	41,863	36,779
Savings through Import Substitution	Million US $	708	1,650	1,293	621	674	650

GRAPHICAL PRESENTATION

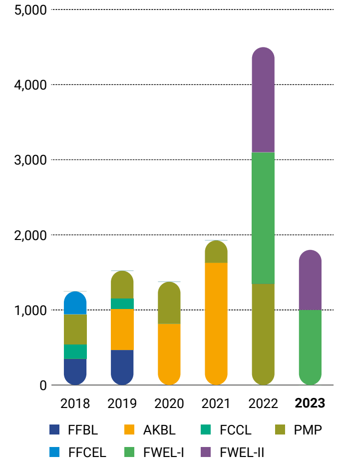
Profit or Loss Analysis - Income
(Percentage)



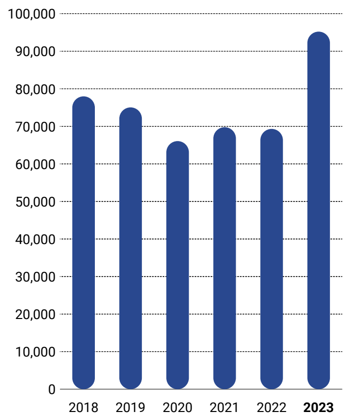
Profit or Loss Analysis - Expenses
(Percentage)



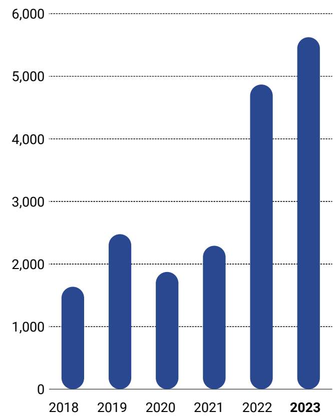
Dividend Income
(Rs million)



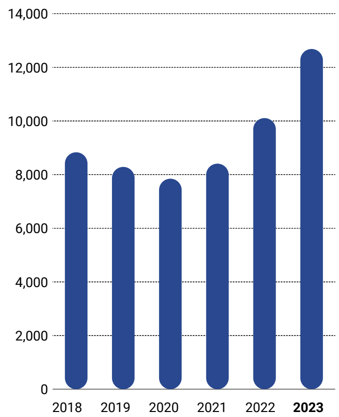
Cost of Sales
(Rs million)



Finance Cost
(Rs million)



Distribution Cost
(Rs million)



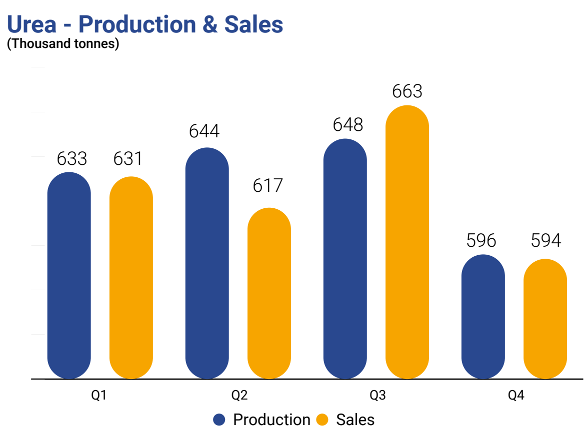
QUARTERLY ANALYSIS

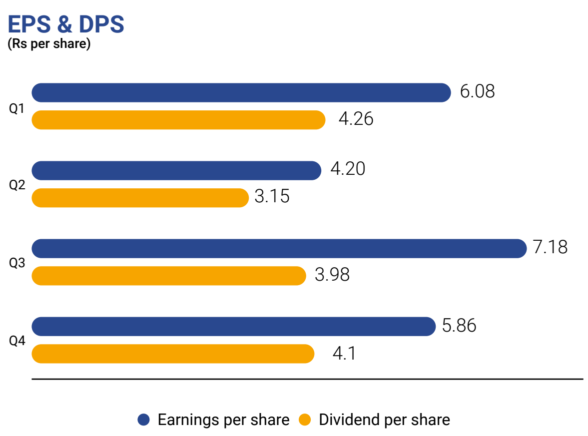
Analysis vs last year | Six years analysis | **Quarterly analysis**

Rs million	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Turnover	36,406	35,552	44,135	43,379	159,472
Cost of Sales	(21,831)	(18,899)	(30,482)	(24,008)	(95,220)
Gross Profit	14,575	16,653	13,653	19,371	64,252
Distribution Cost	(3,056)	(2,683)	(2,988)	(3,957)	(12,684)
Operating profit	11,519	13,970	10,665	15,414	51,568
Finance cost	(1,464)	(1,193)	(1,348)	(1,619)	(5,624)
Other losses					
Unwinding of GIDC liability	(383)	(322)	(259)	(196)	(1,160)
ECL on subsidy	(200)	(300)	(100)	(2,300)	(2,900)
	(583)	(622)	(359)	(2,496)	(4,060)
Other income					
Investment Income	3,545	2,750	4,431	4,571	15,297
Dividend Income	-	-	1,800	-	1,800
	3,545	2,750	6,231	4,571	17,097
Other expenses	(1,074)	(1,184)	(1,314)	(1,862)	(5,434)
Profit before taxation	11,943	13,721	13,875	14,008	53,547
Provision for taxation	(4,213)	(8,372)	(4,740)	(6,549)	(23,874)
Profit after taxation	7,730	5,349	9,135	7,459	29,673
Earnings per share	6.08	4.20	7.18	5.86	23.32

Analysis of Variation in Interim Results and Final Accounts

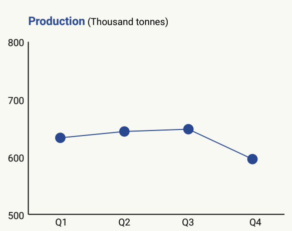
Net profit margin decreased from 21% in first quarter to 17% in final quarter mainly due to recognition of loss allowance on subsidy receivable from GoP in the final quarter, despite a substantial growth in turnover due to liquidation of DAP inventory. A very slight increase in Net profit margin was registered vs 2022 at 19% mainly due to increased raw material and inflationary costs, although other income registered an increase. Due to better liquidity during the year, short term borrowings significantly reduced by 76% to Rs 13.7 billion at year end compared to 2022.

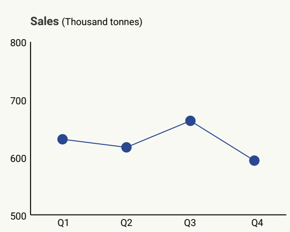


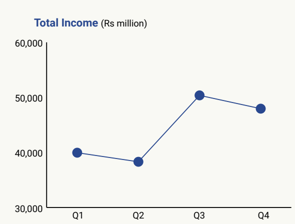


QUARTERLY ANALYSIS

	Production	Sales	Turnover & Other Income
Q1	Sona Urea production of 633 thousand tonnes was achieved, with manufacturing facilities operating at a combined efficiency of 124%, which was in line with the corresponding quarter of last year. Due to high opening DAP inventory, no DAP was imported compared to 49 thousand tonnes in Q1 last year.	Sona Urea offtake of 631 thousand tonnes was in line with the corresponding quarter of last year.	Sona Urea turnover improved significantly by 38% to Rs 29.67 billion due to increase in selling prices. Imported fertilizer turnover of Rs 6.74 billion was 38% above last year due to higher sale of SOP. Aggregate product revenues of Rs 36.41 billion during the first quarter was 38% above last year. Interest rate increase resulted in the Company earning Rs 3.5 billion income on deposits, 61% higher than the corresponding quarter last year.
Q2	Sona Urea production of 644 thousand tonnes during the second quarter of 2023 was also in line with corresponding quarter of 2022. No DAP was imported compared to 56 thousand tonnes in corresponding quarter 2022.	Sona Urea sales of 617 thousand tonnes during the second quarter of 2023 was 4% lower than the last year taking aggregate sale to 1,248 thousand tonnes for the first two quarters which was 2% lower than same period last year. Aggregate DAP offtake for the two quarters stood at 50 thousand tonnes in line with last year.	Turnover at Rs 35.55 billion was 25% higher than last year mainly due to better selling prices. Highest ever investment income of Rs 6.3 billion, 29% higher than last year, was earned in the first two quarters of the year as a result of efficient treasury operations of the Company. Compared to last year dividend income of Rs 2.5 billion, no dividend was received during the first two quarters of 2023 from equity investments.
Q3	The Company's manufacturing facilities delivered 648 thousand tonnes of Sona Urea during the third quarter of 2023, 22% higher than the same quarter last year mainly due to maintenance turnaround of plant II in 2022.	Increased Urea availability due to higher production and higher demand resulted in offtake of 664 thousand tonnes which was 27% higher than corresponding quarter last year. Liquidation of entire opening inventory of DAP during the three quarters resulted in aggregate DAP offtake of 78 thousand tonnes to be 36% higher than 2022.	Increase in selling prices and higher product availability resulted in significantly higher Sona Urea turnover of Rs 36.70 billion, 64% higher than last year. Aggregate turnover for nine-month was Rs 116.09 billion, 47% higher than last year. FFC achieved highest ever nine-month aggregate other income of Rs 12.53 billion, 22% higher than last year despite receiving 39% lower dividend income of Rs 1.8 billion from equity investments compared to last year.
Q4	The Company produced 595 thousand tonnes of Sona Urea which was 8% lower than the previous quarter and in line with same quarter last year due to turnaround of plant three in 2023 and plant one in 2022. Aggregate annual Urea production stood at 2,521 thousand tonnes, 5% higher than last year with capacity utilization of 123%. 28 thousand tonnes of DAP was imported in the last quarter 2023 compared to 43 thousand tonnes last year same quarter.	The Company recorded Urea sales of 594 thousand tonnes during the fourth quarter of 2023, 5% below the same quarter last year taking total offtake during the year to 2,505 thousand tonnes, 3% higher than last year owing to higher production. Aggregate DAP offtake of 105 thousand tonnes was 50% higher than last year.	The Company achieved aggregate last quarter turnover of Rs 43.38 billion which was 44% higher than last year. New benchmark of highest ever aggregate revenue of Rs 159.47 billion was created during the year, 46% higher than last year owing to higher imported fertilizer offtake and increased selling prices of Urea. The Company delivered benchmark annual investment income of Rs 15.30 billion, 54% above last year. No dividend was received during the fourth quarter, compared to Rs 4.5 billion last year.

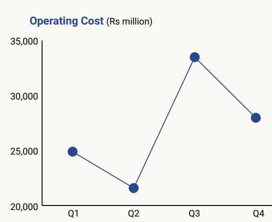


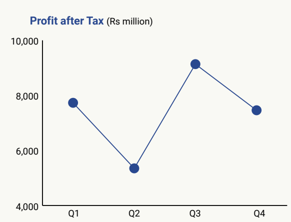


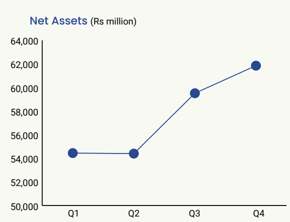


Analysis vs last year | Six years analysis | **Quarterly analysis**

	Operating Costs	Profit	Net Assets
Q1	Cost of sales recorded at Rs 21.83 billion for the first quarter was 29% above last year mainly due to higher import price of DAP & SOP and higher sales of SOP during the period. Distribution cost escalated to Rs 3.06 billion, a 40% increase compared to last year primarily due to fuel price hikes.	The Company recorded a gross profit of Rs 14.58 billion for the quarter, marking a significant increase from Rs 9.36 billion in the corresponding period last year. This growth was primarily attributed to heightened revenue driven by improved urea prices. Furthermore, a favorable interest rate environment also contributed to the Company's success, culminating in a first-quarter net profit of Rs 7.73 billion, representing a remarkable 24% increase over the previous year. As a result of this performance, the Company had announced an interim dividend of Rs 4.26 per share.	Reduction of Total Assets by 17% due to encashment of short term investments was significantly offset by settlement of short term borrowings. Net Assets at the end of first quarter increased by 7% compared to December 2022.
Q2	Cost of sales at Rs 18.9 billion was 12% higher compared with the corresponding quarter of 2022, whereas distribution cost of Rs 2.68 billion recorded was 26% higher compared with last year mainly due to fuel prices increase.	The quarter under review, witnessed a notable surge in gross profit, reaching Rs 16.65 billion, marking a substantial 44% increase compared to the same period last year. Despite this positive performance, the Company's net profitability faced challenges stemming from the retrospective imposition of an additional 6% super tax on earnings in 2022 and 2023 respectively. As a result, the tax charge amounted to Rs 8.37 billion, representing a 17% increase from the corresponding quarter of 2022 and a significant 99% surge from the previous quarter. The Board approved a second interim dividend of Rs 3.15 per share.	Total assets of the Company decreased by 3% compared to the previous quarter and stood at Rs 195 billion, however Net Assets remained in line with the first quarter of 2023 due to higher profitability during the quarter.
Q3	Higher sales volume of both Urea and imported products and significant increase in gas prices resulted in Rs 30.38 billion Cost of sales, 103% increase compared to last year. High rate of inflation resulted in an increase of 46% in cost of sales to Rs 71.21 billion and an escalation of 26% in distribution cost which stood at Rs 8.73 billion for the nine-month period.	Gross profit soared by an impressive 45% compared to the previous year, reaching a total of Rs 13.65 billion, while operating profit surged to Rs 10.67 billion, marking a remarkable 56% increase over the same period. This notable achievement is primarily attributed to the Company's highest-ever other income of Rs 12.53 billion, representing a substantial 22% rise from the previous year. Moreover, increased profitability was further bolstered by strategic cost economization and efficiency optimization measures, implemented in response to persistent challenges such as high inflation rates, escalating financial costs, and a weakened rupee. The Board declared third interim dividend of Rs 3.98 per share.	Investment of surplus funds resulted in 6% increase in Asset base to Rs 207.49 billion. Net Assets at the end of third quarter improved by Rs 5.12 to Rs 59.52 billion owing to profit retention.
Q4	Cost of sales of Rs 24.01 billion was 17% higher than last year due to higher DAP offtake and inflationary factors. Distribution cost at Rs 3.96 billion was 24% higher than last year on account of high transportation rates due to axle load management implementation.	Another outstanding quarter, FFC attained remarkable financial results, with a gross profit of 19.37 billion, marking a significant 100% increase from the previous year mainly due to enhanced cost savings and better pricing on account of improved downstream demand. Operating profit surged to Rs 15.41 billion, representing an outstanding 136% growth compared to the same period last year. Despite a 24% increase in distribution costs attributed to higher POL prices, the company effectively mitigated this impact through a substantial rise in other income. As a result, FFC achieved a net profitability of 7.46 billion, marking a noteworthy 43% increase over the previous year's performance. The Board announced the third interim dividend of Rs 4.10 per share, underscoring the company's commitment to rewarding its shareholders while maintaining a strong financial performance.	Further investments during the last quarter due to better returns increased Total Assets by 8% compared to third quarter 2023. However, this increase was partially offset by increase in borrowings leading to 4% increase in Net Assets.







FINANCIAL CAPITAL

Legislative and Regulatory Environment and Impact of Government's Policies

The legislative and regulatory environment encompasses the laws, regulations, and policies governing the fertilizer business, establishing a fair and ethical framework to safeguard the interests of stakeholders. Below is a non-exhaustive list of pertinent 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 more detailed information, please refer to the "About our integrated report" on page 04.

Liquidity and Cash Flow Management

Strategy to Overcome Liquidity Problems

The Company's financing requirements are effectively addressed through a strong treasury management system, ensuring efficient cash flow management and mitigating associated risks. This involves accurate forecasting and regular assessment of anticipated inflows from turnover and investment income. Additionally, the maturity profiles of assets and liabilities are consistently monitored and evaluated to optimize cash inflows and outflows in alignment with anticipated business operational needs.

Liquidity Generation

The Company primarily meets its liquidity requirements through internal cash generation derived from turnover, dividend receipts, and income on deposits. Emphasizing minimal dependence on external sources, in turn, ensures a lower cost of borrowing.

Investments and Placement of Funds

The Company maintains a well-diversified investment portfolio, aiming to optimize returns while adhering to prudent levels of risk and exposure. Investments are directed towards institutions with high credit ratings to minimize liquidity and credit risks. Regular evaluations are conducted to ensure the selection of the best possible options.

Significant Plans and Decisions

In response to the challenge posed by the depletion of gas reservoirs and the resultant decline in gas pressure, the Company, alongside major fertilizer manufacturers, has strategically invested in gas compression infrastructure to ensure the continuous production of fertilizers. Collaborating with Mari Petroleum Company Limited (MPCL), the Company is part of an industry-wide initiative to maintain the required delivery pressure from MPCL's Habib Rahi Limestone (HRL) Reservoir, crucial for fertilizer supplies. Additionally, to diversify its raw material sources, the Company is actively engaged in establishing a Regasified Liquefied Natural Gas (RLNG) pipeline, in partnership with Sui Northern Gas Pipeline (SNGPL). This strategic move enhances the Company's resilience and supports sustainable production in the face of evolving gas supply dynamics.

The Company's wholly owned subsidiary, OLIVE Technical Services (Private) Limited, initiated its commercial operations in 2022 and achieved significant success in the industry. In 2023, with a notable revenue increase of up to Rs 309 million, marking a remarkable growth of 326% compared to the previous year, OLIVE is focused on training and IT services provision. The subsidiary aims to further scale up its operations through strategic collaborations, aiming to secure large-scale contracts in response to the substantial market growth.

Capital Structure

The Company's equity structure comprises share capital totalling Rs 12.72 billion, represented by 1,272 million ordinary shares of Rs 10 each. Fauji Foundation maintains its position as the principal shareholder, holding a substantial equity stake of 44.35%. Unappropriated profit registered a notable increase of 37.58%, reaching Rs 40.27 billion, primarily attributed to higher retention during the year. The long-term debt of the Company amounted to Rs 18.2 billion by year-end. With future plans and projections considered, the Company foresees the capital structure as adequate for the foreseeable future.

Repayment of Debt and Recovery of Losses

Despite the rise in borrowings throughout the year, the Company maintains a substantial untapped borrowing capacity, ensuring readiness to fulfill future funding needs, particularly for diversification projects. All debt repayments due this year were met promptly, with no instances of default in the repayment of any debt during the year.

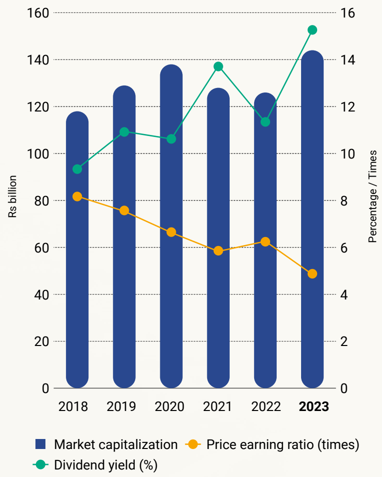
Credit Rating

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+ by Pakistan credit rating agency (PACRA) after annual review.

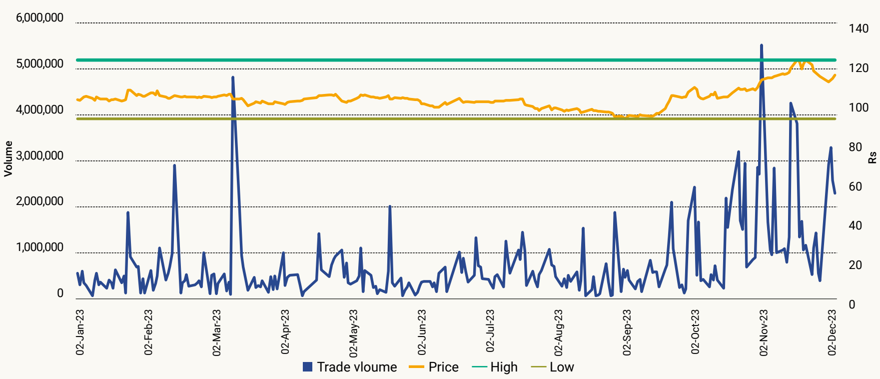
Market Price Sensitivity Analysis

The share price of FFC is influenced by the Company's financial and operational results, as well as external factors such as the economic and political landscape, government policies, stakeholder sentiments, and macroeconomic indicators.

Market Capitalization, Price Earning ratio & Dividend Yield



Share Price Sensitivity



Sensitivities	NPAT (Rs M)	EPS (Rs)
Selling Price (% +/- 1)	870	0.68
Sales Volume (% +/- 1)	581	0.46
Downtime (Days +/- 2)	251	0.20
Gas consumption / Price (% +/- 1)	152	0.12
Dividend Income (% +/- 5)	73	0.06
Income on Deposits (% +/- 5)	397	0.31
Finance Cost (% +/- 5)	153	0.12
Exchange valuation (% +/- 5)	99	0.08

Urea Production and Cost of Sales

The Company's fertilizer production is significantly affected by the government's gas availability policy and can also be influenced by both scheduled and unscheduled plant shutdowns and maintenance activities.

Sales Volume

Sales volume is influenced by several factors, including the capacity of production plants, the demand and supply of fertilizers, farm economics, natural disasters, government policies such as price regulations and imports, as well as environmental conditions.

Sales Price

The Company's selling prices are established internally but are influenced by factors such as competitor pricing, market conditions, international trends, and government interventions, including subsidies.

Dividend Income

The dividend income from our equity investments is contingent on the performance of these investments and the decisions of their respective Boards of Directors and therefore, is beyond our direct control.

Investment Income

Investment income primarily consists of returns on deposits in various banks and financial institutions, as well as investments in government securities and various investment schemes. This income is influenced by prevailing interest rates and the Company's capacity to generate and allocate surplus funds.

Finance Cost

Finance costs are influenced by the Company's borrowing needs. While the management efficiently negotiates loans, the interest rates are subject to market conditions beyond the Company's control.

FINANCIAL CAPITAL

Profitability

The Company's market share price is directly affected by its profitability and earnings per share (EPS).

Currency Risk

Fluctuations in exchange rates can influence the Company's market share price, as exports or imports may impact its margins. Financial assets and liabilities denominated in foreign currency, as well as foreign business transactions, are exposed to foreign exchange risks.

Interest Rate Risk

Higher interest rates can lead to increased debt costs, which in turn may reduce margins and have a negative impact on the Company's market share price.

Market Risk

The market share price is susceptible to all risks inherent in the stock exchange where the Company's shares are listed.

Regulations and Government Policies

Changes in government policies or regulations, whether related to the fertilizer sector or broader business operations, can significantly impact the share price. Depending on whether these policies are favorable or unfavorable to the industry, they can either positively or negatively influence investor sentiment and, consequently, the share price.

Economic Outlook

The market share price is intricately tied to the broader economic outlook. A robust economic forecast typically leads to an uptick in market prices, while an uncertain outlook tends to result in weaker market prices.

Inflation

Inflation, characterized by increased consumer prices, can hinder sales and diminish profits. Similarly, higher interest rates aimed at curbing inflation can also negatively affect margins.

Investors' Sentiment

Investor sentiment plays a significant role in driving market movements, leading to fluctuations in stock prices. The overall trajectory of the stock market can impact the market share price accordingly.

Performance

Market prices of different companies within the same industry often move together since market conditions typically affect companies in the same industry, similarly.

Goodwill

The market share price can also fluctuate based on investor sentiments toward the company, which can change in response to news and events.

Market Share Information

For over four decades, FFC has been meeting the diverse fertilizer needs of the local farming community by marketing an extensive product portfolio of both indigenous and imported products. The company has consistently outperformed its competitors in terms of sales and brand preference, as demonstrated by FFC / FFBL's combined market share over the years.

Combined Market Share FFC / FFBL

Year	Urea	DAP
2023	43%	60%
2022	45%	62%
2021	47%	53%
2020	51%	53%
2019	48%	46%
2018	53%	52%

(Source: NFDC)

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

The company recognizes the importance of continuous investments, innovation, and diversification to remain competitive and deliver sustainable value to stakeholders. Detailed policies and procedures are in place to ensure the proper planning and execution of significant plans, decisions, expansion/investment plans, capital expenditure, and diversification projects aligned with the Company's long-term strategies and objectives.

During the year, the Company incurred a capital expenditure of Rs 15.1 billion, all of which is planned and executed under the strict oversight of the Board. To ensure business continuity and safe operations, the Company invests significantly in balancing, modernization, and replacement of its manufacturing facilities. These projects undergo thorough evaluation procedures, including business rationale, payback period, cash flow requirements, and other financial analysis.

Additionally, the Company invested a further aggregate amount of Rs 227 million in the share capital of Thar Energy Limited.

Dividend Declaration and Future Prospects

In view of exceptional results achieved by the Company, the Board has proposed final dividend of Rs

4.10 per share for approval by the members at Annual General Meeting bringing the total dividend for the year to Rs 15.49 per share, aggregating to an annual payout of around 66.4%. 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 portion of the liability is appearing in the statement of financial position as at December 31, 2023 in accordance with the Supreme Court of Pakistan decision on review petition.

Contribution to National Exchequer

In 2023, FFC contributed approximately Rs 36 billion to the National Exchequer through taxes and levies, a 21% increase from the previous year.

Additionally, the Company achieved a value addition of USD 1 billion in terms of foreign exchange savings through the import substitution of 2,505 thousand tonnes of Urea sold during the year. In comparison to USD 1.65 billion achieved in 2022 through the import substitution of 2,423 thousand tonnes of urea sold.

MD&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

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. The Board acknowledges its responsibility of compliance with financial accounting and reporting standards as applicable in Pakistan.

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 4.12 of FFC's financial statements and 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 International Integrated Reporting Framework of the International Integrated Reporting Council. The Board recognizes its responsibility to ensure the integrity of this report, which, in its opinion, addresses the material matters relevant to the long-term sustainability of the Company and fairly presents the integrated performance of FFC and its impacts. All these details have been adequately covered throughout the report and are also detailed in the "About our Report" section, located on page 04.

Quarterly and Annual Financial Statements

FFC's separate and consolidated financial statements undergo endorsement by both the MD&CEO and CFO before being circulated for consideration and approval by the Board. The annual and half-yearly financial statements are also signed by external auditors before circulation. These statements are then published and distributed, along with the directors' review, within one month of the reporting date for quarterly statements, and within the permitted limit of two months for half-yearly statements.

The company's annual separate and consolidated financial statements are audited by external auditors and recommended by the Board for approval at the upcoming Annual General Meeting (AGM). Additionally, all other regulatory reporting requirements to governing bodies and stakeholders have been fulfilled accurately and in a timely manner.

Auditor's Report on the Financial Statements

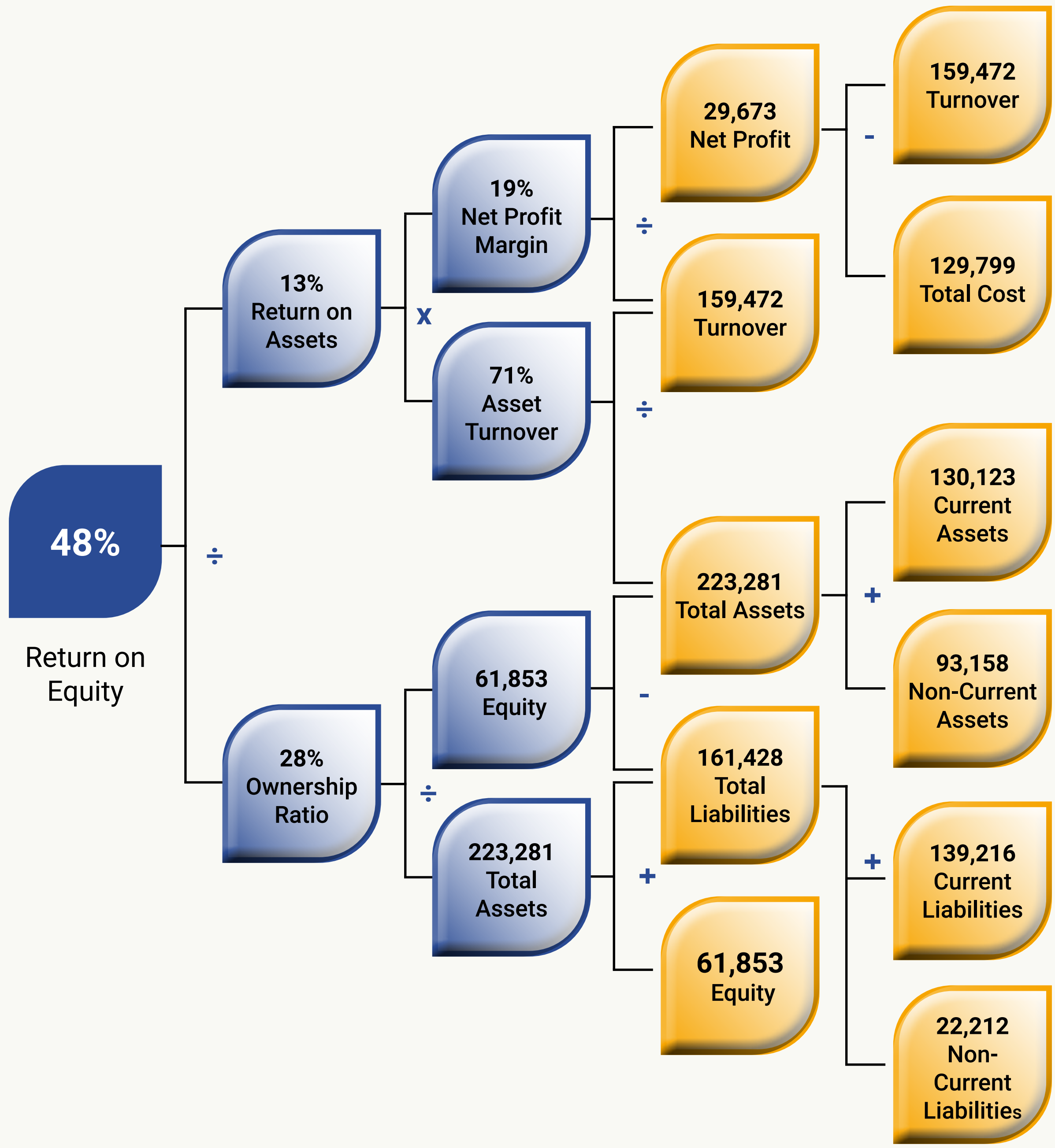
FFC's separate and consolidated financial statements have been audited by the company's external auditors, A. F. Ferguson & Co., Chartered Accountants, who have issued an unqualified audit opinion stating that the financial statements provide a true and fair view of the state of affairs as at December 31, 2023. The Independent Auditors' Reports on the audit of FFC's separate and consolidated financial statements can be found on pages 238 and 345 of the Annual Report respectively.

The auditors will retire at the conclusion of the upcoming AGM and, being eligible, have offered themselves for reappointment as external auditors for the year ending December 31, 2024. The Board of Directors has recommended the reappointment of A. F. Ferguson & Co., Chartered Accountants, as external auditors of the Company for the financial year 2024, with remuneration of Rs 3.816 million.

Cost Audit

BDO Ebrahim & Co., Chartered Accountants, served as the cost auditors of the Company for the financial year ended December 31, 2023, in accordance with the requirements of the Companies (Maintenance and Audit of Cost Accounts) Regulations 2020.

DUPONT ANALYSIS



DuPont Analysis	2023	2022
Tax burden	**45%**	40%
Interest burden	**10%**	8%
EBIT margin	**37%**	34%
Asset turnover	**71%**	46%
Leverage	**72%**	79%
Return on Equity	**48%**	39%

Analysis

Total Assets decreased by 7% primarily due to liquidation of entire opening inventory, decrease in short term investments and provisioning of old receivable. This has resulted in an improved Return on Assets of 13% compared to 8% last year. The Company recorded highest ever turnover and other income, leading to improved Assets Turnover. However, due to high inflation and increased cost of raw material, the Net Margin improved only slightly to 19% compared to 18% last year. Ownership Ratio favorably moved to 28% compared to 21% due to significant decrease in short term borrowings as result of better liquidity position. Resultantly, Return on Equity improved significantly to 48% vs 39% of previous year.

CORPORATE AWARDS AND ACHIEVEMENTS

FFC Official receiving Award for "Company of the Year" by RCCI

RCCI International Achievement Award

FFC has been conferred 'Company of the Year Award' in recognition of Company's exemplary business performance for the Year 2022 by Rawalpindi Chamber of Commerce and Industries.

MAP Corporate Excellence Award

FFC was conferred with Certificate of Excellence in Fertilizer Sector by the Management Association of Pakistan during the 38th Corporate Excellence Awards.

This recognition is an acknowledgement of Best Management Practices, distinguished Corporate Governance, Industrial Laurels and Shareholders' Value that FFC has been maintaining since its inception.

Company Secretary receiving Award for Best ESG Reporting by CFA Society

CFA Society Annual Excellence Award

FFC was conferred with Best ESG Reporting Award by the CFA Society in acknowledgement of Company's compliance towards international ESG disclosure frameworks and continued commitment to global ESG implementation mission.

FFC Officials receiving Award for Best Corporate Annual Report 2022

ICAP / ICMAP Best Corporate Report Award

FFC's has been awarded 1st place:

- Best Overall Corporate Report
- Best Corporate Report in the Chemical and Fertilizer Sector
- Joint-First in the 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.

SAFA Best Presented Annual Report Award

South Asian Federation of Accountants (SAFA) awarded FFC with:

- Bronze in the Best Presented Annual Report in the Manufacturing Sector
- Silver for Good Corporate Governance in SAARC Anniversary Award category
- Merit for the Integrated Reporting category

These awards acknowledge FFC's competence, excellent financial performance, governance practices and integrated & transparent reporting.

PSX Top 25 Listed Companies

FFC has once again been ranked 1st for 13th consecutive time for the Year 2022.

This award is the recognition of FFC's excellence in Corporate and Financial performance that speaks of highest standards of professionalism and dedication of all stakeholders particularly the unwavering trust and confidence of shareholders in FFC's leadership and management.

Company Secretary receiving Award for PSX Top 25 Companies

RISK AND OPPORTUNITY REPORT

The Board of Directors has approved FFC's Risk Management Framework which describes the risk identification and management process; and provides guidelines that cover key risk areas.

Assessment of Principal Risks

The Board conducts a robust assessment of the principal risks facing the Company, including those that would threaten the business model, future performance and solvency or liquidity.

Risk Governance Structure

FFC has an independent Risk Governance Structure to implement risk governance and ensure measured risk-taking:

Board of Directors

The Board of Directors sets the risk appetite of the Company, reviews the principal risks of the Company and assesses / monitors risks and proposes action, where necessary.

Board Committees

Audit Committee and System & Technology Committee assist the Board by reviewing and assessing risks, associated objectives, opportunities and mitigating strategies.

Strategy Committee

The Strategy Committee, a management committee, is mandated to link risk with strategy and performance for setting goals.

Risk Management Champions

Risk aware business professionals nominated by their respective functions to communicate function specific risks to the Company Risk Office. They are also responsible to conduct sound risk management within their functions.

Company Risk Office

Company Risk Office is the custodian of Company's Risk Register which comprises entity-wide risks plotted against corresponding objectives, opportunities and mitigating measures.

Internal Audit

Independent Internal Audit function continually conducts reviews to ensure compliance with the Company's Risk Methodology.

Risk Management Policy

The Board also ensures that the Company has a robust Risk Management Policy in place to determine and assess the Company's level of risk tolerance; and present a mechanism to minimize the negative impact of such risks on Company business. 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

Identification of risks that the business is exposed to in its internal and external environment. This exercise is carried out by all major functions throughout the Company.

Risk Assessment and Evaluation

Assessment and evaluation of risks based on their likelihood and magnitude is carried out by relevant functions through Risk Management Champions.

Risk Implementation and Monitoring

Implementation of mitigating strategies by respective functions and monitoring of results by the Risk Office.

Risk Review

Review of risks is carried out bi-annually by the Strategy Committee of the Management and then by the Audit Committee and the System & Technology Committee of the Board.

Risk Reporting

High level risks are reported to the Board of Directors on recommendation of the Committees.

Risk Updating

Corporate Risk Register maintained by the Risk Office is updated regularly based on recommendation of the Board and / or its Committees.

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.

1. **Strategic Risk**

   Strategic risks are mostly external in nature and emanate from the formation of Company's strategic objectives and business strategy decisions and may impact execution thereof. The Board of Directors actively oversees the management of these risks and creates mitigating strategies wherever required.

2. **Commercial risk**

   These risks are associated with the commercial substance of an organization. Reduction in an entity's market share, product price regulation or other regulatory amendments posing threat to the organization's profitability and commercial viability are a few examples of these risks affecting the Company.

3. **Operational risk**

Operational risks are such risks which may adversely impact the value of the organization caused by internal factors: operational and administrative procedures such as manufacturing facilities shutdowns, workforce turnover; supply-chain disruption; IT system shutdowns or control failures.

4. **Financial risk**

Financial risks are sub-divided into Credit risk, Liquidity risk, and Market risk. These risks are explained in note 39 of the Company's financial statements.

5. **Compliance Risk**

Compliance risk are those risks arising 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.

6. **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

Risk Governance

The roles and responsibilities at various levels of our risk management program are outlined in our risk governance structure.

Board and Its Committees

The Audit Committee monitors the Company's overall risk management process on half yearly basis, focusing 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 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 to the both separate and consolidated financial statements of the Company.

KEY RISKS AND OPPORTUNITIES

Impact of Global fertilizer price fluctuation on the local market

Inherent Risk: R Rating | L Likelihood | M Magnitude

Residual Risk: R Rating | L Likelihood | M Magnitude

Capital
Financial

Source External

Nature Immediate to Short-term

Type Commercial

Associated objective	Sustained growth in fertilizer business
Opportunities	Liaison with government to secure forex for country through active participation and sharing of real time statistics
Mitigation Measures	Engaging with the Government to play an active role in assessing supply gap in the Country to ensure that only required products having shortfall are imported, besides maintaining margins through stringent cost controls and output optimization.

Information Technology risks

Inherent Risk: R Rating | L Likelihood | M Magnitude

Residual Risk: R Rating | L Likelihood | M Magnitude

Capital
Financial, Manufactured, Intellectual, Operational

Source External, Internal

Nature Immediate

Type Operational

Associated objective	Improve operational efficiency through cost economization and enhanced synergies among functions.
Opportunities	Ensure business continuity and uninterrupted operations
Mitigation Measures	Modern IT controls and firewalls are in place to secure against loss of confidential / proprietary information, whereas periodic system updates, IT audits, vulnerability awareness campaigns, and trainings are conducted to monitor and minimize the risk.

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

Inherent Risk: R Rating | L Likelihood | M Magnitude

Residual Risk: R Rating | L Likelihood | M Magnitude

Capital
Financial

Source External, Internal

Nature Short to Medium-term

Type Financial

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	• Our efficient business finance/treasury management function ensures that adequate funds/credit lines as per Company's approved policies secure the Company against any adverse credit, interest rate risk and liquidity risk.

Inconsistent Government policies, regulations etc negatively affecting fertilizer industry

Inherent Risk: R Rating | L Likelihood | M Magnitude

Residual Risk: R Rating | L Likelihood | M Magnitude

Capital
Financial

Source External

Nature Immediate

Type Strategic

Associated objective	Sustained growth in fertilizer business
Opportunities	Maximize market share and augment presence to counter any adverse impact
Mitigation Measures	Governmental intervention is beyond Company's control, nevertheless, the Company actively engages with all stakeholders to address related issues impacting the industry and agricultural sector.

Legend

Rating	Likelihood	Magnitude
★☆☆ ★★☆ ★★★	●○○ ●●○ ●●●	▲△△ ▲▲△ ▲▲▲

Fluctuations in foreign currency rates

	Inherent Risk	Residual Risk
R Rating	★★★	★★☆
L Likelihood	●●●	●●○
M Magnitude	▲▲▲	▲▲▲

Capital Financial

Source External

Nature Short-term

Type Financial

Associated objective	Improve operational efficiency through cost economization and enhanced synergies among functions
Opportunities	Evaluate possibility of fertilizer export Implement effective FX risk management
Mitigation Measures	FX risk is mitigated by resultant change in interest rates and efficient treasury management function.

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

	Inherent Risk	Residual Risk
R Rating	★★☆	★☆☆
L Likelihood	●○○	●○○
M Magnitude	▲▲△	▲△△

Capital Relationship, Social, Natural, Human

Source External, Internal

Nature Long term

Type Reputational, Compliance

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 maintains its brand value through years of quality fertilizer supply and Agri-services. We ensure proactive engagement with all stakeholders through an effective stakeholders' engagement programs (i.e. farm advisory, advertisements, documentaries, technical literature etc.) leading towards a positive corporate image / goodwill.

Inability to pass on the costs/levies due to Government's intervention resulting in profitability decline

	Inherent Risk	Residual Risk
R Rating	★★★	★★☆
L Likelihood	●●●	●○○
M Magnitude	▲▲▲	▲▲▲

Capital Financial, Natural

Source External

Nature Immediate to Short-term

Type Commercial, Financial, Strategic

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	FFC 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 availability of fertilizer at affordable prices.

High attrition of trained employees may render the operations incapacitated

	Inherent Risk	Residual Risk
R Rating	★★★	★★☆
L Likelihood	●●●	●●●
M Magnitude	▲▲▲	▲▲△

Capital Social, Human

Source External, Internal

Nature Immediate to Short-term

Type Financial, Operational

Associated objective	Improve operational efficiency through cost economization and enhanced synergies among functions Sustained growth in fertilizer business
Opportunities	Talent growth and retention
Mitigation Measures	FFC has a detailed succession plan assisted by extensive cross functional trainings. Employee compensation has been realigned with market trends. Development & implementation of talent growth & retention programme. Rolling out of organizational culture change program.

KEY RISKS AND OPPORTUNITIES

Natural Gas disruption / depletion

Inherent Risk: R Rating, L Likelihood, M Magnitude

Residual Risk: R Rating, L Likelihood, M Magnitude

Capital: Financial, Natural, Manufactured

Source: External, Internal

Nature: Short-term

Type: Operational, Strategic

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.

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

Inherent Risk: R Rating, L Likelihood, M Magnitude

Residual Risk: R Rating, L Likelihood, M Magnitude

Capital: Manufactured, Operationa, Relationship, Social, Human

Source: Internal

Nature: Immediate to Medium-term

Type: Operational, Reputational, Compliance

Associated objective	Improve operational efficiency through cost economization and enhanced synergies among functions Demonstrate sustainable social, environmental and corporate governance commitment
Opportunities	Business continuity and uninterrupted operations. Implementation of proactive risk based processes (ARIM, RBI and PSM)
Mitigation Measures	Stringent implementation of operating procedures, execution of employee trainings, safety audits, inspections of critical equipment and review of emergency plans ensures mitigation against the risk. Furthermore assets have been insured whereas phase wise implementation of risk based process safety/ inspection system is in progress.

Ageing plants reliability risk resulting in low service factor and high asset lifecycle cost

Inherent Risk: R Rating, L Likelihood, M Magnitude

Residual Risk: R Rating, L Likelihood, M Magnitude

Capital: Manufactured, Operational, Relationship, Human

Source: Internal

Nature: Immediate to Short-term

Type: Operational, Reputational, Compliance

Associated objective	Sustained growth in fertilizer business Improve operational efficiency through cost economization and enhanced synergies among functions
Opportunities	Implementation of proactive risk based processes (ARIM, RBI and PSM)
Mitigation Measures	Implementation of Action Plan for the replacement of problematic equipment. Periodic liaison with plant designers for enhanced plant reliability

Delays in foreign payments due to lower forex reserves of Country, causing delays in supplies

Inherent Risk: R Rating, L Likelihood, M Magnitude

Residual Risk: R Rating, L Likelihood, M Magnitude

Capital: Financial, Manufactured, Intellectual, Operational

Source: External

Nature: Immediate

Type: Operational, Commercial

Associated objective	Sustained growth in fertilizer business Improve operational efficiency through cost economization and enhanced synergies among functions
Opportunities	Explore Imports Substitution Plan from competitive market. Identify alternate local / Foreign suppliers for critical items and procurement options to be explored accordingly
Mitigation Measures	Identification of critical spares/chemicals and buidling up of inventories to ensure sustained operations, explore alternate procurement where possible, refurbishment plans for old parts & spares to cater for emergency requirements

Legend

Rating	Likelihood	Magnitude
★☆☆ ★★☆ ★★★	●○○ ●●○ ●●●	▲△△ ▲▲△ ▲▲▲

Low dividend yielding/Over-diversified strategic investments

	Inherent Risk	Residual Risk
R (Rating)	★★☆	★☆☆
L (Likelihood)	●●○	●○○
M (Magnitude)	▲△△	▲△△

Capital: Financial, Intellectual

Source: External, Internal

Nature: Immediate to Medium-term

Type: Financial, Strategic

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	Investments are made after a formal process of due diligence which involves project appraisals (ROI/IRR/NPV etc)., experts' evaluations, strategic reviews by management/ BOD and devising improved business strategies/management teams. Furthermore, participations in boards of subsidiaries and associates to deliberate on dividend distributions.

Non-compliance of laws and regulations

	Inherent Risk	Residual Risk
R (Rating)	★★☆	★☆☆
L (Likelihood)	●●○	●○○
M (Magnitude)	▲▲△	▲△△

Capital: Financial, Relationship, Natural

Source: External, Internal

Nature: Immediate to Medium-term

Type: Compliance

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	FFC's entire business structure ensures that business relevant regulatory risks are evaluated and managed within the business functions. In addition, company's strategic management reviews any latest updates in regulatory framework, to prevent any breach of law/regulation. Trainings are conducted to keep employees abreast of all latest developments in laws and regulations. External experts are engaged for consultations

Volatile law and order situations, disasters and climatic uncertainties.

	Inherent Risk	Residual Risk
R (Rating)	★★☆	★☆☆
L (Likelihood)	●○○	●○○
M (Magnitude)	▲▲▲	▲▲△

Capital: Financial, Human, Manufactured

Source: External

Nature: Immediate

Type: Commercial, Operational

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 a well established security management, disaster recovery/business continuity plans, at all locations and the staff is fully equipped to manage the risks. The Company also has insurance coverage to safeguard against any monetary losses. The Company also undertakes routine emergency handling drills and regular patrolling of critical installations.

Reduced sales due to unfavourable farm economics, disruption of product supply chain owing to environmental, social or governance incidents.

	Inherent Risk	Residual Risk
R (Rating)	★★☆	★☆☆
L (Likelihood)	●●○	●○○
M (Magnitude)	▲▲▲	▲△△

Capital: Financial, Manufactured

Source: External

Nature: Immediate to Short-term

Type: Commercial, Operational

Associated objective	Sustain growth in fertilizer business Improve operational efficiency through cost economization and enhanced synergies among functions
Opportunities	Diversified Supply chain network and service providers Horizontal as well as vertical diversification
Mitigation Measures	ESG related risks are catered through robust inventory management, a vast dealers network, diversified pool of supply service providers, provision of product on credit basis, introduction of small sized bags, knowledge/ assistance pass on to farmers through farm advisory centers (FAC)

CORPORATE GOVERNANCE

Effective corporate governance constitutes the bedrock for a long-term sustainable prosperity of an organization through bolstering openness, engendering confidence in stakeholders and enhancing credibility. It also upholds exemplary professionalism, ethical behavior and accountability.

Function of the Board

The Board, mindful of its fundamental responsibility towards shareholders and upholding Company's reputation both at national and international levels, has established a robust governance mechanism to achieve Company's objectives, maintain investors' confidence and ensure long-term value creation culture.

A formal Code of Conduct, Code of Business Ethics, Internal Control Framework, Risk Management Framework, and Whistle Blowing Policy, among other key components, have been implemented as crucial elements of the said Governance framework. It is based on global best practices; exceeding the compliance and disclosure requirements of applicable legal and regulatory framework in addition to meeting the informational needs of all stakeholders.

Composition of Board

The credentials and makeup of the company's Board of Directors comply with the guidelines established by the Companies Act 2017, the Code of Corporate Governance, and the best practices outlined in the Articles of Association.

Diversity in the Board

The FFC Board comprises 13 directors who adeptly advocate for the interests of shareholders, both majority and minority.

The diverse makeup of the Board promotes proficient, streamlined decision-making that is free from undue influence. With a wealth of expertise spanning multiple disciplines, these seasoned professionals possess an ideal blend of competencies to navigate any challenges encountered in managing company affairs. This equips them with unparalleled perspectives on how best to operate business operations based on their unique combination knowledge and experience gained over time.

Category	Name
Independent Directors (excluding Female directors)	Mr Saad Amanullah Khan
	Mr Jehangir Shah
Non-Executive Directors	Mr Waqar Ahmed Malik, SI
	Dr Nadeem Inayat
	Syed Bakhtiyar Kazmi
	Mr Shoaib Javed Hussain
	Yassir Ghiyati Ibn Ziyad
	Mr Qamar Haris Manzoor
	Mr Rashid Mahmood Langrial
	Lt Gen Waheed Arshad, TBt, HI(M) (Retired)
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

The Company Overview section of this Report has provided comprehensive information on the Directors' particulars, encompassing their names, positions held (independent/non-executive/ executive), academic qualifications, industry expertise and affiliations with other corporations.

Independent Directors

The Board of the Company consists of four independent directors who represent non-controlling interests. These directors are chosen through careful consideration from a database maintained by Pakistan Institute of Corporate Governance (PICG) and have given their approval to act as board members, accompanied with a "Declaration to the Company" confirming that they meet the qualifications for independence outlined in Companies Act 2017.

CORPORATE GOVERNANCE

Executive & Non-Executive Directors

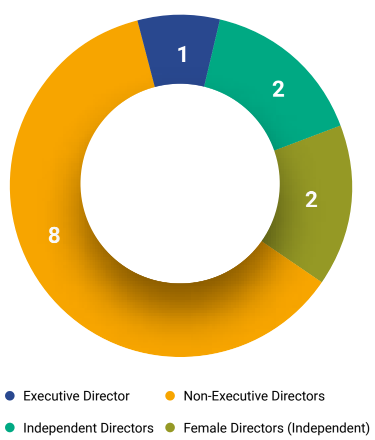
The Board comprises of one executive director and twelve non-executive directors, which surpasses the regulatory mandate for at least two-thirds representation by non-executive members.

Female Directors

The FFC Governance framework endeavours to achieve gender diversity on its Board of Directors. Currently, the Company has two female directors on board exceeding the regulatory obligation of having at least one female director in a listed company's Board.

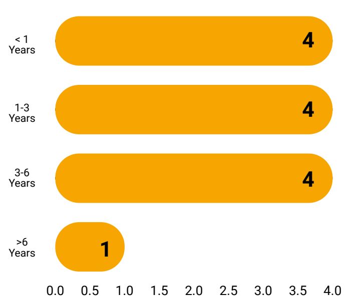
Composition of the Board

(Number)



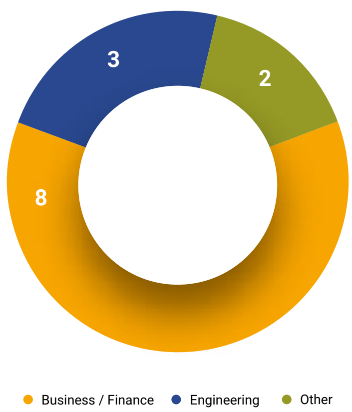
Directors' Tenure

(Number)



Directors' Qualification

(Number)



Changes to the Board

The present board was established in October of 2021 and is scheduled to conclude its term by October of 2024.

During the year, Mr. Iftikhar Ali Sahoo, Mr. Momin Agha, Mr. Peter Bruun Jensen, Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired) and Maj Gen Naseer Ali Khan, HI(M) (Retired) resigned from their positions while Mr. Asad Rehman Gilani, Mr. Yassir Ghiyati Ibn Ziyad, Maj Gen Zafar Ul Haq, HI(M) (Retired) and Mr. Qamar Haris Manzoor joined the Company's Board of Directors. The Board expresses its gratitude for the outgoing directors' significant contributions and warmly welcomes the new members to their team.

The board is confident that the team will remain efficient in achieving the Company's objectives and bolstering financial gains for shareholders.

Meetings of the Board

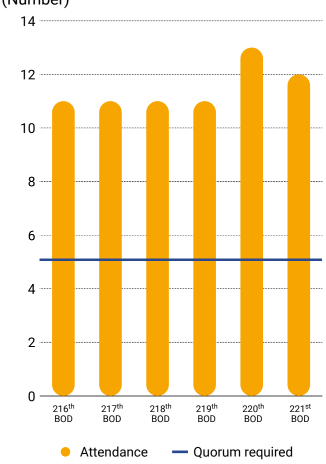
As per the regulations, it is mandatory for the Board to convene at least once every quarter in order to monitor the Company's Performance effectively. Additionally, there may be special meetings held throughout the year specifically to discuss other important matters.

Throughout the year, FFC's Board of Directors convened for six separate meetings to delve into both routine and special matters. They also provided direction to management on how best to attain the objectives set forth by the Company. In adherence with all relevant laws, notifications were disseminated in a timely fashion regarding upcoming meeting dates and agendas.

All Board meetings were held in compliance with the Companies Act 2017 and related regulations, surpassing minimum quorum requirements for attendance. The Chief Financial Officer as well as the Company Secretary also participated in all of the meetings.

Attendance at BOD Meetings

(Number)



The Company Secretary documented the minutes of the meetings and timely distributed them among all directors for endorsement, which were ultimately authorized in succeeding Board meetings.

Attendance at Board Meetings

DIRECTORS	Status	216th BODM Jan 30	217th BODM Apr 27	218th BODM May 31	219th BODM Jul 25	220th BODM Oct 25	221st BODM Dec 21
Mr Waqar Ahmed Malik, SI	Non-Executive	👤	🖥	⊗	⊗	👤	👤
Mr Sarfaraz Ahmed Rehman	Executive	👤	👤	👤	👤	🖥	🖥
Dr Nadeem Inayat	Non-Executive	👤	👤	👤	👤	👤	⊗
Mr Saad Amanullah Khan	Independent	🖥	🖥	🖥	🖥	👤	👤
Ms Maryam Aziz	Independent	👤	🖥	🖥	👤	👤	🖥
Maj Gen Naseer Ali Khan, HI(M) (Retired)	Non-Executive	🖥	🖥	🖥	🖥	👤	Resigned
Mr Peter Bruun Jensen	Non-Executive	👤	🖥	⊗	⊗	Resigned	
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)	Non-Executive	⊗	👤	👤	👤	👤	Resigned
Syed Bakhtiyar Kazmi	Non-Executive	👤	🖥	🖥	👤	🖥	👤
Mr Shoaib Javed Hussain	Non-Executive	🖥	🖥	🖥	👤	🖥	🖥
Mr Jehangir Shah	Independent	🖥	🖥	🖥	🖥	🖥	👤
Dr Ayesha Khan	Independent	⊗	⊗	🖥	👤	🖥	🖥
Mr Iftikhar Ali Sahoo	Non-Executive	🖥	⊗	Resigned			
Mr Momin Agha	Non-Executive			🖥	🖥	Resigned	
Mr Asad Rehman Gilani	Non-Executive					👤	🖥
Mr Yassir Ghiyati Ibn Ziyad	Non-Executive					🖥	👤
Maj Gen Zafar Ul Haq, HI(M) (Retired)	Non-Executive						👤
Mr Qamar Haris Manzoor	Non-Executive						👤

Casual Vacancies filled during the Year

APPOINTED	DATE	RESIGNED	DATE
Mr Momin Agha	03 May 2023	Mr Iftikhar Ali Sahoo	02 May 2023
Mr Asad Rehman Gilani	12 Sept 2023	Mr Momin Agha	11 Sept 2023
Mr Yassir Ghiyati Ibn Ziyad	03 Oct 2023	Mr Peter Bruun Jensen	02 Oct 2023
Maj Gen Zafar Ul Haq, HI(M) (Retired)	26 Oct 2023	Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)	25 Oct 2023
Mr Qamar Haris Manzoor	26 Oct 2023	Maj Gen Naseer Ali Khan, HI(M) (Retired)	25 Oct 2023

Board Meetings Held Outside Pakistan

All Board meetings were conducted in Pakistan as part of a cost-cutting initiative, despite the SECP provisions and business requirements for potential offshore ventures.

Roles and Responsibilities of the Board

The Board of Directors is well aware of the important role they play in maintaining the trust that members have placed on them to ensure continued success, protect their interests and provide consistent value. The Board goes above and beyond regulatory requirements by diligently fulfilling their obligations under the Company's governance framework.

Matters Reserved for the Board

The Board is responsible for exercising its powers with diligence and responsibility, following careful deliberation as dictated by the Companies Act 2017, Listed Companies (Code of Corporate Governance) 2019 and Company Articles of Association.

The obligations of the Board are not restricted to, but encompass the following tasks:

- overseeing and evaluating governance practices;
- guiding and supervising the Company's strategic direction;
- deciding upon appointments, dismissals, salaries, contract renewals for key management roles;
- reviewing recommendations made by Board committees;
- issues flagged by Chief Executive Officer may be brought before board or its sub-committees;

- investments in new ventures;
- establishing internal control frameworks that promote effective risk management strategies as well as mechanisms addressing ethical matters;
- to approve business plans including cash flow forecasts and strategic plans;
- responsible for managing related-party transactions;
- assessing reports from internal audits together with reviews of external auditors' letters and
- approval of financial statements including dividends using inputs provided through audit observations regarding the overall control environment

Company's important policies along with their corresponding approval and revision dates are diligently documented with the Board.

Board Committees

The Board has assigned duties to the Committees, which operate in accordance with the approved Terms of Reference. Their responsibilities include reviewing essential issues and providing appropriate recommendations. The Company Overview section of this report contains comprehensive information on each committee's operations as a Board Committee.

Governance of Risk and Internal Control

The Risk Identification and Management Policy of the company outlines a mechanism for all functions and departments to identify key risk areas such as strategic, commercial, operational, financial and reputational risks. The policy also requires devising strategies to mitigate these identified risks. On a half-yearly basis, the board is informed about the status of necessary actions taken under this policy.

Furthermore, an Internal Control Framework has been developed by the Board which ensures effective conduct of business while safeguarding Company's assets in addition to fostering ethical behaviour within employees. This framework operates with support from various entities including members on Audit Committee or External Auditors who may act as reviewers/evaluators ensuring that resources create robust internal control systems protecting stakeholder interests.

In our various Capitals including the Risk and Opportunity Section, there is a comprehensive discussion on the responsibilities held by reviewers and evaluators according to their respective functions.

Internal Audit

The Board appoints the Head of Internal Audit, who reports functionally to the Audit Committee and administratively to the Chief Executive Officer. The Chairman of the Audit Committee and Chief Executive Officer jointly conduct performance appraisals.

The Board oversees the Head of Internal Audit's qualifications, experience and knowledge of both global best practices and the Company's policies and procedures. The Internal Audit team consists of experts from various disciplines to detect all major risk areas, assess associated mitigation strategies with identified risks to reduce them within acceptable levels.

The Head of Internal Audit oversees the formal policies and effectiveness of the internal controls framework created and enforced by the Board on a regular basis.

Matter Delegated to the Management

The Board and management have predefined, explicit roles. The MD&CEO is responsible for conducting routine business operations in a compliant, ethical manner according to the Company's Articles of Association.

The Board has greenlit a range of objectives and plans, which include annual benchmarks for output, revenue generation, expenditure management and financial gains. Additionally, the Board aims to explore fresh investment avenues while maintaining adherence with legal stipulations and regulatory demands.

It is the duty of management to identify and manage critical risks, take advantage of opportunities, maintain internal controls, and prepare financial statements that adhere to approved accounting standards. This must be done in accordance with applicable regulations such as Companies Act 2017 and other rules determined by Securities and Exchange Commission of Pakistan.

Announcement of Financial Results

The Company has announced its Quarterly, Half-Yearly and Annual Financial Results in a timely manner. The timeline for approval of financial statements by the Board of Directors is as follows:

Financial Statements	Announced Results on	Authorized Duration
First Quarterly	April 27, 2023	Within 30 days
Half-Yearly	July 25, 2023	Within 60 days
Third Quarter	October 25, 2023	Within 30 days
Annual	January 26, 2024	Within 90 days

Formal Orientation at Induction

All new directors receive thorough induction training with the aim of enhancing their knowledge and comprehension regarding both the Board's operations, as well as their own responsibilities towards managing Company's interests in favor of shareholders.

During these sessions, individuals are introduced to the business operations and environment of the Company. They also learn about its long-term strategy and relevant laws and regulations. Additionally, members become acquainted with their responsibilities, authority, tenure and compensation as stipulated by the Companies Act 2017, Code of Corporate Governance and Articles of Association governing the organization.

Directors' Training Program

Board members consistently participate in training sessions to keep themselves updated with the most recent advancements and patterns related to governance, management, and leadership.

The objective of these trainings is to enhance the Directors' knowledge and understanding about the Company along with its industry. It also aims at providing them ample information and resources which will aid them in making well-informed decisions.

Securities and Exchange Commission of Pakistan (SECP) approved Director Training Programs are attended not only by Directors but also by Heads of Departments and Female Executives, in accordance with regulatory requirements.

Board of Directors

All Board members, with the exception of two directors who are permitted to do so under the Code of Corporate Governance, have completed their certification requirements for directors' training program at SECP approved institutions, well ahead of the stipulated timeframe. The remaining two members will obtain their certifications within this year.

As per the Code, Mr Jehangir Shah has fulfilled the minimum education and experience requirements necessary to be exempted from undergoing Directors' Training Program.

Heads of Departments

Exceeding the requirements outlined in the Code of Corporate Governance Brig Irfan Khan T.Bt (Retired) and Col Asad Tanveer (Retired), received certification for the Directors' Training Program during the year.

Policy for Security Clearance of Foreign Directors

Foreign directors on the Board provide necessary documents to SECP within a designated period for securing clearance from the Federal Ministry of Interior. The Company provides requisite assistance in making all preparations concerning this matter.

Appointment of a foreign director is contingent to provision of an official security clearance certificate from the Ministry. If such clearance cannot be obtained, suitable measures will need to be taken by the Company with regards to replacement of said director as deemed fit.

Directors' Remuneration

The Board has put in place a policy for Directors' remuneration that is both formal and transparent, as per the relevant laws and regulations.

The policy includes the following guidelines:

- Directors are compensated based on their level of responsibility and expertise

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- Remuneration is structured to attract and retain highly qualified directors who can create value for the organization
- It should not affect the independence of board members in any way
- The remuneration decision-making process does not involve self-determination by directors
- Executive director do not receive compensation for attendance at Board and/or Committee meetings

The financial statements contain Note 36, providing information on the remuneration disbursed to both executive and non-executive directors throughout the year.

Policy on Non-Executive and Independent Directors' Remuneration

In adherence to the regulations mandated by Company's Articles of Association, each non-executive director including those who are independent has the right to compensation based on their attendance at both Board and Committee meetings as well as for providing their expertise. This remuneration is determined by the Board itself.

At the Company's 43rd Annual General Meeting on March 18, 2021, shareholders approved remuneration packages for Directors:

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

The only compensation given to Directors is the meeting fee and reimbursement for expenses related to attending Board and/or Committee meetings. They do not receive any other form of remuneration.

External Search Consultancy and it's Connection with the Company

Selection of Chairman and Non-Executive Directors

An external search consultancy was not utilized in the selection and appointment of the Chairman or any other non-executive directors on the Company's Board.

Selection of Independent Directors

The selection process of appointing an independent director involves choosing from a pool of candidates in the database administered by the Pakistan Institute of Corporate Governance (PICG) as per the Companies (Manner and Selection of Independent Directors) Regulations 2018.

Apart from affording access to the databank on independent directors, facilitating training courses for Board members, and appraising their individual or collective performance levels, there are no other affiliations that exist between PICG and the Company.

Evaluation of the Board's Performance by Consultant

To guarantee impartiality in evaluating the performance of Board, their Committees and Members, a third-party assessment has been entrusted to Pakistan Institute of Corporate Governance (PICG). They aim to determine shortcomings that hinder effective Board functioning and suggest ways for rectifying them based on best practices.

The assessment process comprises of two stages and encompasses the three fundamental elements in accordance with the Listed Companies (Code of Corporate Governance) 2019.

PHASE 1

- Board as a complete entity
- Committees of the Board

PHASE 2

- Individual members composing the Board

The deliverables specified below are presented at the upcoming meeting, which aims to design a plan for enhancing the Board's performance.

Board Assessment Report
(Board as a whole & Committees)

PICG Board Performance Evaluation
(Analysis Report)

Individual Director Evaluation Report

According to the strategic performance index, there was exceptional overall performance exhibited by both the Board and its committees and members.

Roles and Responsibilities of the Chairman and MD&CEO

Chairman of the Board and Chief Executive Officer of the Company possesses distinct, yet interdependent responsibilities that align with legal and regulatory obligations.

Chairman of the Board

The role of the Chairman is to act as a representative for the non-executive directors and provide strong leadership and direction to the Board. Their responsibility includes creating an environment that fosters productivity among directors in carrying out their duties while adhering strictly to statutory compliance requirements.

The Chairman is responsible for establishing the agenda, topics to be covered in Board meetings. Additionally, they guarantee that there will be sufficient time allocated for relevant discussions and that accurate minutes adhering to the regulations outlined by Companies Act 2017 are maintained.

Significant Commitments of the Chairman

In April 2020, Mr Waqar Ahmed Malik was appointed as the Chairman of the Board. He currently holds the position of Managing Director at Fauji Foundation and serves as Chairman on several Boards associated with it including its subsidiary companies.

Co-founder of Adira Capital Holdings (Private), Mr Malik, currently holds the position of Chairman at Pakistan Oxygen Limited (formerly known as Linde Pakistan). The company is a subsidiary of Linde AG that was acquired by his co-founded firm.

Apart from the commitments highlighted in his profile within the Board Profile of Company Overview section, he has no other notable obligations.

Chairman's Review on the Performance of the Board

In accordance with the regulations of the Companies Act 2017, the Chairman's Review elaborates how effectively the Board has performed and if it has successfully accomplished its objectives for the Company as a whole.

The Annual Report 2023 extensively covers detailed explanations in different sections.

Managing Director and Chief Executive Officer

As an executive director, the MD&CEO provides exceptional guidance/ direction to the management team. His responsibilities include managing daily activities while also overseeing Company operations within established parameters outlined by the Board of Directors' policies.

MD&CEO's Performance Review By The Board

The performance of MD&CEO is assessed by the Board based on their assigned Key Performance Indicators (KPIs) and their duties as well as any responsibilities mandated by regulatory frameworks.

Throughout the year, MD&CEO's accomplishments are apparent through their successful attainment of objectives related to production, sales, turnover, profitability and market share. Moreover, he ensures that employee health and safety standards remain consistently high.

The Board expresses contentment with the advancement of diversification initiatives and consistent assessment of fresh prospects for investment. The Company's transparency in governance has also been acknowledged at local as well as international platforms, serving as proof to MD&CEO's outstanding achievements.

Policy of Retention of Board fee by the Executive Director on other Companies' Boards

According to the Directors' Remuneration Policy, executive directors do not receive payment for their attendance at board, committee or general meetings. However, they are allowed to keep any meeting fees earned as non-executive directors of other companies without limitation by this policy.

MD&CEO serves as an executive director on FFC's Board and holds the role of non-executive director in several other firms' Boards. The compensation he receives from these companies adheres to their distinct policies, which have received endorsement from their Boards of Directors.

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

As MD&CEO of FFC and its subsidiary companies, Mr Sarfaraz Ahmed Rehman holds a non-executive directorship on the board of the following Companies:

Listed Companies:

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

Unlisted Entities:

- Fauji Fresh n Freeze Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- FFC Energy Limited
- Foundation Wind Energy-I Limited

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- Foundation Wind Energy-II Limited
- Foundation University Islamabad
- Hisaar Foundation
- International Fertilizer Association
- International Packaging Films Limited
- OLIVE Technical Services (Private) Limited
- Pakistan Maroc Phosphore, S.A.
- Patients Aid Foundation
- Philip Morris (Pakistan) Limited
- Thar Energy Limited

Directors' Compliance Statement

The Board is pleased to affirm that:

- The financial statements accurately reflect the Company's state of affairs, performance results, cash flows and equity changes as prepared by its management
- Proper books have been maintained for the Company
- Adequate accounting policies were used consistently in creating these documents. All estimations are based on sound judgment approaches reasonably applied
- In accordance with applicable International Financial Reporting Standards (IFRS) in Pakistan, accepted methods are followed for compiling financial statements while properly disclosing any required deviations from them
- The internal controls system has a reliable design which was efficiently implemented & supervised
- There are no significant indications of inability when it comes to maintaining business operations.
- Adherence to exemplary corporate governance under Listing Regulations and follow best practices without any deviation materially significant
- Comprehensive disclosure of taxation details, as per the listing regulations requirements, can be found in related notes attached to the Financial Statements

Note 11.4 to the Financial Statements provides information on the Value of Investments related to retirement plans for employees.

Compliances with Best Corporate Practices

For over forty years, FFC has persistently shown its dedication to following Global Best Practices and Standards of Corporate Governance.

This Report includes the findings of the Audit Committee regarding adherence to the Code of Corporate Governance, as well as declarations from both the Chairman and Managing Director & Chief Executive Officer regarding compliance with said code. Additionally, it contains an Auditor's Report on this matter which can be found on pages 239, 240 and 241.

Ethics and Compliance

The Company has a thorough ethics and compliance framework in place, which guarantees the integration of exceptional ethical conduct in every facet of business operations, decision-making processes, and adherence to laws and regulations.

The members of the Board and employees are required to read, recognize, and adhere to the Principles of Framework as well as the Code of Conduct (which can be easily accessed on our Corporate Website), upon their induction in the company; this must also continue throughout their employment.

To maintain sustainable business growth and instill confidence in

stakeholders, the framework is consistently revised to align with relevant laws and regulations. Any unethical conduct leading to grievances are swiftly identified and remedied as a preventive measure going forward.

Additionally, a register of insider information is managed at the Corporate Office and regularly revised to comply with relevant regulatory standards.

Governance Practices Exceeding Legal Requirements

FFC is dedicated to maintaining the highest levels of moral and ethical standards. To achieve this, they have optimized their governance framework by taking voluntary steps that exceed legal requirements. These actions include:

- Adhering to Pakistan Stock Exchange criteria for selecting top companies
- Implementing best reporting practices recommended by ICAP/ ICMAP and SAFA in order to increase transparency regarding company affairs and policies
- Exceeding prescribed limits for non-executive and female directors as outlined in the Code of Corporate Governance
- Implemented a Directors' Training Program ahead of schedule
- Developed aggressive Health Safety Environment Strategies aimed at ensuring safety both within organization as well as surrounding communities
- Committed several social projects focused on community welfare through Corporate Social Responsibility efforts
- Ensure compliance to UN Global Compact's Ten Principles Framework
- Follow the International Integrated Reporting Council (IIRC) guidelines which aligns completely towards attaining sustainability objectives
- Devote, to enhance performance and accountability, by prioritizing the application of Global Reporting Initiative (GRI) Standards
- Annual Report provides diverse financial analyses such as ratios, risk matrices and graphs etc that are publicly accessible for scrutiny

Furthermore, FFC has also complied with the ICAP/ICMAP BCR 2023 stipulations.

CORPORATE GOVERNANCE

Trading in Shares by Directors and Executives

Throughout the year, a sum of 70,000 FFC shares were traded by the Company's executives exclusively. There were no instances of trading conducted among directors, executives, their spouses or minor children beyond this.

Trading conducted by managerial personnel is consistently observed and disclosed to the Stock Exchange.

Shares Held by Sponsors, Directors and Executives

As of December 31, 2023, the quantity of shares possessed by the sponsors, executives and directors affiliated with the Company is outlined below:

Particulars	Numbers of Shares
Sponsors	564,204,254
Directors	9,700
Executives	240,759

Page 443 of the Report contains a comprehensive breakdown of the shareholding structure.

The Board ensures compliance with the annual review of the Code of Corporate Governance and determines additional thresholds for identification of Executives, beyond those already specified by the Code.

Report of the Audit Committee

The report's page number 232 covers details concerning the Audit Committee's performance and execution of responsibilities.

Related Parties

The Policy for Related Party Transactions of the Company presides over any dealings between FFC and its affiliated parties. This framework outlines guidelines on how to govern related party transactions, as well as report them in accordance with all pertinent legal and regulatory requirements.

Transaction other than Ordinary Course of Business

The company engages in deals with affiliated entities neutrally and equitably, abiding by customary market practices at a distance equivalent to that between unrelated parties.

In adherence to the regulations, every transaction connected with participating parties is submitted quarterly for scrutiny and endorsement by the Audit Committee. The Board of Directors then take up these recommendations in their decision-making process regarding approvals.

Disclosure of Directors' Interest

The Board mandates that its members disclose their personal interests. If a majority of directors in FFC are involved in any related party transactions, such matters must be presented to shareholders during a general meeting for approval and ratification.

Note 40 in the Financial Statements contains a complete list of all parties associated with the Company that engaged in transactions during the year, including details about their relationship and ownership percentage.

The Financial Statements contain comprehensive information on related party transactions, as mandated by the Fourth schedule of the Companies Act 2017.

Policy for Disclosure of Conflict of Interest

A formal code of business ethics has been put in place by FFC to encourage an ethical culture and avoid any known or potential conflicts of interest among all parties with a direct or indirect stake in the Company, including its Board of Directors.

It is mandatory for the Board of Directors to declare any personal interests they hold before formally conducting business. The Company Secretary, upon receiving information about these interests and their extent, prepares the agenda for Board meetings.

Additionally, directors must abstain from participating in decisions related to matters or transactions where they have vested interest. If a majority of directors holds interest in such cases, it must be presented at a general meeting for approval instead.

Board's Policy on Diversity

As a forward-thinking company, FFC firmly upholds the principle of offering equal access to work, education, personal development and attainment for all. The Board remains dedicated to cultivating and nurturing inclusivity within our organization by fostering an exclusive amalgamation of diverse cultures influenced by factors such as age, gender, ethnicity, mental or physical ability among others.

At FFC, we have taken a leading role in advocating for the alleviation of gender discrimination within our nation. This value is deeply ingrained in our approach to managing personnel. Additionally, we follow SECP guidelines and uphold transparency by publishing our Gender Diversity Policy on the Company website for public access.

FFC prioritizes the recruitment, development, and retention of differently-abled individuals in our Company as a testament to upholding social responsibility and reinforcing our dedication to diversity.

Offering one of the most fulfilling career pathways in the nation, our Company boasts a culture that fuels motivation and inspires excellence. As a result, we draw top-tier experts to our workforce who can develop into future global leaders.

Dividend Distribution Policy

FFC has a Dividend Policy in accordance with the Companies Act 2017 and in compliance with the Companies (Distribution of Dividend) Regulations, 2017 issued by Securities and Exchange Commission of Pakistan. It reflects Company's objectives to share earnings of the Company with Shareholders after retention of sufficient funds for future growth of the Company.

Complying with SECP and PSX standards guidelines, FFC disburses final dividend within ten working days from the date of declaration in AGM. However, for interim dividend; the book closure confirming dividend entitlements is announced within fifteen days from the date of approval by BOD and the dividends are paid within ten working days from the start of the book closure.

Details of dividend distribution during the year are:

Dividend	Declared on	Book Closure	Distributed on
Final for year 2022	March 28, 2023	March 26 - March 28, 2023	April 06, 2023
First Interim 2023	April 27, 2023	May 10 - May 12, 2023	May 18, 2023
Second Interim 2023	July 25, 2023	August 07 - August 09, 2023	August 16, 2023
Third Interim 2023	October 25, 2023	November 07 - November 09, 2023	November 15, 2023

Investors' Grievance Policy

The relationship that FFC shares with its stakeholders, which includes shareholders and investors, is highly valued by the Company. The protection of their interests is a crucial aspect that the organization strives to safeguard at all times. Additionally, it acknowledges the significance of providing timely and equitable disclosure of any vital information to enable informed decision-making amongst all stakeholders involved.

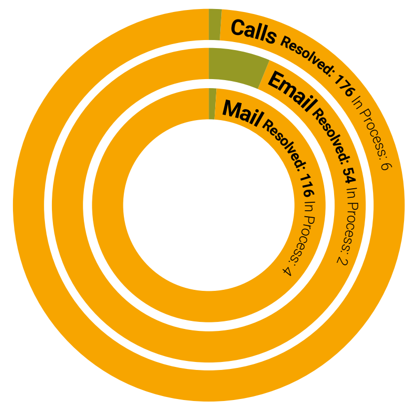
The Investor Communication/Relations and Grievance Policy of the Company delineates a protocol for managing shareholder grievances and inquiries. The policy stipulates that shareholders can register complaints or make queries via a designated electronic mail address (shares@ffc.com.pk) or by utilizing phone, fax, or traditional post correspondences.

The policy ensures that any complaints brought forward by shareholders are handled and resolved with efficiency. Furthermore, a comprehensive record is maintained of all steps taken towards resolving the grievance at hand.

The contact information for the Company can be found on its corporate website under the Investor Relations section and in this report's Company Information section.

Redressal of Complaints

Throughout the year, shareholders and investors lodge a multitude of grievances including unclaimed dividends, undelivered dividends, transmission cases inquiries as well as concerns related to loss revalidation or simple clarifications.



Every shareholder is individually contacted and, working alongside the paying agent and registrar, grievances are resolved in a cordial manner to guarantee satisfaction.

Human Resource Management and Succession Planning

FFC has a history of recruiting highly skilled, qualified and experienced professionals. We strive to maintain a motivated workforce through training and development programs while offering competitive compensation packages that align with market standards. Our progressive Succession Planning ensures that existing talent is transformed into viable candidates equipped for future strategic positions within the Company.

Disclosure on Enterprise Resource Planning (ERP) System

A decade ago, FFC became one of Pakistan's few companies to successfully implement a state-of-the-art SAP ERP system. The Board of Directors approved the entire project and assigned a dedicated management team to oversee its documentation, evaluation, negotiation, and implementation across all functions within the Company.

- Effective implementation of all our business operations, including manufacturing and engineering & technology, marketing, finance, human resources and procurement was ensured in both the Head Office and other locations with team leads overseeing the process
- The Information Technology division of the company is in charge of offering suitable training to all employee, including new incumbents according to their specific roles and functions
- Any major changes or projects must be approved by Senior Management while CAPEX approval from Audit Committee through Board becomes necessary
- The Information Security unit ensures system security measures are implemented along with segregation of duties. Further information is disclosed under the Intellectual Capital section of the report

Business Continuity and Disaster Recovery Plan

To ensure seamless business operations in the event of unforeseen circumstances, the Board of Directors assures that an updated Business Continuity and Disaster Recovery plan is well-known within the Company. This comprehensive approach guarantees protection over all assets and overall Company performance through dependable archival techniques and remote site system backups.

The appropriate IT Security measures have been put in place by the management, including real-time data backup systems. Additionally, off-site storage options for these backups are available along with an alternate site to serve as a disaster recovery facility whilst identifying key personnel needed during this period.

Mock trials and frequent testing guarantee preparedness against any possible disasters.

Policy of Safeguarding of Records

The Record Retention Policy of the Company is an essential aspect of its Business Continuity Plan (BCP) that includes preserving records with significant or permanent value for longer than legally required. These documents are kept in secure locations, allowing for speedy retrieval when needed.

The archive comprises well-preserved books of account and documentation relating to secretarial, legal, contractual, taxation, and other issues. These materials have been stored as required in an organized manner:

- Data is backed up in real-time at both on-site and off-site locations
- The data is stored securely with state-of-the-art protections against physical deterioration, fire and natural disasters etc.
- Access to records is based on a management hierarchy system with password security that includes the Company's SAP-ERP System
- Whistleblowing procedures are implemented for immediate reporting of any breach of security or damage to records
- A remote Disaster Recovery site has been established which provides an immediate backup plan for all primary data aligned with business continuity practices
- Responsibility delegation occurs within individual company departments regarding safeguarding their respective record systems
- The printed data can be electronically backed up, allowing for efficient retrieval of necessary documents in a secure setting through correct access controls and authorization systems

Disclosure of Beneficial Ownership

No shareholder except Fauji Foundation holds more than 10% of FFC's shares, either directly or indirectly.

A thorough overview of the shareholders affiliated with the Company, highlighting their respective holding is disclosed in the Pattern of Shareholding.

Whistleblowing Policy

FFC highly values transparent and ethical business practices. As a result, the company prioritizes an all-embracing Whistleblowing Policy within its overall governance structure framework. This policy serves as a means for all parties involved to report potential problems openly and promptly, ensuring that accountability and integrity are upheld across every facet of Company operation.

The policy empowers stakeholders to not just raise queries, but also keep track of progress, offer input and if necessary, register objections regarding any disappointing investigation or process.

Protocols are implemented to reduce the possibility of misusing the mechanism. Consequences have been defined for individuals who make untrue allegations that lead to unjustified convictions.

The policy can be accessed by the public on the Corporate Website for quick and easy reference or consultation.

Instances During the Year

Throughout the year, management promptly handled all minor incidents that required attention. The Audit Committee did not have to report any significant occurrences of impropriety in financial, operational or legal matters related to the Company.

Other Policies

The report includes the following policies discussed in other sections:

- 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

FFC endeavours to extend beyond the fundamental reporting mandates in order to aid stakeholders towards a more comprehensive comprehension of Company's operational and financial performance.

Along with adhering to ICAP/ ICMAP Best Corporate Report criteria, notable disclosures are provided as follows:

- About this Report
- Navigating the Report (page 452)
- Highlights 2023
- Management Committees
- Chairman's Review
- MD&CEO's Overview
- Macro-Economic Overview
- Contribution to National Exchequer
- Credit Rating
- Corporate Awards & Recognitions
- Operational Performance
- Marketing Overview
- Human Capital
- Health and Safety
- Directors' Report on the Consolidated Financial Statements
- Directors' Report in Urdu
- Sustainability Report:
- Global Reporting Initiative (GRI) Standards: Comprehensive Option
- Sustainability Accounting Standard Board (SASB) Chemical Industry Standard
- United Nations Global Compact (UNGC) "Ten Principles"

Furthermore, our adherence to ICAP / ICMAP BCR 2023 criteria pertaining to IT Governance and Cybersecurity as well as Enterprise Resource Planning exemplifies the Company's exceptional performance.

Oversight by External Specialists

It is imperative for FFC to adhere to ethical standards and comply with existing laws and regulations in order to achieve success. Therefore, our essential business components collaborate with external auditors on a statutory basis as well as voluntarily, guaranteeing adherence to standardized discipline. The governance section covers oversight and evaluations by specialists from outside the organization across manufactured products or services, intellectual property rights management procedures, and financial capital.

CORPORATE GOVERNANCE

COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Regulation

Regulation 3	**Number of Directorships**
An individual to simultaneously not hold the position of director in more than seven listed companies, whether through election or nomination	
Regulation 4	**Diversity in the Board**
The board members must possess a suitable blend of essential abilities, diversity, necessary expertise and understanding deemed pertinent to the company's functioning	
Regulation 5	**Minority Shareholder**
The Board shall aid minority members in order for them to participate in director elections through proxy solicitation and access necessary information from candidates seeking election	
Regulation 6	**Independent Director**
A listed company must have independent directors comprising of at least two members or one third of the Board, whichever number is greater	
Regulation 7	**Female Director**
When the Board is reconstituted, it must include a minimum of one female director	
Regulation 8	**Executive Director**
The Board shall consist of no more than one third of executive directors, including the chief executive officer.	
Regulation 9	**Chairman of the Board**
It is not permissible for one individual to hold the positions of both Chairman and CEO within a company	
Regulation 11	**Agenda and Discussion in Meetings**
The Chairman will determine the Board Agenda and ensure adequate time for discussion. Any pertinent written notices or materials must be distributed no later than seven days prior to the meeting	
Regulation 12	**Minutes of Meeting**
The Act mandates that the minutes of Board meetings are maintained appropriately. The Company Secretary serves as the Board Secretary and is responsible for ensuring satisfactory documentation of minutes.	
Regulation 13	**Attendance at Meeting**
All Board meetings shall be attended by either the CFO and Company Secretary, or a nominee designated by the Board in their absence.	
Regulation 15	**Related Party Transactions**
Periodically, all transactions must be presented before the audit committee and reviewed based on their recommendations. Afterwards, they will undergo further review by the Board for final approval.	
Regulation 16	**Formal Policy**
The Board must establish a clear and open process for determining the compensation plans of individual directors who participate in meetings of both the Board and its committees	
Regulation 17	**Determination of Remuneration**
It is not permitted for a director to decide their own compensation, and the amount of compensation should align with their level of responsibility and expertise	
Regulation 18	**Directors' Orientation Program**
Directors must attend an orientation to become familiar with these Regulations, relevant laws, and their obligations and accountabilities. This will equip them to competently oversee the operations of the public company on behalf of its shareholders.	

Regulation	
Regulation 19	**Directors' Training**
Every director must be certified through a director training program, and newly appointed directors have one year from their appointment date to obtain certification Additionally, at least one female executive and department head receives annual training as recommended	
Regulation 25	**Financial Statements**
Before the Board considers and approves them, it is required that both the CFO and CEO endorse all quarterly, half-yearly, and annual financial statements	
Regulation 26	**Financial Statements**
Before presenting to the audit committee for board approval, external auditors will initiate both standalone and consolidated annual and interim financial statements for review by the CFO and CEO.	
Regulation 27	**Audit Committee**
According to the necessary stipulations and scope of responsibilities, an Audit Committee has been formulated	
Regulation 28	**Human Resource & Remuneration Committee**
The HR&R Committee's constitution shall adhere to the necessary requirements and terms of reference	
Regulation 31	**Composition of Internal Audit Function**
Internal Audit: Structure and Operations	
Regulation 32	**External Auditor**
The prerequisites and regulations for appointing an external auditor.	
Regulation 33	**Rotation of Auditors**
According to the regulations, all companies except those in the financial sector are required to switch their engagement partner every five years.	
Regulation 35	**Disclosure of Significant Policies on Website**
The company to upload relevant details regarding its important policies, synopsis of board committees and other related information on its website.	
Regulation 36	**Compliance Statement & Auditor Review**
The Compliance statement, which has been audited and certified by statutory auditors (with any instances of non-compliance brought to attention), is made available in the Company's annual report	

FFC EMBRACES THE ESG JOURNEY

Significant challenges like climate change, dwindling water resources, inadequate waste disposal practices and declining biodiversity are endangering the sustainability of Our Planet. These ecological consequences extend beyond environmental repercussions to impact economic stability and social structures whilst shaping global political affairs.

Sustainable growth emphasizes upon the significance of meeting present needs in tandem with safeguarding abilities of future generations to meet their own necessities.

Throughout the year, FFC has demonstrated unwavering commitment towards endorsing international standards / practices in Environmental, Social and Governance (ESG) domains. The overarching goal of this undertaking was to augment the proficiency and expertise of both management as well as board members through capacity-building initiatives; an important stride towards realizing our objectives.

At FFC, we are committed to implementing exemplary practices in ESG with the goal of promoting sustainability and establishing a more accountable organizational culture. We believe that by adhering to ESG principles, we can generate synchronized advantages for both our company and stakeholders. Committing ourselves to this journey is imperative as it forms an integral part of FFC's long-term business vision.

To this end, we have taken deliberate steps to integrate ESG into pivotal decision-making processes while also exploring new opportunities through research and development endeavours aimed at promoting organic growth and reinforcing confidence among key partners including shareholders, regulators, employees, subsidiaries / joint-venture partners and investors.

FFC has formulated a multi-functional taskforce to participate in various interactive workshops centered on ESG as part of FFC's roadmap. These engaging sessions have equipped the team with crucial knowledge and revitalized their motivation towards accomplishing tangible results for our sustainable goals. We strive to incorporate ESG considerations into our business strategies and operations, acknowledging its paramount importance amidst recent global events.

FFC, in collaboration with Pakistan Institute of Corporate Governance (PICG), organized a full-day training on ESG for the Senior Management,

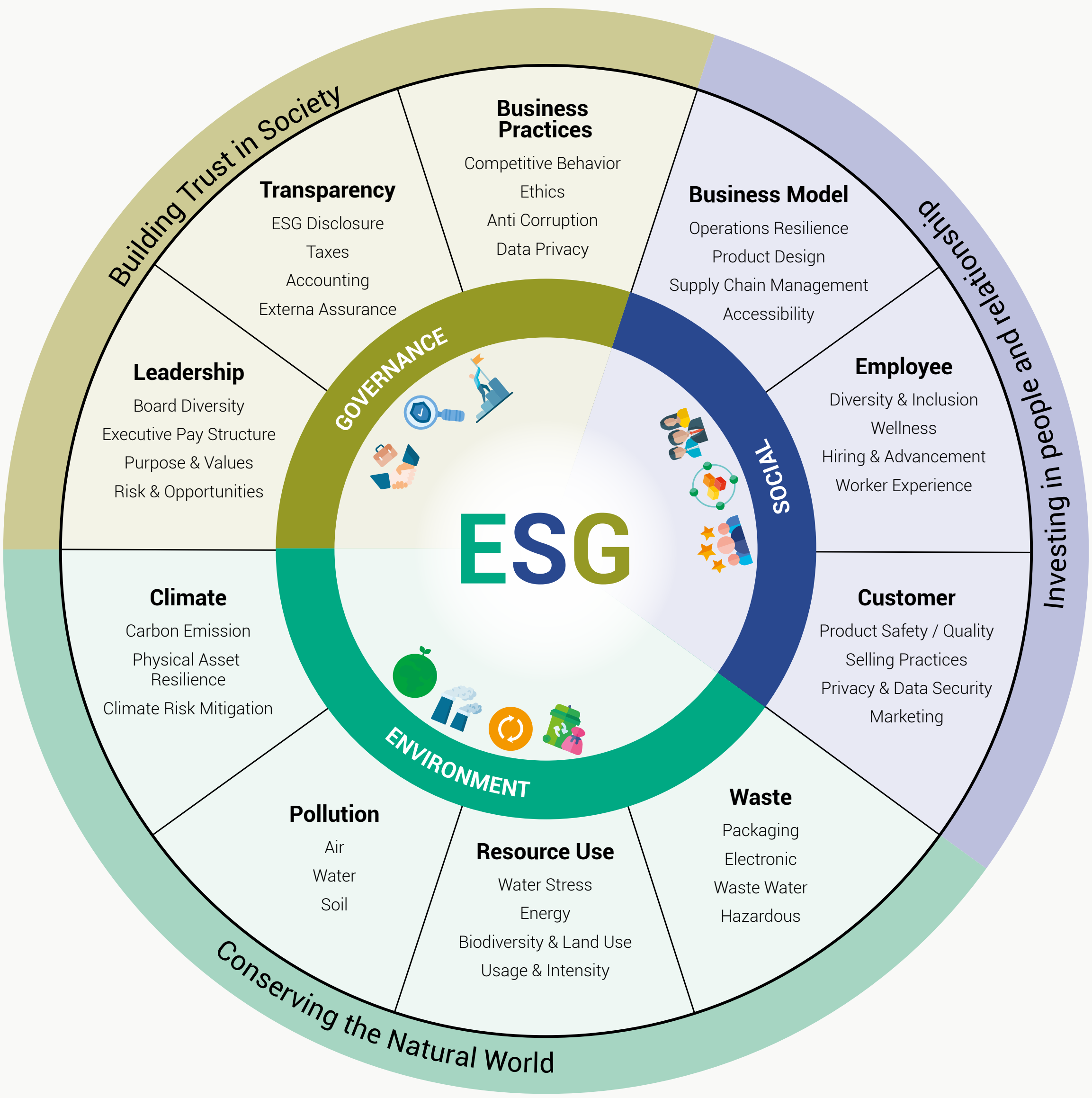
along with a focused session on **Driving ESG from Boardroom** for FFC Board members. These efforts were aimed at building a strong base that addresses growing environmental protection challenges while also considering social welfare and governance aspects essential to modern business practices.

During the initial months of 2024, a Board Committee dedicated to addressing ESG concerns has been formed. The committee comprises of three non-executive directors, two of whom including the Chairman are independent no-executive directors.

Work is being done towards creating a comprehensive ESG policy and defining the terms of reference for this committee. Additionally, an analysis is being conducted by management regarding the development of SAP integrated module meant for facilitating seamless ESG reporting.

As an accountable organization, FFC firmly promotes the restoration of munificence to communities. It employs all possible measures to not only reduce its impact but also ensure constructive contributions for the betterment of its operational surroundings ultimately contributing towards sustainability and safeguarding our planet's resources.

The significance of ESG is now elevated beyond a mere consideration as the amalgamation of values and ethics with finance and business, gains momentum. Embracing sustainability, accountability and prosperity has become crucial for companies worldwide as this transformational movement possesses immense potential to alter their fortunes positively. Therefore, it has emerged as an influential force amongst investors marking the beginning towards a promising future.



STAKEHOLDERS' ENGAGEMENT

Analysts' Briefing

FFC ensures transparency in its relationship with stakeholders by conducting regular interactive sessions and share information on financial and operational projections, regulatory updates, economic shifts and other related information.

In order to assist investors in making informed investment choices, Company conducts bi-annual briefings for analysts where it presents its business outlook.

FFC conducted two analysts' briefings throughout the year, during which the CFO provided all stakeholders with updates on both the company's present performance and forthcoming plans.

Period	Date	Place	Agenda
Year ended Dec 31, 2022	Feb 07, 2023	Head Office and Virtual Access	• 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, 2023	Aug 08, 2023		

The Analysts' Briefings were attended by Investment Analysts and representatives from several stakeholders including banks from across the nation, as well as Pakistan Stock Exchange. Detailed presentations were given followed up with in-depth question and answer sessions where queries of attendees were answered thoroughly to demonstrate FFC's unwavering dedication towards maintaining transparency while engaging with all its numerous stakeholders. Detailed presentations of briefings can be accessed below:

https://ffc.com.pk/ffc-holds-first-corporate-briefing-for-the-year-2023/

https://ffc.com.pk/second-corporate-briefing-august-08-2023/

Shareholders Encouraged to Attend General Meetings

At least 21 days prior to the Annual General Meeting, all shareholders receive an email containing both the Notice of Annual General Meeting and the Company's Annual Report. The publication is also simultaneously released in leading newspapers nationwide, available in Urdu and English languages. These resources are likewise obtainable on Pakistan Stock Exchange's website as well as FFC Corporate Website.

Regardless of the number of shares they possess, every shareholder is eligible to designate a proxy, participate via video conference (VC), and cast their votes utilizing e-voting. During meetings, shareholders can give suggestions or proposals as well as express any reservations while possessing the complete privilege to initiate or support an item on the presented agenda.

Shareholders have the right to ask for the minutes of meeting within a stipulated time post the general meeting and may raise concerns regarding significant investments, potential acquisitions or mergers as well as any corporate or capital restructuring plans.

At FFC, we highly value and appreciate our shareholders' contributions. We make it a priority to carefully document their concerns, proposals, and recommendations during meetings through detailed minutes. Rest assured that FFC keeps all stakeholders informed about the progress made on any given issue as well as subsequent actions taken thereafter.

Encouraging Minority Shareholders To Attend General Meetings

The Company invites minority shareholders to attend the analyst briefing sessions which are announced through Stock Exchange, and their involvement is highly encouraged.

The requests of minority shareholders are catered to and their queries are addressed in a satisfactory manner, ensuring that their needs are met.

Investor Relations Section on FFC website

The Corporate Website is utilized to provide in-depth information to FFC's investors, shareholders, and other stakeholders.
In compliance with the requirements of applicable regulatory framework, the website is maintained in both English and Urdu languages.

The website is routinely revised to offer comprehensive details such as business strategy, governance, product/service offerings, financial summaries, investor relations/information and dividend records among other things.

Scan the QR code below to easily access all necessary information about the Company, including financial reports and more, on the website.

The most up-to-date version of the Annual Report can be found online in PDF format, and supersedes any previously printed copies. Access to current version is available at: https://www.ffc.com.pk/investors-relations/annual-reports/

General Meetings

The shareholders of FFC convened for their forty-fifth Annual General Meeting on March 28, 2023 and again for Extraordinary General Meeting on November 23, 2023.

Presence of Board Members

As per the guidelines outlined in the Code of Corporate Governance, it is mandatory for every director to be present at all general meetings, unless exempted on account of a valid reason.

Presence of the Chairman Audit Committee

The Board Members, along with the Chairman of the Audit Committee, Chief Executive Officer and other Senior Management personnel attended general meetings held during the year to address any questions or concerns raised by the shareholders.

Issues Raised at Last General Meeting

The shareholders asked questions and sought clarifications on the agenda points, which were addressed to their satisfaction. There were no significant issues or concerns raised.

Identification of Key Stakeholders

The Company has the authority to equitably allocate its Capitals towards obligatory relationships and activities, by carefully identifying key stakeholders.

Stakeholder engagement refers to the management of specific relationships, including frequency and elaboration on how they may impact an entity's performance and value, throughout the year as part of a process.

STAKEHOLDERS' ENGAGEMENT

Institutional Investors / Shareholders

Investor's trust and honour is acknowledged at FFC through a steady return on investment. A transparent relationship is rigorously enforced with all stakeholders.	Regular
	• General Meetings • Analyst's / Corporate Briefings
	The providers of capital, allow FFC the means to achieve its vision.

Customers and Suppliers

Significant investment in customer relationship management, going beyond extending credit facilities and trade discounts. FFC has been inducing changes in agricultural production, transferring evolving knowledge to farmers for their sustainable economic growth, and engaging reputed and dependable suppliers as business partners through Agri. Services.	Regular / Periodic
	• Formal & Informal Meetings / Conferences • Technical Support Services
	Our success and performance depends on: • Customer's Loyalty • Preference to the brand SONA • Company's supply chain management

Regulators

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 36 billion in taxes and duties this year and continues to be one of the largest tax payers of Pakistan.	Regular
	• Meetings with Officials • Data submission for Review & Compliance
	• Laws and regulations • Determination of prices • Factors controlled by the Government

Analysts

FFC regularly engages with analysts and share details of projects already disclosed to the regulators; with due regard to regulatory restrictions imposed on inside information / trading and to avoid any negative impact on the Company's reputation or share price. The Company held two Analysts' Briefings during the year and apprised the attendees on FFC's operational and financial performance.	Bi-Annual
	Analyst's / Corporate Briefing
	Briefing helps in clarifying any misconception / rumor in the market and creates a positive investor perception.

Frequency of Engagement | Engagement Process | Effect and Vaue

Banks and Other Lenders

Company negotiates on an on-going basis the 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 Vaue	Key to performance in terms of better access to interest rates, loan terms, minimal fees, higher level of customer service and effective planning for the future.

Media

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	Mediums used are: • Press Releases in Newspapers • News Section on Corporate Website
	Effect and Vaue	Effective awareness is created regarding the Company and offered products and services, indirectly have a positive impact.

Employees

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 • Electronic Bulletin Boards
	Effect and Vaue	Company's biggest asset; implementing every strategic and operational decision and representing the Company in the industry and community.

Local Community and General Public

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. **FFC has also aligned its interventions with the UN's Sustainable Development Goals.**	Frequency of Engagement	Regular
	Engagement Process	• Meetings • One-on-one Engagements
	Effect and Vaue	People of Pakistan provide the grounds for FFC to build its future on.

MANUFACTURED CAPITAL

Contributing to SDGs	Inputs		
	Manufacturing Plants: 03	3 Zones, 13 Regions, 63 Districts	152 Warehouses
	Agri. Services Offices: 21	Research Center 01	Farm Advisory Centers: 05
	Integrated work system (IWS)	Zero loss mentality	Lean Process Evaluations
	Hands-on-training for workers	Dealers/Warehouse trainings	HSEQ meetings/talks
	Outputs		
	Produced 2,521 KT of Urea at 123% efficiency	Urea Sold FFC 2,505 KT and FFBL 337 KT (43% market share)	DAP sold (FFC 105 KT and FFBL 846 KT (60% market share)
	102,505 farmers outreach through Agri-services	Farmers increased productivity	Rs. 15.1 billion invested
	Value Creation	**Value Preservation**	
Value Creating Business Model – page 166			

FFC's Manufactured Capital encompasses its industrial complexes, advanced IT frameworks, central office facilities, and an extensive network for marketing, distribution, and agricultural services. This capital is crucial in actualizing the strategic ambitions of the corporation. By staying at the forefront of technological advancements, FFC continually invests in cutting-edge technologies, systems, and various assets, thereby forging and sustaining its competitive edge in the industry.

Operational Performance

Committing to its fundamental strategic objective of operational excellence, FFC yet again exceeded its urea production target for the year by achieving a production of over 2,521 million tonnes [123% of design].

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 I & II – Goth Machhi

In 2023, the operational efficacy of both plants located at Goth Machhi was commendable. The production of "Sona" Urea reached 1,710 thousand tons, accounting for 129% of the designed capacity. This output compares favorably to the year's projected production goal of 1,640 thousand tons.

Plant III – Mirpur Mathelo

Despite facing unparalleled challenges throughout the year, the Mirpur Mathelo plant, through relentless dedication and a commitment to operational excellence, successfully met its annual urea production goal. The facility produced 811,000 tons of urea, which is 113% of its designed capacity, surpassing the set target of 805,000 tons.

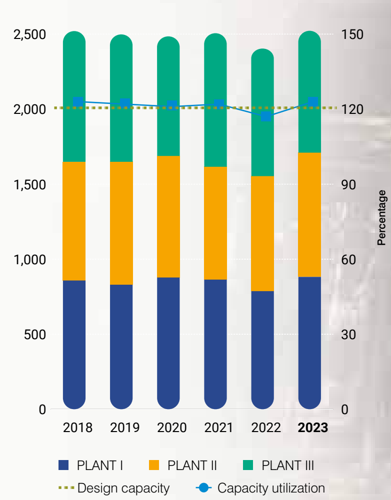
Major Projects at Plantsites

Several new initiatives focused on sustainability, health and safety, energy efficiency, and reliability are currently in progress. These projects are aimed at upholding the Company's profitability and reinforcing its status as the foremost fertilizer producer in the nation.

Hydrogen Recovery Unit

The concentration of carbon dioxide in the natural gas supply is exhibiting a rising trend. To mitigate this, the implementation of a Hydrogen Recovery Unit (HRU) has been undertaken to diminish the CO_2 footprint. This HRU was successfully commissioned and became operational in August 2023. The initiative has augmented ammonia production by 17 metric tons per day (MTPD), with a prospective increase to 35-38 MTPD following a comprehensive overhaul of the machinery scheduled for the turnaround in 2025.

Plant wise Production



Value Creation Business Model

Manufactured Capital Refer page 166

MANUFACTURED CAPITAL

Plant III Turnaround

Mirpur Mathelo Plant underwent a major maintenance turnaround in October 2023, after three years of operations. FFC was able to complete the turnaround safely without any incident, keeping objective of 'No Injury, No Fire' intact. Management has also remained involve in each phase and also visited plantsite during turnaround for moral and motivation of the team.

Following major projects of efficiency and reliability improvement were executed in this turnaround.

Urea Reactor, R-101 major rehabilitation/replacement of cover straps and general repairs. (Details are mentioned below)

- Urea Stripper, E-101 inspection, repair and replacement of nozzle
- Ammonia Converter, R-501 bottom forged block replacement
- Ammonia Plant DCS & Synthesis Compressor anti-Surge replacement
- KS superheater, F-202 Burner Management System replacement
- Process Air Coil, E-202 tubes U-bends replacement against ageing
- Secondary Reformer, R-203 top dish head replacement
- HP Waste Heat Boiler, E-208B inspection for health assessment
- Desulphurizer, R-201B catalyst replacement
- Carbamate Condenser, E-105A/B inspection and repair
- RLNG line tie-in with FFC Natural Gas System
- KS header replacement at F-202A Outlet
- CO_2 Removal Columns inspection and repair
- CO_2 Compressor Turbine, TK/K-101 bearings and gearbox inspection
- Synthesis Gas Compressor, K-431/32 1st stage overhauling and inspection of bearings
- Primary Reformer, F-201 1st hot collector replacement
- Primary Reformer Induced Draft Fan Turbine, TK-201 overhaul
- Process Air Compressor Turbine, TK-421 turbine and compressor high pressure casing overhaul
- Ammonia Compressor, K-441 high pressure casing overhauling and bearings/couplings inspection and maintenance
- Cooling tower's civil structure aging issue addressed with water resistant chemical coating for protection
- Replacement of multi-core cables

Reliability Improvement

Some key projects for improving reliability of our plants are:

Plant I

Plant-site Chiller # 1 Replacement
Inert Gas (Nitrogen) Generation Plant
Replacement of Tube Bundle of LP Boiler, E-301B

Plant II

Replacement of :

- C-4102 Pre-Heaters, E-4116 & E-4117
- E-4110B Tube Bundle
- E-4424 Tube Bundle
- E-4434 Tube Bundle

Plant III

- Urea Synthesis Reactor replacement to Ensure Plant Reliability
- Medium Voltage Bus Bar Inspection & Preventive Maintenance
- Life Assessment Testing of Electrical Assets

Sustainability

The following projects relate to sustainability of Company's production process:

- Pressure Enhancement Facilities (PEF) Project
- Commissioning activities of natural gas compression project
- Alternate gas connection with national network.
- Well Water Project

Initiatives for Promoting and Enabling Innovation

Neem oil Coated Urea (NCU) Production

Production and marketing of Neem Coated Urea (NCU) continued, 190,500 Met neem coated urea produced so far against yearly target of 250,000 Met. Production targets are likely to be met as per plan. Neem oil sourcing from local suppliers has started after commissioning of neem oil testing facility at FFC-GM. About 48% neem oil requirement is fulfilled from local market which saved Forex of ~PKR 80 million.

Zincated Urea

FFC is to launch zincated urea product next year. Ordering of the production facility is in progress. The in-house developed product has been tested for agronomic effectiveness in paddy fields & wheat and results are promising. Product standard registration with PS&QCA completed.

Urea Briquettes

200 tons of Urea briquettes successfully test marketed in 2023. The product will support mechanized rice transplantation in Pakistan which will help farmers to increase yield ~4% at 80% fertilizer dose along with saving in labor expense. Apart from it, product use shall be benefiting to minimize emissions by curtailing N losses. New facility to produce Urea Briquettes is being proposed at one of FFC's plant. Product standard registration with PS&QCA completed.

Marketing Overview

Fauji Fertilizer Company Ltd. (FFC) has established a formidable presence nationwide with approximately 3,400 dealers and 152 field warehouses, enabling an impressive annual sales volume surpassing 4 million tonnes. This accomplishment cements FFC's status as a predominant figure in Pakistan's fertilizer production and marketing sectors. The Company's strategy, intricately focused on customer orientation and the promotion of superior quality products, complemented by robust agricultural support services, has fostered a dedicated customer base over an extended period.

International Fertilizer Market

Throughout the year, the global fertilizer market experienced significant volatility in pricing, predominantly influenced by prevailing geopolitical tensions.

Urea: The international urea market endured broad fluctuations, largely due to the evolving global geopolitical landscape and notable challenges encountered by Russian producers in the context of Western sanctions. Commencing the year at USD 430 per tonne, reaching the lowest level of US $260/t FOB (Ex-Arabian Gulf) during June and then the upward trend started where the current price is US $365/t FOB (Ex-Arabian Gulf). The current gap between landed cost of Imported urea as compared to Domestic urea is approximately Rs.3,700 per bag.

DAP: In the first half of 2023, the international phosphate market was influenced by low global demand and adverse weather, leading to a drop in prices. Despite a mid-year recovery, factors like financing challenges and currency issues limited demand. The market saw a turnaround in Q3 due to supply constraints and high inflation. Chinese export restrictions, under NRDC regulation, further tightened the supply. DAP prices, initially at US $685/t FOB (Ex-China), fell to US $420/t and later rose to US $575/t. The market is expected to stabilize with a slight potential for price decrease, with continued tight supply from China.

Domestic Fertilizer Market

In the domestic sphere, prices for key agricultural commodities like rice, maize, and cotton witnessed an upward trend compared to the previous year. The overall market sentiment and the financial health of farmers in the principal crop-growing regions remained buoyant, though flood-affected areas saw diminished economic conditions due to crop losses. The favourable returns from rice, wheat, and maize positively influenced farmers' cash flow. Nevertheless, the escalating costs of DAP/potassic fertilizers, diesel, electricity, and other inputs posed significant challenges, particularly for resource-limited farmers in flood-stricken regions.

Urea: Throughout 2023, urea demand remained consistently high, driven by elevated phosphate prices, increased taxes, and pressures from the IMF on the Government of Pakistan (GOP). This demand surged further in the second half of the year due to higher profit margins, lead times for buffer stock accumulation, and transportation shortages. These factors, along with favorable weather conditions, encouraged advance buying in the market. The District Management and Agriculture Extension Department actively monitored fertilizer sales and stocks, with fines imposed on dealers and

MANUFACTURED CAPITAL

non-dealers for irregularities. To combat hoarding and smuggling, the government took strict actions, providing relief to farmers and exerting continuous pressure on fertilizer companies for regular supply. In Q4, the Trading Corporation of Pakistan (TCP), following the Economic Coordination Committee's decision, issued a tender to import 200 KT of urea to maintain buffer stocks, with Aditya Birla offering the lowest bid at $382.92/t CFR Karachi/ Gwadar.

DAP: In 2023, DAP sales in Pakistan initially struggled due to expectations of falling international prices, leading to domestic prices plunging below dealer transfer prices (DTPs) with negative margins of Rs. 2,500 – 3,000 per bag. From July, a phosphate shortage spurred demand, allowing dealers to clear inventories and domestic prices to rise. In August, the weakening rupee and increasing international prices pushed domestic prices up further, leading to positive margins of Rs. 300 - 1,000 per bag in September. However, prices fell again in October due to significant imports and channel inventory, only to recover in November with margins of Rs. 300-500 per bag. The year marked over 600 KT of DAP imports, predominantly in the September-November period.

FFC Marketing

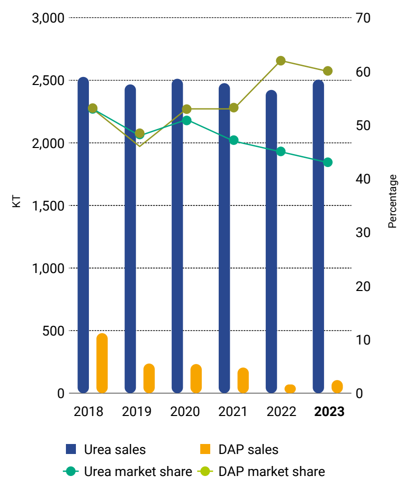
The year 2023 presented FFC with a series of unique opportunities and challenges, both domestically and internationally. Despite these varied circumstances, FFC successfully retained its dominant market position and accomplished its annual sales goals. The increased demand for urea, attributed to the rising DAP prices, posed challenges; however, FFC adeptly maintained its profit margins while ensuring a steady supply of products across the nation.

- **Urea:** The combined urea sales by FFC/FFBL is 2,843 thousand tonnes, including 339 thousand tonnes of Sona Granular produced by FFBL.
- **Urea Market Share:** The collective market share of FFC/ FFBL in urea dipped slightly to 43%, down from 45% in the previous year.
- **DAP:** FFC recorded sales of 846 thousand tonnes of FFBL Sona DAP during the year, contrasting with 106 thousand tonnes of FFC DAP.
- **DAP Market Share:** FFC achieved combined market share of 60% for FFC/FFBL DAP, a slight decrease from 62% in 2022.

Effect of Seasonality on Business

FFC adeptly navigates the seasonal impacts on its business, particularly during Pakistan's two primary crop seasons, "Kharif" and "Rabi." Employing strategies such as advance sales, effective inventory management, and meticulous production/import planning, FFC ensures consistent availability of its products, aligning with the fluctuating demands of its clientele.

Urea and DAP Performance & Market Share



Subsidy Schemes

In 2023, the Punjab Government continued its subsidy scheme, offering Rs. 1,000, Rs. 800, and Rs. 500 per bag for DAP, SOP, and MOP fertilizers, respectively. The subsidy for DAP was increased to Rs. 1,500 per bag for Rabi 2023-24, with the validity of subsidy vouchers extended to 12 months.

Additionally, the Federal Government launched a Rs. 1,800 billion agricultural package for the Rabi 2022-23 season, targeting agricultural productivity and support in flood-affected areas. This included free seeds, low-interest loans, and subsidized electricity for tube-wells. Agricultural financing reached Rs. 1,776 billion in 2022-23, up 25% from the previous year. The Kissan Package was extended until December 31, 2023, with Rs. 158.40 billion allocated for ongoing schemes, including interest-free loans for landless farmers, markup subsidies for farm mechanization, and the PM's youth business and Agriculture Loan Scheme.

MARKETING FOOTPRINT

Khyber Pakhtunkhwa

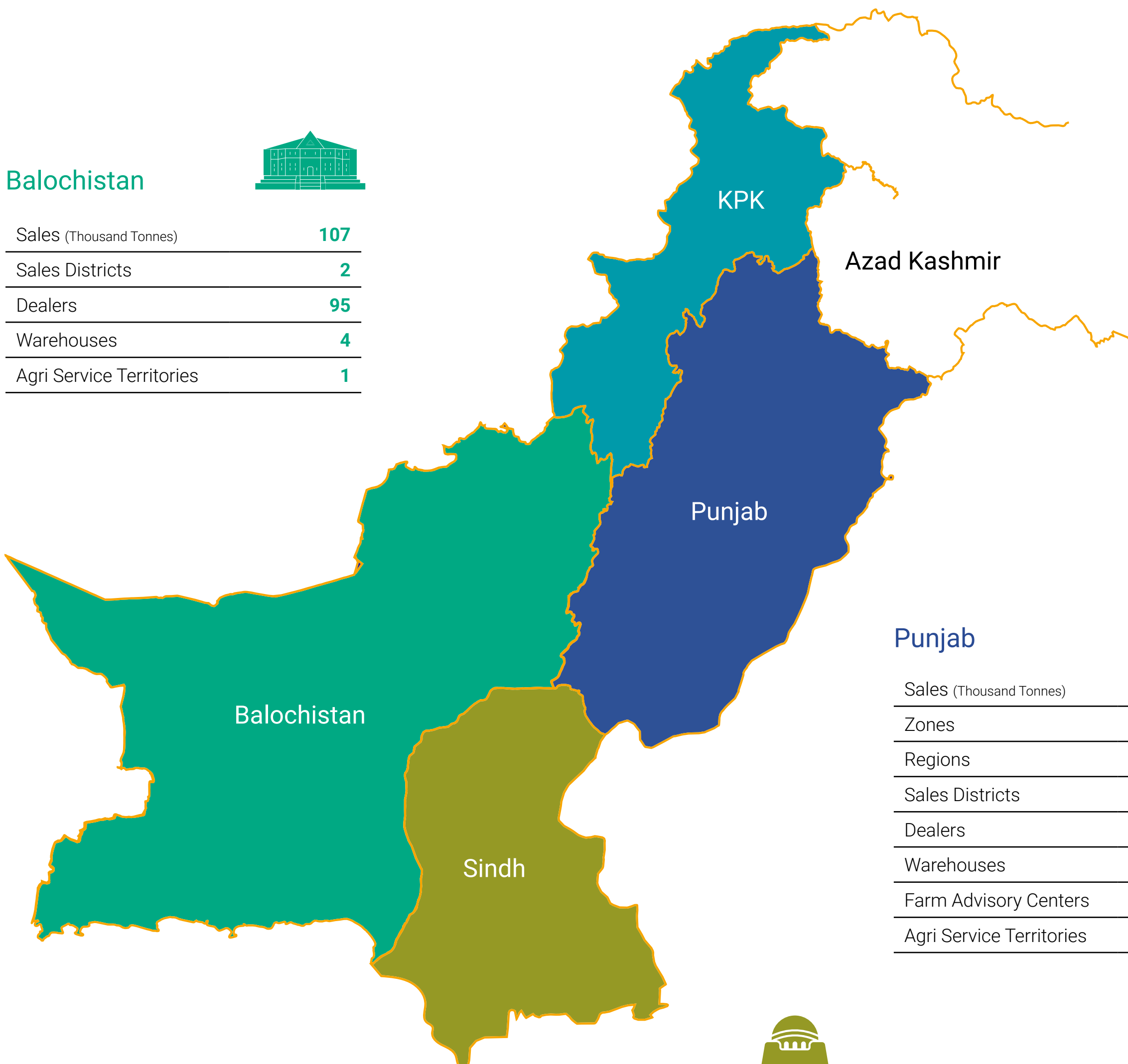
Sales (Thousand Tonnes)	217
Regions	1
Sales Districts	5
Dealers	242
Warehouses	11
Agri Service Territories	2

Azad Kashmir

Sales (Thousand Tonnes)	2
Dealers	3

Balochistan

Sales (Thousand Tonnes)	107
Sales Districts	2
Dealers	95
Warehouses	4
Agri Service Territories	1



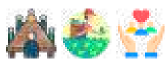
Punjab

Sales (Thousand Tonnes)	2,679
Zones	2
Regions	9
Sales Districts	40
Dealers	2,260
Warehouses	97
Farm Advisory Centers	4
Agri Service Territories	13

Sindh

Sales (Thousand Tonnes)	805
Zones	1
Regions	3
Sales Districts	16
Dealers	533
Warehouses	40
Farm Advisory Centers	1
Agri Service Territories	6

INTELLECTUAL CAPITAL

Contributing to SDGs	Inputs		
	Brand & corporate reputation	State of Art IS Infrastructure	Knowledge of our People
	Techniques & technologies through farmer advisory services	Market leadership	Trainings & knowledge sharing
	Outputs		
	Efficient and automated work environment	R&D to offer products for the benefit of farmers and national food security	64% farmers witnessed increased productivity after balanced fertilizer use
	Value Creation	**Value Preservation**	
Value Creating Business Model – page 166			

IT Infrastructure Development & Operations

Data Center Expansion for Cloud Business

Data Centers enable businesses to store and access data remotely, securely and efficiently via Internet while also providing the processing power needed to run complex applications and services.

FFC have an existing state-of-the-art Corporate Data Center being maintained by IS Division. This year, IS Division commissioned additional racks to expand Data Center capacity. Server racks, power modules, precision cooling systems, and network devices are among the cutting-edge equipment included in the expansion.

This is going to help strengthen the Company's Cloud business.

Energy Saving in Corporate Data Center

Following the direction from IS Management, IT Department's Data Center team took certain measures to reduce Data Center energy consumption. Power Usage Effectiveness (PUE) is a standard efficiency metric used for power consumption in data centers. As part of our Green Data Center journey, this year PUE has been brought down to 1.5 from last year's figure of 1.68.

Disclosure Related to IT Governance And Cybersecurity Programs

SOP/Guidelines, various policies and procedures have been developed under ISMS/PCI DSS standards for security of IT Assets and data e.g. Information Security Policy, Access Control Policy, Network Security Policy, Password Policy , SDLC Policy etc.

Awareness sessions about Cybersecurity Risks and their prevention are conducted by Information Security Unit at all locations on regular basis. In addition to that, awareness related with emerging cyber threats are disseminated via emails to FFC users. An active participation is ensured. Specific training on cybersecurity issues are also provided on the request of a particular department or as and when required.

Infrastructure, Network And Endpoint Security Enhancement

IS Division has successfully implemented world leading technology for XDR (extended detection and response) in its IT Infrastructure landscape to strengthen Company's Cyber Security posture. The XDR solution collects and automatically correlates data across multiple security layers – email, endpoint, Offline backup copies of systems/data is deemed extremely necessary for safely rebuilding/ restoring business operations to their normal / recent state.

FFC IS Division has procured and implemented a Tape Library for offline data backups of business data to restore in an event of ransomware / cyber attack. Since these backup copies are kept completely offline (after making backup copy in online mode), therefore they are not supposed to be accessible to ransomware objects server, cloud workload, and network. This allows for faster detection of threats and improved investigation and response times through security analysis.

IS Division deployed DNS security solution in corporate network to mitigate DNS protocol exploits and strengthen control against ransomware attacks. DNS Security solution detects and drops any session that establishes 'command and control' channel. An estimated 70% of the data breaches occur globally using DNS protocol.

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Responsibility Statement on Cyber Risks

Evaluation of legal and regulatory framework by Information Security unit is performed regularly. International best practices framework is being followed to aim that cyber risks are adequately mitigated/monitored. Information Security Unit regularly monitors changes in various laws/regulations such as Copyright Ord 1962, Prevention of Electronic Crimes Act 2016 through FFC Legal department under Information Security Management System (ISMS) / ISO-27001 standard on quarterly basis. During the year, no breach of Cyber risk has been noted.

Gap analysis is performed between National Institute of Standards and Technology (NIST) framework and FFC's IT infrastructure and started taking actions to narrow the gap and hence reduce threat arising from Cyber attacks.

Management apprises BOD regularly, or when required, on overall performance/ evaluation of IT infrastructure. Constant evaluation of Cybersecurity related risks is performed by updating the Risk Register, advising the risk profiling, mitigation strategies, remedial plans and residual risk. The Head of IS Division provides an update, if any, to the BOD committee (S&T) related to critical / significant IT Infrastructure like IT Assets Integrity (confidentiality, integrity and availability).

IT / Cybersecurity Risks are defined with controls in place in Corporate Risk Register. Risk Register is reviewed by Risk Office on defined intervals and presented to Board's Audit Committee.

Secure Remote Access to it Infrastructure

Following improvements have been made to improve information security posture for remote access and administration of IT Assets in the Company:

World Leading Privilege Accounts Management (PAM) solution has been implemented at IS Division level for strict and secure access to critical IT Resources

Multi-Factor Authentication (MFA) has been deployed to mitigate credentials breaching threats.

These steps will result in enhanced protection of IT infrastructure from threats coming from a device within organization or internationally.

Corporate Websites and Application Advanced Threat Protection

IS Division has implemented world top tier web application security mechanism to protect corporate fronts (Public facing IT applications including corporate websites) from cyber-attacks including but not limited to DDoS, DNS Spoofing, API Security, Secure DNS, SSL, Bot Attacks, Geo fencing, behavior-based protection.

Digital Transformation

FFC IT infrastructure is fully virtualized with a high VM-to-Server density ratio. Private Cloud deployed at FFC reduces total cost of ownership and reduces time-to-implement for new and innovative solutions as and when required by the business divisions.

Robotic Process Automation (RPA) is being encouraged in repetitive tasks lead by IS Division.

Artificial Intelligence (AI) and Machine Learning (ML) have been effectively used in a comprehensive in-house developed touchless facial recognition solution implemented since Covid pandemic for employee attendance/access control.

INTELLECTUAL CAPITAL

Internet of Things (IoT) has been developed in-house and deployed as an IoT based Vehicle Tracking System which is being extensively used across Company/ subsidiary to monitor and track company vehicles and analyze driver behaviour. Substantial improvement in fuel and safety performance has been observed.

Future Outlook

FFC IS Division is actively pursuing the marketing of its OLIVE Cloud in an effort to bring in revenue for the Company. Cloud marketing includes focusing on various cloud services like PaaS and SaaS in addition to Infrastructure as a Service (IaaS) which is already being marketed. The Cloud team is always working to expand the business' cloud offerings.

FFC Cloud's distinguished feature is to provide a platform where international sanctions and cloud outages do not affect the local business.

In its efforts to achieve excellence in FFC Cloud's existing infrastructure and to further penetrate in client market, OLIVE Cloud expansion at larger scale is planned in Business Plan-2024.

Information Security

FFC IS Division Achieves PCI-DSS v3.2.1 Re-Certification for data centers

FFC IS Division has retained 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.

The certification assures 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 authorized company M/s Compliance Wing Pvt. Limited.

ISO 27001:2013 External Surveillance Audit

IS Division successfully achieved Information Security Management System (ISMS) ISO/IEC 27001:2013 Certification in External Surveillance Audit, which is the mandatory requirement of ISMS certification. With this certification, IS Division has demonstrated to have the necessary information security controls in place to protect and handle sensitive data with great care and confidentiality. Additionally, it has demonstrated the ability to meet compliance requirements.

Early Warning System

Information security unit is in place with objectives which include to monitor, detect, investigate cyber incidents and take preventive/remedial action about cyber threats. During the year, no specific, critical threat surfaced. There are specific hardware/software installed to ensure that risks are mitigated. Examples are:

- at network entry points, firewall with IPS & web application firewall are installed
- servers are placed in segregated zones
- Trendmicro deep security solution enabled with virtual patching is in place
- DNS security is in place for protection against all DNS attack types
- multifactor authentication mechanism is in place for certain services / users
- Privileged Access Management (PAM) is in place for privileged users
- at client computers, end point protection is installed and is updated on regular basis.

Security Assessment of Technology Environment

External auditors like M/S SGS conduct yearly audits to check IS division's compliance against ISMS standard. At the end of external audit, report is issued to confirm FFC IS division's compliance with ISMS standard. Summary / conclusion, observations and non-conformities, if any, are mentioned in the report. They also recommend suggestions/areas of improvement which IS division adopts as deemed appropriate. Last such audit was performed on Oct 18-19, 2023.

IS division has also obtained payment card industry data security standard (PCI-DSS) v3.2.1 certification for FFC cloud hosting services (IAAS platform). The certification assures compliance with globally accepted information security standards of highest order.

In order to further strengthen FFC's cybersecurity posture, IS division has engaged reputable external 3rd party consultants to carry out FFC's cybersecurity assessment & Vulnerability Assessment and Penetration Testing (VAPT).

Backups & Storage

Better Resilience Against Cyberattacks / Ransomware EBO Department

Offline backup copies of systems/data is deemed extremely necessary for safely rebuilding/restoring business operations to their normal / recent state.

FFC IS Division has procured and implemented a Tape Library for offline data backups of business data to restore in an event of ransomware / cyber attack. Since these backup copies are kept completely offline (after making backup copy in online mode), therefore they are not supposed to be accessible to ransomware objects.

SAP Landscape Conversion From ECC To S/4HANA for External Client

M/S Haidri Beverages Limited signed a contract with FFC to convert its landscape from SAP ECC to S/4HANA using single step conversion methodology. It was first of its kind in local industry. FFC IS Division team took the challenge and successfully

completed the conversion project, transitioning them from ECC to S/4HANA.

This stands as a testament to our commitment to driving technological innovation and business transformation. This complex endeavor required meticulous planning, expertise, and dedication from our team. By upgrading to S4 HANA, M/S Haidri Beverages now boasts a state-of-the-art ERP system that offers real-time insights, enhanced agility, and greater efficiency across their operations. This achievement is yet another demonstration to our ability to adapt to the evolving technological landscape, empowering our clients to stay ahead in the industry.

SAP Based L&D System

The development of SAP-based Learning and Development (L&D) System represents a significant stride forward in our commitment to fostering employee growth and organizational excellence. This innovative system efficiently records and manages training information, along with detailed participant data, ensuring a comprehensive and organized approach to learning initiatives. Moreover, our formatted reports provide valuable insights for the management, enabling them to make data-driven decisions and continually enhance the quality of our programs. Automated workflows help in effective and efficient completion of approval task.

This achievement is in line with Management's directive to invest in its workforce's development and aligning the learning initiatives with our strategic goals. We believe that by leveraging this system, we not only empower our employees with the skills they need to excel but also strengthen our competitive edge in an ever-evolving business landscape.

Move Towards Paperless Environment

The Medical e-Referrals Portal is designed to revolutionize the way our employees access medical services at Shifa International Hospital, Islamabad, by providing paperless and digital referrals. This will save valuable time and effort, reduce fuel consumption and paper costs, and allow employees to request Medical Referrals from the Company's medical center even when they are away from office.

Feedback will be used for further integration with other panel hospitals who are willing to collaborate electronically with FFC.

Integration of FBR Track & Trace System With FFC:

Government of Pakistan's Federal Board of Revenue (FBR) raised requirement to monitor Industry wide Fertilizer shipments across the country. Accordingly, IS Division's SAP team, in collaboration with Marketing Group's team, has successfully integrated SAP system with FBR Tracking System.

The entire shipment operations at FFC/FFBL Plant sites & Port has been integrated with FBR through API (Application Programming Interface). Shipment data is now shared with FBR on real time basis and FBR generated Tracking No. & QR code is being printed on shipment documents.

To ensure smooth and seamless business operations, FBR system integration was also extended to Disaster Recovery applications at Plant Sites.

Contingency and Disaster Recovery Plan

Disaster Recovery (DR) Site is in place for critical systems including SAP ERP. Regular data synchronization is configured between primary and DR Site with an objective to switch to DR Site in case of disaster.

In addition to normal backups, regular data backups are also being made on Tape Library with an aim to recover in case of malware attack.

HUMAN CAPITAL

Contributing to SDGs

Value Creating Business Model – page 166

Inputs

Our talented & motivated workforce of 3,209 employees	People-centric & innovative culture	Spent Rs 682 million on training & skill development
Rewarding work culture	Competency building	Diversity, equity & inclusion
Comprehensive performance management	Gender diversity	Culture also focuses on health & safety and employee well-being

Outputs

Rs. 13.7 billion paid in salaries & benefits	Employees' survey participation increased to 98%	Average 6.8 training hours per employee
Attrition decreased by 3%		

Value Creation

Value Preservation

Managing Human Resources

The Company emphasizes Human Capital Management, focusing on attracting, nurturing, and retaining a skilled and motivated workforce. Our approach includes transparent hiring, comprehensive development programs, and competitive compensation, fostering a culture of honesty, integrity, and respect. This strategy not only enriches our employees' careers but also ensures their long-term commitment. By continuously in investing training and development of our over 3,000 employees, we empower them to drive business success and adapt to the evolving global business landscape, thus creating lasting value for all stakeholders.

Cultural Transformation Across the Company

Fauji Fertilizer Company, embarking on a mission of cultural transformation, distinguished itself in 2023. This pivotal year presented both challenges and promising opportunities, unfolding across four quarters with strategic initiatives and developments.

Strategy Retreat

Guided by the MD&CEO and aligned with the organization's mission, our leadership teams have crafted the company's trajectory, emphasizing innovation and solidifying our market position. This strategy targets key milestones for business growth and positions us as a leading advocate for Pakistan's national objective of food security.

Values Based Competency Framework

The FFC Values-Based Competency Framework adopts a learning approach that concentrates on assessing and enhancing particular skills and knowledge, crucial for employees to excel in their roles. This competency-based training is instrumental in nurturing our organization's human capital and competitive edge. It achieves this by delineating a transparent career progression, thereby augmenting employee satisfaction, engagement, and retention.

HR Services to Subsidiaries

The HR Division at Fauji Fertilizer Company (FFC) delivers comprehensive HR services to our subsidiaries across various industries, leading to optimized workforce management, enhanced efficiency, and alignment with the core values of the parent company. Presently, subsidiaries like FFC Energy Limited (FFCEL) and Fauji Fresh and Freeze (FFF) are benefitting from the technical HR expertise, a testament to the depth and capability of FFC's HR team.

Inclusion of Core Values in Performance Management System

Incorporating core values into our performance management system has redefined the framework, offering motivation to create impactful change and establishing a benchmark for evaluating employee performance in harmony with the organization's ethos. This integration of core values has transformed the performance management process into one that is centered around employees, offering them support and direction. It guides them not only in meeting management's performance expectations but also in aligning their behaviours with these fundamental principles.

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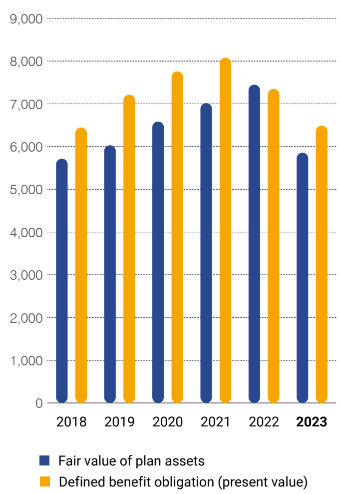
Cultural Transformation Across the Company

During this era of change, adaptation, and collaboration, Fauji Fertilizer Company has delved into the evolving dynamics of our corporate culture. The year 2023 was characterized by innovation, inclusivity, and a sense of shared purpose, all intertwining to form the foundational fabric of our organization.

Retirement Benefits - Assets & Liabilities
(Rs million)



Culture & Engagement Survey

FFC partnered with Denison consulting, a renowned firm that specializes in enhancing organizational culture and leadership to improve business performance, to conduct an extensive culture & engagement survey. This was a crucial endeavor that functioned as a navigational tool for our organizational growth. This survey, which ranged from measuring employee satisfaction to pinpointing opportunities for improvement, embodied our dedication to cultivating a dynamic workplace culture. As 2023 came to a close, we delved deeply into the insights obtained, highlighting our progress and charting out the strategic initiatives driven by the collective input of our workforce.

Six Sigma Green Belt Certification

The attainment of Six Sigma Green Belt Certification is a testament of our unwavering commitment to excellence. This achievement, deeply intertwined with our stakeholders, underscore our dedication to delivering high quality outcomes. Together, we celebrate the collaborative spirit that has propelled our organization towards heightened efficiency and process optimization.

Competency Based Customized Trainings

Our Competency-based trainings provide a consistent and tailored experience for our employee's development needs and focusing on specific soft skills. More than 200 employees have already undergone trainings on Team-building, Self-Awareness and Empathy. This style of training is broken down into individual courses, each focusing on a single skill at a time recommended for their role in the tiers of organizational hierarchy. These trainings are customized in view of FFC's cultural context, allowing individuals to develop specific competencies in line with their career path.

Job Analysis & Evaluations

Our HR Team has acquired the Job Analysis & Evaluation capability on the Mercer Framework. This is an important step in assessing the complexity and aligning compensation of hundreds of jobs with the market. This also adds transparency to employee job roles and enables the selection and placement of the right candidate for the right job.

Trainings Through LinkedIn Learning

4,800+ Hours Viewed

4,300+ Courses Completed

84,000+ Video Completed

The integration of LinkedIn Learning into our resources has granted our workforce unparalleled, on-demand access to a wealth of authoritative and cutting-edge educational content. Demonstrating exceptional initiative, FFC's employees have set a new standard within the industry, achieving a remarkable 97% activation rate across the 400 licenses, particularly notable in the APAC/MEA region. This trend is especially pronounced within our Field Sales team, who have shown an impressive engagement with the platform's mobile application. Our staff has surpassed industry benchmarks, achieving 1.5 times more video engagements and over double the learning hours compared to our peers, solidifying our distinguished standing in the domain of online professional development.

LIFE AT FFC

Placing our employees at the center of all we do means more than just appreciating and empowering their input; it also means fostering an environment at work where they can flourish.


Value Added Products


FFC
FFC
LEVI'S

HEALTH AND SAFETY

At FFC we are dedicated to enhancing the overall well-being of our employees by prioritizing occupational health, safety, and environmental practices. The Company's Environmental, Health, and Safety policy aim to safeguard the physical, mental, and social welfare of workers, residents, and the surrounding environment. FFC's approach is forward-looking and geared towards sustainable development, fostering a culture of safety and health through ongoing training, awareness initiatives, incentives, and robust management systems. Additionally, the occupational safety of contracted workers is guaranteed through adherence to a comprehensive contractor's Code of Conduct.

Initiatives at Plantsites

The Company's initiatives for improvement of health, safety and environment include the following:

Risk-based Process Safety Management

Risk-based Process Safety Management, (RB) PSM project is making remarkable strides towards seamless implementation. The team is diligently laying the groundwork by conducting a comprehensive gap analysis and establishing element teams, responsibility matrices, and steering committees.

Elevating Safety Performance of Contractor Employees

Enhancing contractor employees' safety performance is a significant step towards improving the overall safety culture. Alhamdulillah, we have achieved two major milestones by integrating the following, into the Company's million man-hour record.

1. Safety-accredited Scaffolders
2. Contractor Workers (Annual/Repeat Job Order)

Achieving Ever Highest Million Man-hour Record

Plant-site Goth Machhi recorded 24.31 & 12.1 million man-hours of safe operation for its employees and contractor employees during the year, moreover Mirpur Mathelo plant has completed another injury free year, surpassing previous best 12.70 million safe man-hours (FFC employees) and 19.57 million man-hours (contractual workforce) of safe operations, which is a testament to employee dedication and commitment to safe environment.

Awards and Recognitions

National Safety Council (NSC) Safety Leadership Award

FFC Mirpur Mathelo Complex received, Safety Leadership Award, a commendation from the National Safety Council for exceptional feat of maintaining an unblemished record of five successive years without a single Lost Work Injury [LWI].

National Safety Council (NSC) Perfect Record Award

Plant site Mirpur Mathelo proudly received Perfect Record Award from National Safety Council showing our unwavering commitment to safety.

20th Annual Environment Excellence Award

In recognition of an outstanding contribution to Environmental Protection and Sustainable Development, FFC-GM has been awarded the 20th Annual Environment Excellence Award by the National Forum for Environment & Health [NFEH].

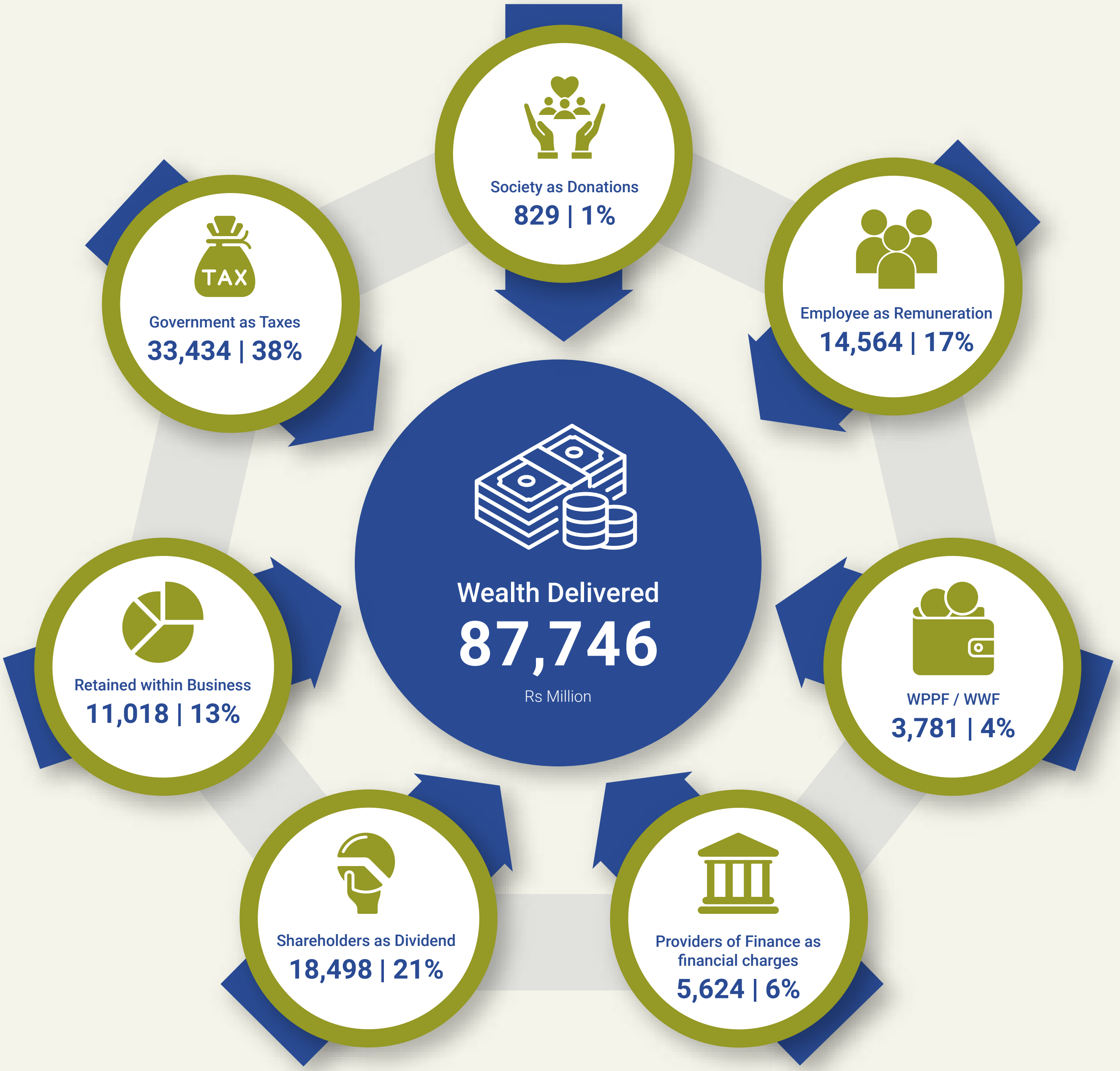
Initiative at Head Office

Fauji Fertilizer Company Ltd's Security Awareness Campaign, titled "Together We've Security Covered," aims to foster a culture of responsibility, enhance security consciousness, align with organizational values, strengthen security measures, and build a unified front among all individuals. The comprehensive plan outlines the campaign's scope, including planning, execution, and evaluation phases, emphasizing collective responsibility for organizational security. Campaign components encompass communication channels, multimedia tools, interactive training sessions, feedback mechanisms, security-themed events, quizzes, and contests. The slogan, "Together We've Security Covered," emphasizes the collective commitment to safeguarding the organization, and various campaign materials, including posters, reflect the security culture. The initiative seeks to establish a workplace where security is a shared commitment, fostering a safer and more resilient organization.

STATEMENT OF VALUE ADDED

Rs Million

Revenue*	-	Purchases	=	Wealth Generated
181,748	-	94,001	=	87,747



*inclusive of GST and other income

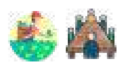
SOCIAL AND RELATIONSHIP CAPITAL

Contributing to SDGs

Value Creating Business Model – page 166

Inputs		
3,133 dealers' network across Pakistan	Training on sustainability requirements for supply chain partners	Good relationships with stakeholders
Strong CSR presence at plant sites & investments in defined thematic areas	Key stakeholder relationships	Building trust & constructive partnerships
Shared norms of values & behaviors	Reputation fostered through a multi-stakeholder approach	Active participation in Industry meetings and interactions with Government

Outputs		
Maintained top positions in Corporate & Sustainability Report Awards	First in PSX Top 25 Companies for 13th consecutive year	Rs. 37.2 billion direct & indirect tax contributions
Rs 829 million socio-economic investment	Creating livelihood opportunities through 1,739 interest-free loans worth Rs. 59.19 Million in collaboration with Akhuwat	No complaints from value chain partners

Value Creation	Value Preservation
	

FFC: The Leader in Sustainability Policies

FFC follows the Security Exchange Commission of Pakistan (SECP) Guidelines for CSR-2013, which recognize the vital role of corporates in the nation's development. These guidelines ensure that we spend and report on our CSR activities in a responsible and transparent way. We care about people and the planet. That's why we have been working to improve lives and the environment, and to unleash human potential, through innovative outreach and solutions that meet the needs of people. Our CSR program is based on the belief that every citizen of the country deserves good health, food, education, and economic mobility, and we strive to achieve these goals through collaborations that use science and data to provide breakthrough solutions. We challenge the status quo and create a new path towards a resilient future that belongs to us all as stakeholders of a sustainable future. FFC CSR Programs are governed and structured under the Management CSR committee under the supervision of board, which drives all welfare initiatives across the country, while maintaining the best business and operational procedures in line with internationally recognized standards and goals.

FFC: A Partner in Global Initiatives

FFC became a member of the United Nations Global Compact (UNGC) in 2010 and has been submitting advanced level Communication on Progress (CoP) Report to the UN body on its 10 principles of Human Rights, Labour, Environment and Anti-Corruption. In Feb 2016, Pakistan Parliament approved the Sustainable Development Goals (SDGs) as the national development agenda while also following Pakistan Stock Exchange (PSX) SDGs. FFC adopted the SDGs and started reporting on its progress towards the goals. In 2020, the company started the process of embedding the SDGs into our company policies, following a systematic process by selecting the following 10 SDGs for embedding into our company policies:

Refer page 166

Zero Hunger

We aim to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

Good Health and Well Being

We aim to ensure healthy lives and promote well-being for all at all ages.

Quality Education

We aim to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Gender Equality

We aim to achieve gender equality and empower all women and girls.

Clean Water & Sanitation

We aim to ensure availability and sustainable management of water and sanitation for all.

Affordable and Clean Energy

We aim to ensure access to affordable, reliable, sustainable and modern energy for all.

Decent Work and Economic Growth

We aim to promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

Industry Innovation and Infrastructure

We aim to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

Responsible Production & Consumption

We aim to ensure sustainable consumption and production patterns.

Climate Action

We aim to take urgent action to combat climate change and its impacts.

FFC: A Partner in Prosperity

FFC takes pride by creating value and positive impact for the communities where it operates. To manage and deliver the best projects for the community with the impact desired by the management, FFC partners with Sona Welfare Foundation (SWF), a registered non-profit organization with the necessary expertise and long-standing knowledge in executing sustainability and development projects across Pakistan. During the year 2023, following community impact projects were undertaken:

Zero Hunger

Food Security and Agriculture Center of Excellence (FACE), a non-profit initiative by FFC, is working towards promotion of food security, sustainable agriculture and climate action by empowering small farmers and vulnerable communities in Districts Rahim Yar Khan and Sahiwal. An overview of notable initiatives and programs in 2023 is as under:

Food Security is one of the most significant challenge 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. 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. 204.

Good Health & Well Being.

FFC Believes that quality Healthcare is at the core of human rights, future human capital development and ensures sustainable development of future generations. FFC has always endeavoured to improve medical facilities around

SOCIAL AND RELATIONSHIP CAPITAL

underprivileged communities to ensure provision and improvement of essential medicines across its operational footprint, providing free of cost, quality healthcare to the communities, through various health facilities designed to outreach and target deserving communities. During 2023, medical support was extended to thousands of deserving patients. The details of interventions include:-

Sona Welfare Hospital (SWH) , Mirpur Mathelo

SWH is FFC's flagship health care initiative solely serving the underprivileged and deserving community of Mirpur Mathelo with free of cost as well as subsidized health care services. SWH is recognized as one of the best medical center in the area because of quality services and qualified health care providers. 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 2023 SWH main facility was renovated to facilitate patients, while taking care of more than 30,000 patients free of charge. To fight the spread of Hepatitis C & B in the area, 6 medical camps were organized in collaboration with District Health Office, Ghotki in and around Mirpur Mathelo area.

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. FFC Head Office, Goth Machhi and Mirpur Mathelo has organized awareness activities in month of October 2023

Blood Drive

Campaign was conducted in collaboration with Pakistan Red Crescent Society (PRCS), Islamabad

Maintenance & Repair of Basic Health Care Unit Jhampir

Basic Health Unit (BHU) Jhampir is the only health facility available to local population of above 70,000. Necessary maintenance and repair works of the facility were carried out where necessary for the upkeep of the facility and running its daily operations

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 2023 are appended below:

Sona Public School & College (SPS&C):

CSR FFC MM is contributing positively in the field of education from last two decades for the children of underprivileged community in the area. From last 4 years strength of the students have been increased from 586 to around 1300 students. SPS&C displayed outstanding results in board exams from class IX-XII and our student secured overall 2nd position in Pre-Engineering (XII) in Sukkur Board. Special emphasis is being given towards the female education and a separate girls section was established in 2020 and its extension (construction of 4 class rooms) was inaugurated by MD&CEO in Feb 2023 to accommodate around 200 female students to provide better education opportunities to girls from economically challenging backgrounds. Due to non availability of quality education facility in the surroundings and increasing requests of local communities to also start pre-junior student education facility, 4 class rooms for junior section were constructed and inaugurated by MD&CEO on 30 Oct 2023.

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 12.5 acres. Yearly 76 vacancies are extended to deserving students from across the country. In 2023, 221 students have availed 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 77 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 collaborates with reputable NGOs like Al-Mujtaba Trust for outreach and provision of scholarships and financial assistance to deserving students from underprivileged families. This initiative enables 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 program is established by FFC for brilliant students interested to join CCG. 21 students have already completed their degrees through this Scholarship.

LUMS Team Visit Sona Public School & College

LUMS Team visited MM and delivered lecture/session to students of Sona Public School & College and FFC College regarding higher education opportunities available at LUMS along with Financial aid options for deserving students.

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 Govt schools have been adopted, benefitting more than 2,050 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.

Vocational Training Center (VTTC), Jhampir

Ladies Vocational Training Center (LVTC) at Jhampir was developed in line with company's vision towards Sustainable Development Goals (SDGs) for Poverty Eradication and Women Empowerment. After completion of building works, the 1st training batch of 10 students started on May 15, 2023. The comprehensive curriculum covered cutting, sewing, embroidery and rilly making skills. The training session completed in November 2023 with 07 students successfully graduating from the institute.

Maintenance & Repair of Primary and Higher Secondary School Jhampir

The Government Primary Boys and Girls School Jhampir and Higher Secondary School Jhampir provides education to children from nearby localities. Primary school, established in 1987, accommodates 80 students across Grades I to V. The Higher Secondary School is the sole government institution for a large population offering education for Grades VI to XII since its upgradation from secondary to higher secondary school in 2002. Presently, accommodates 850 students across different grades. Following list of works were carried out for uplift of the school.

- Provision of school uniforms to 450 students
- Provision & Installation of fiberglass water tanks
- Plantation of 50 Neem trees inside the school
- Maintenance and repair of electric switch boards
- Internal & external plaster & paint works

SOCIAL AND RELATIONSHIP CAPITAL

- Provision of school furniture including 24 student benches
- Provision & Installation of doors and windows
- Provision & installation of fiber shed in front of classroom

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 2023, 3 RO Plants were installed in Dani Kot Sabal, Chak 151/P and Mohalla Faisalabad, 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.

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 neighbouring villages.

Sustainable Cities and Communities

Underprivileged communities especially in remote areas have been centric to FFC's approach towards community development. Our endeavours include but not limited to the following:

Partnership With Akhuwat Islamic Microfinance.

FFC donated an 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 2023, a total of 1,739 loans worth PKR 59.19 Million, out of which 1,309 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.

Dowry / Financial Assistance Projects, MM.

Purpose of this program is to assist local underprivileged populace in the area with dowry items for marriages of their daughters/ sisters. Approx. 60-65 dowry sets were distributed this year.

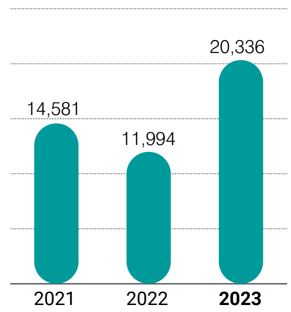
Donation of Wheel Chairs, MM

10 wheel chairs along with mosquito nets have been donated by CSR FFC MM to handicapped individuals of the area.

Donation of Sewing Machines

CSR FFC-MM is contributing positively towards welfare of widows / orphans and in this connection, 6 sewing machines have been donated to Al-Noor Vocational Centre, Daharki an institution for training of local poor girls / women.

Economic Value Added
(Rs million)



Climate Action

Tree Plantation in Schools and other areas.

During the past few years an extensive exercise has been taken up by FFC towards tree plantation. Students and teachers are actively participating in tree plantation and a concept of "own a tree" is also being evolved amongst the students. This year more than 5000 trees have been planted in various schools.

Maintenance of Neem Tree Plantation, Jhampir.

Keeping with the vision of making Pakistan Clean and Green, FFC has planted above 5,000 Neem saplings in 2021 & 2022 as part of CSR program. Approximately two years have passed since the commencement of operation and maintenance of Neem tree plants. The survival rate of plants is ~ 99%, an exceptional achievement in barren environment of Jhampir. The funding for the project was utilized for following activities:

- Salaries for gardeners / caretakers
- Provision of water tankers
- Provision of pesticides, etc.

Currently ~ 4,950 plants / trees are at various growth stage with height ranging from 3 to 10 feet.

FOOD SECURITY AND AGRICULTURE CENTER OF EXCELLENCE (FACE)

A non-profit initiative by FFC, working towards promotion of food security, sustainable agriculture and climate action by empowering small farmers and vulnerable communities in Districts Rahim Yar Khan and Sahiwal. During the year some notable initiatives and programs are:

Capacity Building of Farmers on Best Farming Practices

FACE agri-experts and partner organizations undertake capacity building of local farmers on best farming practices, climate smart agriculture and latest technology.

Sessions held	**84**
Beneficiaries	**3,022**
Total Farmers Registered	**4,034**

Precision Farming

With the growing need and demand of local farmers requiring precision farming services against challenges such as climate change and rising input cost, FACE successfully commenced the operations of its self-managed fleet of 10 latest agricultural drones, equipped with latest AI features and a load capacity of 30 liters each. Collectively, with our partner organization precision farming services were provided on an area of 110,000 acres (2022: 45,000 acres).

Loop Loans for Livestock and Agriculture Programs

FACE in partnership with AKBL facilitated farmers with access to unhindered financing, insurance-based agriculture and livestock loans. This benefited 160 farmers, valuing up to Rs. 48 million till date.

Collaborative Farming for Promotion of Quality Cotton and Wheat Crop

FACE is promoting the cultivation of quality wheat and cotton crops, by on-field support and expert guidance to local farmers challenged by climate change and other adversities. Program successfully cultivated crop of wheat at 450 acres and cotton at 501 acres, with local farmers.

Implementing Partner - FAO Digital Village Initiative (DVI)

UN Food and Agriculture Organization (FAO) initiated its pilot program for the setup of digital villages in Pakistan, as part of its global vision of 1000 such villages and FACE being their implementation partner at Ahmedpur Lamma, Rahim Yar Khan. The project included capacity building, training and promotion of digital learning amongst local populace, installation of Hyper Localized Weather Station and setup of Digital Literacy Center at FACE Ahmedpur Lamma. 30 trainings, benefiting 930+ participants, were conducted as part of DVI initiative by sector experts from FAO. 10 women focal persons, upon successful completion of DVI program, were awarded tablets to facilitate promotion of digital applications amongst local women.

MOUs and Partnerships

Partnership agreements with National Bank of Pakistan (inclusive Development Unit) and Commission on Science and Technology for Sustainable Development in the South (COMSATS) was signed during the year to further FACE objectives.

Inauguration of FACE Center at Sahiwal

FACE aims to scale up its all-inclusive model of empowering vulnerable rural communities across Pakistan, which offers services such as high-tech agriculture, financial inclusion, climate action, and gender inclusion under one roof. As part of this vision, FACE successfully inaugurated its second center at Sahiwal which is now extending quality services to farmers and local populace.

Promotion of Homebased Malnutrition Alleviation

Malnutrition and food insecurity are impacting vulnerable households, requiring resources and capacity building to supplement their nutrition needs through homebased initiatives. FACE supported forty women-led households in Sahiwal through its program, offering poultry birds and training to the beneficiary women of the targeted community. All-in-all, a thousand egg-laying hens were distributed among targeted households to supplement local food basket.

NATURAL CAPITAL

Value Creation Business Model
Natural Capital
Refer page 166

Contributing to SDGs

Value Creating Business Model – page 166

Inputs

32,562,635 GJ Energy consumption	12,635 ML Water usage	2 MW Solar Power System
Bio-diversity & eco-system preservation	Responsible use of scarce resources	Zero-waste mindset
Resource circularity		

Outputs

Rs 95 million spent on environmental protection	R&D to produce environmentally friendly products	99% survival rate of planted 5,000 Neem trees
GHG emissions decreased by 17,168 MT	Energy savings of 1,055,990 GJ	2,458 GJ clean energy produced
Water consumption decreased by 752 ML		

Value Creation	Value Preservation
	

FFC, a leader in the fertilizer industry, plays a pivotal role in fortifying and elevating the value of Pakistan's agricultural sector—the linchpin of our national economy. Our operations hinge upon the judicious utilization of natural capital, ensuring not only operational efficiency but also contributing substantial value to the agricultural domain and safeguarding the nation's food security. Mindful of the consequential impacts stemming from climate change, water scarcity, burgeoning waste, and the loss of biodiversity, we are cognizant of our capacity to effect change through strategic business initiatives.

In response to these challenges, we are actively channeling investments into cutting-edge, environmentally sustainable technologies. Our commitment extends to the astute management of water resources to curtail environmental repercussions, coupled with a deliberate shift towards renewable energy sectors. Plant upgrades, the integration of cleaner technologies, and a resolute focus on renewable energy sources (investment and provision of management services) underscore our dedication to reducing our environmental footprint. The intricate nature of our operations and the exigencies posed by unreliable energy sources are challenges for which we are constantly exploring to find effective resolutions of.

Acknowledging the potential deleterious effects of excessive fertilizer use on soil quality, biodiversity, and pollution, we prioritize the preservation of soil health for enduring sustainability. We recognize the gravity of water pollution resulting from industrial effluent discharge and its cascading impact on water quality, public health, and agricultural productivity. Soil is an essential natural resource, and its fundamental importance reinforces our commitment to preventing potential degradation, without compromising crop yield and growth.

Given the nutrient-deficient nature of Pakistan's soil and the prevalent reliance on synthetic fertilizers by farmers, our research and development initiatives are geared towards sustainable solutions that augment soil fertility while minimizing adverse environmental effects. FFC offers wide variety of fertilizers that are tailored through extensive agri-services support, experienced agri-scientists and data driven fertilizer application solutions. The indispensable role of water in agriculture, compounded by the stress on Pakistan's water resources from climate change and population growth, underscores our emphasis on the judicious use of water resources to safeguard the sustainability of the fertilizer industry.

Moreover, we champion the preservation and enhancement of biodiversity as a cornerstone in regulating ecosystems. Recognizing the formidable challenges posed by climate change to Pakistan's agriculture sector and the fertilizer industry, our strategic focus extends to investments in climate-resilient agriculture practices and advanced technologies. Rising temperatures, evolving rainfall patterns, and extreme weather events necessitate our proactive stance in addressing these challenges to uphold our commitment to sustainable agriculture and industry practices.

FORWARD LOOKING STATEMENT

This forward-looking statement is presented with the primary objective of apprising the stakeholders about the future performance trajectory of the Company, as envisioned by its management. The statement also encompasses uncertainties associated with such trajectories owing to various underlying internal and external elements. The information will assist stakeholders in informed decision making about their relationship with the Company. The actual future performance could however be different than the predicted trajectory owing to the unavoidable uncertainties and assumptions therein. This statement should be read in conjunction with information provided in Chairman and Chief Executive Reviews, Financial Capital and other sections of this Annual Report.

2023 Overview

The year 2023 started with economic uncertainties triggered by dwindling forex reserves, mounting current account deficit, staggering inflation, severe devaluation of Pak rupee. The Company faced difficulties in importing critical spares, machinery and chemicals and had to implement a contingency plan for alternate sourcing and substitutes, and Alhamdollilah, successfully avoided any disruption in its operations.

On the global front, the economy continued its slow-paced recovery from the blows of the pandemic, geopolitical unrest and the cost-of-living crisis. However, depicting a remarkable resilience the global economy has slowed, but not stalled despite the disruption in energy and food markets caused by the unrest, and the unprecedented tightening of global monetary conditions to combat high inflation. Yet growth remains slow and uneven, with growing global divergences. Global activity bottomed out at the end of last year while inflation is gradually being brought under control. But a full recovery toward pre-pandemic trends appears increasingly out of reach, especially in emerging market and developing economies (source IMF world economic outlook).

Fertilizer Supply/Demand

The year started with bearish International price trend as fertilizer prices fell due to lower demand while sellers sought to offload barges in crowded markets due to liquidity crunch. Overall, during the first half of 2023 the International market remained weak with flattening prices in key regions because of downward global price trend coupled with unfavorable weather conditions.

The market sentiment turned bullish from the second half of the year as internationally, DAP prices started recovery and firmed up in the fourth quarter, mainly driven by unexpected supply shortages, high inflation and export quota restrictions by China.

In domestic market, urea demand remained on higher side during the year due to higher prices of DAP.

Domestic DAP market also grew by 34% with estimated offtake of 1.58 million tons. From July onward, the shortage of phosphate led to a pull in demand in the domestic market and the industry was able to liquidate most of their existing inventories. Domestic DAP prices increased progressively throughout Q4'23 due to firmed up international prices.

Fertilizer Outlook

The domestic DAP prices would be dependent on international prices subject to any unusual currency fluctuation.

Analysis/ Comparison of Last Year's Forward Looking Statement/ State of Projects

The Company surpassed its major targets including production and revenue targets despite economic uncertainties, rupee devaluation, inflationary factors in addition to import restrictions. The management remained focused on cost economization and efficiency improvement strategies.

The primary sustainability project of Pressure Enhancement Facility Project in collaboration with other fertilizer manufacturers is progressing in a satisfactory manner.

The pipeline project for alternate gas connection through SNGPL network is under progress and is expected to be completed on schedule.

As projected last year, our renewable energy subsidiaries continued to perform well and paying dividends to augment Company's profitability.
Thar Energy Limited successfully completed its first 12 months of operations. Post achievement of commercial operations on October 1, 2022, and the Board is pleased to inform that the project has earned profitability from its very first year of operations, with net earnings of Rs 9.0 billion up to September 30, 2023.

The food venture - Fauji Fresh n Freeze was depicting promising progress. However, the unfortunate fallout of Middle Eastern conflict has adversely impacted the progress. The situation is expected to normalize in the coming months. Board believes that these projects will bring long term benefits to the Company.

The GIDC case regarding factual determination of actual pass on of the levy to the customers remains sub-judice. In view of the stay granted by the Sindh High Court, the installments of GIDC liability are being withheld. The final outcome shall be dependent on Courts' orders.

The Government continued to retrospectively increase the rate of super tax effective from 2022 profitability through Finance Act 2023. The retrospective increase in super tax rate has been challenged in Islamabad High Court and interim relief is granted to the Company.

The management consistently pursued the outstanding fertilizer subsidy and sale tax receivables through various forums, however no progress was made owing to the economic situation in the Country.

Gas prices for fertilizer manufacturers were significantly increased from October 2023. The resultant impact was partially passed on to the consumers during 2023.

Source of Information and Assumptions Used for Projections/ Forecasts

Operational and financial plans of the Company are aligned with the corporate strategy and business objectives of the Company by incorporating historical trends, anticipated changes, economic outlook as well as other factors believed to be relevant and appropriate in the circumstances.

External information for projections comes from sources like Government regulatory and taxation authorities, market analysts, and forecasts of interest and foreign currency rates. Industry reports, competitors' actions, market trends, micro and macroeconomic indicators, international fertilizer prices, and supply situations also play an important role in shaping these projections.

Information from within the Company, sourced from departments such as Marketing, Finance, Manufacturing & Technology, and Human Resources, influences these forecasts. This internal data is corroborated with external information before its inclusion in formal plans. Constant monitoring of both internal and external environments ensures timely modifications to these forecasts.

In pursuing new ventures, the Company conducts comprehensive due diligence covering financial, legal and technical aspects. Following this, external consultants are engaged for an in-depth feasibility analysis and to ensure adherence to best practices.

Future Outlook

International Economic Outlook

The IMF's World Economic Outlook for Fiscal Year 2024 depicts a lower growth of 2.9 percent for global economy compared to 3.0 percent for 2023. Global inflation is also forecasted to decline steadily from 6.9 percent in 2023 to 5.8 percent in 2024.

Economic Outlook of The Country

Despite significant challenges, the overall economic outlook is likely to be optimistic in view of receding inflationary pressures, positive prospects in agriculture and signs of potential recovery in the industrial sector. However, there are also significant downside risks such as budget deficit, mounting debt obligation and soaring inflation etc., remaining a concern for the country's economic stability.

Future Outlook of FFC

The fertilizer industry plays a pivotal role in sustainable agricultural growth warranting food security for the rising population. Availability of fertilizer at affordable rates would lead to robust agricultural produce to cater for the ever-growing food requirements in the Country.

As a proactive stance, the Company has geared up for adoption of the latest Environment, Social, and Governance (ESG) practices and related reporting standards.

Response to Future Challenges and Uncertainties

Key Projects to Support Future Performance

Gas supply at sustained pressure is essential for operations of the fertilizer industry. The Company is committed to invest in optimization of current raw material source through Pressure Enhancement Facilities project, besides exploring alternate raw material sourcing. Simultaneously, opportunity for growth in the core business is also being explored through development of new value-added product.

Our subsidiaries are expected to continue augmenting Company's profitability. Fauji Fresh n Freeze is likely to recover from the indirect impact of public boycott of fast food chains triggered by middle east conflict and the sales are expected to improve in due course.

Ongoing operational projects are detailed in the respective Capitals sections, including Manufactured, Intellectual, and Human Capital on Page Nos. 114, 120 & 124.

Key Risks and Uncertainties Affecting FFC

Economic uncertainty, significantly high inflation, currency devaluation besides inconsistent fiscal measures require immediate Governmental focus for remedial actions, which otherwise pose significant risk towards profitability margins of the Company.

Record other income earned during 2023 may not be sustainable going forward in case the interest rates start to slide down. The rate of increase in Sona Urea production and sales would not be maintainable during 2024 onwards as Sona Urea production has already peaked out during 2023. DAP profitability is also subject to international pricing and currency devaluation which directly impacts its demand and affordability in the Country.

Any unfavorable increase in gas pricing would have a negative impact on the Company and shall have to be passed on. Imposition of additional taxes would also be a challenge towards sustained profitability. Implementation of the Axle Weight Regulation toward the end of year 2023 is further projected to increase the operating costs of the Company.

This forward-looking statement incorporates current year developments and expectations as detailed in the CEO & MD Review for the year ending December 31, 2023, ensuring a comprehensive and informed perspective on FFC's future outlook.

Favorable and consistent governmental policies with realistic targets are therefore imperative for the overall economic environment, particularly ensuring food security in the Country.

Waqar Ahmed Malik, SI
Chairman

Sarfaraz Ahmed Rehman
Managing Director & Chief Executive Officer

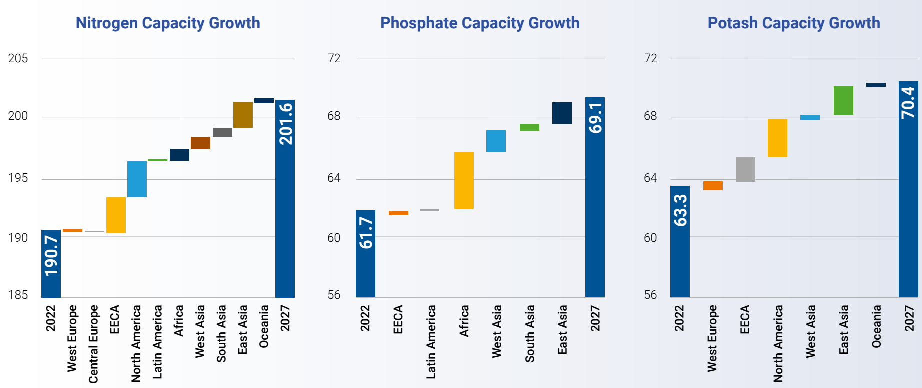
Rawalpindi
January 26, 2024

GLOBAL FERTILIZER OUTLOOK

In 2024, the global fertilizer sector is expected to experience continuation of growth trajectory driven by a combination of factors. Increasing population, coupled with rising affluence and changing dietary habits, will fuel the demand for fertilizers as agricultural productivity strives to keep pace with food requirements. Moreover, ongoing technological advancements in seed development crop production techniques, including precision agriculture and data-driven farming techniques, are expected to further boost process efficiency and increase fertilizer utilization rates.

However, amidst these opportunities, the industry may face persistent challenges, on account of escalating input costs, notably for key raw materials such as natural gas, phosphate rock, and sulfur, will put pressure on profit margins for fertilizer manufacturers. Moreover, the volatility in supply chains driven by regional conflicts and geopolitical tensions coupled with pricing dynamics of international commodities may introduce uncertainties, requiring proactive management strategies.

Overall, while acknowledging the volatility and uncertainties inherent in the global market, stakeholders remain committed to driving sustainable growth and delivering value to customers.

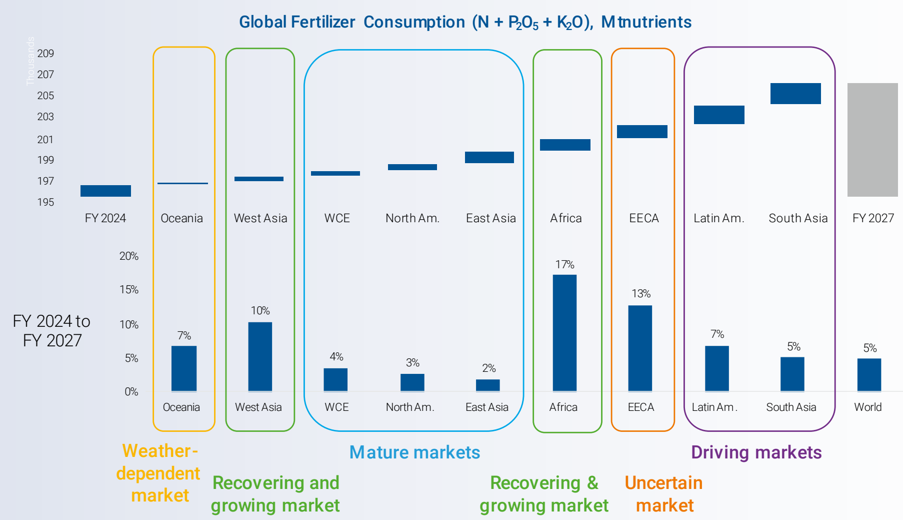


Supply Forecast

Capability will be determined mainly by the pace of recovery in Russia and Belarus, and changing economics elsewhere. Global nitrogen capability is forecast to increase from 156.9 Mt N in 2022, to 170.7 Mt N in 2027, a 9% growth rate, Potash capability is forecast to increase from 46.7 Mt K2O in 2022, to 54.6 Mt K2O in 2027, a 17% growth rate and Phosphate capability is forecast to increase from 51.3 Mt P2O5 in 2022, to 57.7 Mt P2O5 in 2027, a 12% growth rate.

Consumption Forecast

Global fertilizer growth is expected degressive from 2024 through 2027. Growth in fertilizer use is expected to slow over the medium-term, from 4% in FY 2023 (partial recovery) to 1.2% in FY 2027. South Asia and Latin America are forecast to contribute 40% to the growth in global fertilizer use between FY 2024 and FY 2027. Other large contributing regions include EECA, Africa and East Asia. However, the top contributing regions are not expected to be the fastest growing markets: Africa is expected to grow by 17% between FY 2024 and FY 2027, followed by EECA (13%) and West Asia (10%).



Medium-Term Fertilizer Outlook 2023 - 2027, IFA Market Intelligence Service

Shandur Lake

Shandur Pass - Roof of the World, Gilgit Baltistan, Pakistan
Credits: Madeeha Ahsan

03

SUSTAINABILITY REPORT

Assessment of the Company's value creation ability and contribution towards Sustainable Development Goals

CONTENTS

01

Incorporating Sustainability into Business Strategy

2023 SUSTAINABILITY HIGHLIGHTS

At FFC, we believe in pursuing sustainable business practices that benefit our company and contribute to the greater good. We take a holistic approach to measuring our impact and success, ensuring that we create value for all our stakeholders.

Investing and executing the transition to low carbon and reduced impact

1,878,062

CO2e GHG Emissions

12,635

ML water consumption

5,000

trees planted 99% survival rate for Neem tree planted last year

32,562,635

GJ Energy Consumption

Investing in People and betterment of communities

0.00

TRIR per million working hours for employees and contractors

21,751

Training Hours

98%

Employee Survey Participation Rate

13,742

Million Salaries and Benefits to the Workforce

Investing in Food security and sustainable practices

102,505

Farmers Briefed on Sustainable Agriculture Solutions

ESG

ESG sessions for the Board and Key Management

Best ESG Reporting Award by CFA Society Pakistan

18,460

Dividends Paid to Shareholders

10,459

Million Paid to Local Supply Chain Partners

ESG 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

2023
A full-day ESG session for the Key Management

A focused session on driving ESG from the Boardroom for FFC Board Members

A multifunctional task force was established to participate in various interactive workshops on ESG as part of FFC's roadmap

A session on IFRS S1 and S2 was conducted to identify the readiness for early adoption

OVERVIEW OF FFC

Fauji Fertilizer Company Limited is a chemical sector company leading Pakistan's fertilizer industry. 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 2023.

Refer to pages 18 and 19 for group structure and details of the subsidiary, associated, and joint venture companies.

Products

We offer premium fertilizer products, expert knowledge, digital solutions, and services for sustainable farming. We manufacture and market our fertilizers and those of associated companies in Pakistan. In addition to marketing locally manufactured fertilizers, we market imported fertilizers under different brand names.

Refer to pages 10 and 11 for further details about products.

PRODUCT	USE		CONTRIBUTION TO TOTAL REVENUE
Manufactured: UREA FERTILIZER (SONA UREA)	Agriculture	Major plant nutrient	Rs 132.90 bn
	Industrial	Raw material for manufacturing of plastics, adhesives, and industrial feedstock	
Imported: DAP FERTILIZER (FFC DAP)	Agriculture	Basal fertilizer at the time of sowing for better root proliferation and inducing energy reactions in the plants for better yields	Rs 21.38 bn
	Industrial	Commercial firefighting products and metal finisher, yeast nutrient and sugar purifier	
Imported: Potash FERTILIZER (FFC SOP & MOP)	Agriculture	Quality nutrient for the production of crops, especially fruits and vegetables	Rs 3.72 bn
	Industrial	Manufacturing of glass	
Imported: Boron FERTILIZER (SONA BORON)	Agriculture	Micronutrient for plant nutrition	Rs 0.33 bn
Imported: Zinc FERTILIZER (SONA Zinc)	Agriculture	Micronutrient for plant nutrition	Rs 1.08 bn

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 152 warehouses and 3,133 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 adheres to several externally developed voluntary initiatives in 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)
- International Fertilizer Industry Association
- Arab Fertilizer Association
- World Wildlife Fund (WWF)
- Marketing Association of Pakistan (MAP)
- Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC)
- Fertilizer Industry Public Relations Committee (FIPRC)
- Farmers Association of Pakistan

CRAFTING SUSTAINABLE SOLUTIONS

Our goal is to transform the agriculture sector with innovative solutions, and we are dedicated to supporting farmers in their efforts to maintain the productivity of their lands and produce healthy, nutritious food that contributes to national food security. We can help to create a more sustainable future for all by providing innovative solutions.

Today

Farming Solutions

Our farming solutions assist farmers in achieving higher yields more sustainably through balanced fertilizer use and better crop monitoring and management.

- Quality crop nutrition solutions
- Agronomic knowledge
- Digital precision farming solutions

Neem Coated Urea

We developed and manufactured Neem Coated Urea (NCU), an enhanced efficiency fertilizer to increase product (urea) nitrogen use efficiency, translating into higher yields and fewer emissions benefiting climate. The use of Neem Coated Urea would increase crop yields to benefit farmers.

250,000 Met NCU was produced during 2023, and about 48% of the neem oil requirement for NCE production was fulfilled from the local market.

Tomorrow

Zincated Urea

We are developing and testing value-added fertilizers to maximize crop yield, reduce greenhouse emissions, and broaden our product portfolio.

A cost-effective and highly efficient Zincated Urea product is set to launch next year. The product standards have been approved by PS&QCA. During testing, it has shown promising results in terms of agronomic effectiveness in paddy fields and wheat crops. Zincated Urea is expected to address zinc deficiency in soils, increase yields, improve human health, and boost the average yield by up to 10%. With the launch of Zincated, FFC's share in Enhanced Efficiency Fertilizers (Value-added Fertilizer) will increase to 12%.

Urea briquettes

In 2023, 200 tons of Urea briquettes were successfully test-marketed. This product supports mechanized rice transplantation in Pakistan, increasing yield by 4% while using 80% of the required fertilizer dose and resulting in labour savings. Additionally, the use of this product will minimize emissions by curtailing Nitrogen losses.

Digitalizing Agri-solutions

We are currently engaged in the development of innovative solutions aimed at supporting the widespread adoption of digital technology in the agricultural sector. Our objective is to enhance the benefits that farmers derive from their agricultural activities while promoting sustainable agricultural practices. Our solutions are designed to achieve higher output and quality food, reduce waste, and increase livelihoods.

Refer to pages 201 to 205 for further details.

LEADERSHIP COMMITMENT TO SUSTAINABILITY

Integrating sustainability at the highest governance level in the FFC enables strategic oversight of sustainability issues for value creation. The leadership spearheaded by the CSR Committee has been fundamental in delivering FFC's sustainability integration and performance, which have added value for the company.

FFC has an integrated sustainability governance structure to incorporate and coordinate sustainability practices throughout the organization horizontally among functions and vertically across hierarchical levels up to the CEO and Board.

To respond to the upcoming regulations and the importance of sustainability in decision-making, the Board is deliberating on establishing a standalone Board ESG Committee. The ESG committee shall facilitate the Board's review and approval of sustainability initiatives and reports. A multifunctional task force has been established to participate in various interactive workshops on ESG as part of FFC's roadmap to enhance sustainability practices and lead strategically. Moreover, in collaboration with the Pakistan Institute of Corporate Governance (PICG), FFC organized a full-day ESG training for senior management and a focused session on driving ESG from the Boardroom for FFC Board Members.

The MD&CEO chairs the CSR Committee, which includes heads from Finance, Marketing, Production, CSR, and Company Secretary. It oversees sustainability efforts and ensures alignment with FFC's strategic objectives. The Committee evaluates challenges, sets objectives, recommends initiatives, steers sustainability efforts, reviews the sustainability report and ensures adherence to UNGC's Ten Principles.

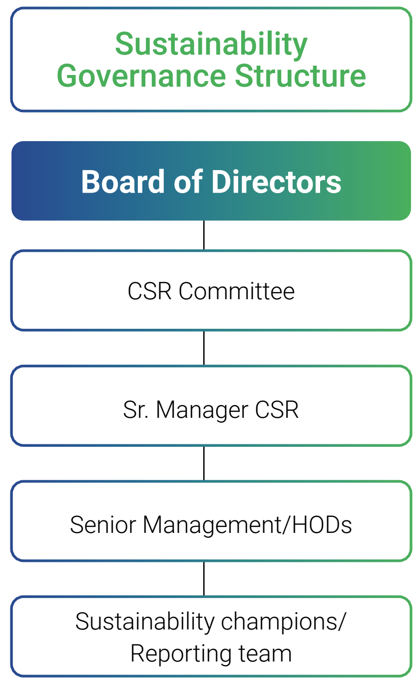
The Sr. Manager CSR is responsible for executing and implementing committee decisions. Additionally, the Heads of Departments (HODs) and line managers are accountable for executing sustainability policies, ensuring compliance with applicable laws and international conventions, and improving sustainability performance. This sustainability performance is captured in annual performance appraisal linked to remuneration and promotion. There is a dedicated sustainability team with departmental representation to support the annual reporting and promote sustainability efforts within the company. External audits and certifications monitor the company's management systems, the final results are reviewed by the CSR Committee and included in the risk control system after analysis for urgency and relevance.

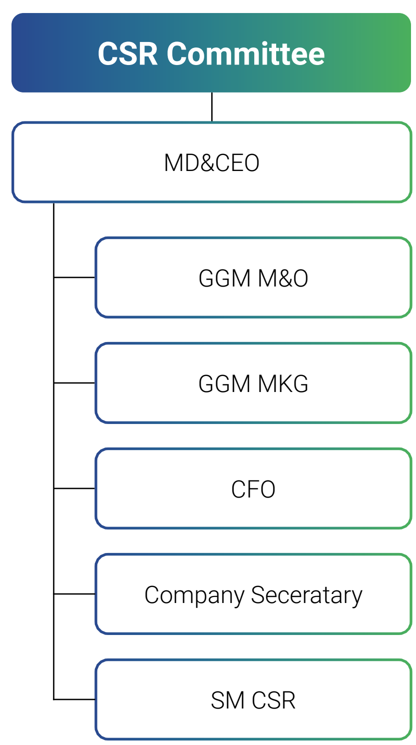
Our commitment to sustainability also entails the impacts of our value chain, and we are working with value chain partners to strengthen sustainability practices.

Refer to page 207 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 160 to 162 for further details about integrating SDGs.





"Sustainability is not a choice, but a responsibility. We always act with the future in mind by balancing the Environmental, Social, and Governance (ESG) aspects of our business. Our ESG mindset ensures prosperous future of our stakeholders

TURNING MATERIAL RISKS INTO OPPORTUNITIES

02

Organisational and Social & Relationship Capital

Contributing to SDGs:

Activities		
Materiality assessment	Stakeholders' engagement	Identifying risks and opportunities
OUTPUTS		
Multi stakeholder engagement	Mitigating sustainability risks	Healthy financial returns
Value Created		
Stakeholders' trust	Future-proofing	FFC business

MATERIALITY ASSESSMENT

Focused on a multi-stakeholder approach, the FFC materiality assessment provides a holistic inside-out and outside-in perspective of our impacts on our stakeholders and the external environment's impact on our business. By considering internal and external perspectives, we align our strategy and goals with the needs of our stakeholders and business. This enables us to create long-term shared value in a rapidly evolving landscape.

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. 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 grievance mechanisms. Through the materiality analysis, we assess the significance of negative and positive impacts, considering the severity, likelihood, scale, and scope of such impacts and establishing relative levels to guide our mitigation and 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 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 everchanging external environment. The evaluation has resulted in removal of indirect economic impacts and marketing and labelling topics from the list of material topics.

Phase I

Identify and define an initial list of issues

Identify issues that have the potential to impact our capital, ability to create, preserve, or erode value, and our impacts on the economy, environment, and people.

Phase II

Prioritize issues through stakeholder consultation

Prioritize, in consultation with our stakeholders, those having a significant impact and relevance in our operating context as material matters.

Phase III

Validation by senior management

Validate, in consultation with the CSR Committee, senior management and experts, material matters to inform our strategy, business model, capital, and short, medium, and long-term targets.

Phase IV

Approval by management

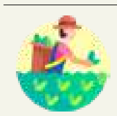
Approval from management Assessing the emerging issues in the operating environment to ensure our strategy remains relevant.

Material Matters	Stakeholder impacted	Addressed in the report
Emissions	Shareholders/investors, communities, employees, suppliers, government, and regulators	Impact on Planet
Energy	Shareholders/investors, suppliers, government, and regulators	Impact on Planet
Material	Shareholders/investors, suppliers, customers/farmers	Impact on Planet
Water	Shareholders/investors, communities, regulators	Impact on Planet
Waste	Shareholders/investors, communities, regulators	Impact on Planet
Employment and labour relations	Employees, workers, suppliers, distributors	Impact on People
Market presence	Communities, employees	Impact on People
Training	Employees	Impact on People
Health and safety	All stakeholders across value chain	Impact on People
Human rights	All stakeholders across value chain	Impact on People
Local communities	Communities, government, and regulators	Impact on People
Farmers advisory	Farmers/customers, government, and regulators	Impact on Profit and Performance
Economic Performance	All stakeholders across value chain	Impact on Profit and Performance
Anti-corruption	Shareholders/investors, regulators	Impact on Profit and Performance
Procurement practices	Suppliers, communities, government, and regulators	Impact on Profit and Performance
Supply chain impacts	Suppliers, distributors, shareholders/ investors, regulators	Impact on Profit and Performance

STAKEHOLDERS

Our ability to generate and safeguard value is directly linked to our relationships, actions, and how we handle our impact on stakeholders. By being aware of the positive and negative effects of our business relationships and activities on stakeholders, we can ensure the creation and preservation of value while reducing any potential loss of value.

We identify and prioritize stakeholders based on their influence, responsibility, proximity, dependency, willingness to engage, and representation. We engage with them through relevant departments that provide information and use communication channels suitable for stakeholders while respecting their human rights. The significant issues and concerns identified from the regular engagements are incorporated into the Enterprise Risk Management for formulating appropriate strategies and responses to the risks and opportunities. The relevant stakeholders are informed of the outcome of these activities in follow-up sessions.

Engagement Platform	EngagementMethods	Issues and Concerns	Key objectives and metrics we track	Relevant material matters and capitals
 **Employees** The health, safety, well-being, and professional development of employees are crucial to FFC's performance and key to enhancing our human capital.	• AMCON, zonal meetings, annual recreation day, annual dinner • Training and coaching • Employee engagement survey • Engagement with CBA • Employee grievance handling procedures	• Corporate policies and growth plans • Career development and training opportunities • Occupational safety, health, and well-being • Labour and human rights • Remuneration and benefits • Work-life balance • Diversity and inclusion	• Healthy workplace and people-centred culture • 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, and market presence
 **Farmers/ Customers** Providing Farm Advisory Services (FAS) and engaging with farmers to impart new farming techniques and digital solutions is essential for the prosperity of the farming community and value addition to the natural, organizational, and social and relationship capitals.	• Farm Advisory Services (FAS) • Customer satisfaction surveys and feedback • Farmer meetings, field meetings, and crop demonstrations/trials • SMS, crop documentaries and publications • 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 • Farming techniques for increasing productivity • Number of farmer meetings, field meetings, and crop demonstrations/ trials • Research and development to develop climate-friendly fertilizers	Farmers' advisory
 **Suppliers** We collaborate with our partners in the value chain to ensure that their operations comply with FFC policies for the value chain. Our focus is on environmental preservation, fair labor practices, and respecting human rights.	• Policies for environment, labour and human rights • Supplier Code of Conduct • Quarterly and annual meeting • Awareness sessions • Request for proposal	• Guidance on policies for environment, labour and human rights • Workers' safety • Labor practices • Human rights • Emissions • Responsible procurement	• Awareness session for value chain partners • Supplier screening against FFC criteria • Consultative session for non-compliance value chain partners • Agreeing on improvements with value chain partners • Termination of relationships with non-compliant partners	Procurement practices, supply chain impacts and human rights

Engagement Platform	EngagementMethods	Issues and Concerns	Key objectives and metrics we track	Relevant material matters and capitals
Shareholders/ Investors We prioritize sustainability and corporate governance, building investor trust through open dialogue with shareholders.	• 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, energy, emissions, water, material, waste, local communities, and supply chain impacts.
Government and Regulators We collaborate with key government agencies and regulators to establish enabling policies for eco-friendly fertilizers, food security, and combatting malnutrition.	• 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, and local communities.
Society We prioritize the well-being of surrounding communities, invest in community development, and collaborate to achieve the UN Sustainable Development Goals (SDGs).	• 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, procurement practices, market presence

TURNING RISKS TO OPPORTUNITIES FOR SUSTAINABILITY

The environment in which FFC operates continued to be unstable, unpredictable, and complicated in 2023. This ever-changing environment brings risks and opportunities, affecting FFC's ability to generate long-term value for its stakeholders. However, FFC's business strategy has been designed to manage these risks effectively and capitalize on the opportunities arising from external factors.

Broader operating environment	FFC Material Matters	Risks and Opportunities	FFC Response and Achievements
Environmental As per the World Economic Forum Risk Report of 2024, environmental risks remain humanity's most significant long-term risks. The global movement to limit the temperature rise to 1.5 degrees and achieve net zero emissions by 2050 has gained worldwide attention. COP 28 has urged the major polluting countries to take bold steps towards achieving Net Zero emissions by 2050. Additionally, it has seen significant pledges to the loss and damage fund set up to help countries affected by the adverse effects of climate change. The investor community and regulators have shifted their attention to the green economy, which means that private businesses have to develop climate-friendly products, solutions, and strategies with long-term goals to help lessen the effects of climate change and support adaptation and resilience. Neglecting to address climate change has increased the number and intensity of storms, floods, and droughts, affecting crop growth patterns, resulting in productivity loss, and causing food inflation and hunger. Other significant threats to the company besides climate change are depleting gas reserves, water scarcity, high temperatures, fog, and smog. These threats require a shift in strategy, investments in new technologies, and reducing impacts to ensure business continuity. Refer to pages 174 to 184 to read our environmental management approach and impacts.	Emissions, Energy, Material, Water, Waste, Supply chain impacts	**Our opportunities** We have prioritized the Sustainable Development Goals (SDGs) and are working to align our strategy and policies to create a lasting competitive advantage. As we develop our understanding and expertise, we can proactively manage climate-related risks by adopting greener technologies and providing environmentally friendly products and solutions to safeguard and improve yields. **Our key risks** Increased natural disasters, higher costs to maintain/ upgrade plants, scarcity of natural gas and water, higher prices of material and energy, reduced yields, increased food prices, and food security problems.	• FFC is exploring climate-related risks and opportunities to devise strategies for risk management and reaping opportunities. • FFC has maintained energy usage and resultant emissions in line with Targets 2026 through effective resource management, regular plant upgrades, and efficiency enhancement efforts. • In 2023, FFC saved 1,055,990 GJ energy and reduced 17,168 CO_2e emissions due to efficiency improvements. • Investment in renewable energy to pursue clean energy and reduce emissions. A 2 MW solar power plant that produced 2,458 GJ in 2023 was commissioned. • In 2023, FFC water consumption was reduced by 752 ML. • FFC planted 5,000 Neeem Trees in 2021 and 2022 to build a Neem oil supply chain for producing Neem Coated Urea, job, and business opportunities for the local community. The survival rate of the plants is approximately 99%.
Political and macroeconomic The world economy has managed to withstand elevated inflation and tight monetary policies in most countries. However, in 2024, the crucial foundations of global growth are expected to weaken due to high-interest rates and consistent price pressure. As per the baseline forecast by the International Monitory Fund, the global growth rate fell to 3.0% in 2023 and is expected to remain at 2.9% in 2024. Pakistan's economy experienced a significant slowdown in FY23 due to various domestic and external shocks. These shocks included the 2022 floods, government restrictions on imports and capital flows, domestic political uncertainty, surging world commodity prices, and tighter global financing. As a consequence, the economic activity declined considerably. The implementation of crucial structural reforms under the IMF standby program, new external financing, and continued fiscal restraint are expected to achieve macroeconomic stability and provide some relief. However, according to the World Bank, the GDP growth is projected to recover to 1.7% in FY24 and 2.4% in FY25. During 2022-23, the agriculture sector performance was hit hard by Flash Floods 2022, which negatively impacted crops. The sector grew by 1.55% against last year's growth of 4.27%. Pakistan's economy is facing severe economic and humanitarian crises due to its dismal performance. The country is a net importer of food items, which has made it vulnerable to the global increase in food prices caused by a shortage of supply of commodities and high demand. Additionally, the agriculture sector is also being affected by the depleting gas reserves, which has led to an increase in energy prices and reduced feedstock availability for fertilizer manufacturing. The agriculture sector is expected to perform better in 2024 due to increased cultivable areas previously affected by flash floods and higher production of essential crops. Moreover, the record agriculture finance in 2023 is expected to play a vital part in recovery. The government's support for the agricultural sector, including the development of supportive policies, increased availability of agricultural credit, crop insurance schemes, and higher support prices, is expected to lead to a stable recovery, employment growth in agricultural value chains, reduced food prices, and improved food security.	Economic performance, Procurement practices	**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 86 to 91 to read more about risk and opportunities on the political and macroeconomic front.	• FFC is exploring diversification strategies to provide sustained healthy returns to investors and shareholders in complex political and macroeconomic environments. • FFC is carrying out research and development to offer environmentally friendly products for improved yields and promote sustainable agriculture practices. • FFC prefers to procure from local suppliers and the products and services not available locally are procured from abroad. Rs 10,459 million of procurement, budget was spent on local suppliers.

Broader operating environment	FFC Material Matters	Risks and Opportunities	FFC Response and Achievements
Social The slow economic growth, coupled with higher inflation and low agricultural produce, is expected to cause an increase in health problems, malnutrition, unemployment, and increased poverty levels, as well as inequality in Pakistan. Additionally, the fiscal deficit, reduced development budget, catastrophic floods, and global economic slowdown are significant challenges that weaken the government's ability to stimulate employment and offer the population economic opportunities and basic facilities. Promotion of the service sector, entrepreneurship, skill development, and offering reduced rate financing for youth are expected to result in the creation of economic opportunities and socio-economic development. The extension of poverty alleviation programs to flood-affected and vulnerable groups has helped to relieve the hard-hit population, lower the problem of hunger, and reduce social disruption. The challenges on the social front require the private sector to develop strategies, products, and services to tackle these problems and contribute towards a prosperous society. Refer to pages 197 to 198 to read our work in communities.	Employment and labour relations, Market presence, Training, Health and safety, human rights, local Communities, Supply chain impacts	**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.	• FFC is working to align its activities in support of core SDGs for better impact management and contribution towards SDGs. • Investing in employee skills, diversity, and inclusion for engaged and talented workforce to ensure value creation ability. 6.8 training hours per employee during the year. • 829 million spent on CSR activities during the year in defined areas to provide relief to underprivileged communities, pursuing education and livelihood opportunities. • Working with supply chain partners for embracing best practices to manage supply chain impacts. Sustainability criteria included in supplier selection procedures.
Technology Ensuring organizational IT systems are secure amid rising cyber risks, rapid technological advancements, and embracing new technologies are significant challenges for businesses in Pakistan. Technology is boosting productivity in various industries, but Pakistan's agriculture sector lags due to traditional techniques, lack of awareness, capacity, and economic constraints. The low level of mechanization and technology use is a major obstacle to increasing agriculture yields and share in GDP. To ensure food security, stabilize the economy, and uplift the rural population, the gap between conventional and technology-driven agricultural practices needs to be eliminated by involving all stakeholders. Refer to pages 201 to 205 to read our work with farmers on Agri-services and farm mechanization.	Economic Performance, Farmers advisory	**Our opportunities** Promoting technology-driven agriculture for improved yields, better returns and achieving the ultimate goal of national food security. Promotion of technology in the 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.	• We have advanced IT controls and firewalls to protect confidential information. Regular system updates, audits, and trainings are conducted to ensure security. • Develop a mobile app named Kashtkaar Rahnuma for farmers to provide crop-specific fertilizer recommendations based on the soil structure of their geographical location in Pakistan. • Improvements have been made to the "Agri Services Dashboard", to include features such as visualizing activities through Google Maps, crop economics, VCR, commodity prices, and history for better management of Agri Services. • FACE has successfully launched its self-managed fleet of 10 agricultural drones, each with a load capacity of 30 litres and the latest AI features to provide precision farming services. It has provided precision farming services on 110,000 acres in partnership with partner organizations during the year.
Regulatory The upcoming ESG guidelines, ESG index by PSX, along with the recent introduction of IFRS S1 and IFRS S2 by ISSB and SDGs reporting by PSX are expected to bring new regulations in Pakistan. These developments are expected to increase compliance requirements and costs. However, they will also help the corporate sector in identifying possible risks and opportunities to safeguard their ability to create value. Refer to pages 160 to 162 to read our work on integrating SDGs.	Economic Performance, Anti-corruption	**Our opportunities** Safeguarding the value creation ability taking into account risks. Early adoption of regulations and best practices to strengthening governance. **Our key risks** Increased compliance requirement and related costs.	• FFC organized a full-day ESG training for senior management and a focused session on driving ESG from the Boardroom for FFC Board Members. • A multifunctional task force established to participate in various interactive workshops on ESG, as part of FFC's roadmap. • Session on IFRS S1 and S2 was conducted to identify the readiness for early adoption.

FFC AND SDGS

SUSTAINABLE DEVELOPMENT GOALS

Integrating sustainability into corporate policies is a crucial aspect of our strategy as it helps us create long-term value and safeguard our business in the future. With several global issues, such as climate change, increasing inequalities, and economic challenges, our adoption of sustainability practices has enabled us to be a responsible business while pursuing long-term value creation for our stakeholders.

At FFC, we use the United Nations' Sustainable Development Goals (SDGs) to guide our sustainability strategy. We've identified four core SDGs that align with our sector, value chain, and ability to make an impact. In addition, we're focusing on six more SDGs to comply with the Pakistan Stock Exchange's (PSX) minimum SDGs reporting requirements and the Government of Pakistan's priority SDGs. Aligning with the SDGs will help us make a meaningful contribution to sustainable development and position our company strategically in the marketplace.

We are working to ensure that our existing policies align with our priority Sustainable Development Goals (SDGs) and develop new policies and targets to support them. By leveraging on the six capitals - financial, organizational, natural, manufactured, human, and social and relationship - our corporate strategy, business operations, and sustainability advocacy are all well-aligned with the relevant SDGs.

People **Planet** **Prosperity**

2 ZERO HUNGER

Our solutions help to increase farm productivity, food security, and sustainable agriculture by advising on selecting good quality seeds, balanced fertilizers use, and new cultivation techniques. Sustainable agriculture practices lead to higher production and healthier and more nutritious food.

Refer to pages 201 to 205 for our activities supporting SDG

6 CLEAN WATER AND SANITATION

We manage water by recycling and reusing it at our plants to reduce freshwater withdrawal. By decreasing effluents, we minimize the release of hazardous materials, reducing their impact on water. Additionally, promoting efficient water management through Agri-services reduces water use in agriculture.

Refer to pages 180 to 181 and 201 to 205 for our activities supporting SDG 6.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

FC is dedicated to advancing sustainable management of materials throughout all processes and the value chain. We pursue to achieve greater environmental transparency and improve health and safety performance through product life cycle assessments and certifications.

Refer to pages 174 to 184 and 201 to 205 for our activities supporting SDG 12.

13 CLIMATE ACTION

FFC is investing in adopting cleaner technologies and implementing efficiency measures to reduce impact, increase the ability to adapt and build resilience to climate change. We are collaborating with partners throughout the value chain to decrease the environmental impact of product transportation.

Refer to pages 174 to 184 and 201 to 205 for our activities supporting SDG 13.

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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. In addition to the core SDGs, we have included icons in the report to highlight the goals that we believe our work contributes.

INVESTING IN SUSTAINABILITY

03

Organizational and Financial Capital

Contributing to SDGs:

Activities		
Corporate governance	Grievances mech	Corporate policies and guidelines
Value creation targets 2026	Whistle-blowing procedures	Resource allocation decisions

OUTPUTS		
Zero corruption	Zero non-compliance with laws	Healthy financial returns

Value Created		
Ethical business practices	Trust from stakeholders	Robust governance system

ON TRACK TO ACHIEVING 2026 COMMITMENTS

Our commitments for 2026 build on our efforts to integrate the SDGs into our corporate strategy and policies, focusing on creating a resilient future for the planet, farmers, the value chain, and communities. The operating conditions and macroeconomic situation influence our progress towards our goals. Our key 2026 and interim goals, targets, and progress are tracked and reported annually. In addition to our operational impact, our most significant impacts lie in the agriculture sector through product use and our inevitable role in food security. This supports the UN's Sustainable Development Goals of zero hunger, no poverty, and good health and well-being. Refer to pages 201 to 205 to read about our impacts and activities in the Agri-value chain.

FFC SDGs	TARGETS 2026	INTERIM 2023 ANNUAL TARGETS	FY 2023 PERFORMANCE
	1% reduction in energy intensity from the 2020 level	13.12 GJ/MT	○○● Energy intensity reduced by 1.75% due to energy efficiency project implementation
	Maintain emissions intensity at the 2020 level	0.76 MT CO2eq/ MT	○○● Emission intensity decreased by 1.36% due to plant service factors, environmental projects and higher production achieved
	Limit increase in water intake to 3% from the 2018 level	15,562 ML	○○● Water intake decreased by 4.26% due to better water quality and management
	1 % per year reduction in paper use	–	○○● Achieved
	Total Recordable Injury Rate (TRIR) < 0.1	< 0.1	○○● < 0.1
	Average 10 training hours per employee per year	5.72 training hours	○●○ 6.8 Training Hours
	80% of active local suppliers will be engaged and briefed on supply chain impacts	–	○●○ Approximately 80%
	5% increase in farmers' outreach from the 2022 level	52,154 farmers	○○● 53,776 farmers

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 at the heart of all our operations. It determines the availability and quality of our capital inputs, strategy, and activities and the outputs and outcomes we aim to achieve over different time horizons. We aim to optimize value for all stakeholders through value creation, preservation, and erosion activities." They was no material changes in the entity's business model during the year.

The availability and quality of our six capital inputs		Empowers us to deliver on our strategy	
		Material matters	**FFC SDGs**
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. • 32,562,635 GJ energy and 12,635 ML water usage • 2 MW solar power system	Emissions, Energy, Material & Water Waste	3, 6, 7, 12, 13
Human capital Our people and culture, investments in the development of skills and collective knowledge of our workforce and experience enable innovation.	• A workforce of 3,209 talented and motivated employees (2022: 3,216) • A distinguished culture that is people-centric, and innovative with a strong focus on health and safety and employee well-being. • Spent Rs. 682 million on training and skill development (2022: 275 million)	Employment and labor relations Market presence Training Health and safety Human rights	3, 4, 5, 8
Organizational capital Our intangible assets, including IT Infrastructure, 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 • Advice on balanced fertilizer use, farming techniques and technologies through Farmer Advisory Services • State of tha Art IT Infrastructure & Solutions • Market leadership across products	Farmers advisory	2, 12, 13
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 3,133 dealers across Pakistan • Training on sustainability requirements for supply chain partners • Good relationships with stakeholders • Strong CSR presence at plant sites and investments in defined thematic areas	Local communities Supply chain impact	2, 3, 4, 8, 9
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	2, 12
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.61,852 million (2022: Rs 50,835 million) • Long-term finances Rs.24,295 million (2022: Rs.21,740 million) • Total Assets Rs. 223,281 million (2022: Rs.240,122 milion)	Economic performance Anti-corruption Procurement practices	2, 8, 9, 12

by supporting value adding business activities | that produces output (product and solutions) and ------ | and outcomes | For long-term value for our stakeholders

Our mission: Taking a lead role in agricultural & industrial development by delivering premium products and services while maintaining high 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 202 and 205 for details of such organizations.)

Natural capital

- ⊕ Rs 95 million spent on environmental protection
- ⊕ R&D to produce environmentally friendly products
- ⊕ 99% survival rate of planted 5,000 Neem trees
- ⊕ GHG emissions decreased by 17,168 MT on account of efficiency measures
- ⊕ Energy savings of 1,055,990 GJ on account of efficiency measures
- ⊕ 2,458 GJ clean energy produced
- ⊕ Water consumption decreased by 752 ML

Human capital

- ⊕ Rs. 13,742 million paid in salaries and benefits
- ⊕ Employees' survey participation increased to 98%
- ⊕ Attrition decreased by 3%
- ⊕ Average 6.8 training hours per employee
- ⊖ Gender diversity ratio

Organizational 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
- ⊕ 64% of farmers witnessed increased productivity after balanced fertilizer use
- ⊕ Integration of FBR track and trace system with FFC
- ⊕ SAP based learning and development system

Social and relationship capital

- ⊕ Annual and SR report ranking retained
- ⊕ Maintained top position at PSX for 13 consecutive years
- ⊕ Rs. 37,215 million direct and indirect tax contributions
- ⊕ Rs 829 million socio-economic investment
- ⊕ Creating livelihood opportunities through 1,739 interest-free loans worth Rs. 59.19 million in collaboration with Akhuwat till 2023
- ⊕ No complaints from value chain partners

Manufactured capital

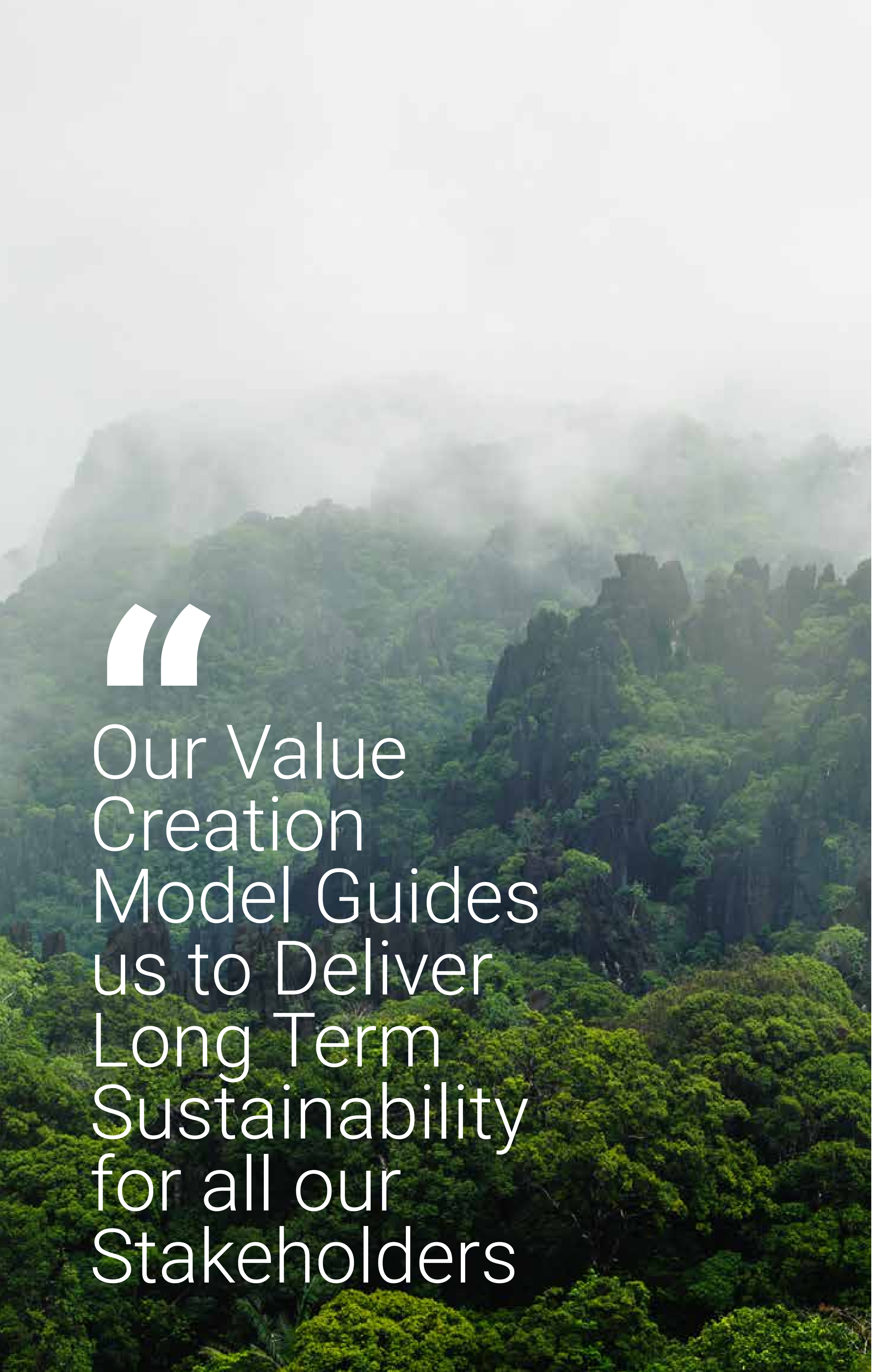
- ⊕ Rs. 3,918 million was invested to upgrade manufacturing plants
- ⊕ 102,505 farmers outreach through the Agri-services department
- ⊕ Produced 2,521 KT of Urea (including 250KT of Neem Coated Urea)

Financial capital

- ⊕ Return on Capital Employed - 74%
- ⊕ Return on Equity - 48%
- ⊕ Net Profit Ratio - 19%
- ⊕ EPS at Rs 23.32
- ⊕ DPS at Rs 15.49

	Employees	Farmers	Shareholders	Regulators	Society
Natural capital	●	●	●	●	●
Human capital	⊕	●	⊕	●	⊕
Organizational capital	●	⊕	⊕	●	⊕
Social and relationship capital	⊕	●	●	⊕	⊕
Manufactured capital	●	⊕	⊕	●	●
Financial capital	⊕	●	⊕	●	●

⊕ Value creation ● Value preservation ⊖ Value erosion



GOVERNANCE

FFC's strong foundation for corporate governance is built on its mission, values, policies, and commitments. Our commitment to integrity and fair practices drive our ability to manage and thrive in a competitive and dynamic environment, create value through our expertise and strategic growth drivers, and ensure sustainability by following corporate governance codes, codes of conduct, policy statements on ethics, and best practices.

Refer to pages 14 to 17 for extensive information regarding the code of conduct, values, and policy statement of ethics & business practices.

Governance structure

The Board of Directors is the highest governing body with responsibility for the performance and affairs of the company, providing leadership and strategic guidance to assessing and managing risks, ensuring adherence to high ethical standards and creating value for stakeholders within a framework of prudent and effective controls.

The Board of Directors has one executive and twelve non-executive directors. Out of thirteen directors, four are independent directors, and two independent directors represent minority interests. No independent director has a significant financial relationship with FFC. The board has eleven male and two female members. The directors also hold key positions in other companies. FFC follows the 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 does not have specific quotas for nationalities, ethnic minorities, age groups, etc., for its Board. FFC has a competent and diverse board of directors committed to safeguarding stakeholders' interests. They have vast experience in business, finance, engineering, and other fields and are highly qualified with a strong sense of responsibility.

The Chairman of the Board is a non-executive director, and neither he nor anyone related to him is employed by FFC, a company that does business with FFC or is affiliated through a consultancy or similar agreement. The MD&CEO oversees the company's executive management to ensure smooth operations. A code of business ethics and anti-corruption measures are in place to prevent conflicts of interest among the highest governance body members and employees. The code prohibits conflicts of interest, and if such a conflict does arise, it must be reported to the highest governing body for resolution.

The Board has constituted Committees of Directors with the adequate delegation of powers to focus on the issues and ensure expedient resolution effectively. The Board Committees assist the board in discharging its duties and responsibilities. Each Board Committee has formal written terms of reference that are reviewed annually. These Committees meet as often as required to oversee the performance in respective areas. The Committees of the Board are the Audit Committee, System and Technology Committee, Strategy & Investment Committee, Human Resource & Remuneration Committee, and Management Committees, i.e., Executive Committee, Strategy Committee, and CSR Committee.

Refer to pages 28 to 35 and 36 to 44 for extensive details related to the Profile of Directors and Board Committees.

Corporate Strategy and monitoring performance

The Board reviews and approves the purpose, mission, vision, values, strategy and 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 to identify, evaluate and manage (relevant) risks to the company's operations. The Board of Directors has assigned the Audit Committee the responsibility of ensuring the operational effectiveness of the Enterprise Risk Management (ERM) system. Therefore, the Committee reviews risks and opportunities that may significantly impact FFC's ability to create value. Additionally, the Audit Committee considers the stakeholders' concerns, identified through stakeholders' engagement, and communicates the significant concerns to the Board.

The MD&CEO provides the Board with extensive information throughout the year on potential risks and opportunities, environmental and social impacts, factors affecting long-term value creation, and performance against defined targets. This information is discussed in relevant committees. Based on the inputs of different Board Committees, the Board reviews and discusses organizational performance, impacts, risks, opportunities, and the effectiveness of controls and procedures in its quarterly meetings.

Evaluation of corporate performance

The Board's performance is evaluated through assessment by an external consultant. Pakistan Institute of Corporate Governance (PICG) Pakistan Institute of Corporate Governance (PICG) has been appointed to evaluate the performance of the Board, its committees, and its members through third-party assessment. This evaluation is conducted annually and discussed in the Board meetings to take necessary actions to meet the objectives. No changes in membership or organizational practices were made due to the board's performance evaluation.

The Human Resource and Remuneration Committee of the Board assesses the achievement of the company's objectives annually, including those of the Executive Committee. The assessment is based on the performance against operational and sustainability goals. After evaluating the performance, the Committee makes recommendations for review and approval by the Board. This process ensures the bonus payments align with FFC's overall performance and objectives. The Board members, particularly the Executive Committee, possess extensive knowledge in handling economic, environmental, and social concerns. FFC ensures that its management and staff stay updated with the latest trends and advancements in these areas by providing relevant training and engaging them in national and international conferences.

Compliance

FFC is legally obligated under 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.

FFC's proactive approach demonstrates a commitment to implementing appropriate controls to ensure compliance with the expanding regulatory landscape. This helps to enhance stakeholders' trust and ensure that appropriate measures are taken to mitigate exposure to reputational, financial, and other regulatory risks. The Board Audit Committee reviews regulatory developments, compliance with laws and regulations, and the code of conduct. The internal audit department assists the Audit Committee in assessing the status of compliance with laws and identifying any 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 2023, FFC had no incidents of non-compliance with socio-economic laws and regulations. We define significant non-compliance with laws and regulations as matters that financially or otherwise significantly impact FFC and our stakeholders.

Shareholders' and employees' recommendations

Shareholders can provide feedback or recommendations at the general meetings or by contacting the Corporate Affairs Department via email or letter using the address provided on the company's website. Employees can submit requests or recommendations to the company, its management, or the relevant bodies through their supervisors or managers. The Board has delegated the Executive Committee to collect recommendations. At FFC, we value our employees' concerns and strive to create a balanced work environment that supports the company's goals. Suggestions and ideas from shareholders and employees are carefully considered, and suitable actions are taken, provided they are practical, appropriate, and in the company's best interests.

The HR department at the head office and plants are responsible for supporting employees regarding ethical and legal conduct under the company's code of conduct and policies. To ensure compliance, the HR department conducts regular checks and inquiries based on the number of compliance queries and specific issues raised. The company uses a dedicated system on SAP to facilitate this process. Additionally, employees can anonymously ask questions through the SAP portal and receive responses within a reasonable timeframe. Any code of conduct breaches can also be reported through this system.

Remuneration polices, and procedures

Our compensation policies are in line with current industry standards and business practices. Our comprehensive appraisal system evaluates both financial and non-financial parameters to assess performance and the remuneration policies are designed to incentivize and reward good performance. The remuneration for MD&CEO is determined based on recommendations from the Human Resource and Remuneration Committee and approval from the Board and shareholders. We do not provide remuneration to non-executive directors, except for the directors' fee to cover expenses incurred while attending Board meetings. The Board approves the directors' fee under applicable guidelines. Certain information, such as the ratio of annual compensation within the organization and the percentage increase in annual compensation, is not disclosed due to its sensitivity and proprietary nature.

The Human Resource and Remuneration Committee is responsible for analyzing and discussing the market developments that can affect FFC's operations and provides recommendations to the Board. FFC believes in open decision-making processes and involves key stakeholders in important decisions. The committee collects stakeholders' input on remunerations through annual meetings and Collective Bargaining Agents.

Whistleblowing Procedure

Our whistleblowing policy promotes transparency and ethical behaviour 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 values fair interaction with its competitors, suppliers, customers, and communities. FFC has grievance systems at its plants and offices, where stakeholders can voice their concerns, provide feedback, or file complaints. The resident management at each plant and the administrative department at the head office investigate any grievances, with support from the relevant department. The investigation's outcomes are reported to the relevant stakeholders and management for appropriate action and resolution. During the year, there were no complaints from interest groups or institutions at the relevant locations regarding public or social issues.

Whistleblowing Reporting Channels

Telephone: 051-8453501
051-8453101
Email: whistleblowing@ffc.com.pk

CORPORATE POLICIES AND COMMITMENTS

Our corporate policies and commitment to responsible business conduct are vital to our value-creation ability and form the basis for our sustainability aspirations. We strive to promote sustainability throughout our industry and supply chain while developing and offering environmentally friendly products. Our policy documents commit us to ethical and responsible practices following international conventions and regulations.

All employees and stakeholders in our value chain must comply with our policies and practices to support our commitment to fair and sustainable business practices. The code of conduct is available on our website (www.ffc.com.pk), while all other policies, procedures, and guidelines are available on the staff intranet and SAP to enhance transparency. Relevant policies are disseminated to supply chain partners, where applicable. The policy changes are communicated through emails and circulars.

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

We integrate international commitments and related policies into our core business principles and code of conduct to ensure that these policy documents remain relevant and updated and serve as a strategic tool to govern our strategy, decision-making, and how we conduct our operations. This process assists in tracking both mandatory and voluntary requirements, supporting our employees in performing all necessary tasks while working towards achieving business goals and maintaining value-creation capabilities.

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. Employees are provided regular training to keep them abreast of development and refresh their knowledge. Internal reviews, audits, and external certification ensure compliance with the policies and commitments.

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 mainly 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 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 corporate goals and annual business plans. The strategy focuses on seizing opportunities, managing risks, and diversifying across profitable ventures. FFC is exploring alternative feedstock, offering eco-friendly, high-yield products, promoting innovation and sustainability within operations and the value chain, and adopting a circular business model.

Our sustainability strategy is a fundamental part of our business operations, innovation framework, and processes and encompasses the environmental, social, and economic impacts of our operations and value chain partners. Therefore, our sustainability strategy guides our resource allocation decisions, enabling us to manage material concerns and enhance our value-creation potential. Our continued value creation for our stakeholders depends on meeting customers' expectations, promoting responsible consumption and production, and treating the environment and people equitably and respectfully. This approach sets us apart from our competitors and creates opportunities, resulting in higher revenue, customer appreciation, acceptance, and increased market share.

Our investors understand that their investments generate value for all stakeholders while considering the impact on the economy, environment, and people. However, reducing greenhouse gases requires significant investments and upgrading of plants, which can be challenging due to the complexity of manufacturing operations and the availability of alternative technologies. We know these challenges and will continue to consider them in our strategy reviews and resource allocation decisions. We follow sustainable practices in value chain management, health and safety, community interventions, and respecting human rights in our operations. Our investments and policies aim to reduce our environmental footprint, minimize overall costs, and make the company attractive to highly skilled employees and investors while improving product quality and its image among its customers. We have strong governance oversight of the sustainable value creation process, which has helped us deliver constant and healthy returns, making us the market leader in our sector.

Refer to page 151 to read our governance approach for sustainable value creation.

We have established targets and defined key performance indicators to manage our sustainability impacts. We believe that sustainable value creation involves a change process where the utilization of resources, investment goals, technological development direction, and institutional changes align to increase the current and future potential to create value. We have aligned our strategy with the SDGs and are committed to supporting the goals by allocating resources towards managing our impact on the SDGs. We are integrating relevant SDGs into our corporate policies to continually improve our strategy.

Refer to page 160 to 162 to read our approach to integrating SDGs.

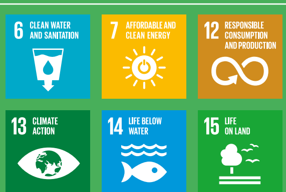
Refer to pages 201 to 205 and 197 to 198 to read about our projects of food security and sustainable agriculture and community uplift programs, which manifest our strategy to contribute to SDGs through our products, expertise, and investments.

IMPACT ON PLANET – INVESTING IN TECHNOLOGY AND SOLUTION

04

Natural, Manufactured, Social & Relationship Capital

Contributing to SDGs:



Activities

GHG quantification and reporting	Emission reduction initiatives	Energy efficiency and reduction
Investing in renewable energy	Water conservation and reduction	Wastewater management
Waste management	Promoting environmental practices in value chain	

OUTPUTS

Emission reduction	Energy reduction	Renewable energy adoption
Waste reduction	Water reduction	Environmental compliance

Value Created

Responsible management of environmental footprint	Responsible and sustainable value chain

MANAGING ENVIRONMENTAL IMPACTS AND CREATING VALUE

We aim to shift towards a low-carbon economy, limiting our impact on the environment and collaborating with our partners to reduce emissions and environmental impacts across the value chain. We take a proactive management approach to prevent and mitigate potential adverse environmental impacts and strive to combat climate change.

Environmental protection is of utmost importance to FFC. The company strives to adopt environmentally friendly technologies and optimize processes to reduce environmental impact. To maintain high standards of Health, Safety, and Environment (HSE), an integrated Environmental, Health, and Safety policy applies to all manufacturing plants. The ultimate goal is to preserve the environment, provide a safe and healthy workplace, and improve the quality of life for employees, contractors, visitors, and the plant site community.

We ensure our plants' environmental management and resource efficiency through third-party certified environmental management systems. Our plants are certified to the ISO 9001: 2015 Quality Management System, ISO 14001: 2015 Environmental Management System, and OHSAS 45001: 2018 Occupational Health & Safety Assessment Series (OH&S Management System). Additionally, the IFA Product Stewardship "Protect and Sustain" Certification covers our management system, product development and planning, sourcing and contractor management, manufacturing techniques, supply chain, and marketing and sales functions. These management systems enable us to identify potential risks, opportunities, and efficiency areas, improve internal data management, and build stakeholders' confidence.

The General Manager for Manufacturing and Operations at each manufacturing plant oversees the plant's performance, ensures regulatory compliance, and monitors compliance standards. Regular training is conducted to ensure the senior management of the manufacturing units and employees working on line functions are well equipped. FFC has designed specific training modules for different internal training, and employees are also nominated for external training. The Health, Safety, and Environment (HSE) systems are closely monitored to ensure compliance with internal HSE policies and applicable laws and regulations. The SOC and EMR forums at the facility level regularly perform internal checks to identify gaps. The environmental management approach is regularly evaluated based on the results of internal checks and external certifications of the management systems. Any required adjustments are made to minimize the environmental impact of our operations.

No violations of laws, regulations, or voluntary codes of practice related to nature and environmental protection occurred during the year due to stringent compliance checks and voluntary commitments. Additionally, the company did not have to pay fines or non-monetary penalties for non-compliance with environmental laws and regulations in 2023. FFC has an environmental grievances mechanism that allows individuals to file complaints regarding any negative environmental impacts resulting from the company's operations. The resident manager at the plant site handles such complaints, and necessary actions are taken as required. During the year, no complaints were filed.

FFC is committed to investing in environmental protection and management. The expenses incurred on environmental protection and mitigation of impacts are recorded at the respective units where they occur. These figures are consolidated annually under two broader heads - prevention and management costs. Investing in environmental protection is an essential part of our general investment planning, and it is not subject to a cost-benefit analysis or a specific return on investment period. In 2023, we spent Rs. 95 million on environmental protection compared to Rs. 122 million in 2022.

CLIMATE CHANGE STRATEGY AND PERFORMANCE

Climate change is a critical global issue that severely threatens agricultural and economic productivity in many parts of the world. There is a growing demand to reduce emissions from operations and the agriculture food chain. As a responsible entity, we have a twofold approach to this issue. Firstly, we aim to reduce greenhouse gas emissions from our operations and supply chain. Secondly, we are exploring new solutions for the farming community to reduce product use emissions. We aim to drive and influence climate action within and outside our organization.

Subtopics in this section

Emissions

Energy

Our actions and performance

Inert Gas Generation Plant Replacement

The unavailability of spares for the old Nitrogen plant at FFC-GM plant-I turned it into chronic issues of frequent leakages, downtimes, and consequent compromise on product quality. To meet plant requirements, reliability, and product quality as per standard, a new nitrogen plant was commissioned in July 2023 with a product purity of 99.99%, improving plant efficiency and GHG emission control as this technology does not involve combustion, resulting in no GHG emissions in the process.

Cooling Tower Cells- C&D Packing/Nozzles Replacement

Plant-I cooling tower Cells 'C' & 'D' were revamped in January 2023 to improve cooling tower performance by minimizing drift losses and improving water-air contact. The cooling tower revamp project has resulted in ~1.6°C improvement in the overall approach to WBT after all six cells packing & nozzle replacement, which resulted in the saving of ~0.6 T/h superheated steam equivalent to ~1875 Gcal per annum (for 02 cells).

Hydrogen Recovery Unit installation at Plant I

The CO2 content in natural gas is increasing due to the depletion of reservoirs and the addition of low-BTU wells to sustain production. A Hydrogen Recovery Unit (HRU) was installed at Plant I to partially recover H2 from purge gas to produce additional Ammonia for higher Urea production. To fully utilise Plant-I's capacity and enhance the complex's ammonia/urea production, recovered hydrogen was imported using a synthesis gas tie-in between Plant-I and Plant-II. The project was completed during the year, leading to a 37 MeT/day increase in ammonia production, translating to a 64 MeT/day increase in urea production with a reduced carbon footprint and improved production efficiency.

Plant site Chiller Replacement at Plant I

The old vapour compression-type chiller # 1 at GM Plant had poor performance and low reliability due to the unavailability of spare parts. Two chillers were operated parallel to maintain the chilled water temperature, increasing fuel use. Non-availability of one chiller could result in inadequate air conditioning in control rooms, electrical substations, plant offices, and administration buildings. To address this issue, a new vapour compression type Chiller (255 USRT) with improved reliability and efficiency was installed at the plant site and successfully commissioned in 2023.

Climate-related risks and opportunities

Climate change has gained significant attention globally, driving the transition towards low-carbon and net-zero economies. In this context, we strive to reduce operational impact while exploring investments in climate-friendly technologies and products. Climate change poses physical and transitional risks for our business through rising temperatures, changing weather patterns, devastating floods, technological advancements, policy and legal risks, and market and reputational risks. Technological investments at plants and active support through Agri Services are vital to reducing environmental impact and increasing productivity, directly impacting financial performance, food security and farmers' income. The climate related opportunities include research and development for climate friendly products.

As the risks become significant, we plan to conduct a scenario analysis to measure the financial impact of climate change-related risks on our operations and explore science-based targets to reduce emissions in line with climate science. However, till then, 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.

GHG emissions

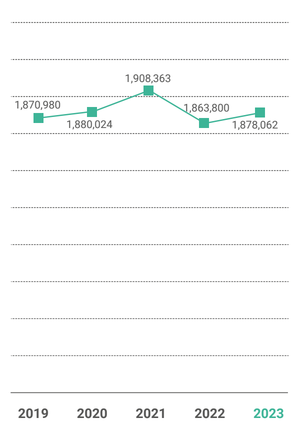
We have long-term and interim targets to reduce absolute GHG emissions, meet the increasing demand for a climate-neutral economy, and explore possibilities to accelerate the shift to a low-carbon economy. However, the complexity of manufacturing operations and the current level of technology are the 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.

Our core processes and production of fertilizers rely heavily on natural gas as the primary energy source. This results in the emission of CO_2, which is our primary source of emissions. Our priority is to reduce GHG emissions from our production processes, as this is where our significant direct GHG emissions occur. The emissions from our plants are subject to control limits set by the Environmental Protection Agency. At FFC, we ensure compliance with these limits and strive to reduce emissions further as much as possible. We regularly determine the total emissions for each plant site and conduct checks to control any variations. The amount of greenhouse gases, mainly CO_2, released at each plant location is constantly measured and added to determine the total amount. Other greenhouse gases, such as methane and nitrous oxide (N_2O), are also quantified and included in the overall 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 regulations or programs intended to limit or reduce emissions directly. The global warming potential of the respective gaseous emissions was sourced from the United Nations Framework Convention on Climate Change (UNFCC).

Direct GHG emissions (MT)	
2019	1,870,980
2020	1,880,024
2021	1,908,363
2022	1,863,800
2023	1,878,062

FFC does not emit biogenic CO_2 in its operations. All the emissions are within the prescribed NEQS limits and are regularly reported to the EPA under the SMART reporting program.

GHG Emissions (MT)



The GHG emissions increased on account of the highest ever production during the year. We do not have any significant indirect greenhouse gas emissions, mainly generated by external energy procurement of electricity and steam. The only indirect emissions at FFC arise from purchased electricity at the head office, marketing office, Karachi office, and Agri-services offices. Moreover, FFC identified that the indirect greenhouse gas (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 0.74 MT CO_2/MT compared with 0.77 MT CO_2/MT. The emissions intensity calculation only takes into account the direct Scope 1 emissions.

Emission of gases in MT

Nitrogen Oxide	
2019	951
2020	923
2021	941
2022	1,120
2023	1,065
Ammonia NH_3	
2019	–
2020	–
2021	–
2022	–
2023	–
Particulate matter	
2019	1,097
2020	1,091
2021	1,215
2022	1,151
2023	1,203

Significant emissions of other inorganic pollutants, such as NOX, remained almost the same during the reporting year. There were no emissions of NH3. 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 efforts to reduce emissions include energy-efficient projects, optimization of production processes, and modernization of our plants. These initiatives help keep emissions low. Moreover, our efforts are directly linked to the carbon content in natural gas, which has increased for many years. Scope I CO_2e emissions decreased by 17,168 MT during the year compared to the previous year. The previous year is used as a base year as per company practices. Using fertilizer products can harm the environment, mainly when N_2O is released while mixing in the soil. However, we are researching and developing improved fertilizer products that release nitrogen from the granule in a manner that aligns with crop growth requirements and minimizes the adverse environmental effects. There were no emissions of ozone-depleting substances during the year. We are committed to the non-use of ozone-depleting substances as a part of our environmental management policy.

Green Pakistan Initiative

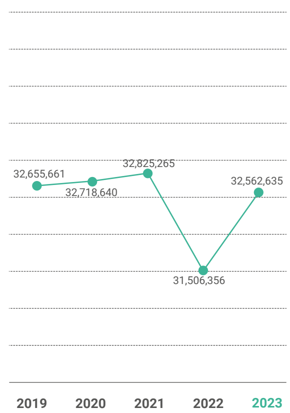
Our efforts to align with the low carbon economy extend beyond operational improvements and also take into account tree plantation at various sites. We have planted 5,000 Neem tree saplings under the PM Green Pakistan initiative since 2021 at the FFCEL site Jhimpir and the FFC plant sites. The Neem trees are expected to help reduce emissions and create job and business opportunities by developing the Neem oil supply chain for producing Neem coated Urea (NCU). It has been almost two years since the operation and maintenance of the Neem tree plants commenced. The survival rate of the plants is approximately 99%, which is an exceptional achievement considering the barren environment of Jhampir.

Energy consumption

FFC consumes significant energy in producing ammonia, a crucial component of fertilizers and uses natural gas and diesel to produce electricity, heat, and steam. We have three plants at two locations with varying technological specifications. FFC strives to optimize its plants' energy efficiency and intensity to reduce overall energy consumption and related greenhouse gas emissions. Each plant has specific energy efficiency and reduction targets, and their performance is regularly benchmarked. Energy audits are also carried out to improve performance. FFC is exploring renewable energy options at different plant locations to reduce non-production-related energy impacts. While solar panels are installed in parking areas to harness renewable energy, their contribution to the total energy mix is currently insignificant. FFC aims to explore and implement options to increase the share of renewable energy in its energy mix.

Total Energy consumption in GJ	
2019	32,655,661
2020	32,718,640
2021	32,825,265
2022	31,506,356
2023	32,562,635

Energy consumption In GJ



The total energy consumption increased on account of the highest ever production 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, FFC does not intend to conduct such an investigation.

Energy Efficiency

We are focused on reducing energy consumption and minimizing our carbon footprint by optimizing our processes and implementing new technologies.

Energy savings in GJ	
2019	662,054
2020	(466,748)
2021	149,529
2022	(39,449)
2023	1,055,990

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.

The energy efficiency measures taken during the year have resulted in significant energy savings.The energy intensity ratios of our plants are different due to differences in technologies. The overall energy intensity ratio was 12.92 GJ/MT urea compared to last year's 13.11 GJ/ MT. The energy intensity decreased by 0.19 during the year compared with 0.02 GJ/MT increase in 2022. 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 the Energy Information Administration USA. The heating values were calculated based on laboratory analysis and standard natural gas and diesel heating values. The energy consumption and energy sources in this report have been determined from the data provided by the plant sites and other locations, providing a consolidated and comprehensive picture of FFC's energy usage in operations.

02 MW on-grid Solar System

The demand for power supply for the FFC-GM complex increases during peak summers, and when combined with high ambient temperature, gas turbines are forced to reach their maximum generation capacities. A 2 MW solar power plant was commissioned at Ahmad Pur Lamma to address this issue and promote sustainable energy. The solar system became operational in September 2023 and helped share the complex load and prevent production loss during the maintenance outage of one gas turbine. The system is expected to generate 3.2 million kWh of cleaner electricity annually and reduce GHG emissions. During the year, 683 MWh of green power was produced.

Energy Efficiency Improvements – FFC-MM

Throughout 2023, FFC-MM dedicated significant efforts to optimizing various plant operational parameters to pursue sustainable and energy-efficient operations. This comprehensive approach aimed to enhance energy efficiency and resulted in several successful initiatives. Some of these measures included the Changeover of the Boiler FD Turbine with Motor and the stoppage of MS Steam in the Benfield Section, which collectively reduced the overall steam load by 6.0 TPH. This reduction led to more than PKR 300 million annual cost savings.

RESOURCES CONSUMPTION

Material use affects finite natural resources, the bottom line and generates waste. Natural gas, a feedstock in the production of fertilizer, is depleting rapidly, posing a future business risk. We are exploring alternative feedstock for business continuity and value creation.

Our actions and performance

Natural gas is the primary raw material for the production of ammonia-based fertilizer. Lubricants and chemicals are used in the manufacturing process. Biodegradable packing material for Urea and renewable resource utilization, where applicable, is helping us advance toward establishing a widely sustainable value chain.

Material consumption

Material	Unit	2023	2022	2021	2020	2019
Natural gas	MMSCF	45,831	45,918	47,143	45,931	46,395
Lubricant	Liter	473,310	510,416	352,495	320,955	282,664
Chemicals	KG	7,092,406	8,861,817	7,531,690	7,756,057	7,985,684
Packing bags (150 gm each)	Bags	49,745,459	48,127,019	48,944,279	49,557,051	48,514,728
Packing bags (95 gm each)	Bags	503,745	656,713	1,453,550	1,259,156	1,264,350
Liners and thread	KG	1,841,932	1,788,269	1,779,668	1,833,895	1,817,423
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.

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 6,071 MT was recovered and used in the process compared to 5,793 MT in 2022. 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 poses a significant global challenge, impacting the environment, health, and economy. The frequency of weather events such as droughts and floods are increasing, affecting the availability of fresh and clean water. Water is a critical resource for our operations and farmers, as without it they cannot cultivate and grow crops. We understand the impact water scarcity can have on our business and our water use in the communities, and thus, we are improving our practices and working closely with the farming community to promote efficient water usage now and in the future.

Our actions and performance

We use water primarily for cooling and producing steam and meet most of our water requirements through underground and canal water. At Township and plant sites, we use well water for drinking purposes. The company has installed tube wells in a large area, and the water withdrawal from these wells does not significantly impair the water system. Canal and groundwater are cleaned by using various filter systems before they are used in the processes. FFC's plants have a water intake of up to 18 cubic meters from a canal managed by the irrigation department. This amount is not considered significant, considering the annual flow of the canal. FFC has an agreement with the department, and the meters they installed measure the water inflow. The canal contains no protected species and is mainly used for irrigation. Water is not stored at the FFC plant and has no significant impact.

We regularly evaluate our plant sites to assess potential water-related risks and keep track of water withdrawal, consumption, and discharges. We conduct frequent studies to identify opportunities for minimizing freshwater consumption and increasing recycling. We fully complied with the water withdrawal permit during the year without any incidents of non-compliance. FFC has set goals to use water more efficiently to reduce the impact on the depleting freshwater sources in Pakistan. The company has been collaborating with its value chain partners to reduce water-related impact throughout the value chain. FFC's plant sites also work with local communities and other stakeholders to discuss water availability and quality-related issues. The plant sites have also installed access points for filtered fresh water to ensure clean water is available to the communities.

	2023	2022	2021	2020	2019
Surface water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	5,944	3,966	5,238	6,349	6,857
Other water (>1,000 mg/L Total Dissolved Solids)	–	–	–	–	–
Ground water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	8,898	11,538	10,304	8,381	7,744
Other water (>1,000 mg/L Total Dissolved Solids)	–	–	–	–	–
Total water withdrawal	14,843	15,504	15,542	14,730	14,601

There is no withdrawal of water from the water-stressed area.

Water consumption in ML/year	
2019	12,316
2020	12,479
2021	13,288
2022	13,387
2023	12,635

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 decreased by 4.26% during the year on account of efficiency measures and plant turnaround.

Wastewater/water discharge

During production, the water becomes partially polluted and must be treated before it can be used or discharged into the canal. This treatment ensures that pollutants are reduced to acceptable limits, as the National Environmental Quality Standards (NEQS) prescribes. The main factors of concern in wastewater discharges are nitrogen and phosphate, which can cause the eutrophication of water channels. To treat the wastewater, we use oil skimming and neutralization methods. When the canal is closed, the water is stored in evaporation ponds. However, cooling water and rainwater can be fed into the canal without cleaning, as they do not come into contact with chemicals. We also use the wastewater for horticulture purposes at the plant sites. The wastewater discharged by FFC is largely cleaned and, therefore, does not burden the environment. Furthermore, there was no non-compliance with water disposal regulations throughout the year.

Water discharge by destination in ML/year

Surface water	
2019	2,285
2020	2,251
2021	2,254
2022	2,117
2023	2,208
Freshwater (≤1,000 mg/L Total Dissolved Solids)	
2018	–
2019	–
2020	–
2021	–
2022	–

Other water (>1,000 mg/L Total Dissolved Solids)	
2019	2,285
2020	2,251
2021	2,254
2022	2,117
2023	2,208

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 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.

Prevention of Sub-soil Water Contamination

We initiated the necessary preparations for the Geo Membrane lining activity of a nine-acre area in the evaporation ponds at the MM plant to prevent sub-soil water contamination in line with our commitment to prevent water-related pollution.

Reclamation of Wasteland for Cultivation

The project aims to reclaim unutilized forty-five acres of land near the evaporation ponds, explicitly focusing on an eco-friendly approach to minimizing ecological footprint, facility development, and growing beneficial crops. This will generate revenue and save huge recurring amounts spent on the weeding of the area to eliminate the source of fire hazards.

WASTE MANAGEMENT STRATEGY AND PERFORMANCE

Waste is a major threat to human health, biodiversity, and natural capital. Our production activities and business operations generate both hazardous and non-hazardous waste. Disposing of this waste through incineration, dumping, and other methods can harm the environment and human health. Therefore, we prioritize efficient waste management to minimize the negative impact of waste and its disposal.

Our actions and performance

Our approach is to minimize waste generated from our operations and carefully manage our waste streams to reduce environmental impacts. Waste is managed in compliance with applicable regulations, and recycling is prioritized wherever possible. We prioritize waste prevention over recovery or disposal and promote waste prevention throughout our value chain. However, unavoidable production waste is either recycled or disposed of properly. Before declaring an item as waste, an assessment is carried out at relevant levels. We only declare items as waste and divert them to disposal when they have no use within our operations. Our procedures require that each type of waste is recorded accurately, analyzed, and described. Waste is appropriately documented in our internal records, including the origin of the waste, the quantities generated during the year, the classification of the waste as hazardous or non-hazardous, and the possible disposal method.

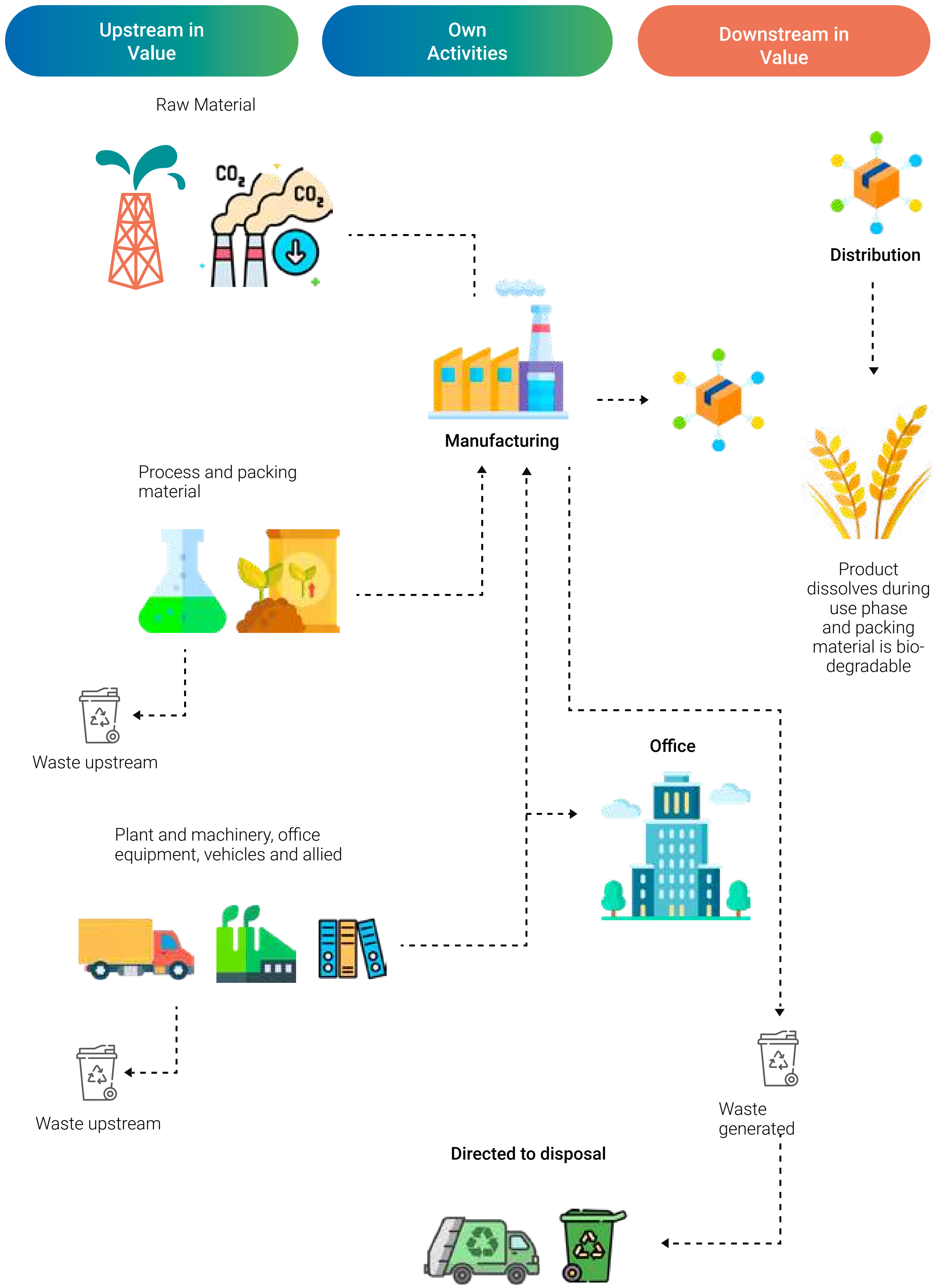
Waste generation

We use natural gas, water, and air to produce our fertilizers. These raw materials are received via pipeline and compressor, respectively. The final product is prilled urea packed in an oxo-biodegradable liner and placed in a WPP bag. The product dissolves during use, meaning there is no post-usage waste. The packaging material is biodegradable and does not lead to waste generation. Additionally, our manufacturing process does not result in any byproducts.

However, hazardous and non-hazardous waste is generated during manufacturing and other operational activities. This waste includes packing material for various maintenance items or other support services. Processes at plant sites generate waste such as resin, catalysts, chemical residues, and used lube oil. 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, primarily depending on investments, upgrading, and maintenance activities.

Waste treatment

The plant site accumulates waste until it reaches a significant level, and then it is disposed of using the best available option. The primary focus is to recycle or treat the waste, and only unsuitable waste is disposed of in landfills, which are then sold to a carefully selected supplier.
All waste is disposed of through contractors authorized by the Sindh Environmental Protection Agency and the Punjab Environmental Protection Agency. The provincial environmental agencies regularly review and approve the suppliers' processes. These contractors determine whether the material will be recycled or buried in a landfill in accordance with the legislation.


Upstream in Value
Own Activities
Downstream in Value
Raw Material
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)

	2023			2022			2021			2020			2019		
	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	105	Nil	105	125	Nil	125	174	Nil	174	153	Nil	153	343	Nil	343
Non-hazardous	11.900	Nil	11,900	10,715	Nil	10,715	6,979	Nil	6,979	7,074	Nil	7,074	5,765	Nil	5,765
Total waste	**12,005**	**Nil**	**12,005**	**10,840**	**Nil**	**10,840**	**7,153**	**Nil**	**7,153**	**7,227**	**Nil**	**7,227**	**6,108**	**Nil**	**6,108**

Waste diverted to disposal-by-disposal operation, in metric tons (t)

	2023			2022			2021			2020			2019		
	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	-	105	105	-	123	123	-	172	172	-	143	143	-	343	343
Total	**-**	**105**	**105**	**2**	**123**	**125**	**2**	**172**	**174**	**10**	**153**	**153**		**343**	**343**
Non-hazardous waste															
Incineration (with energy recovery)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incineration (without energy recovery)	-	-	-	-	-	-	1,749	-	1,749	1,678	-	1,678	422	-	422
Landfill	-	11,810	11,810	-	10,582	10,582	-	5,126	5,126	-	5,249	5,249	-	4,869	4,869
Other disposal operations	-	90	90	-	133	133	-	104	104	-	147	147	-	474	474
Total	-	**11,900**	**11,900**	**-**	**10,715**	**10,715**	**1,749**	**5,230**	**6,979**	**1,678**	**6,396**	**7,074**	**422**	**5343**	**5,765**

IMPACT ON PEOPLE – INVESTING IN PEOPLE AND COMMUNITIES

05

Human and Organizational Capital

Contributing to SDGs: 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production

Activities		
Health and safety policies and programs	Healthy workplace ecosystem	Equal opportunity Recruitment policy and practices
Fair and competitive remuneration	Employee engagement	Training and development
Diversity and inclusion	Human rights policies and practices	Promotion of human rights and labour rights in value chain
OUTPUTS		
Zero fatality	Zero occupational disease	Low injury rate
Employee retention	Trained and well-equipped workforce	Fair labour practices
Zero child and forced and	compulsory labour	Compliance with labour and human rights laws
Value Created		
Employee physical and mental wellness	Decent and safe working conditions for workforce, contractors	Future ready workforce
Responsible value chain		

Social and Relationship Capital

Contributing to SDGs: 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 6 Clean Water and Sanitation; 8 Decent Work and Economic Growth; 17 Partnerships for the Goals

Activities		
Community investments	Partnerships with institutions and NPOs for inclusive development	
OUTPUTS		
Skill development	Education and Health for underprivileged	Livelihood opportunities
Value Created		
Thriving communities	Organizational reputation	Goodwill and trust

MANAGING IMPACT & CREATING VALUE

At FFC, we recognize that our employees play a crucial role in our success. Their performance is what determines our economic strength, competitiveness, and ability to create and share value with our stakeholders. To remain an employer of choice, we continuously evolve our management practices, approach, and strategy to respond to the challenges posed by our operating environment. We are committed to fair human capital management, ensuring compliance with laws, regulations, and our code of conduct. Our focus is on building a culture of engagement, entrepreneurship, and diversity. Moreover, we prioritize the physical and psychological health and well-being of our employees at FFC.

We have a well-defined Human Resource (HR) policy to manage HR priorities, succession planning, recognition and rewarding of talented individuals, and leadership development. We aim to attract the most talented and imaginative individuals, provide them with nurturing and growth opportunities, and offer the best facilities to showcase their abilities. To achieve this, we have developed several employee advancement and development programs that offer a wide range of services.

The General Manager of Human Resources (HR) is the most senior officer responsible for employment and labour practices. HR heads report to the GM-HR at the manufacturing unit level, and all employment and labour practices are closely monitored at the corporate and manufacturing unit levels. The HR department monitors any breach of these practices, and we ensure adherence to laws and regulations by discussing them frequently and reporting quarterly to the Human Resources and Remuneration Committee of the Board.

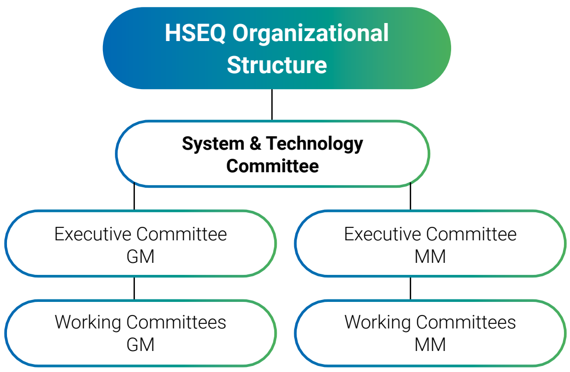
Attracting qualified employees and providing ongoing training and development are essential at FFC. We provide our employees with the skills and resources to work efficiently and innovatively. Our numerous training programs and best-in-class in-house training centre have already set the industry standards.

Our management approach is constantly evaluated through the feedback received from our employees, the Board's Human Resources and Remuneration Committee, and complaints received through our grievance mechanisms. This feedback is used to review our approach against defined objectives and policies and to make necessary updates to ensure a productive and positive work environment for our people.

COMMITTED TO HEALTH AND SAFETY

At FFC, the safety and well-being of our employees, contractors, and the communities surrounding our operations are of utmost importance to us. We firmly believe that any accidents or incidents can be prevented. That's why we have put in place a robust HSE system and processes that not only help us achieve our targets but also ensure compliance with all relevant laws and regulations.

Our actions and performance



- The Board's System and Technology Committee oversees the HSE performance on an annual basis and assesses the improvement needs.
- The Board Committee is assisted by the plant executive committees which are supported by the working committees.
- Workers can bring up HSE issues and concerns in the HSE Working Committee through their department representative.
- HSE Working Committee members receive risk management training, conduct assessments for their operations, and attend refresher sessions periodically to stay updated with new developments.

HSEQ Management System

The HSEQ system is derived from Industry Best Practices and International Standards and ensures workers' health, safety, and well-being through risk assessment, avoiding incidents and embedding continuous improvement in the organization. It complies with several regulations, including the Environmental Protection Act (EPA), Industrial Relations Act (IRA), National Environmental Quality Standard (NEQS), as well as OHSA Guidelines for Noise/Ammonia in the air and OHSA guidelines for health and safety. It defines responsibilities and expectations from managers, supervisors, employees, and business partners. Health and safety practices are monitored and reviewed regularly at corporate and manufacturing locations. The GM M&O governs the operational aspect of these practices in manufacturing units. HR head at the plant site implements fair labour practices, policies concerning regulations and laws, as well as other activities for the benefit of the employees. All workers, including contract workers while working on FFC premises, activities, and workplaces, are covered by the management system. HSEQ systems are continuously reviewed for improvement, and new industrial safety standards are adopted to eliminate or minimize potential harm.

Workers' participation in the health and safety system

The Works Council Committee operates under the Industrial Relations Act. The committee has an equal representation of workers and management and functions at the facility level to ensure job security for workers, monitor health and safety conditions, and evaluate job satisfaction levels. Meetings of the Works Council Committee are organized as per the law. Other committees and forums also exist to discuss and address health and safety issues. All workers are represented in these committees through their supervisors and line managers. Workers' participation is ensured through various programs such as hearing conservation, heat stress prevention, health and hygiene audits, ergonomics programs, workplace lighting, and prevention from exposure to hazardous chemicals.

The formal agreements between our company and CBA include provisions related to health and safety. These agreements cover almost 80% of all health and safety topics. In addition, all our employees are covered by a comprehensive medical policy that has been designed to meet the requirements of The Factories Act of 1934.

Hazards identification, risk assessment, and investigations

We have a well-established safety culture that includes a detailed reporting system for any process or plant safety concerns. We identify work-related hazards and assess risks regularly, using various methods such as HIRADC, HAZOP, Job Safety Analysis, Fault Tree Analysis, Safety Committee Meetings, and HORC. We follow the hierarchy of controls to eliminate hazards and minimize risks, ensuring the prevention and mitigation of occupational health and safety impacts.

The system has control measures in place to minimize risks and identify areas for improvement in the health and safety management system. The Hazard Identification, Risk Assessment and Determining Control (HIRADC) process for each unit involves analyzing past incidents related to a specific hazard and the resulting injuries, if any. All units review and update their HIRADC at least once a year. All hazards are addressed through control measures and recommendations from the Health, Safety, and Environment (HSE) department. Follow-up actions are tracked in the SOC.

Safety observations and traffic violations are documented on STOP cards. Traffic violation cards and recommendations are sent to concerned units anonymously. An extensive work permit procedure is followed, which prohibits workers from working in hazardous environments. There were no traffic incidents during the year.

Workers are not punished for reporting safety risks and incidents; they are encouraged to report the incidents. HSE work procedures define the incident reporting mechanism, which is consistently followed. We keep track of incidents and complaints from stakeholders and take prompt action to resolve them when necessary. During the year, there were no process safety incidents or transport incidents. Additionally, no complaints related to labour practices were filed.

Throughout the year, we organize safety talks and awareness sessions to ensure that our processes are high quality and that the individuals involved are competent. Work permit tests and management safety audits also help us to ensure the competence of the individuals. We review related KPIs for safety and occupational health quarterly in SOC meetings. Preventing accidents at work is a crucial part of our production activities, and we constantly motivate our employees to achieve this. Due to our high commitment to health and safety, the number of incidents concerning health and safety has decreased over the years, and our plants have produced records of safe man-hours. 37 million man-hours of safe operations for employees and 32 million man-hours of safe operations for contractors' employees were achieved as of December 31, 2023, at our plants.

Promotion of workers' health

At FFC, we prioritize the health and safety of our employees. Our Occupational Health and Industrial Hygiene services are designed to identify, evaluate, and control potential health risks in the workplace. The Occupational Health Physician at the plant is responsible for overseeing the development, implementation, and monitoring of our occupational health program to ensure that our employees are fit for work, properly report occupational illnesses, and that first aid is effectively administered when necessary.

We regularly conduct technical controls and measurements to ensure our employees have a safe working environment. In addition, our production employees undergo regular health checks to monitor their health status. FFC provides discounted health programs to promote the health and well-being of our employees.

Our township Medical Centres offer our employees a wide range of health services, including health promotion services, lectures, and awareness campaigns on non-work-related health issues. We take our employees' safety seriously and strive to ensure that our workplace is accident-free.

Training on health and safety

As part of our commitment to ensuring safety in the workplace, we regularly organize training sessions on various safety topics. These targeted courses give workers the knowledge and skills to act safely and prevent accidents. Line managers are responsible for training their employees on safety and assessing their familiarity with safety procedures and processes. The participation of line managers in the training process reinforces the importance of this critical aspect. Throughout the year, workers received training on emergency response and planning, process safety management, IOSH managing safety-UK, risk assessment, CPR, first aid, rescue, chemical handling, scaffolding, and firefighting, as well as training on work-related hazard-specific topics included in HSE's schedule.

Number and rate of fatality as a result of work-related injury

	2023		2022	
	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

	2023		2022	
	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 recordable work-related injuries

	2023		2022	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	01	01	02
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number of fatalities as a result of work-related ill health

	2023		2022	
	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

	2023		2022	
	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 considering 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. 37 million man-hours of workers and 32 man-hours of contractor workers worked during the year.

HUMAN CAPITAL AND DEVELOPMENT

COVID-19 has significantly changed the way we work, leading to digital transformation & collaboration, improving competitiveness & agility. Generating employment opportunities, providing a discrimination-free workplace, developing workers' skills have positive impact on our culture, growth, and ability to create value. A skilled, engaged, and committed workforce with the latest knowledge and techniques is critical to maintaining our market leadership and achieving our objectives.

Subtopics in this section

- Job creation and employment
- Fair and competitive remuneration
- Benefits and welfare
- Respect for collective bargaining rights
- Training & development

Our actions and performance

Job Creation and Employment

In the year 2023, FFC hired 169 new employees, while 176 employees left the organization to pursue other career opportunities. Currently, 583 FFC employees are temporary workers who are expected to be converted to permanent employees based on certain conditions. FFC does not offer part-time employment, and most of the work is performed by full-time employees. However, some job functions such as administration, civil work, guest house/club/gym, horticulture, janitorial, medical, workshops, security, technical, pool transport, pre-production labour, and daycare are outsourced to contractors who employ workers that are not FFC employees. As of December 31, 2022, 4,173 were non-employee workers working at FFC. The number of workers was extracted from contracts.

A total of 3,209 full-time employees work in our operations, including plants, marketing offices, and head office. There was no variation in hiring and attrition rates compared to 2022. The hiring rate was 5% during the year, while the turnover rate was 5% compared to 5% and 8 % last year. The employment information has been compiled from the management information system, and no assumptions were made. We attract and retain skilled individuals with competitive benefits, fulfilling work, and opportunities for career growth. Moreover, we indirectly support job creation through our contractors, suppliers, and dealers.

Total Number of Employees

2020	3,512
2021	3,272
2022	3,216
2023	3,209

Recruitment and Sourcing

Employee Engagement

Building Capability

Remuneration and Retention

Employees Demographics
Total Employees

Female	Male
106	3,103

Below 30 Years Old		30 -50 Years Old		Above 50 Years Old	
Male	447	Male	1,793	Male	863
Female	29	Female	67	Female	10
Total	**476**	Total	**1,860**	Total	**873**

Number of Full-Time Employees

Female	Male
106	3,103

Number of Permanent Employees

Female	Male
84	2,542

Number of Temporary Employees

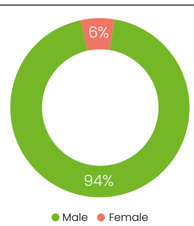
Female	Male
22	561

Number of Employees by Employment contract broken by region

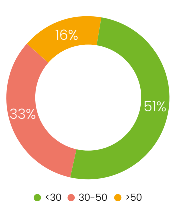
Location	2023	
	Permanent	Temporary
Head Office-Rawalpindi	546	228
Goth Machhi Plant	890	109
Mirpur Mathelo Plant	681	89
Lahore	469	134
Karachi	40	23
Total	**2,626**	**583**

Employees Demographics New hires

Female	Male
10 **6%**	**159** **94%**

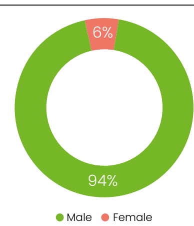


Below 30 Years Old	87	51%
30 -50 Years Old	55	33%
Above 50 Years Old	27	16%

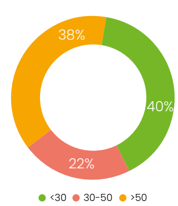


Employees Demographics Attrition

Female	Male
11 **6%**	**165** **94%**

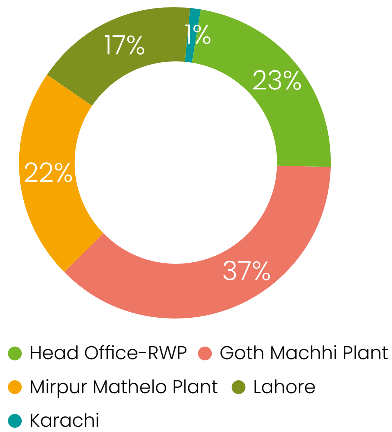


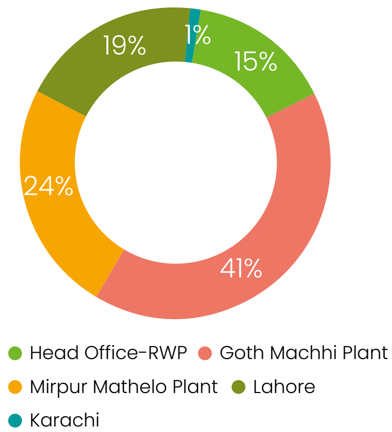
Below 30 Years Old	68	39%
30 -50 Years Old	40	23%
Above 50 Years Old	68	38%



Employees Demographics New Hires

Location		
Head Office-Rawalpindi	38	23%
Goth Machhi Plant	64	37%
Mirpur Mathelo Plant	37	22%
Lahore	28	17%
Karachi	2	1%
Total	**169**	**100%**





Employees Demographics Attrition

Location		
Head Office-Rawalpindi	27	15%
Goth Machhi Plant	71	41%
Mirpur Mathelo Plant	41	23%
Lahore	34	19%
Karachi	3	2%
Total	**176**	**100%**

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

Workforce salaries and benefits Rs.		
2023	**2022**	**2021**
13,742	10,500	10,276

Defined benefit plan obligations Rs.		
2023	**2022**	**2021**
722	402	378

Fair and Competitive Remuneration

We offer fair and competitive salaries to attract and retain top talent and build a robust human capital. We conduct regular market surveys to ensure our remuneration packages align with market benchmarks. The HR department recommends remuneration packages, and the Remuneration Committee, consisting of members from the Board of Directors, approves them. We also conduct employee engagement surveys to gather feedback on employees' perceptions of our remuneration and reward system. To evaluate employees' performance, we have a well-structured and open annual performance appraisal system that is continuously reviewed for improvement.

In 2023, we paid Rs.13,742 million to our workforce as salaries and benefits, which is higher than the Rs. 10,500 million paid in 2022. We ensured that all our operational sites paid above the minimum wage threshold. To ensure payment of minimum wages to contractors' workers, the wages are directly into their accounts and verified by the bank. Moreover, the ratio between standard entry-level wages and local minimum wages at all significant operational locations was 1.52:1.

Benefits and Welfare

We demonstrate our commitment to our employees by providing them comprehensive benefits and welfare schemes, including insurance, healthcare, and parental leave for our full-time employees. We aim to offer a decent and productive work environment where our workforce can showcase their talents. We also prioritize our employees' health and safety by conducting regular health checkups and consistent health and safety programs. This helps to minimize stress and injuries at workplace and plant sites.

We offer pension and gratuity schemes to eligible employees, fully financed by the FFC, once they meet the qualifying service period and age. The annual contributions to the gratuity and pension funds for management staff are determined by actuarial valuation. The defined contributory provident fund is available to all eligible employees, and FFC contributions are charged at 10% of the basic salary. Employees also contribute 10% of their basic salary to the provident fund. The provident fund may be reimbursed after an employee leaves the organization or is transferred at the employee's convenience.
We regularly monitor benefit plan obligations to ensure their relevance, compliance, costs, and stability and ensure that they align with the operating environment. In 2023, we spent Rs. 722 million on defined benefit plan obligations, compared to Rs. 402 million in 2022.

Respect for Collective Bargaining Rights

FFC is committed to upholding the fundamental rights of all employees to freedom of association and to be members of representative bodies. The Industrial Relations Act permits trade unions to represent our employees for collective bargaining and to seek dispute redress. We regularly work with collective bargaining agents, works councils, and other employee bodies to address employees' concerns regarding working conditions, and we make improvements based on their input. Collective bargaining agreements cover all staff employees except management employees, representing 74% of the workforce. If relocation within plants is necessary, FFC provides employees with fifteen days' notice, and a three-day joining period is given on relocation. This information is not specified in CBA agreements. FFC complies with all local statutory and operational requirements for providing information to employees' representatives and employees.

Training and Development

Talent development is crucial for retaining top talent, attracting new talent, and building a skilled workforce. In 2023, FFC invested Rs. 682 million into the training and development of its workforce, with over 21,751 training hours. An average of 6.8 training hours per employee was achieved.

Leadership Development and Succession Planning

Our leadership development program is designed to help high-potential employees enhance their leadership and management skills and become influential leaders. We offer a variety of internal and external specialist and interdisciplinary training and qualification measures to all employees to nurture their talent and expand their knowledge base.

Our HR development framework focuses on helping our employees grow by providing them with training, education, reskilling, and upskilling opportunities. The process consists of three steps: first, we assess each employee's competencies, then train them for their job, and finally, we encourage further development through education. This framework helps us identify any skill gaps within the organization and address them, ensuring that we have the right people in the right jobs to ensure the company's long-term sustainability.

Investment in Developing Skills and Talent (Million PKR)		
2023	2022	2021
682	275	69.9

Career Development

A well-designed job rotation program is implemented to help our employees achieve personal development and career growth and gain experience and learning. Job rotation offers several benefits, such as increasing job satisfaction, maximizing employees' potential, and enabling them to have a more accomplished career in FFC. This talent management program benefits employees by mapping their skills and matching them to new opportunities. It also supports effective succession planning, especially for the company's senior and other strategic positions. As part of this program, employees receive management skill development training throughout their careers. They are provided long-term leave to improve their professional qualifications and may be offered offshore technical services

Training Hours by Gender

	Female	Male
Training Hours	256	21,495
Employees	106	3,102
Training hours per employee	2.4	6.9

Training Hours by Employment Category

	Management	Staff
Training Hours	15,319	6,432
Employees	849	2,359
Training hours per employee	18	2.7

or deputation to diversified businesses. Despite the low attrition rate and retirement at the age of superannuation, transition assistance programs have not been introduced.

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LinkedIn Learning

The acquisition of LinkedIn Learning has enabled our employees to access credible, consistent, and contemporary learning anytime, anywhere. Among the APAC/MEA region, FFC employees have shown remarkable performance by having one of the highest adoption rates of the platform, with a 97% activation rate of the 400 licenses available. The Field Sales force has particularly shown better adoption of learning through the platform's mobile app. Our employees have completed 1.5 times more video views and more than double the learning hours than our competitors. Overall, it has been an outstanding achievement in the realm of online learning.

Competency-based Customized training

Our competency-based training is tailored to meet the specific development needs of our employees. This training is focused on essential soft skills, such as Team-building, Self-Awareness, and Empathy. Over 200 employees have already undergone this training, which is broken down into individual courses, each focusing on a single skill that is recommended for their role in the organizational hierarchy. The training is customized to fit FFC's cultural context, allowing individuals to develop specific competencies that align with their career path.

Six Sigma: Trainings (Green/Yellow Belt and Green Belt Certification)

The strides we've made in operational excellence through our Six Sigma Yellow Belt and Green Belt training initiatives and Green Belt Certification have been incredibly rewarding for improving process efficiency and reducing costs in our operations. The Six Sigma training program, which aims to enhance operational proficiency, has not only provided our team with the necessary tools but also fostered a culture of continuous improvement. The tangible improvements and refined processes demonstrate our unwavering commitment to quality and excellence.

RESPECTING AND PROMOTING HUMAN RIGHTS

Our activities and relationships have a direct impact on the human rights of workers, communities, business partners, and workers in the value chain. As a prominent fertilizer manufacturing company, we recognize our position and influence and take responsibility to respect human rights and protect people along our value chain. Respecting internationally recognized human rights is not only ethical but also supports our 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 upholds and complies with international charters on human rights within its sphere of influence. We have been a signatory to the United Nations Global Compact's (UNGC) human rights and labour principles since 2010. We have implemented policies to safeguard fundamental human rights as defined in international charters, such as the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. These policies include the non-discrimination policy, forced and compulsory labour policy, child labour policy, and anti-sexual harassment policy. Our code of conduct for employees provides essential guidance on human rights.

Responsibility

The General Manager (GM)-HR is the most senior officer responsible for managing human rights issues and implementing various policies related to human rights. A notification and reporting system is in place to take action on complaints related to human rights violations. Complaints can be received through line managers or work councils within the relevant statutory framework. If the procedure does not achieve the desired outcome, complaints can be made through the HR department. The legal department reviews the complaints filed to find an amicable solution and assess possible legal impacts.

Performance

We highly value having a diverse workforce, which is why we have a zero-tolerance policy towards discrimination based on race, ethnicity, religion, beliefs, disabilities, age, or sexual orientation. In 2023, we received no complaints about human rights violations. At FFC, we believe that employees have the right to freedom of association, and we have not encountered any cases where this right was breached or seriously endangered. However, we do not have reliable data on whether our value chain partners have breached the right to collective bargaining. As a company, we condemn all forms of child labour, forced labour, and slavery, and we strictly abide by local regulations regarding work permit age requirements. There were no instances of child labour or forced labour within our company. However, we do not have any reliable data on whether our value chain partners have employed child labour or forced labour.

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 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 207 to read our work for promoting sustainable practices in the value chain.

DIVERSITY, EQUITY, AND INCLUSION

We create a positive impact through promoting diversity and inclusion and increasing women's representation in all positions, and supporting the well-being of our employees.

FFC has a diversified workforce across all age groups, reinforcing our belief that diversity drives innovation and results in better decision-making. In 2023, 51% of new hires were millennials (born in 1981 or later), who inculcate new ideas, passion, and vitality.

At FFC, we value diversity in our workforce and strive to recruit the most qualified and suitable candidates for our open positions based on their skills and potential for future success in line with our corporate strategy and objectives. We do not set hiring quotas, but we provide some relaxation to the local population when hiring junior-level staff or apprentices at our plants. We prefer locals in our marketing group to avoid communication and language barriers. For senior management positions and the Executive Committee, we do not have any specific quotas for women, particular nationalities, ethnic minorities, or age groups. However, we offer employment opportunities to people with disabilities to help them become productive members of society and encourage their economic independence. During the year, no senior management was hired from plant site communities.

We do not discriminate in terms of basic salary or remuneration. Our remuneration and benefits are based on the type of employment contract, individual performance, and the role in advancing the company's objectives. The ratio of basic salary and remuneration of women to men is one-to-one at FFC. Additionally, all our employees received performance appraisals in 2023 to ensure transparency and fairness in our evaluation process.

Female employees are eligible for parental leave as per regulations. A total of fifty-six female employees were eligible for parental leave, out of which eight employees availed parental leave in 2023 compared to ten employees who availed parental leave in 2022. Eight employees returned to work in 2023 when their parental leave ended, compared to three employees who returned in 2022. Employees' return-to-work and retention rate after parental leave was 100%. Moreover, the female employees who took parental leave and returned to work remained employed for more than 12 months after their return to work.

Cultural Transformation across the Company

Fauji Fertilizer Company is navigating through a transformative period characterized by shifts, adaptations, and collaborative endeavours. As we move forward, we explore the rich tapestry of our evolving corporate culture. In 2023, we witnessed innovation, inclusivity, and shared purpose that have woven together to shape the very fabric of our organization.

Employees by gender, age, and minority group

	Minority Group		Age Group		
	Muslim	Non-Muslim	<30	30-50	>50
Male	99%	1%	1%	1%	1%
Female	95%	5%	27%	63%	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%	100%	-%	-	-	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%	58%	25%
Staff	98%	2%	98%	2%	14%	58%	28%

INVESTING IN COMMUNITIES TO DRIVE SOCIAL IMPACT

Addressing climate, social, and community issues to create a sustainable future requires investments and collaboration among larger ecosystems. Our operations have significant impacts on communities including infrastructure developments, use of shared resources, socio-economic development, enhancing skills and knowledge, jobs in the supply chain. By managing our impacts, we can enhance our ability to create value and drive prosperity by improving the lives of underprivileged communities, reducing inequality, and supporting those in need.

Our approach

Our community investment practices are targeted around the needs of the local communities. We determine these needs through surveys, focal groups, and meetings with the local community. We develop interventions that deliver maximum benefit and impact based on these guidelines. We have a well-defined Corporate Social Responsibility (CSR) policy as a guiding document. This policy encompasses our commitments, targets, and responsibilities for effectively managing our activities. The most senior officer in charge of implementing and monitoring social activities is the Sr. Manager of CSR, who also reviews and analyzes monthly progress. We use various tools, such as independent monitors and in-house reviews, to monitor and follow up on our performance and commitments to society. We continuously report our progress to senior management and adjust our approach accordingly.

Our actions and performance

We invest in various areas such as healthcare, education, community welfare, donations, disaster relief, and infrastructure development. We conduct due diligence in evaluating every donation, partnership, or sponsorship request and based on the results of need assessments, we plan and implement activities for community benefits. Our healthcare, education, community welfare, and rural development interventions are carried out through the Sona Welfare Foundation (SWF), a fully dedicated entity formed by the FFC. Our efforts aim to improve the living standards in areas of our operations and create added value.

We regularly engage, assess, and track our initiatives to check their effectiveness and identify any negative impacts. Based on the results, we modify our policies and practices accordingly. As a result of our monitoring and engagement, we did not identify any significant adverse effects on local communities during the year. We conducted local community engagement for all development programs at every (100%) operational location in 2023.

Healthcare

Through various collaborations, we provide quality healthcare facilities to local communities around our plant sites. Our health facilities, namely Hazrat Bilal Trust Hospital in Goth Machhi and Sona Welfare Hospital in Mirpur Mathelo, cater to approximately 150,000 patients from the surrounding communities annually. In collaboration with the District Health Office, Ghotki, six medical camps were organized in and around the Mirpur Mathelo area in 2023 to combat the spread of Hepatitis C and B.

Awareness session on Breast Cancer at GM plant

Education

Our efforts have been focused on uplifting the education level and socio-economic development of the communities surrounding our plant sites. The Sona Public School & College, located in Mirpur Mathelo provides quality education to poor and underprivileged children of the surrounding areas of District Ghotki. Currently, 1021 students are enrolled, of which 500 receive free-of-cost education while the rest pay a subsidized fee. Special emphasis is being given to female education under our program, and an extension of the existing girls' section was inaugurated to accommodate around 200 female students from economically challenging backgrounds. Moreover, four classrooms for the junior section were constructed and inaugurated in 2023 to cater to the non-availability of pre-junior student education facilities around the plant site. Lahore University of Management Sciences (LUMS) faculty members regularly participate

Ladies Vocational Training Center

The Ladies Vocational Training Center (LVTC) in Jhampir was established with the aim of eradicating poverty and empowering women. After the completion of the building works, the first training batch of 10 students commenced on May 15, 2023, and completed in November 2023, with seven students successfully graduating from the institute. The comprehensive curriculum includes cutting, sewing, embroidery, and frill-making skills. The project is planned to target 600 plus women in neighboring villages.

in awareness sessions to guide and encourage students towards better opportunities.

FFC supports government schools by meeting their administrative and training needs. By doing so, the program aims to contribute positively towards the education and learning requirements of the students in the area. Currently, the program is being implemented in the Goth Machhi, Sadiqabad region, benefiting 2,050 students across five adopted government schools.

Moreover, FFC provides scholarships to deserving students, particularly those from low-landholding farmers' communities. The Sona Ward of Farmer Scholarship Program, run by FFC, currently looks after 221 students from all over Pakistan. FFC collaborated with Al-Mujtaba Trust for outreach and provision of twenty scholarships and financial assistance to deserving students from underprivileged families. The scholarships are also provided to deserving students in District Sadiqabad and other parts of the country.

Community uplift programs

Our partnerships and programs contribute to the socio-economic development and prosperity of the surrounding areas by reducing poverty and uplifting communities.

Partnering with Akhuwat Foundation

Sona Welfare Foundation has partnered with the Akhuwat Foundation to provide financial inclusion opportunities and empower marginalized communities. Rs. 18 million has been donated for a five-year program to provide interest-free loans to marginalised individuals. This initiative will help them start or expand small-scale businesses and become self-reliant. Sona Model Village was developed in Mirpur Mathelo to promote social mobilisation and development interventions. So far, 1,739 loans worth Rs. 59.19 million have been disbursed in Mirpur Mathelo and the surrounding areas with an impressive 99.97% return rate. The loans were provided to 75% of females and 25% of males. The program aims to expand its reach by supporting, mobilizing, and ensuring community participation in developing surrounding villages into modern and developed towns.

Tree Plantation

In 2023, FFC Plant sites collaborated with local administration and Government/Private schools to launch a tree plantation drive. During the drive, 5,000 trees were planted in schools and on both sides of the road, leading to Goth Maachi and Mirpur Mathelo plant sites.

IMPACT ON PROFIT AND PERFORMANCE – INVESTING IN FOOD SECURITY AND SUSTAINABLE PRACTICES

06

Organizational, Financial and Social and Relationship Capital

Contributing to SDGs:

6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND

Activities		
Research and development	Farm advisory activities	Soil and water analysis
Customer satisfaction surveys	Producing and selling quality fertilizers	fertilizers Investment management and diversification
Procuring locally	Promoting sustainability in value chain	
OUTPUTS		
New and improved farming techniques	Increasing farmers knowledge	Suitable crops and balanced fertilizer use
Identifying customers' expectations	Contribution to food security	Healthy economic returns
Healthy economic returns	Compliance with laws	Managing value chain risks
Value Created		
Improved crops' yield	Increased farmers' income	Better Return on Investment
Strong financial position	Responsible value chain	

MANAGING IMPACT & CREATING VALUE

As a manufacturer and marketer of fertilizer products, FFC holds a leading position in the industry. We are well-equipped to tackle the challenges posed by our operating environment. Our focus is on increasing profitability, diversification, and investing in farm advisory services. We aim to create value for our farmers and society and provide sustained and healthy returns to our shareholders.

Farmers primarily use our product and are a key driver for our long-term success. We have a loyal customer base nationwide due to our continuous commitment and investment in farm advisory services. This promotes our brand in the marketplace and creates value for our company and the farmers we serve. Our work aims to ensure food security and self-sufficiency by maximizing grain production in the country. We have established policies and guidelines with targets for different farmers' outreach activities. A senior manager is responsible for reviewing the implementation of these policies and procedures and evaluating performance against the targets.

The Managing Director / Chief Executive Officer is accountable for the Company's day-to-day management and financial performance. The Board assesses the performance every quarter and scrutinizes the management's approach to economic management against predetermined targets. The Board is responsible for making necessary changes, and the CEO & MD is responsible for ensuring smooth implementation. The results of the evaluation are communicated in the Directors' Report.

Our procurement practices are designed to create value for our local partners and contribute to the country's economic development. Our procurement department, located at the head office and plant sites, manages suppliers. The Senior Manager of Procurement is responsible for ensuring that procurement processes are implemented smoothly and in accordance with the procurement manual and supplier selection criteria. Our management approach is reviewed and updated as needed.

GROWING FARM PRODUCTIVITY

The farming community's prosperity is crucial to keep up with the increasing demand for food. The affordability and availability of fertilizers, crop loss due to devastating floods, and the rising cost of living are the primary problems for farmers. The decreasing quantity of land available for farming, combined with other challenges, is preventing younger generations from pursuing agriculture. This places additional stress on food systems and increases food insecurity. As a leading fertilizer company, we are positioned to help farmers increase their farm productivity through our farm advisory services. Our activities contribute to national food security, enhance rural income, and build a promising future.

Our actions and performance

Farm Advisory Services

We have a network of 5 Farm Advisory Centers (FAC) and 21 Agri. Services Offices (ASO). Each Farm Advisory Center comprises a team of professionals equipped with a modern and sophisticated computerized soil and water testing laboratory and a demonstration van with high-tech audio-visual equipment. The FAC operates for 4-5 years in a specific area, guiding according to the crops grown in the area and the socio-economic position of the farmers.

Our Farm Advisory Services follow an integrated approach that includes agronomic, extension, and soil testing activities to help build farmers' capacity. Our agronomic activities involve laying out crop demonstration plots and conducting fertilizer trials in farmers' fields. Our extension activities include agricultural seminars, farmer meetings, group discussions, field days, training programs, and farm visits.

Our soil testing service is a valuable tool that helps identify soil problems and promotes an appropriate and balanced use of fertilizers. The soil lab collaborates with FAO for its GLOSOLAN framework to validate soil laboratory data and ensure that soil management decisions are based on sound and reliable data.

Our Farm Advisory Services work closely with research organizations to ensure the latest findings are passed on to the farming community. Agricultural experts and professionals from government departments are invited to participate in various events to discuss the challenges faced by farmers. We regularly conduct farmer capacity-building programs to improve the rural economy by demonstrating the latest and recommended crop production technologies. This includes best management practices, 4R nutrient stewardship, and promotion of balanced fertilizer use, to increase farm output and farmers' income.

Number of farmers reached by Agri-services field activities

	2022	2021
Farmer Meetings	266	259
Blitz Program	22	-
Crop Seminars	44	41
Farm Visits	5,208	5,072
Training Programs	44	43
Crop Demonstrations	127	120
NPK Supervisory Plots	54	42
Field Days	107	99
Group discussions	768	755
Soil & Water Samples Tested	15,542	15,608
Total outreach through above mentioned Agri-service activities	**53,776**	**51,510**

Throughout 2023, an average of 9,806 farmers stayed in close contact with each other through various Distance Advisory tools like WhatsApp groups, individual calls, emails, and text messages, in addition to field activities.

Research and Development

We have a Fertilizer Research Centre in Faisalabad to test and evaluate newly developed products. We collaborate with various national and international companies and academies on R&D activities, focusing on developing value-added fertilizer products such as slow-release fertilizers, biologically enhanced fertilizers, micronutrient-impregnated fertilizers, and N-inhibitor fertilizers. We aim to improve farm economics for the farmers while considering the environmental impact of using these products.

Our R&D activities also prioritize controlling nitrogen release from granules to match crop growth requirements, directly addressing the issue of planetary boundaries. These boundaries are nine planetary limits that humanity must respect to continue to develop and thrive for generations to come. Crossing these boundaries could generate abrupt or irreversible environmental changes. By respecting these boundaries, we help reduce the risks to human society associated with crossing these thresholds.

Crop literature and crop documentaries

The Agri-services department has developed literature in the national language covering the complete production technology, fertilizer dosage, timing, and application methods for all major crops, vegetables, and fruits grown in the country. This literature is updated regularly. The department has created 23 booklets/flyers, including the "Fertilizer Guide Book" and "Fertilizer Recommendation Book". Agriculture newsletters are published quarterly in Urdu to refresh farmers' knowledge regarding seasonal/ongoing crop operations. These newsletters are distributed among the farmers during various Agri-service activities. New topics like SDGs, the role of micronutrients and their use, and 4R nutrient stewardship have been included in these newsletters. 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) has been established to further strengthen contact with the farming community. This service allows prompt interaction regarding emergent field issues and suggests solutions within the shortest possible time.

Distant advisory activity	Farmers' outreach in 2023
Agri-booklets including Zarai reports distributed	26,000
Flyers, short text messages and crop advisory messages	22,380
Toll-Free FFC Helpline Service for guidance about agriculture/crop-related issues	349

Crop production documentaries, including sugarcane, cotton, rice, maize, wheat, and efficient fertilizer use, have been updated to educate farmers on different farming techniques. All documentaries were telecasted before crop seasons to inform farmers about balanced fertilizer use and farming techniques. The Agri-services team regularly participates in various talk shows organized by radio and TV stations, and various institutions organize activities to discuss production technology and balanced fertilizer use for significant crops. Considering the significance of social media, 1,055 advisory messages regarding various crops, farming activities, and fertilizer usage were disseminated to 20,711 registered growers through different social media platforms.

Mobile App on Fertilizer Recommendations for Farmers

Our mobile app called "Kashtkar Rahnuma" is available on the Google Play Store to assist farmers in promoting the balanced use of fertilizer. The app helps predict fertilizer recommendations for farmers who cannot access soil analysis facilities. Additionally, farmers can access a helpline, Kashtkar Desk, meteorological data, crop brochures, fertilizer dealers, and markets through the app.

Farmer Data Bank Application

The Farmer Data Bank Application has been developed and tested for field officers to build a database of farmers. The app helps to determine fertilizer usage trends and analyze farm size, cropping schemes, and brand preferences.

Agri Service Dashboard

Improvements have been made to the "Agri Services Dashboard", which now includes features such as visualizing activities through Google Maps, Crop Economics, VCR, Commodity Prices, and History Tabs. The role of punching VCR, Crop Economics, Commodity Prices, Crop Area, Production, and Yield has been added to the Agri Services Recording Application.

Agri Service Participation in Media Talks

The Agri-services team took part in various interactive discussions and question-answer sessions related to crops and agriculture on 56 Radio Talks aired on Radio Pakistan and FM Channels throughout the marketing area. Additionally, more than 202 local and national news channels telecasted FFC events and interviews.

Value Cost Ratio

We assess the effectiveness of our products and activities by analyzing their impact on the value-cost ratio (VCR) for major and minor crops. The value-cost ratio (VCR) to evaluate the production cost and net income of major and minor crops grown in our crop demonstration plots across the marketing area. The higher the value-cost ratio, the greater the value created for farmers.

Value Cost Ratio (VCR)

	2023	2022	2021
Major crops (Wheat, Rice, Maize, Cotton, Sugarcane)	2.3-2.7	2.2 – 3.1	2.3 – 3.0
Minor crops (Sunflower, Tobacco, Potato, Citrus)	1.8-5.4	2.0 - 4.7	2.6 - 4.5

Customer satisfaction survey

Customer satisfaction surveys are conducted twice a year to measure satisfaction levels across various aspects of quality, operations, and products. These surveys focus on the entire product portfolio in Pakistan's marketing area network. In 2023, the surveys were conducted in January and June, respectively. Dealers were selected as a sample size from all regions, covering every 13 FFC region in the marketing area across Pakistan.

Value Cost Ratio (VCR)

	June 2023	June 2022	January 2023	January 2022
Customers' overall satisfaction - Sona Urea (P)	9.37	9.22	8.39	8.98
Customers' overall satisfaction - Sona Urea (NC)	9.51	-	8.43	-

87% growers followed FFC's Agri. Services experts' advice and **64%** of those who followed the advice witnessed substantial increased yields.

100% of farmers (Tele Survey 2023) expressed that crop documentaries were extra-ordinary effective in sharing the latest information about crop cultivation methods and maximizing yield.

FOOD SECURITY AND SUSTAINABLE AGRICULTURE

FFC, in line with its vision of going beyond business and firm commitment to nation-building, launched its flagship project, the Food Security and Agriculture Center of Excellence (FACE), in 2019. The objective was to help solve the problems faced by the agriculture sector, provide access to financial capital, and achieve national food security and zero hunger. FACE is pursuing this vision through an innovative model that brings together national and international partner organizations under one roof to provide all-encompassing solutions to the farming community. Through its successful operations, FACE aims to serve as a model for agricultural uplift and address food insecurity in developing countries worldwide.

The program is designed to cover the entire Food Security Cycle and tackle the issues of food security and sustainable agriculture. It involves offering various services to farmers, such as land preparation, analysis of soil and water, and crop planning through Agri-Services. This program also supports low-cost loans, advanced agricultural practices, and market linkages to help farmers get better crop prices.

The social welfare benefits for farmers, households, and the public include access to quality education, healthcare, vocational training programs, women's empowerment initiatives, livestock management services, and dairy processing. These food security services, combined with the social welfare elements, enhance the well-being and prosperity of farmers by providing these essential services at the centre.

The program FACE operates in the Southern Punjab region, encompassing the areas of Ahmedpur Lamma, Rahim Yar Khan.

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:

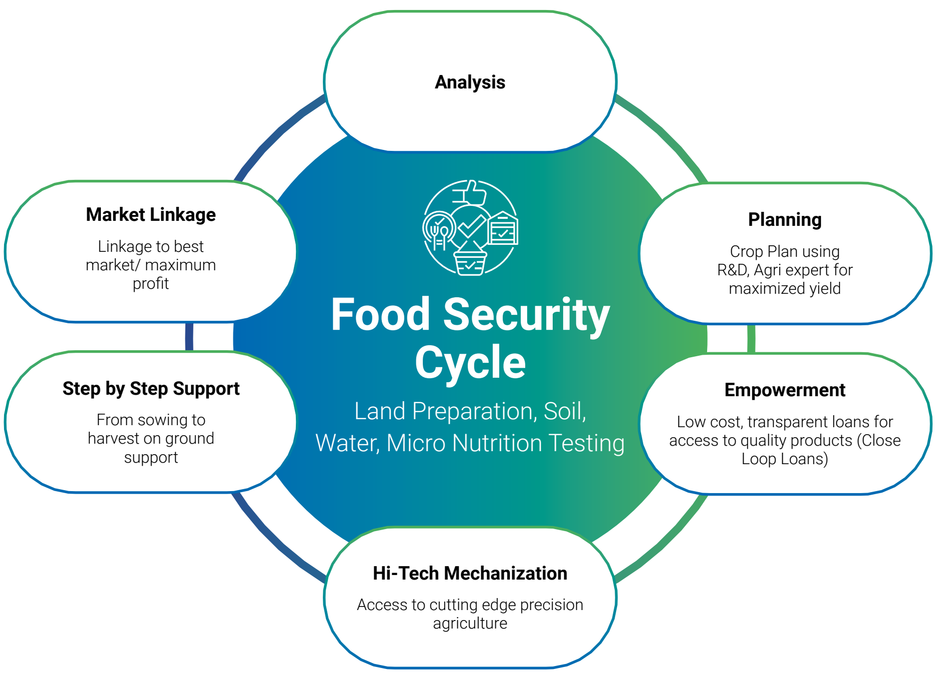
- Modern Agriculture Technologies
- Farm Machinery Management
- Climate change
- Disaster risk management
- Smart use of farm inputs

Veterinary Assistance

- Assistance farmers in maximum utilization of animals.
- Providing animal healthcare services.
- Establishing linkages to market animal produce.

Youth Development

- Providing farmer children with unique opportunities to acquire sustainable skill development knowledge and generate income based livelihoods.



Training on Best Farming Practices

In 84 training sessions, 3,022 farmers were trained on advanced farming practices and climate-resilient agriculture. The aim was to increase the yield per acre, improve crop quality and balanced use of natural resources.

Promotion of Precision Farming

The demand for precision farming services has been growing due to challenges of climate change and increasing input costs for local farmers. To meet this demand, FACE has successfully launched its self-managed fleet of 10 agricultural drones, each with a load capacity of 30 litres and the latest AI features. FACE has provided precision farming services on 110,000 acres in partnership with partner organizations in 2023. Adding FACE's fleet to the program will further benefit local farmers and allow for future scale-up of precision farming services.

Provision of Low-interest Rate Loans

FACE provides farmers with easy access to insurance-based agriculture and livestock loans. It has processed Rs. 48 million till 2023, granted to 160 registered farmers through a closed-loop model. This model ensures that the loans come with crop and livestock insurance features, a first in Pakistan. The loans are hassle-free as no cash exchange is involved, and farmers have access to quality inputs, mechanization, precision farming, renewable energy, and Agri implements. FACE agriculture experts provide complete end-to-end support to farmers, making the process more efficient and effective.

FACE Collaborative Farming for Promotion of Quality Cotton and Wheat Crop

FACE supports local farmers in cultivating high-quality wheat and cotton crops. The experts provide on-field assistance and expert guidance to overcome challenges posed by climate change and other adversities. In 2023, the FACE program successfully cultivated wheat and cotton crops on 450 and 501 acres of land in collaboration with local farmers.

Implementing Partner - FAO Digital Village Initiative (DVI)

The UN Food and Agriculture Organization (FAO) launched a pilot program to establish digital villages in Pakistan to create 1,000 such villages worldwide. FACE became the implementing partner for the Digital Village at Ahmedpur Lamma, Rahim Yar Khan. The project involved capacity building, training, and promoting digital learning among the local population, installing a hyper-localized weather station, and setting up a Digital Literacy Center at FACE Ahmedpur Lamma. As part of the DVI initiative, 30 training sessions were conducted by sector experts from FAO, benefiting over 930 participants. After completing the DVI program, ten women focal persons were awarded tablets to promote digital applications among local women.

Promotion of Homebased Malnutrition Alleviation

Malnutrition and food insecurity affect vulnerable households. Resources, capacity building, and home-based initiatives are required to supplement their nutritional needs. In 2023, FACE supported 40 women-led households in Sahiwal through its program, which offered poultry birds and training to the beneficiary women of the targeted community. A total of 1,000 egg-laying hens were distributed to support the targeted households and to scale up in the future to supplement local food baskets.

DELIVERING SUSTAINED ECONOMIC RETURNS

To create value over time, pursue a sustainability agenda, and provide healthy returns to our investors, efficient use of our capital is critical. This implies that we must act reasonably in all of our business transactions and relationships to maintain the trust of our stakeholders and promote equitable economic development. As a leading player in the fertilizer industry, we are well-positioned to deliver consistent economic returns and play a critical role in ensuring food security.

Subtopics in this section

- Economic Performance
- Anti-Corruption

Our actions and performance

Financial returns to investors

FFC is one of the top-performing companies on the PSX due to our economic strength and ability to provide sustainable and healthy financial returns to our shareholders and debt capital providers over the years. Our value creation ability allows us to aggressively and sustainably pursue our strategic objectives. We have established well-defined goals for revenue, costs, production, sales, and profit, and have implemented policies, procedures, and resources to support them. Our state-of-the-art business management systems assist operational management in delivering exceptional results.

Refer to pages 49 to 83 of the Annual Report to read the Directors' Report and overview of our financial performance.

Sustainable value creation implies building operations that can be sustained without relying on any form of subsidy or public funding. In the year 2023, FFC did not receive any financial aid directly or indirectly from the government except the reduced gas tariff given to the fertilizer industry, subsidies, and tax credits as per the applicable laws.

Refer to pages 63 to 70 of the Annual Report for detailed financial results.

Fair business transactions and relationships

We have a strict code of conduct that includes an organizational policy on anti-corruption. This policy is supported by an effective risk management system that helps us identify corruption risks. We investigate corruption risks through ongoing internal auditing activity. During the year, we conducted a risk assessment for corruption risk, covering all our operations according to our risk management system and we did not identify any significant risks related to corruption or incidents of corruption. Therefore, we did not conduct specific training on anti-corruption policies and procedures. However, we communicate these policies and procedures to all directors and employees at all operations locations. We also provide orientation to new hires, including a briefing about anti-corruption policies and procedures. Additionally, we communicate the anti-corruption policies and procedures to all business partners during engagement. We have an official slogan, "Say no to corruption", in all our official correspondence, which reinforces our commitment to zero tolerance for corruption.

FFC is committed to producing and selling high-quality products that meet international standards. To ensure the quality of our fertilizer, we regularly conduct quality checks on our product samples for factors such as average prill size, biuret, moisture, crushing strength, and total fitness. We also use special security labels (known as 'Pehchan' stickers) and coloured stitching thread that change after a specific time to prevent product dumping, malpractices, and theft. At FFC, we follow voluntary codes of conduct relating to fair competition, ethics, social norms, cultural values, and honest disclosure of product benefits and features. Our products are sold through a distribution network that makes it easy for customers to purchase them. We provide pricing and shipment information, online order placement, and payment processing through SMS and the ASKSONA Card for our dealers and customers.

INTEGRATING SUSTAINABILITY INTO THE VALUE CHAIN

We understand that our activities and business relationships have far-reaching impacts that also involve our partners within the value chain. We believe in supporting economic development around our plants by procuring materials and services locally whenever possible. To effectively manage and mitigate any negative impacts within the value chain, it is crucial to work together as a team, build capacity, and share best practices. The key areas where we focus on reducing negative impacts are the environment, labour practices and respecting human rights.

Subtopics in this section

Procurement Practices

Supply chain impacts

Our actions and performance

Procuring locally

In 2023, 49% of our goods and services were procured locally, compared to 57% in 2022. The remaining 51% were procured from foreign suppliers, down from 43% in 2022.

We strive to source most of our requirements from the locations where our operating facilities are located, ensuring that they meet our quality standards, are technically feasible, and economically justifiable. By doing so, we contribute to the economic development of the surrounding areas. Our suppliers are a mix of local and foreign sources. We purchase primary raw materials and other components readily available in Pakistan from local suppliers. However, for materials and components that are not available locally, we source them from foreign suppliers.

Promoting sustainability in the value chain

Our sustainability management approach goes beyond our traditional operational boundaries and includes our value chain partners to manage the impacts occurring in the value chain. We incorporate sustainability criteria in the selection and working with value chain partners to limit exposure to unexpected events and negative environmental and social impacts while building long-term core competence and effective management of the value chain. Negative environmental and social impacts in the value chain include greenhouse gas emissions from product transportation, labour and human rights violations, health and safety of value chain workers, and societal impacts. Our relationships with our value chain partners extend beyond the commercial sphere and include a mutual understanding to promote good practices and pursue responsible and sustainable development.

The procurement manual provides guidance when working with our suppliers, dealers, outsourcing partners, and service providers. It includes sustainability-specific requirements, and selection criteria consider sustainability factors like environmental management, working conditions, labour-management practices, respect for human rights, safety standards, impacts on society, and financial creditworthiness. To ensure value chain partners follow FFC's sustainability criteria, significant partners will need to provide third-party verification in future. FFC may also carry out on-site audits in the future if necessary. These criteria will strengthen our efforts and provide a reference framework for social and environmental protection in the value chain. As part of our approach to a sustainable value chain, we regularly share best practices and offer training for our haulage contractors and dealers.

Our procurement portal requires all our value chain partners to upload their environmental, labour, and human rights policies. Additionally, to be considered as a partner, a commitment to adhere to applicable labour and human rights laws is required as part of our code of conduct. To ensure sustainability, we screen new suppliers using sustainability criteria. In 2023, all 69 suppliers that applied and were registered were screened against these criteria.

We do not currently collect data on environmental and social impacts in our supply chain due to a lack of reliable information. As a result, we are unaware of any negative impacts on our supplier's operations during the year. However, we are confident that implementing sustainability criteria will help us collect information about future supply chain impacts.

07 FORWARD LOOKING STATEMENT

We are dedicated to generating and distributing value to our stakeholders by establishing our position, seizing opportunities, and mitigating risks in our operational environment. Our capacity to efficiently use our capital, reduce impairment, preserve, and improve capital stocks is crucial for long-term success and sets us apart from competitors. We aim to align our strategy and policies with the relevant Sustainable Development Goals (SDGs) to effectively contribute towards achieving the SDGs and manage our impact.

There are significant challenges ahead due to economic disruptions, lower agricultural growth, and decreasing natural gas reserves. As a company that is closely associated with the agricultural sector, we face the challenges of low farm productivity, higher input costs, increasing poverty among the rural population, and rising food prices, which have a significant impact on our corporate strategy and future goals. However, we are confident in achieving our future goals through our strategic approach to exploring alternative fuels, producing environment-friendly fertilizer products, and pursuing diversification.

Climate change, freshwater scarcity, waste accumulation, and loss of biodiversity are critical environmental issues that demand the preservation and restoration of natural resources. To reduce our environmental footprint, we are investing in upgrading our infrastructure, adopting cleaner technologies, transitioning towards renewable energy sources, and managing water resources efficiently. We are also exploring science-based targets that align with climate science for reducing GHG emissions. However, the complexity of our operations and the unavailability of reliable energy sources pose significant challenges that we are actively exploring to resolve.

Our company's ability to create value is driven by the quality of our human capital, which integrates different forms of capital. The knowledge and skills possessed by our workforce are the foundation of our success as a leading organization. We are dedicated to recruiting highly qualified, motivated, and diverse individuals, fostering their talents, and providing a decent and productive work environment to showcase their abilities.

Floods, low productivity, and high food prices have led to food security and affordability problems, which will worsen malnutrition and poverty. Our farm advisory program enhances farmers' skills, promotes innovative farming techniques, and advises on fertilizer use. We urge the government to develop supportive agriculture policies to combat hunger and inequality. Our CSR policy commits to community programs in defined areas to provide health and education facilities and uplift underprivileged communities for socio-economic growth near our plant sites and beyond.

We believe that a strong governance structure and transparent reporting practices are essential for advancing our role in society. As a responsible corporate entity in Pakistan, we are committed to adopting the best-in-class governance practices to become a role model for the corporate sector. We aim to engage with our stakeholders on issues of interest and play a leading role in inspiring peer companies to contribute towards sustainable development.

08
Appendices

INDEPENDENT EXTERNAL REVIEW 2023

FERSO ESG performed an independent review of the Fauji Fertilizer Company Limited (FFC) Sustainability Report 2023 (the report), referring to the period from 1st January 2023 to 31st December 2023. 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 FERSO staff members maintained or maintains business ties with FFC.

Our Qualification

FERSO ESG is firm specialized in sustainability advisory and report assurance and is licensed as assurance provider by accountability under license number 000-845. 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 2023 and is responsible for all its content. FERSO ESG 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 Sustainability Report 2023, referring to the period from January 1st, 2023, through December 31st, 2023, 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.

FERSO ESG 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 Standard GRI1.
- Analysis of evidence provided by the reporting organization to corroborate the reported content.
- 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.
- Evaluation against principles and elements of the Integrated Reporting (<IR>) framework and the associated multi-capital concept.
- 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 2023 final draft version and the respective Content Index to check consistency with the provided content.
- Evaluation of the adherence of the FFC Sustainability Report 2023 to the GRI Standards 2021.

- Evaluation or the responses to the SASB Indicators.
- Analysis against the Integrated Reporting principles, content elements and the concept of the six capitals.
- Collection of sample evidence to verify selected data points.
- Adjustments reports and final review of the report.
- 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 a level of limited assurance and we believe that the desk review of the FFC Sustainability Report completed by FERSO ESG provides an appropriate basis for our conclusions.

Statement of Conclusions

Use of GRI Standards 2021

FFC declares the report to be in accordance with the GRI Standards 2021. FERSO ESG reviewed the use of the GRI Standards GRI1, 2 and 3. Based on the analysis, minor recommendations to adjust the content have been made. The company has integrated all of 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

FERSO ESG 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.
- For each capital, the report provides an overview activities and outputs and value creation, which are in the subsequent sections further evidenced by performance data. 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. With this, the report supports the principle of Conciseness without losing substantial responses to relevant indicators.

Main Conclusions on Adherence to AccountAbility Principles

FERSO ESG also 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:

- The FFC materiality list comprises 16 material topics which have been identified based on their impact on the different capitals and relevant stakeholders. The material topics are constantly reviewed by the company using the existing engagement mechanisms which guarantee that stakeholder demands are included in the process, and we consider that this process also reflects good practice as suggested by the GRI 3 standard on Materiality.
- All material topics are treated in different sections of the report, supported with relevant information on the management systems and completed with data which provide an accurate and balanced view of the company's performance in relation to the topics.
- The report provides information for all sector SASB Chemical Industry Standard indicators except for the subset of RT-CH-410 indicators which the company plans to include in the next reporting cycle. We recommend responding RT-CH-410b.1 and RT-CH-410b.2 which we consider relevant for the business.

INDEPENDENT EXTERNAL REVIEW 2023

- In terms of impact, we can highlight the performance of FFC for attended farmers, as in 2023, FFC has not only increased farmer outreach, but also reach the highest level of satisfaction in recent years and noted improved yields for nearly two thirds of attended farmers.
- Out of its eight sustainability targets for 2026, FFC has already reached seven and is on track with the goal of staff training. Given the fact that the achievement of most of the targets could be anticipated, we recommend evaluating a target revision in order to stretch performance further until 2026.

Limitation and exclusions

The verification of financial figures and sustainability performance data was not object of FERSO ESG´s work and the review of the Annual Report, which is referenced in the Sustainability Report 2023, was not in the scope of the engagement.

Final Conclusion

FFC has delivered its Sustainability Report 2023 in compliance with GRI Standard 2021 GRI1. Based on the scope of our work and the review 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 2023 is not fairly stated in all material aspects.

São Paulo, February 19, 2024

Beat Grüninger,

FERSO ESG

AA1000
Licensed Assurance Provider
257

Islamabad: February 19, 2024

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 locate content within the document, specifies each of the GRI Standards used, and lists all disclosures included in the report. Each disclosure is followed by referencing the appropriate pages in the 2023 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 2023 to 31 Dec 2023.
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, 210			
	2-6 Activities, value chain and other business relationships	148, 202			
	2-7 Employees	191			
	2-8 Workers who are not employees	190			
	2-9 Governance structure and composition	168			
	2-10 Nomination and selection of the highest governance body	168			
	2-11 Chair of the highest governance body	168			
	2-12 Role of the highest governance body in overseeing the management of impacts	151, 168-169			
	2-13 Delegation of responsibility for managing impacts	168			
	2-14 Role of the highest governance body in sustainability reporting	151			
	2-15 Conflicts of interest	168			
	2-16 Communication of critical concerns	170			
	2-17 Collective knowledge of the highest governance body	151, 169			
	2-18 Evaluation of the performance of the highest governance body	169			

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			Omission		
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
	2-19 Remuneration policies	170			
	2-20 Process to determine remuneration	170			
	2-21 Annual total compensation ratio	-	a, b, c	Information unavailable/ incomplete	
	2-22 Statement on sustainable development strategy	160, 162			
	2-23 Policy commitments	171			
	2-24 Embedding policy commitments	171			
	2-25 Processes to remediate negative impacts	171			
	2-26 Mechanisms for seeking advice and raising concerns	170			
	2-27 Compliance with laws and regulations	169			
	2-28 Membership associations	149			
	2-29 Approach to stakeholder engagement	156-157			
	2-30 Collective bargaining agreements	194			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	154			
	3-2 List of material topics	155			
Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	200, 206			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	129			
	201-2 Financial implications and other risks and opportunities due to climate change	175			

GRI Standard/Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
	201-3 Defined benefit plan obligations and other retirement plans	193			
	201-4 Financial assistance received from government	206			
Market Presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	186, 196			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	192			
	202-2 Proportion of senior management hired from the local community	196			
Procurement Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	200, 207			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	207			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	200, 206			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	206			
	205-2 Communication and training about anti-corruption policies and procedures	206			
		206			
Farmer Advisory					
GRI 3: Material Topics 2021	3-3 Management of material topics	200, 201			
FFC Disclosure	Farmers' outreach through Agri-services	201			
FFC Disclosure	Value cost ratio for minor and major crops	203			

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			Omission		
GRI Standard/Other Source	**Disclosure**	**Location**	**Requirement(s) Omitted**	**Reason**	**Explanation**
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	174-175			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	176			
	305-2 Energy indirect (Scope 2) GHG emissions	176		Information unavailable/ incomplete	FC does not calculate the Scope 2 emission as FFC identified that the indirect greenhouse gases (Scope 2) emissions caused by FFC are not significant in the overall context.
	305-3 Other indirect (Scope 3) GHG emissions	176	a-g	Information unavailable/ incomplete	FFC does not calculate the Scope 3 emission as FFC identified that the indirect greenhouse gases (Scope 3) emissions caused by FFC are not significant in the overall context.
	305-4 GHG emissions intensity	176			
	305-5 Reduction of GHG emissions	177			
	305-6 Emissions of ozone-depleting substances (ODS)	–		Not Applicable	FFC business does not include production, transportation or ODS.
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	176			

GRI Standard/Other Source	Disclosure	Omission			
		Location	Requirement(s) Omitted	Reason	Explanation
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	174			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	177			
	302-2 Energy consumption outside of the organization	178	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	178			
	302-4 Reduction of energy consumption	178			
	302-5 Reduction in energy requirements of products and services	–		Not applicable	FFC products are dissolved in the soil and does not require energy in use phase.
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	174, 179			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	179			
	301-2 Recycled input materials used	179			
	301-3 Reclaimed products and their packaging materials	179			
Water					
GRI 3: Material Topics 2021	3-3 Management of material topics	174, 180			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	180			
	303-2 Management of water discharge-related impacts	180			
	303-3 Water withdrawal	180			
	303-4 Water discharge	181			
	303-5 Water consumption	180			

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GRI Standard/Other Source	Disclosure	Omission			
		Location	Requirement(s) Omitted	Reason	Explanation
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	174, 182			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	182			
	306-2 Management of significant waste-related impacts	182			
	306-3 Waste generated	184			
	306-4 Waste diverted from disposal	184			
		184			
Supply Chain Impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	174, 200, 207			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	207			
	308-2 Negative environmental impacts in the supply chain and actions taken	207	a-e	Information unavailable/ incomplete	FFC does not collect such information due to non-availability and reliability.
GRI 3: Material Topics 2021	414-1 New suppliers that were screened using social criteria	207			
GRI 308: Supplier Environmental Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	207	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	186			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	191-192			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	192			
	401-3 Parental leave	196			

		Omission			
GRI Standard/Other Source	**Disclosure**	**Location**	**Requirement(s) Omitted**	**Reason**	**Explanation**
GRI 402: Labor Management Relations 2016	402-1 Minimum notice periods regarding operational changes	193			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	196			
	405-2 Ratio of basic salary and remuneration of women to men	196			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	195			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	195			
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	186, 187			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	187			
	403-2 Hazard identification, risk assessment, and incident investigation	188			
	403-3 Occupational health services	188			
	403-4 Worker participation, consultation, and communication on occupational health and safety	187			
	403-5 Worker training on occupational health and safety	188			
	403-6 Promotion of worker health	188			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	187			
	403-8 Workers covered by an occupational health and safety management system	187			
	403-9 Work-related injuries	189			
	403-10 Work-related ill health	189			

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			Omission		
GRI Standard/Other Source	**Disclosure**	**Location**	**Requirement(s) Omitted**	**Reason**	**Explanation**
Training					
GRI 3: Material Topics 2021	3-3 Management of material topics	186			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	194-195			
	404-2 Programs for upgrading employee skills and transition assistance programs	194			
	404-3 Percentage of employees receiving regular performance and career development reviews	196			
Human Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	186, 195			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	195			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	195			
Local Communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	197			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	197-198			
	413-2 Operations with significant actual and potential negative impacts on local communities	197			

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.	197-198	413-1, 413-2
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	197-198, 207	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.	193, 194, 195	2-30, 402-1, 407-1
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	195	409-1
Principle 5	Businesses should uphold the effective abolition of child labor.	195	408-1
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	190, 191, 192, 194-195, 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.	175, 176, 177, 179, 180	201-2, 301-1, 302-1, 303-3, 305-1, 305-2, 305-3, 305-7
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	169, 176, 177, 178, 179, 180, 181, 182, 184, 207	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, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5, 308-1, 308-2
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	178, 177	302-4, 305-5
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	170, 171, 206	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	176
	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	164, 174-175
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)	176
Energy Management	RT-CH-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	178
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	180
	RT-CH-140a.2. Number of incidents of non-compliance associated with water quality permits, standards, and regulations	180-181
	RT-CH-140a.3. Description of water management risks and discussion of strategies and practices to mitigate those risks	180
Hazardous Waste Management	RT-CH-150a.1. Amount of hazardous waste generated; percentage recycled	184
Community Relations	RT-CH-210a.1. Discussion of engagement processes to manage risks and opportunities associated with community interests	197-198
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	189
	RT-CH-320a.2. Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	187-188
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	151, 168-169
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)	188-189
	RT-CH-540a.2. Number of transport incidents	188

SUSTAINABLE DEVELOPMENT GOALS

SDGs		Page No.	GRI Standards Disclosure
1 NO POVERTY	End poverty in all its forms everywhere	192, 197	202-1, 413-2
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	129, 197	201-1, 413-2
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	176, 182, 184, 187, 189	305-1, 305-2, 305-3, 305-7, 306-1, 306-2, 306-3, 306-4, 403-8, 403-9
4 QUALITY EDUCATION	Ensure inclusive and quality education for all and promote lifelong learning	151, 169, 194-195	2-17, 404-1
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	129, 168, 191,192, 194-195, 196, 207	2-9, 2-10, 201-1, 202-1, 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	180, 181, 182, 184	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	129, 177, 178	201-1, 302-1, 302-2, 302-3, 302-4
8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment, and decent work for all	129, 177, 178, 179, 180, 187, 189, 190, 191, 192, 193, 194, 195, 196, 207	2-7, 2-8, 2-30, 201-1, 202-1, 202-2, 301-1, 301-2, 301-3 302-1, 302-2, 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	129	201-1

SUSTAINABLE DEVELOPMENT GOALS

SDGs		Page No.	GRI Standards Disclosure
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	196	405-2
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient, and sustainable	197-198	413-1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	176, 177, 178, 179, 182, 184, 207,	204-1, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 305-1, 305-2, 305-3, 305-7, 306-1, 306-2, 306-3, 306-4
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	175, 176, 177, 178,	201-2, 302-1, 302-2, 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	176, 177, 182, 184	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	176, 177, 184	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, 168, 169, 170, 171, 195, 206, 207	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
17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development	–	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 pages 160 to 162 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 168 to 169 for our governance and page 172 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 174, 180, 182, 186, 187, 195, 196, 197, 200 and 207 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 (2023)	Status (2022)	Status (2021)	Business Action	Future Business Action
5 GENDER EQUALITY **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 186 and page 196 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 violence	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 186 and 195 to 196 to read details about the management approach and performance.				

PSX SDGs

SDG and Target	Company Performance Target	Performance Indicator	Status (2023)	Status (2022)	Status (2021)	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	The 4.26% decrease in water intake compared to the previous year is on track to achieve the 2026 target.	5% increase in water intake due to deteriorating water quality	Overall ~2.0% reduction in fresh water intake achieved from 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		
			5.01 liter per ton	5.57 liter per ton	5.30 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 solar system completed	02 MW on grid solar system	-	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 347 million	PKR 94.14 million	PKR 90.2 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 186 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 (2023)	Status (2022)	Status (2021)	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	2023 M: Male 1,423, Female 1,423 S: Male 150, Female 150	2022 M: Male 1,308, Female 1,308 S: Male 137, Female 137	2021 M: Male 1,045, Female 1,045 S: Male 132, Female 132	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	2023 Same as above	2022	2021	Compliance with applicable laws	Compliance with applicable laws
		Minimum wage of employees	2023 32,000	2022 28,922	2021 28,877	Compliance with applicable laws	Compliance with applicable laws
		Number of net new jobs created at your company, by gender and persons with disabilities	2023 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 pages 191 to 192 to read details about hiring and attrition details.	2022	2021	-	-
		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 195 to 196 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	2023 0.74	2022 0.77	2021 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 (2023)	Status (2022)	Status (2021)	Business Action	Future Business Action
12 RESPONSIBLE CONSUMPTION AND PRODUCTION **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 182 to 184 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 184 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
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
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
TRI	Total Recordable Injury
UNGC	United Nations Global Compact

Lulusar Lake

Kaghan Valley, Mansehra District, Khyber-Pakhtunkhwa, Pakistan
Credits: Madeeha Ahsan

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 35 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 2023, and reports that:

- The separate and consolidated financial statements of FFC for the year ended December 31, 2023 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, 2023 and shall retire on the conclusion of the 46th 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 46th Annual General Meeting scheduled for March 26, 2024.
- 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 2024. They have requested a 20% increase in audit fee to Rs 3.816 million.
- 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, 2024 at an increased fee of Rs 3.816 million.

Annual Integrated Report 2023

- The Company has issued a comprehensive Annual Integrated Report 2023, 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 2023 has been prepared on the basis and guidelines of International Integrated Reporting Framework.

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 26, 2024

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **Fauji Fertilizer Company Limited**

Year ended: **December 31, 2023**

The Company has complied with the requirements of the Regulations in the following manner:

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 Directors)	Mr Saad Amanullah Khan Mr Jehangir Shah
ii)	Non-Executive Directors	Mr Waqar Ahmed Malik Dr Nadeem Inayat Syed Bakhtiyar Kazmi Mr Shoaib Javed Hussain Mr Yassir Ghiyati Ibn Ziyad Mr Asad Rehman Gilani Maj Gen Zafar Ul Haq, HI(M) (Retired) Mr Qamar Haris Manzoor
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;

IN PRIOR YEARS:

- Mr Waqar Ahmed Malik
- Mr Sarfaraz Ahmed Rehman
- Dr Nadeem Inayat
- Mr Saad Amanullah Khan
- Ms Maryam Aziz

- Syed Bakhtiyar Kazmi
- Mr Shoaib Javed Hussain
- Dr Ayesha Khan
- Mr Qamar Haris Manzoor

DURING CURRENT YEAR:

- Maj Gen Zafar Ul Haq, HI(M) (Retired)

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 (Independent Director)	Chairman
Dr Nadeem Inayat	Member
Syed Bakhtiyar Kazmi	Member
Mr Jehangir Shah (Independent Director)	Member

B. Human Resource and Remuneration Committee

Dr Ayesha Khan (Independent Director)	Chairperson
Mr Saad Amanullah Khan (Independent Director)	Member
Maj Gen Zafar Ul Haq, HI(M) (Retired)	Member
Mr Qamar Haris Manzoor	Member

C. System and Technology Committee

Mr Yassir Ghiyati Ibn Ziyad	Chairman
Mr Saad Amanullah Khan (Independent Director)	Member
Ms Maryam Aziz (Independent Director)	Member
Mr Qamar Haris Manzoor	Member

D. Strategy and Investment Committee

Dr Nadeem Inayat	Chairman
Ms Maryam Aziz (Independent Director)	Member
Syed Bakhtiyar Kazmi	Member
Dr Ayesha Khan (Independent Director)	Member
Mr Jehangir Shah (Independent Director)	Member

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:

	Committee	Frequency	Meetings During The Year
a.	Audit Committee	Quarterly	05
b.	Human Resource and Remuneration Committee	On required basis	03
c.	System and Technology Committee	On required basis	04
d.	Strategy and Investment Committee	On required basis	01

Joint Sessions:

Audit and System & Technology Committee	02
Audit and Strategy & Investment Committee	01

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 10 above. Mr. Asad Rehman Gilani and Mr. Yassir Ghiyati Ibn Ziyad, joined as a Director on September 12, 2023 and October 03, 2023 respectively, and 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. The Company will arrange training for them in next year to comply with the requirements.

Nine (09) directors attended the 45th Annual General Meeting (AGM) of the Company. Remaining directors provided reasonable cause for not attending the AGM.

Waqar Ahmed Malik, SI
Chairman

Sarfaraz Ahmed Rehman
Managing Director & Chief Executive Officer

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, 2023 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, 2023.

Chartered Accountants
Islamabad
Date: February 29, 2024

UDIN: CR202310053UNSiBZJ53

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, 2023, 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 material accounting policy information 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, 2023 and of the profit and other comprehensive loss, 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 is the key audit matter:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** (Refer notes 3.12 and 28 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 159,472 million for the year ended December 31, 2023. 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.

Information Other than the Financial Statements and Consolidated Financial Statements and Auditor's Reports 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 consolidated financial statements and our auditor's reports 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.

Chartered Accountants

Islamabad

Date: February 29, 2024

UDIN: AR2023100535NV1claEw

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023	2022
		Rs '000	Rs '000
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	5	12,722,382	12,722,382
Capital reserves	6	160,000	160,000
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		40,272,228	29,265,107
		49,074,588	38,067,467
Deficit on remeasurement of investments			
to fair value - net		(104,460)	(114,888)
		61,852,510	50,834,961
NON - CURRENT LIABILITIES			
Long term borrowings - secured	7	18,200,000	16,295,000
Lease liabilities		–	17,437
Gas Infrastructure Development Cess (GIDC) payable	9	–	7,940,534
Deferred liabilities	10	4,011,674	3,272,408
		22,211,674	27,525,379
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	7	6,095,000	5,445,000
Current portion of lease liabilities		17,437	15,743
Current portion of deferred government grant	8	–	–
Trade and other payables	11	106,866,546	89,836,138
Mark-up and profit accrued	12	1,304,263	1,505,936
Short term borrowings - secured	13	13,737,746	57,994,421
Unclaimed dividend		516,867	478,676
Taxation		10,678,645	6,485,753
		139,216,504	161,761,667
TOTAL LIABILITIES		161,428,178	189,287,046
TOTAL EQUITY AND LIABILITIES		223,280,688	240,122,007
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 45 form an integral part of these financial statements.

	Note	2023	2022
		Rs '000	Rs '000
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	15	40,223,171	27,631,051
Intangible assets	16	1,571,908	1,573,143
Long term investments	17	48,720,461	50,525,124
Long term loans and advances - secured	18	2,629,638	4,555,580
Long term deposits and prepayments	19	12,378	12,378
		93,157,556	84,297,276
CURRENT ASSETS			
Stores, spares and loose tools	20	7,784,354	6,301,086
Stock in trade	21	2,067,922	19,487,801
Trade debts	22	48,503	371,540
Loans and advances - secured	23	3,415,379	952,546
Deposits and prepayments	24	711,006	301,327
Other receivables	25	20,500,720	26,620,590
Short term investments	26	94,736,901	100,269,870
Cash and bank balances	27	858,347	1,519,971
		130,123,132	155,824,731
TOTAL ASSETS		223,280,688	240,122,007

Chairman **Chief Executive** **Director** **Chief Financial Officer**

STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2023

	Note	2023 Rs '000	2022 Rs '000
Turnover - net	28	159,471,951	109,363,817
Cost of sales	29	(95,219,741)	(69,317,471)
GROSS PROFIT		64,252,210	40,046,346
Distribution cost	30	(12,683,864)	(10,107,758)
		51,568,346	29,938,588
Finance cost	31	(5,623,775)	(4,868,390)
Other losses			
- Unwinding of GIDC liability		(1,160,336)	(2,118,513)
- Loss allowance on subsidy receivable from GoP		(2,900,000)	(670,000)
		(4,060,336)	(2,788,513)
Other expenses	32	(5,433,935)	(3,037,024)
Other income	33	17,096,950	14,441,849
PROFIT BEFORE TAXATION		53,547,250	33,686,510
Provision for taxation	34	(23,873,902)	(13,637,000)
PROFIT FOR THE YEAR		29,673,348	20,049,510
Earnings per share - basic and diluted (Rupees)	35	23.32	15.76

The annexed notes 1 to 45 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, 2023

	2023 Rs '000	2022 Rs '000
PROFIT FOR THE YEAR	29,673,348	20,049,510
OTHER COMPREHENSIVE (LOSS)/ INCOME		
Items that may be subsequently reclassified to profit or loss:		
Surplus/ (deficit) on re-measurement of investments to fair value - net of tax	10,428	(164,942)
Items that will not be subsequently reclassified to profit or loss:		
(Loss)/ gain on re-measurement of staff retirement benefit plans - net of tax	(167,884)	776,707
OTHER COMPREHENSIVE (LOSS)/ INCOME - NET OF TAX	(157,456)	611,765
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	29,515,892	20,661,275

The annexed notes 1 to 45 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, 2023

	Note	2023	2022
		Rs '000	Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	85,853,236	18,327,154
Finance cost paid		(5,822,890)	(4,080,801)
Income taxes paid		(19,152,188)	(12,670,326)
		(24,975,078)	(16,751,127)
Net cash generated from operating activities		60,878,158	1,576,027
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(15,120,161)	(6,069,079)
Proceeds from disposal of property, plant and equipment		90,065	49,685
Investment in Thar Energy Limited		(226,908)	(1,245,742)
Advance against issue of shares to Thar Energy Limited		–	(931,300)
Other investments - net		6,259,785	1,938,790
Interest and profit received		1,337,024	893,337
Dividend received		1,800,000	4,499,419
Net cash used in investing activities		(5,860,195)	(864,890)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		8,000,000	5,000,000
Repayments		(5,445,000)	(4,504,198)
Repayment of lease liabilities		(18,301)	(33,158)
Dividend paid		(18,460,152)	(17,333,823)
Net cash used in financing activities		(15,923,453)	(16,871,179)
Net increase/ (decrease) in cash and cash equivalents		39,094,510	(16,160,042)
Cash and cash equivalents at beginning of the year		39,784,483	55,178,417
Effect of exchange rate changes		887,075	766,108
Cash and cash equivalents at end of the year		79,766,068	39,784,483
CASH AND CASH EQUIVALENTS			
Cash and bank balances		858,347	1,519,971
Short term borrowings		(13,737,746)	(57,994,421)
Short term highly liquid investments		92,645,467	96,258,933
		79,766,068	39,784,483

The annexed notes 1 to 45 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, 2023

	Share capital	Capital reserves	Revenue reserves		(Deficit)/ surplus on remeasurement of investments to fair value - net	Total
			General reserve	Unappropriated profit		
	Rs '000					
Balance as at January 1, 2022	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
Total comprehensive income for the year						
Profit for the year	–	–	–	29,673,348	–	29,673,348
Other comprehensive (loss) / income–net of tax	–	–	–	(167,884)	10,428	(157,456)
	–	–	–	29,505,464	10,428	29,515,892
Transactions with owners of the Company						
Distributions:						
Final dividend 2022: Rs 3.15 per share	–	–	–	(4,007,550)	–	(4,007,550)
First interim dividend 2023: Rs 4.26 per share	–	–	–	(5,419,735)	–	(5,419,735)
Second interim dividend 2023: Rs 3.15 per share	–	–	–	(4,007,550)	–	(4,007,550)
Third interim dividend 2023: Rs 3.98 per share	–	–	–	(5,063,508)	–	(5,063,508)
	–	–	–	(18,498,343)	–	(18,498,343)
Balance as at December 31, 2023	12,722,382	160,000	8,802,360	40,272,228	(104,460)	61,852,510

The annexed notes 1 to 45 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 3.3, note 10.2 and note 11.4
ii) Estimate of fair value of financial liabilities at initial recognition–note 3.13 and note 9
iii) Estimate of useful life of property, plant and equipment–note 3.5 and note 15
iv) Estimate of useful life of intangible assets–note 3.6 and note 16
v) Estimate of fair value of investments through other comprehensive income–note 3.13 and note 17
vi) Provisions and contingencies–note 3.1, note 3.2 and note 14
vii) Impairment of non-financial assets–note 3.8
viii) Estimate of recoverable amount of goodwill–note 3.6 and note 16
ix) Estimate of recoverable amount of investment in subsidiaries and associated companies–note 3.7 and note 17
x) Provision for taxation–note 3.4 and note 34
xi) Expected credit loss allowance–note 3.11, note 22 and note 25
xii) Provision for slow moving spares and stock in trade–note 3.9, note 3.10, note 20 and note 21
xiii) Right of use asset and corresponding lease liabilities–note 3.14

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. MATERIAL ACCOUNTING POLICY INFORMATION

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2) from January 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 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.

3.2 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.

3.3 Employee retirement benefits

3.3.1 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 11.4 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.

During the year, the Company made amendments to its pension scheme i.e. the retiring employees shall be paid 100% commuted pension at the time of retirement in lieu of monthly pension payment and that all existing pensioners shall be provided a one-time option to surrender their monthly pension in lieu of one lump sum commutation payment, as determined by trustees based on the recommendation of actuaries. The related impacts of such amendment have been incorporated and disclosed in note 11.4 to the financial statements.

3.3.2 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.

3.3.3 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.

3.4 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.

3.5 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 15 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.

3.6 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 16 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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. The credit limits in contracts with customers normally ranges from 30 days to 120 days.

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.

3.13 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.

3.14 Leases

3.14.1 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.

3.14.2 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 recognised 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.

3.15 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.

3.16 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.

4. SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these financial statements are set out below for ease of user's understanding of these financial statements. These polices have been applied consistently for all periods presented, unless otherwise stated.

4.1 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 Research and development costs

Research and development costs are charged to profit or loss as and when incurred.

4.9 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.

4.10 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.

4.11 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.

4.12 New accounting standards, amendments and IFRIC interpretations that are not yet effective

4.12.1 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' to clarify how to classify debt and other liabilities as current or non-current (effective for annual reporting periods beginning on or after January 1, 2024). In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify, i) what is meant by a right to defer settlement; ii) that a right to defer must exist at the end of the reporting period; iii) that classification is unaffected by the likelihood that an entity will exercise its deferral right; iv) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; and v) only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

– Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' - Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a Company's liabilities, cash flows and exposure to liquidity risk (effective for annual reporting periods beginning on or after January 1, 2024). The amendments are supplement requirements already in IFRS Accounting Standards and require a company to disclose i) the terms and conditions; ii) the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet; iii) ranges of payment due dates; and iv) liquidity risk information.

– Amendment in IAS 21 'The Effects of Changes in Foreign Exchange Rates', - lack of exchangeability (effective for annual reporting periods beginning on or after January 1, 2025) a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

– Amendments to IFRS 16 'Leases' - Lease Liability in a Sale and Leaseback (effective for annual reporting periods beginning on or after January 1, 2024). Amendments 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 recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

– IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. SECP vide its SRO 1715(I)/2023 dated November 21, 2023 has directed that IFRS 17 shall be followed for the period commencing January 1, 2026 by companies engaged in insurance / takaful and re-insurance / re-takaful business.

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.

4.12.2 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, 2023:

IFRS 1 (First Time Adoption of International Financial Reporting Standards)

IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)

IFRS S2 (Climate-related Disclosures)

IFRIC 12 (Service concession arrangements)

5. SHARE CAPITAL

Authorised share capital

This represents 1,500,000,000 (2022: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2022: Rs 15,000,000 thousand).

Issued, subscribed and paid up share capital

	2023	2022	2023	2022
	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

5.1 Fauji Foundation (FF) holds 44.35% (2022: 44.35%) ordinary shares of the Company at the year end.

5.2 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.

5.3 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	2023	2022
			Rs '000	Rs '000
6.	**CAPITAL RESERVES**			
	Share premium	6.1	40,000	40,000
	Capital redemption reserve	6.2	120,000	120,000
			160,000	160,000

6.1 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.

6.2 Capital redemption reserve

This represents reserve set up on redemption of preference shares of Rs 120,000 thousand in 1996.

		Note	2023	2022
			Rs '000	Rs '000
7.	**LONG TERM BORROWINGS - SECURED**			
	Borrowings from banking companies	7.1		
	From conventional banks			
	The Bank of Punjab (BOP-1)		220,000	440,000
	The Bank of Punjab (BOP-2)		700,000	1,050,000
	Allied Bank Limited (ABL-1)		375,000	750,000
	Allied Bank Limited (ABL-2)		1,000,000	1,500,000
	Allied Bank Limited (ABL-3)		1,500,000	2,000,000
	Allied Bank Limited (ABL-4)		900,000	1,200,000
	Allied Bank Limited (ABL-5)		3,000,000	3,000,000
	Allied Bank Limited (ABL-6)		3,000,000	–
	Industrial and Commercial Bank of China (ICBC-1)		–	600,000
	Industrial and Commercial Bank of China (ICBC-2)		600,000	1,200,000
			11,295,000	11,740,000
	From Islamic banks			
	Meezan Bank Limited (MBL-1)		1,500,000	2,000,000
	Meezan Bank Limited (MBL-2)		2,250,000	3,000,000
	Meezan Bank Limited (MBL-3)		2,250,000	3,000,000
	Meezan Bank Limited (MBL-4)		2,000,000	2,000,000
	Meezan Bank Limited (MBL-5)		5,000,000	–
			13,000,000	10,000,000
			24,295,000	21,740,000
	Less: Current portion shown under current liabilities			
	From conventional banks		3,595,000	3,445,000
	From Islamic banks		2,500,000	2,000,000
			6,095,000	5,445,000
			18,200,000	16,295,000

7.1 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	2 half yearly	December 18, 2024
BOP-2	6 months KIBOR+0.10	4 half yearly	August 31, 2025
ABL-1	6 months KIBOR+0.15	2 half yearly	December 24, 2024
ABL-2	6 months KIBOR+0.08	4 half yearly	December 30, 2025
ABL-3	6 months KIBOR+0.08	6 half yearly	September 20, 2026
ABL-4	6 months KIBOR+0.08	6 half yearly	September 30, 2026
ABL-5	6 months KIBOR+0.05	8 half yearly	December 27, 2027
ABL-6	6 months KIBOR+0.03	8 half yearly	December 19, 2028
ICBC-1	6 months KIBOR+0.08	Paid on	December 15, 2023
ICBC-2	6 months KIBOR+0.05	2 half yearly	December 28, 2024
From Islamic banks			
MBL-1	6 months KIBOR+0.10	6 half yearly	September 29, 2026
MBL-2	6 months KIBOR+0.10	6 half yearly	July 5, 2026
MBL-3	6 months KIBOR+0.10	6 half yearly	September 29, 2026
MBL-4	6 months KIBOR+0.00	8 half yearly	September 30, 2027
MBL-5	6 months KIBOR+0.01	8 half yearly	November 16, 2028

7.1.1 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.

8. DEFERRED GOVERNMENT GRANT

In year 2022, amount represented deferred government grant in respect of term finance facility obtained under SBP Salary Refinance Scheme. There were no unfulfilled conditions or other contingencies attaching to this grant.

	2023	2022
	Rs '000	**Rs '000**
Balance at the beginning	–	40,802
Less: Amortisation of deferred government grant	–	(40,802)
	–	–
Less: Current portion of deferred government grant	–	–
Long-term portion of deferred government grant	–	–

		Note	2023	2022
			Rs '000	Rs '000
9.	**GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE**			
	Balance at the beginning		61,276,887	59,158,374
	Unwinding of GIDC liability - charge to profit or loss		1,160,336	2,118,513
			62,437,223	61,276,887
	Less: Current portion of GIDC payable	9.1	(62,437,223)	(53,336,353)
	Long-term portion of GIDC payable		–	7,940,534

9.1 This amount is included in trade and other payables.

9.2 Supreme Court of Pakistan (SCP) through its judgement 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 the 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. 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. During the year, on May 30, 2023, MoE, GoP has again written a letter to gas companies including MPCL, advising them to recover GIDC arrears in 48 monthly installments instead of 24 monthly installments. As the Company had already been accounting for GIDC liability based on 48 monthly installments, hence, 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	2023	2022
			Rs '000	Rs '000
10.	**DEFERRED LIABILITIES**			
	Deferred tax liability - net	10.1	2,275,925	1,740,435
	Provision for compensated leave absences			
	/ retirement benefits	10.2	1,735,749	1,531,973
			4,011,674	3,272,408
10.1	**Deferred taxation - net**			
	The balance of deferred tax is in respect of the following temporary differences:			
	Accelerated depreciation / amortisation		5,244,000	3,847,000
	Provision for slow moving spares, loss allowance,			
	and investments		(2,990,178)	(2,409,000)
	Remeasurement gain on GIDC		80,000	451,000
	Re-measurement of investments		(57,897)	(148,565)
			2,275,925	1,740,435
	The gross movement in the deferred tax liability during the year is as follows:			
	Balance at the beginning		1,740,435	2,384,675
	Tax charge/ (credit) recognized in profit or loss		528,822	(563,000)
	Tax charge/ (credit) recognised in other			
	comprehensive income		6,668	(81,240)
	Balance at the end		2,275,925	1,740,435
10.2	**The main assumptions used for actuarial valuation are as follows:**			
	Discount rate - per annum		16.00%	14.50%
	Expected rate of increase in salaries			
	Management		16.00%	14.50%
	Non-Management		16.00%	14.50%
	Mortality table		SLIC (2001-05)	
	Withdrawal factor		Moderate	Moderate
	Number of employees		2,734	2,741

		Note	2023	2022
			Rs '000	Rs '000
11.	**TRADE AND OTHER PAYABLES**			
	Creditors			
	- GIDC payable - current portion	9	62,437,223	53,336,353
	- Others	11.1	7,988,789	8,125,435
			70,426,012	61,461,788
	Accrued liabilities		16,403,515	9,173,307
	Consignment account with			
	Fauji Fertilizer Bin Qasim Limited			
	(related party) - unsecured		4,874,328	1,981,796
	Deposits	11.2	319,894	271,838
	Retention money		303,052	253,454
	Workers' Welfare Fund		2,136,652	1,740,876
	Workers' Profit Participation Fund		17,138	–
	Federal excise duty payable		645,919	–
	Payable to joint operators - Gas			
	Pressure Enhancement			
	Facility (PEF) project	11.3	–	217,053
	Payable to supplier - PEF project	11.3	–	803,329
	Payable to gratuity fund (related party)	11.4	997,592	659,625
	Contract liabilities - advances from customers	11.6	9,828,891	12,719,702
	Other liabilities		913,553	553,370
			106,866,546	89,836,138

11.1 This includes sales tax on GIDC payable to Mari Petroleum Company Limited amounting to Rs 2,474,978 thousand (2022: Rs 2,474,978 thousand).

11.2 These represent unutilizable amounts received as security deposits from dealers and suppliers of the Company, and are kept in separate bank accounts.

11.3 For the year 2022, amount represents payable to joint operators and supplier related to PEF project, as disclosed in note 42 to the financial statements.

		Funded Gratuity	Funded Pension	2023 Total	2022 Total
		Rs '000	Rs '000	Rs '000	Rs '000
11.4	**RETIREMENT BENEFIT FUNDS**				
11.4.1	**The amounts recognized in the statement of financial position are as follows:**				
	Present value of defined benefit obligation	4,111,367	2,378,560	6,489,927	7,349,114
	Fair value of plan assets	(3,113,775)	(2,744,242)	(5,858,017)	(7,448,490)
	Liability/ (asset)	997,592	(365,682)	631,910	(99,376)
11.4.2	**Amounts recognised in the profit or loss are as follows:**				
	Current service cost	172,925	91,297	264,222	287,339
	Past service cost	–	465,958	465,958	–
	Net interest cost	93,408	(101,188)	(7,780)	114,611
		266,333	456,067	722,400	401,950

		Funded Gratuity Rs '000	Funded Pension Rs '000	2023 Total Rs '000	2022 Total Rs '000
11.4.3	**The movements in the present value of defined benefit obligation is as follows:**				
	Present value of defined benefit obligation at beginning	3,216,920	4,132,194	7,349,114	8,076,085
	Current service cost	172,925	91,297	264,222	287,339
	Past service cost	–	465,958	465,958	–
	Interest cost	450,530	572,960	1,023,490	869,880
	Benefits paid	(366,639)	(2,599,016)	(2,965,655)	(678,564)
	Re-measurement of defined benefit obligation	637,631	(284,833)	352,798	(1,205,626)
	Present value of defined benefit obligation at end	4,111,367	2,378,560	6,489,927	7,349,114
11.4.4	**The movement in fair value of plan assets:**				
	Fair value of plan assets at beginning	2,557,295	4,891,195	7,448,490	7,016,197
	Expected return on plan assets	357,122	674,148	1,031,270	755,269
	Contributions	266,333	–	266,333	401,950
	Benefits paid	(366,639)	(2,599,016)	(2,965,655)	(678,564)
	Re-measurement of plan assets	299,664	(222,085)	77,579	(46,362)
	Fair value of plan assets at end	3,113,775	2,744,242	5,858,017	7,448,490
11.4.5	**Actual return on plan assets**	656,786	452,063	1,108,849	708,907
11.4.6	**Contributions expected to be paid to the plan during the next year**	385,115	43,448	428,563	266,333
11.4.7	**Plan assets comprise of:**				
	Quoted:				
	Investment in debt securities	1,831,540	1,593,076	3,424,616	5,523,342
	Investment in equity securities	748,412	911,174	1,659,586	1,787,255
	Mutual funds	65,726	139,924	205,650	50,243
	Un-quoted:				
	Deposits with banks	468,097	100,068	568,165	87,650
		3,113,775	2,744,242	5,858,017	7,448,490

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.

		2023		2022	
		Funded Gratuity Rs '000	Funded Pension Rs '000	Funded Gratuity Rs '000	Funded Pension Rs '000
11.4.9	**Movement in liability/ (asset) recognised in statement of financial position:**				
	Opening liability/ (asset)	659,625	(759,001)	736,858	323,030
	Cost for the year recognised in profit or loss	266,333	456,067	253,339	148,611
	Employer's contribution during the year	(266,333)	–	(253,339)	(148,611)
	Total amount of re-measurement recognised in Other Comprehensive Income (OCI) during the year	337,967	(62,748)	(77,233)	(1,082,031)
	Closing liability/ (asset)	997,592	(365,682)	659,625	(759,001)

	2023 Funded Gratuity	2023 Funded Pension	2022 Funded Gratuity	2022 Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
11.4.10 Re-measurements recognised in OCI during the year:				
Re-measurement loss / (gain) on obligation				
Due to change in financial assumptions	145,829	(265,890)	(151,389)	(1,051,900)
Due to change in demographic assumptions	–	–	–	–
Due to change in experience adjustments	491,802	(18,943)	16,720	(19,057)
	637,631	(284,833)	(134,669)	(1,070,957)
Re-measurement loss / (gain) on plan assets				
Actual return on plan assets	(735,349)	(424,419)	(335,841)	(477,924)
Interest income on plan assets	357,122	674,148	267,090	488,179
Others	78,563	(27,644)	126,187	(21,329)
	(299,664)	222,085	57,436	(11,074)
Re-measurement loss / (gain) recognised in OCI	337,967	(62,748)	(77,233)	(1,082,031)

	2023 Funded Gratuity	2023 Funded Pension	2022 Funded Gratuity	2022 Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
11.4.11 Principal actuarial assumptions used in the actuarial valuations are as follows:				
Discount rate	16.00	16.00	14.25	14.25
Expected rate of salary growth - short term				
Management	16.00	16.00	12.25	12.25
Non-Management	16.00	–	12.25	–
Expected rate of salary growth - long term				
Management	16.00	16.00	14.25	14.25
Non-Management	16.00	–	14.25	–
Expected rate of return on plan assets	16.00	16.00	14.25	14.25
Expected rate of increase in post retirement pension				
Short term	–	6.00	–	6.00
Long term	–	6.00	–	6.00
Maximum pension limit increase rate	–	6.00	–	6.00
Minimum pension limit increase rate	–	6.00	–	6.00
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.

	2023 Defined benefit obligation		2022 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	(410,373)	465,371	(542,764)	628,663
Future salary growth	324,239	(290,301)	175,849	(159,208)
Future pension	183,748	(164,566)	424,702	(366,971)

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:

	2023		2022	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Years	Years	Years	Years
Plan duration	7.13	5.68	7.07	7.96

	2023		2022	
	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	4,071,543	–	3,192,892	–
Non - vested	39,824	–	24,028	–
	4,111,367	–	3,216,920	–
Types of members				
Active	–	2,224,808	–	2,090,883
Retirees	–	153,752	–	2,041,311
	–	2,378,560	–	4,132,194
Types of benefits earned to date				
Accumulated benefit obligation	1,654,885	2,066,969	1,467,477	3,570,645
Amount attributed to future salary increases	2,456,482	311,591	1,749,443	561,549
Total	4,111,367	2,378,560	3,216,920	4,132,194

11.4.15 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.

	2023		2022	
	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	335,580	276,048	287,341	321,819
2 years	612,067	424,354	379,206	405,923
3 years	574,321	372,960	502,408	446,055
4 years	569,926	354,493	488,935	465,412
5 years	670,657	416,522	477,261	483,182
6-10 years	4,200,074	2,267,490	3,084,606	3,128,589

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.

The Company ensures that the assets in the fund are managed within an asset-liability matching framework. Within this framework, the Company's objective is to match assets to the defined benefit obligations by investing in liquid assets including units of mutual funds and bank deposits that match the benefit payments as they fall due. The Company actively monitors that the duration and the expected yield of the investments are matching the expected cash outflows arising from the defined benefit obligations.

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 253,058 thousand, Rs 217,346 thousand, Rs 789,482 thousand and Rs 471,699 thousand, respectively (2022: Rs 239,270 thousand, Rs 178,845 thousand, Rs 133,838 thousand and Rs 176,518 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.

	2023	2022
	Rs '000	Rs '000
11.6 Contract liabilities - advances from customers		
Balance at beginning	12,719,702	6,362,171
Revenue recognised during the year	(145,185,051)	(107,334,820)
Advance received during the year	142,294,240	113,692,351
Balance at end	9,828,891	12,719,702

11.6.1 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 3.12 to these financial statements is satisfied. Revenue for an amount of Rs 12,661,953 thousand (2022: Rs 6,290,132 thousand) has been recognised in current year in respect of advances from customers at the beginning of year.

	2023	2022
	Rs '000	Rs '000
12. MARK-UP AND PROFIT ACCRUED		
On long term borrowings		
From conventional banks	243,495	215,538
From Islamic banks	732,342	518,605
	975,837	734,143
On short term borrowings		
From conventional banks	194,514	618,945
From Islamic bank	133,912	152,848
	328,426	771,793
	1,304,263	1,505,936

13. 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	2023	2022
		Rs '000	Rs '000
Lending Institutions			
From conventional banks	13.1		
National Bank of Pakistan		37,259	–
Bank Al-Habib Limited		21,445	–
United Bank Limited		74,368	8,021,854
Askari Bank Limited (related party)		8,092,980	29,871,241
Bank Alfalah Limited		481,565	825,932
Habib Bank Limited		87,357	2,831,113
The Bank of Punjab		33,115	26,998
MCB Bank Limited		–	2,500,000
Allied Bank Limited		–	6,406,697
Habib Metropolitan Bank Limited		–	882,324
Standard Chartered Bank (Pakistan) Limited		–	625,093
		8,828,089	51,991,252
From Islamic bank			
Meezan Bank Limited	13.2	4,909,657	6,003,169
		13,737,746	57,994,421

13.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs 21,018,000 thousand (2022: Rs 67,240,000 thousand) 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 + 0% to 0.25% and 3 month KIBOR + 0.10% to 0.35% (2022: 1 month KIBOR minus 0.35% to 1 month KIBOR + 0.25% and 3 month KIBOR minus 0.20% to 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 27, 2024.

13.2 Shariah compliant short term borrowing is available from a banking company under profit arrangement against a facility amounting to Rs 7,000,000 thousand (2022: Rs 6,200,000 thousand). The per annum rate of profit is 1 month KIBOR minus 0.10% (2022: 1 month KIBOR minus 0.35%).

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 May 31, 2024.

		2023	2022
		Rs '000	**Rs '000**
14.	**CONTINGENCIES AND COMMITMENTS**		
14.1	**Contingencies:**		
	i) Guarantees issued by banks on behalf of the Company	10,828,877	6,762,374
	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 4,101,304 thousand (2022: Rs 3,445,000 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 prior years, 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.

		2023	2022
		Rs '000	**Rs '000**
14.2	**Commitments in respect of:**		
	i) Capital expenditure commitments (including share of commitments amounting to Rs 1,330,224 thousand (2022: Rs 4,881,728 thousand) relating to PEF joint operations as disclosed in note 42.	10,954,052	7,144,635
	ii) Purchase of fertilizer, stores, spares and other operational items	4,387,767	4,899,193
	iii) Investment in Thar Energy Limited	90,423	421,392
	iv) Contracted out services	723,753	661,513
	v) Arrangement with SNGPL for pipeline for supply of RLNG	–	2,420,000
	vi) Revolving credit facilities to:		
	- Foundation Wind Energy - I Limited	1,500,000	1,500,000
	- FFC Energy Limited	1,700,000	1,700,000

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	Capital work in progress (note 15.4)	Total
								Rs '000							
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 December 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 January 1, 2023															
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
Year ended December 31, 2023															
Opening 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
Additions	509,656	–	664,568	–	–	3,917,732	–	256,512	138,369	97,766	407,222	–	–	9,631,738	15,623,563
Disposals															
Cost	–	–	–	–	–	(9,993)	(131,019)	(51,994)	(14,845)	(49,660)	(29,937)	–	–	–	(287,448)
Depreciation	–	–	–	–	–	9,993	131,019	51,989	14,818	46,879	29,937	–	–	–	284,635
	–	–	–	–	–	–	–	(5)	(27)	(2,781)	–	–	–	–	(2,813)
Transfers	–	–	–	–	–	–	–	–	–	–	–	–	–	(506,158)	(506,158)
Depreciation charge	–	(1,951)	(216,577)	(98,355)	–	(1,580,105)	(137,523)	(126,161)	(50,131)	(95,652)	(204,623)	(233)	(11,161)	–	(2,522,472)
Balance as at December 31, 2023	905,803	27,783	2,359,842	908,694	–	22,423,971	353,964	589,020	378,398	253,516	593,281	148	6,003	11,422,748	40,223,171
As at December 31, 2023															
Cost	905,803	209,959	6,089,014	2,008,937	26,517	51,622,623	2,892,364	1,842,720	812,735	1,030,677	3,484,868	28,516	150,156	11,422,748	82,527,637
Accumulated depreciation	–	(182,176)	(3,729,172)	(1,100,243)	(26,517)	(29,198,652)	(2,538,400)	(1,253,700)	(434,337)	(777,161)	(2,891,587)	(28,368)	(144,153)	–	(42,304,466)
Net Book Value	905,803	27,783	2,359,842	908,694	–	22,423,971	353,964	589,020	378,398	253,516	593,281	148	6,003	11,422,748	40,223,171
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	2023	2022
			Rs '000	Rs '000
15.1	**Depreciation charge has been allocated as follows:**			
	Cost of sales	29	2,426,562	2,328,141
	Distribution cost	30	80,597	81,602
	Other expenses		1,286	2,108
	Charged to FFBL under Inter Company Services Agreement		14,027	13,265
			2,522,472	2,425,116

15.2 No fixed assets having net book value in excess of Rs 5,000 thousand were disposed off during the year.

15.3 **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
Plot no 1– H, Gulberg– II, Lahore	Marketing office land	3 kanals, 14 marlas and 160.63 sqft
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

		2023	2022
		Rs '000	Rs '000
15.4	**Capital Work in Progress**		
	Civil works	3,684,023	517,614
	Plant and machinery (including-in-transit items)	7,738,725	1,779,554
		11,422,748	2,297,168

15.5 Capital work in progress include Rs 1,618,248 thousand (2022: Rs 683,171 thousand) being Company's share in Joint operation related to Gas Pressure Enhancement Facility (PEF), as disclosed in note 42 to the financial statements.

		Note	2023	2022
			Rs '000	Rs '000
16.	**INTANGIBLE ASSETS**			
	Computer software	16.1	2,674	3,909
	Goodwill	16.2	1,569,234	1,569,234
			1,571,908	1,573,143
16.1	**Computer software**			
	Balance at the beginning		3,909	7,207
	Additions during the year		2,756	–
	Amortisation charge for the year		(3,991)	(3,298)
	Balance at the end		2,674	3,909
	Amortisation rate		33 1/3%	33 1/3%
	Amortisation charge has been allocated as follows:			
	Cost of sales	29	2,997	2,436
	Distribution cost	30	994	862
			3,991	3,298

16.2 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 17.43%. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

		Note	2023	2022
			Rs '000	Rs '000
17.	**LONG TERM INVESTMENTS**			
	Investments held at cost			
	In associated companies (Quoted)			
	Fauji Cement Company Limited (FCCL)	17.1	1,500,000	1,500,000
	Fauji Fertilizer Bin Qasim Limited (FFBL)	17.2	7,152,693	7,152,693
	Askari Bank Limited (AKBL)	17.3	10,461,921	10,461,921
			19,114,614	19,114,614
	In associated company (Unquoted)			
	Thar Energy Limited (TEL)	17.4	5,986,908	4,828,700
	Advance against issue of shares		–	931,300
			5,986,908	5,760,000
	In joint venture (Unquoted)			
	Pakistan Maroc Phosphore S.A., Morocco (PMP)	17.5	705,925	705,925

	Note	2023	2022
		Rs '000	Rs '000
In subsidiary companies (Unquoted)			
FFC Energy Limited (FFCEL)	17.6	2,438,250	2,438,250
Foundation Wind Energy- I Limited (FWEL-I)	17.7	7,493,051	7,493,051
Foundation Wind Energy- II Limited (FWEL-II)	17.8	6,019,288	6,019,288
OLIVE Technical Services (Private) Limited (OLIVE)	17.9	20,000	20,000
Fauji Fresh n Freeze Limited (FFF)			
Investment at cost	17.10	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
		46,013,536	45,786,628
Investments - fair value through other comprehensive income (FVTOCI)	17.11		
Term Deposit Receipts - from conventional bank		32,899	64,710
Bank Alfalah Term Finance Certificates		498,865	485,029
Pakistan Investment Bonds		4,266,595	4,574,399
		4,798,359	5,124,138
		50,811,895	50,910,766
Less: Current portion shown under			
- Short term investments - fair value through other comprehensive income (FVTOCI)			
Term Deposit Receipts - from conventional bank		32,899	27,070
Bank Alfalah Term Finance Certificates		198,865	–
Pakistan Investment Bonds		1,859,670	358,572
	26	2,091,434	385,642
		48,720,461	50,525,124

17.1 Investment in FCCL - at cost

Investment in FCCL represents 105,469 thousand (2022: 105,469 thousand) fully paid ordinary shares of Rs 10 each representing 4.29% (2022: 4.29%) of share capital of FCCL as at December 31, 2023. Market value of the Company's investment as at December 31, 2023 was Rs 1,995,469 thousand (2022: Rs 1,267,734 thousand). FCCL is an associate due to representation on the Board of Directors.

17.2 Investment in FFBL - at cost

Investment in FFBL represents 644,019 thousand (2022: 644,019 thousand) fully paid ordinary shares of Rs 10 each representing 49.88% (2022: 49.88%) of FFBL's share capital as at December 31, 2023. Market value of the Company's investment as at December 31, 2023 was Rs 20,544,194 thousand (2022: Rs 9,872,811 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.

17.3 Investment in AKBL - at cost

Investment in AKBL represents 625,333 thousand (2022: 543,768 thousand) fully paid ordinary shares of Rs 10 each representing 43.15% (2022: 43.15%) of AKBL's share capital. Market value of the Company's investment as at December 31, 2023 was Rs 15,458,237 thousand (2022: Rs 10,929,737 thousand).

At year end, 625,333 thousand (2022: 543,768 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.

17.4 Investment in TEL - at cost

Investment in TEL represents 598,691 thousand (2022: 482,900 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 owning, operating and maintaining a 1 x 330 MW mine-month coal fired power plant established at Thar Block ll, Thar Coal Mine, Sindh. At year end, 598,691 thousand (2022: 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.

CPPA(G) has raised invoices for payment of HVDC charges amounting to USD 19.6 million, 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. 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, out of which USD 1.7 million has been adjusted by CPPA(G) through settlement of invoices up to the reporting date. Accordingly, a provision amounting to USD 6 million has been recognized in its financial statements. TEL has achieved its COD in October 2022.

17.5 Investment in PMP - at cost

Investment in PMP represents 12.5% (2022: 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

17.6 Investment in FFCEL - at cost

Investment in FFCEL represents 243,825 thousand (2022: 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.

17.7 Investment in FWEL - I - at cost

Investment in FWEL - I represents 350,249 thousand (2022: 350,249 thousand) fully paid ordinary shares of Rs 10 each. The Company was established with the primary objective to undertake the business of power generation and sale. The Company currently holds 100% shareholding interest in FWEL - I. Shares of FWEL - I have been pledged by the Company in favor of project lenders, till discharge of its debt obligations. Also refer note 17.8.1 to the financial statements.

17.8 Investment in FWEL - II - at cost

Investment in FWEL - II represents 282,215 thousand (2022: 282,215 thousand) fully paid ordinary shares of Rs 10 each. The Company was established with the primary objective to undertake the business of power generation and sale. The Company currently holds 80% shareholding interest in FWEL - II. Shares of FWEL - II have been pledged by the Company in favor of project lenders, till discharge of its debt obligations. Also refer note 17.8.1 to the financial statements.

17.8.1 In accordance with the Share Purchase Agreement, the Company, in the year 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.

17.9 Investment in OLIVE Technical Services (Private) Limited (OLIVE)

Investment in OLIVE represents investment in 2,000 thousand (2022: 4) fully paid ordinary shares of Rs 10 each. The Company currently holds 100% shareholding interest in OLIVE. 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.

17.10 Investment in FFF - at cost

Investment in FFF represents 623,960 thousand (2022: 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 17.36% (2022: 15.49%) per annum and terminal growth rate of 2.5% (2022: 4%). Based on this analysis, management believes that carrying value of the investment is recoverable in full.

17.11 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 9.34% to 9.70% per annum (2022: 4.70% to 11.83%).

Term Finance Certificates

This represents investments in Bank Alfalah Term Finance Certificates amounting to Rs 198,865 thousand and Rs 300,000 thousand (2022: Rs 185,029 thousand and Rs 300,000 thousand) 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 4.79 billion are due to mature within a period of 6 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	2023	2022
			Rs '000	Rs '000
18.	**LONG TERM LOANS AND ADVANCES - SECURED**			
	Loans and advances - considered good, to:			
	Executives			
	Interest bearing		1,166,120	882,673
	Non-interest bearing		1,049,782	700,795
			2,215,902	1,583,468
	Other employees			
	Interest bearing		728,417	614,833
	Non-interest bearing		494,891	362,407
			1,223,308	977,240
			3,439,210	2,560,708
	Advances to suppliers		–	2,587,892
	Less: Amount due within twelve months, shown			
	under current loans and advances	23		
	Interest bearing		335,366	252,134
	Non-interest bearing		474,206	340,886
			809,572	593,020
			2,629,638	4,555,580

18.1 Reconciliation of carrying amount of loans and advances:

	Executives	Other employees	2023 Total	2022 Total
	Rs '000	Rs '000	Rs '000	Rs '000
Balance at January 1	1,583,468	977,240	2,560,708	2,048,876
Adjustments	245,118	(245,118)	–	–
Disbursements	959,232	785,823	1,745,055	1,460,845
	2,787,818	1,517,945	4,305,763	3,509,721
Repayments	(571,916)	(294,637)	(866,553)	(949,013)
Balance at December 31	2,215,902	1,223,308	3,439,210	2,560,708

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 2,324,943 thousand (2022: Rs 1,624,158 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.

18.2 Loans and advances to employees exceeding Rs 1 million

Category	2023 No. of employees	2023 Amount Rs '000	2022 No. of employees	2022 Amount Rs '000
Rs 1 million to Rs 2 million	209	292,278	227	328,700
Exceeding Rs 2 million upto Rs 3 million	116	289,631	121	297,236
Exceeding Rs 3 million upto Rs 5 million	226	875,842	136	505,857
Exceeding Rs 5 million upto Rs 10 million	56	321,988	94	653,244
Exceeding Rs 10 million upto Rs 25 million	142	1,557,274	46	601,205
	749	3,337,013	624	2,386,242

		Note	2023 Rs '000	2022 Rs '000
19.	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Non-interest bearing deposits		12,378	12,378
20.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		999,563	454,913
	Spares		6,170,464	4,942,639
	Provision for slow moving spares	20.1	(634,216)	(599,931)
			5,536,248	4,342,708
	Loose tools		24,428	11,468
	Items in transit		1,224,115	1,491,997
			7,784,354	6,301,086
20.1	**Movement of provision for slow moving spares**			
	Balance at the beginning		599,931	566,939
	Provision during the year	29.1	36,451	36,417
	Reversal during the year		(2,166)	(3,425)
	Balance at the end		634,216	599,931
21.	**STOCK IN TRADE**			
	Raw materials		603,713	336,357
	Work in process		174,232	120,594
	Finished goods			
	Manufactured urea		744,590	285,104
	Purchased fertilizer	21.1	545,387	18,745,746
			1,289,977	19,030,850
			2,067,922	19,487,801

21.1 Purchased fertilizer as at December 31, 2022 included Di-ammonium Phosphate (DAP) stock having cost of Rs 16,608,702 thousand, which had been written down, in the prior year, to its expected net realisable value of Rs 14,843,702 thousand as a result of decline in then expected selling prices of this product.

		Note	2023	2022
			Rs '000	Rs '000
22.	**TRADE DEBTS**			
	Considered good - secured	22.1	48,503	371,540
	Considered doubtful		1,758	1,758
			50,261	373,298
	Loss allowance		(1,758)	(1,758)
			48,503	371,540

22.1 These debts are secured by way of bank guarantees.

		Note	2023	2022
			Rs '000	Rs '000
23.	**LOANS AND ADVANCES - SECURED**			
	Current portion of long term loans and advances	18	809,572	593,020
	Loans and advances to employees - unsecured			
	- considered good, non-interest bearing			
	Executives		223,949	73,156
	Others		100,870	23,595
	Advance to subsidiary company - interest bearing			
	Fauji Fresh N Freeze Limited (FFF)	23.1	1,800,000	–
	Advances to suppliers - considered good		266,655	262,775
	Advances for PEF project	23.3	214,333	–
			3,415,379	952,546

23.1 This represents revolving credit facility provided to Fauji Fresh N Freeze Limited, a related party, to support its cashflow requirements under markup arrangement at the Company's weighted average cost of debt plus 0.10% per annum. The Company has also 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.

23.2 Loans and advances to employees exceeding Rs 1 million

	2023		2022	
Category	No. of employees	Amount	No. of employees	Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	41	56,039	8	10,960
Exceeding Rs 2 million upto Rs 3 million	10	24,203	2	4,530
Exceeding Rs 3 million upto Rs 5 million	5	18,544	–	–
Exceeding Rs 10 million upto Rs 25 million	1	5,221	–	–
	57	104,007	10	15,490

23.3 This represents advance paid to Mari Petroleum Company Limited, a related party, in relation to PEF project, as disclosed in note 42 to the financial statements.

		Note	2023 Rs '000	2022 Rs '000
24.	**DEPOSITS AND PREPAYMENTS**			
	Non-interest bearing deposits		242,607	242,214
	Prepayments		468,399	59,113
			711,006	301,327
25.	**OTHER RECEIVABLES**			
	Accrued income on investments and bank deposits:			
	- Pakistan Investment Bonds		169,692	181,299
	- Conventional banks		54,354	71,251
	- Islamic banks		183	172
	Accrued income on receivable from subsidiary		453,669	127,995
	Sales tax receivable - net	25.1	16,866,320	18,421,786
	Advance tax	25.2	322,368	322,368
	Subsidy receivable from Government agencies	25.3	6,961,878	6,961,878
	Receivable from Workers' Profit Participation Fund - unsecured		–	178,307
	Receivable from subsidiary companies	25.4		
	- FFC Energy Limited - unsecured		40,796	25,173
	- Fauji Fresh n Freeze Limited - unsecured		8,434	4,682
	- OLIVE Technical Services (Private) Limited - unsecured		93,129	8,222
	- Foundation Wind Energy Limited - unsecured		6,046	18,143
	Receivable from Fauji Fertilizer Bin Qasim Limited - unsecured		378,035	358,573
	Receivable from Joint Operators - PEF project		196	–
	Receivable from Sona Welfare Foundation		–	23
	Receivable from pension fund (related party)	11.4	365,682	759,001
	Cash margin with bank - PEF project	25.5	–	1,637,078
	Other receivables		499,342	364,043
	Loss allowance	25.6	(5,719,404)	(2,819,404)
			20,500,720	26,620,590

25.1 Sales tax receivable is net-off provision for input tax disallowance amounting to Rs 4,332,620 thousand (2022: Rs 2,822,620 thousand).

25.2 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.

25.3 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.

25.4 The maximum amount of receivable from FFCEL, FFF, OLIVE, FFBL, SWF and FWEL during the year was Rs 102,944 thousand (2022: Rs 56,353 thousand), Rs 8,579 thousand (2022: Rs 128,677 thousand), Rs 93,129 thousand (2022: Rs 8,222 thousand), Rs 376,554 thousand (2022: Rs 369,748 thousand), Rs Nil thousand (2022: Rs 23 thousand) and Rs 29,149 thousand (2022: Rs 18,143 thousand), respectively.

25.5 For the year 2022, amount represents cash margin account maintained with a Bank related to PEF project, as disclosed in note 42 to the financial statements.

		Note	2023	2022
			Rs '000	Rs '000
25.6	**Movement of loss allowance**			
	Balance at the beginning		2,819,404	2,149,404
	Charge for the year		2,900,000	670,000
	Balance at the end	25.6.1	5,719,404	2,819,404

25.6.1 The Company considers that the allowance for expected credit loss is adequate to cover any default in recoverability of balances in future.

		Note	2023	2022
			Rs '000	Rs '000
26.	**SHORT TERM INVESTMENTS**			
	Amortised cost - conventional investments	26.1		
	Term deposits with banks and financial institutions			
	Foreign currency		4,956,685	3,625,295
			4,956,685	3,625,295
	Investments at fair value through profit or loss	26.2		
	Conventional investments		59,203,333	94,127,281
	Shariah compliant investments		28,485,449	2,131,652
			87,688,782	96,258,933
	Current maturity of long term investments			
	Fair value through OCI	17	2,091,434	385,642
			94,736,901	100,269,870

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.

26.2.1 The details of investment in mutual funds are as follows:

Conventional investments	2023 Number of units	2023 Fair value	2022 Number of units	2022 Fair value
	In '000	Rs '000	In '000	Rs '000
Money Market Funds	1,967,352	58,912,156	2,500,886	83,356,524
Income Fund	28,993	291,176	1,018,569	10,770,757
Shariah Compliant Money Market Funds	881,640	28,485,450	21,317	2,131,652
	2,877,985	87,688,782	3,540,772	96,258,933

	Note	2023	2022
		Rs '000	Rs '000
27. CASH AND BANK BALANCES			
At banks			
Local Currency			
Current account - Conventional banking		65,578	140,671
Current account - Islamic banking		16,661	223,121
Deposit account - Conventional banking	27.1	423,812	284,176
Deposit account - Islamic banking	27.2	20,097	30,533
		526,148	678,501
Foreign Currency			
Deposit account (2023: US$ 70; 2022: US$ 2,159)		20	489
	27.3	526,168	678,990
Drafts in hand and in transit			
Cash in transit	27.4	332,179	840,981
		858,347	1,519,971

27.1 Balances with banks carry markup of 20.50% (2022: ranging from 14.50% to 14.75%) per annum.

27.2 Balances with banks carry profit ranging from 6.75% to 11.01% (2022: 7%) per annum.

27.3 Balances with banks include Rs 319,894 thousand (2022: Rs 271,838 thousand) in respect of security deposits received.

27.4 These represent demand drafts held by the Company at year end.

	Note	2023	2022
		Rs '000	Rs '000

28. TURNOVER - NET

	Note	2023 Rs '000	2022 Rs '000
Manufactured urea		136,637,495	95,176,797
Purchased and packaged fertilizers		28,013,216	15,336,115
		164,650,711	110,512,912
Sales tax and excise duty		(5,178,760)	(1,149,095)
		159,471,951	109,363,817

29. COST OF SALES

	Note	2023 Rs '000	2022 Rs '000
Raw materials consumed		27,773,339	20,583,861
Fuel and power		15,958,056	12,830,196
Chemicals and supplies		1,259,633	881,970
Salaries, wages and benefits		11,318,140	8,306,496
Training and employees welfare		1,595,143	1,086,160
Rent, rates and taxes		49,017	38,839
Insurance		722,479	340,182
Travel and conveyance		1,123,300	654,498
Repairs and maintenance (includes stores and spares consumed of Rs 939,389 thousand; 2022: Rs 822,222 thousand)		3,681,751	3,499,310
Depreciation	15.1	2,426,562	2,328,141
Amortisation	16.1	2,997	2,436
Communication and other expenses	29.1	5,418,404	3,148,231
		71,328,821	53,700,320
Opening stock - work in process		120,594	107,865
Closing stock - work in process		(174,232)	(120,594)
		(53,638)	(12,729)
Cost of goods manufactured		71,275,183	53,687,591
Opening stock - manufactured urea		285,104	657,370
Closing stock - manufactured urea		(744,590)	(285,104)
		(459,486)	372,266
Cost of sales - manufactured urea		70,815,697	54,059,857
Opening stock - purchased fertilizers		18,745,746	93,048
Purchase of fertilizers for resale		6,203,685	33,910,312
Closing stock - purchased fertilizers		(545,387)	(18,745,746)
Cost of sales - purchased fertilizers		24,404,044	15,257,614
		95,219,741	69,317,471

29.1 This includes provision for slow moving spares amounting to Rs 34,285 thousand (2022: Rs 32,992 thousand).

		Note	2023	2022
			Rs '000	Rs '000
30.	**DISTRIBUTION COST**			
	Product transportation		7,927,294	6,328,824
	Salaries, wages and benefits		2,424,425	2,192,233
	Training and employees welfare		270,602	165,542
	Rent, rates and taxes		220,798	215,925
	Insurance		28,711	21,388
	Technical services to farmers		14,218	14,455
	Travel and conveyance		445,596	259,004
	Sale promotion and advertising		253,546	161,182
	Communication and other expenses		840,381	516,238
	Warehousing expenses		176,702	150,503
	Depreciation	15.1	80,597	81,602
	Amortisation	16.1	994	862
			12,683,864	10,107,758
31.	**FINANCE COST**			
	Mark-up / profit on long term borrowings			
	Conventional banking		2,108,269	1,435,610
	Islamic banking		1,938,773	1,091,764
			4,047,042	2,527,374
	Mark-up / profit on short term borrowings			
	Conventional banking		839,901	2,001,596
	Islamic banking		468,657	267,519
			1,308,558	2,269,115
	Bank and other charges		268,175	71,901
			5,623,775	4,868,390
32.	**OTHER EXPENSES**			
	Research and development		1,625,277	718,443
	Workers' Profit Participation Fund		2,866,400	1,799,262
	Workers' Welfare Fund		914,369	499,417
	Auditor's Remuneration			
	Audit fee		3,180	2,890
	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		2,378	1,921
	Taxation services		21,766	14,865
	Out of pocket expenses		565	226
			27,889	19,902
			5,433,935	3,037,024

		2023	2022
		Rs '000	Rs '000
33.	**OTHER INCOME**		
	Income from financial assets		
	Income on loans, deposits and investments in:		
	- Pakistan Investment Bonds	481,110	441,626
	- Conventional banks	756,787	475,687
	- Islamic banks	3,159	6,740
	Gain on investments - conventional mutual funds	2,084,815	4,977,538
	Gain on re-measurement of investments		
	classified as fair value through profit of loss on:		
	- Conventional mutual funds	306,455	50,462
	- Shariah compliant mutual funds	68,229	–
	Gain on Treasury Bills	–	371,426
	Dividend income on:		
	- Conventional mutual fund	7,748,893	2,342,316
	- Shariah compliant mutual fund	2,219,141	191,582
	Exchange gain on foreign currency balances	887,075	766,108
		14,555,664	9,623,485
	Income from subsidiaries/ associated companies		
	Dividend from subsidiaries		
	- FWEL-I	1,000,000	1,750,000
	- FWEL-II	800,000	1,400,000
		1,800,000	3,150,000
	Income from revolving credit facility to FFF	325,674	–
	Dividend from joint venture		
	- PMP	–	1,349,419
	Income from non - financial assets		
	Gain on disposal of property, plant and equipment	87,252	49,487
	Commission on sale of FFBL products	24,367	23,670
		111,619	73,157
	Other income		
	Scrap sales	140,753	40,686
	Income on house building loan	67,475	53,341
	Others	95,765	151,761
		303,993	245,788
		17,096,950	14,441,849

		2023	2022
		Rs '000	Rs '000
34.	**PROVISION FOR TAXATION**		
	Current tax		
	Current year	21,053,891	10,681,523
	Prior year	2,291,189	3,518,477
		23,345,080	14,200,000
	Deferred tax	528,822	(563,000)
		23,873,902	13,637,000

34.1 Reconciliation between tax expense and accounting profit

	2023	2022
	Rs '000	Rs '000
Profit before tax	53,547,250	33,686,510

	2023	2022
	%	%
Applicable tax rate	29.00	29.00
Tax effect of income that is exempt or		
taxable at reduced rates	(3.87)	(5.69)
Effect of permanent differences	4.35	1.77
Prior year charge - super tax	4.27	10.44
Effect of super tax	10.95	4.44
Others	(0.11)	0.52
Average effective tax rate charged on income	44.59	40.48

		2023	2022
		Rs '000	Rs '000
34.2	**Tax impacts on items recognised in other**		
	comprehensive income		
	Tax impact on:		
	Surplus/ (deficit) on re-measurement		
	of investments to fair value	6,668	(81,240)
	(Loss)/ gain on re-measurement of staff		
	retirement benefit plans	(107,335)	382,557
		(100,667)	301,317

	2023	2022
35. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees '000)	29,673,348	20,049,510
Weighted average number of shares in issue (Number '000)	1,272,238	1,272,238
Basic and diluted earnings per share (Rupees)	23.32	15.76

There is no dilutive effect on the basic earnings per share of the Company.

36. 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:

	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	Rs '000		Rs '000	
Managerial remuneration	50,656	2,406,840	42,658	1,787,874
Contribution to provident fund	3,494	150,245	2,942	112,010
Bonus and other awards	28,570	501,781	–	10,986
Good performance award	–	1,077,350	–	812,365
Allowances and contribution to retirement benefit plans	15,844	4,085,291	12,749	2,966,282
Total	98,564	8,221,507	58,349	5,689,517
No. of person(s)	1	586	1	434

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 37,017 thousand (2022: Rs 54,465 thousand) was paid to executives on separation, in accordance with the Company's policy.

Executive means an employee whose basic salary exceeds Rs 1,200 thousand (2022: Rs 1,200 thousand) during the year.

In addition, 17 (2022:15) directors were paid aggregate fee of Rs 27,400 thousand (2022: Rs 21,500 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, 2023	21,740,000	33,180	–	478,676	22,251,856
Changes from financing cash flows					
Draw-downs	8,000,000	–	–	–	8,000,000
Repayments	(5,445,000)	–	–	–	(5,445,000)
Repayment of lease liability - net	–	(18,301)	–	–	(18,301)
Dividend paid	–	–	–	(18,460,152)	(18,460,152)
	2,555,000	(18,301)	–	(18,460,152)	(15,923,453)
Other changes					
Dividend declared	–	–	–	18,498,343	18,498,343
Interest expense on lease liability	–	2,558	–	–	2,558
Amortisation of government grant	–	–	–	–	–
	–	2,558	–	18,498,343	18,500,901
Balance at December 31, 2023	24,295,000	17,437	–	516,867	24,829,304

	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

	Note	2023	2022
		Rs '000	Rs '000
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		53,547,250	33,686,510
Adjustments for:			
Unwinding of GIDC liability	9	1,160,336	2,118,513
Loss allowance on subsidy receivable	25.6	2,900,000	670,000
Depreciation		2,508,445	2,411,851
Amortization		3,991	3,298
Provision for slow moving spares	29.1	34,285	36,417
Finance cost	31	5,623,775	4,868,390
Income on loans, deposits and investments		(1,634,205)	(977,394)
Gain on investments at fair value through profit or loss		(2,459,499)	(5,399,426)
Dividend income	33	(1,800,000)	(4,499,419)
Amortization of government grant	8	–	(40,802)
Exchange gain - net	33	(887,075)	(766,108)
Gain on disposal of property, plant and equipment	33	(87,252)	(49,487)
		5,362,801	(1,624,167)
		58,910,051	32,062,343
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(1,517,553)	(1,779,994)
Stock in trade		17,419,879	(18,439,404)
Trade debts		323,037	461,691
Loans and advances		(2,462,833)	(193,888)
Deposits and prepayments		(409,679)	(234,643)
Other receivables		3,531,078	(4,574,071)
Increase / (decrease) in current liabilities			
Trade and other payables		7,929,538	12,374,874
		24,813,467	(12,385,435)
Changes in long term loans and advances		1,925,942	(1,511,443)
Changes in long term deposits and prepayments		–	2,300
Changes in deferred liabilities		203,776	159,389
		85,853,236	18,327,154

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, 2023				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	48,503	–	–	48,503
Loans and advances	2,934,391	–	–	2,934,391
Deposits	242,607	–	–	242,607
Other receivables	2,946,350	–	–	2,946,350
Short term investments	4,956,685	87,688,782	2,091,434	94,736,901
Cash and bank balances	858,347	–	–	858,347
Maturity after one year				
Long term investments	–	–	2,706,925	2,706,925
Long term loans and advances	2,629,638	–	–	2,629,638
Long term deposits	12,378	–	–	12,378
	14,628,899	87,688,782	4,798,359	107,116,040

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	6,095,000
Current portion of lease liabilities	17,437
Trade and other payables	90,550,373
Markup and profit accrued	1,304,263
Short term borrowings	13,737,746
Unclaimed dividend	516,867
Maturity after one year	
Long term borrowings	18,200,000
Lease liabilities	–
Gas Infrastructure Development Cess (GIDC) payable	–
	130,421,686

	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
	161,933,703

39.2 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 JCR - VIS Credit Rating Company Limited (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	2023	2022
		Rs '000	Rs '000
Trade Debts			
Counterparties without external credit ratings			
Existing customers with no default in the past		48,503	371,540
Loans and advances			
Counterparties without external credit ratings			
Loans and advances		2,934,391	689,771
Deposits			
Counterparties without external credit ratings			
Others		242,607	242,214
Other receivables			
Counterparties with external credit ratings	A1+ / A1+		
	A1 / A1	224,229	252,722
Counterparties without external credit ratings			
Balances with related parties		1,345,791	516,423
Others		1,376,330	6,169,983
		2,946,350	6,939,128
Short term investments			
Counterparties with external credit ratings	A1+/A-1+	5,188,449	3,652,365
	AM1	64,594,569	66,455,158
	AM2++/AM2		
	/AM2+	23,094,213	29,803,775
Counterparties without external credit ratings			
PIBs issued by the Government of Pakistan		1,859,670	358,572
		94,736,901	100,269,870
Bank balances			
Counterparties with external credit ratings	A-1+/A1+/P-1	858,286	1,519,910
	A1/A-1	51	51
	A-2	9	9
	A-3	1	1
		858,347	1,519,971
Long term investments			
Counterparties with external credit ratings	AA +	300,000	522,669
Counterparties without external credit ratings			
PIBs issued by the Government of Pakistan		2,406,925	4,215,827
		2,706,925	4,738,496
Long term loans and advances			
Counterparties without external credit ratings		2,629,638	1,967,687
Long term deposits			
Counterparties without external credit ratings		12,378	12,378

39.3 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:

	2023	2022
	Rs '000	Rs '000
Long term investments	2,706,925	4,738,496
Loans and advances	5,564,029	2,657,458
Deposits	254,985	12,378
Trade debts - net of provision	48,503	371,540
Other receivables - net of provision	2,946,350	6,939,128
Short term investments - net of provision	94,736,901	100,269,870
Bank balances	858,347	1,519,971
	107,116,040	116,508,841

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 11,206,111 thousand (2022: Rs 15,111,114 thousand). This is included in total carrying amount of investments as at reporting date.

Trade debts amounting to Rs 48,503 thousand (2022: Rs 371,540 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:

	2023		2022	
	Gross	Impairment	Gross	Impairment
	Rs '000		Rs '000	
Not yet due	26,047	–	346,647	–
Past due 1-30 days	22,456	–	24,893	–
Past due 31-60 days	–	–	–	–
Past due 61-90 days	–	–	–	–
Over 90 days	1,758	1,758	1,758	1,758
	50,261	1,758	373,298	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, 2023				
Long term borrowings and accrued interest	25,270,837	7,070,837	18,200,000	–
Lease liabilities	17,437	17,437	–	–
Trade and other payables	90,550,373	90,550,373	–	–
Unclaimed dividend	516,867	516,867	–	–
Short term borrowings and accrued interest	14,066,172	14,066,172	–	–
Gas Infrastructure Development Cess (GIDC) payable	–	–	–	–
	130,421,686	112,221,686	18,200,000	–
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	–
	161,933,703	137,680,732	24,252,971	–

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:

	2023		2022	
	Rs '000	USD '000	Rs '000	USD '000
Bank balance	20	0.07	489	2.16
Investments (Term deposit receipts)	4,956,685	17,589	3,625,295	16,013

The following significant exchange rates applied during the year:

	2023	2022	2023	2022
	Average rate		Reporting date rate	
US Dollars	282.40	206.95	281.80	226.40

Sensitivity analysis

A 10% strengthening of the functional currency against foreign currencies at December 31 would have decreased profit by Rs 495,670 thousand (2022: Rs 362,578 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:

	2023	2022
	Carrying amount	
	Rs '000	Rs '000
Fixed rate instruments		
Financial assets	11,251,249	9,848,154
Variable rate instruments		
Financial assets	2,642,259	713,983
Financial liabilities	38,032,746	79,734,421

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 2022.

	100 basis points increase	100 basis points decrease
	Rs '000	Rs '000
December 31, 2023		
Cash flow sensitivity - Variable rate instruments		
Financial assets	16,118	(16,118)
Financial liabilities	(232,000)	232,000
December 31, 2022		
Cash flow sensitivity - Variable rate instruments		
Financial assets	5,069	(5,069)
Financial liabilities	(566,114)	566,114

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% increase in market price at reporting date would have increased equity by Rs 29,270 thousand (2022: Rs 36,381 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 534,902 thousand (2022: Rs 683,438 thousand). The analysis is performed on the same basis for 2022 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 values shown in the statement of financial position, are as follows:

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000		Rs '000	
Assets carried at amortised cost				
Long term loans and advances	2,629,638	2,629,638	1,967,687	1,967,687
Long term deposits	12,378	12,378	12,378	12,378
Trade debts	48,503	48,503	371,540	371,540
Loans and advances	2,934,391	2,934,391	689,771	689,771
Deposits	242,607	242,607	242,214	242,214
Other receivables	2,946,350	2,946,350	6,939,128	6,939,128
Short term investments	4,956,685	4,956,685	3,625,295	3,625,295
Cash and bank balances	858,347	858,347	1,519,971	1,519,971
	14,628,899	14,628,899	15,367,984	15,367,984
Assets carried at fair value				
Long term investments	2,706,925	2,706,925	4,738,496	4,738,496
Short term investments	89,780,216	89,780,216	96,644,575	96,644,575
	92,487,141	92,487,141	101,383,071	101,383,071

	2023 Carrying amount	2023 Fair value	2022 Carrying amount	2022 Fair value
	Rs '000		Rs '000	
Liabilities carried at amortised cost				
Long term borrowings	24,295,000	24,295,000	21,740,000	21,740,000
Trade and other payables	90,550,373	90,550,373	72,240,956	72,240,956
Mark-up and profit accrued	1,304,263	1,304,263	1,505,936	1,505,936
Short term borrowings	13,737,746	13,737,746	57,994,421	57,994,421
Gas Infrastructure Development Cess (GIDC) payable	–	–	7,940,534	7,940,534
Unclaimed dividend	516,867	516,867	478,676	478,676
Lease liabilities	17,437	17,437	33,180	33,180
	130,421,686	130,421,686	161,933,703	161,933,703

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, 2023			
Assets carried at fair value			
Long term investments - FVTOCI	–	2,706,925	–
Short term investments - FVTOCI & FVTPL	89,780,216	–	–
	89,780,216	2,706,925	–
December 31, 2022			
Assets carried at fair value			
Long term investments - FVTOCI	–	4,738,496	–
Short term investments - FVTOCI & FVTPL	96,644,575	–	–
	96,644,575	4,738,496	–

39.5.1 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.

40. RELATED PARTY TRANSACTIONS

40.1 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, HI(M) (Retired)	Director	–
Maj Gen Zafar Ul Haq (Retired)	Director	–
Mr. Peter Bruun Jensen	Director	–
Mr. Yassir Ghiyati Ibn Ziyad	Director	–
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)	Director	–
Mr. Qamar Haris Manzoor	Director	0.00063%
Syed Bakhtiyar Kazmi	Director	–
Mr. Shoaib Javed Hussain	Director	–
Mr. Momin Agha	Director	–
Mr. Iftikhar Ali Sahoo	Director	–
Mr. Asad Rehman Gilani	Director	–
Mr. Jehangir Shah	Director	0.00008%
Dr. Ayesha Khan	Director	0.00001%
Syed Atif Ali	Key management personnel	–
Mr. Muhammad Aleem Khan	Key management personnel	–
Mr. Ather Javed	Key management personnel	–
Mr. Wajid Ishaq Bhatti	Key management personnel	–
Mr. Aamer Fayyaz	Key management personnel	–
Mr. Usman Ghani	Key management personnel	–

Related party	Basis of relationship	Aggregate % age shareholding in the Company
Mr. Irfan Khan	Key management personnel	–
Mr. Fakhar Ul Hasan Mahmood	Key management personnel	–
Mr. Muhammad Naeem Akbar Qazi	Key management personnel	–
Mr. Muhammad Arif	Key management personnel	–
Mr. Sajjad Salim	Key management personnel	–
Syed Imran Shah	Key management personnel	–
Syed Aamir Abbas	Key management personnel	–
Mr. Mohammad Mukhtiar	Key management personnel	–
Mr. Asrat Mahmood	Key management personnel	–
Mr. Atif Nawab Khan	Key management personnel	–
Mr. Ashfaq Hassan	Key management personnel	–
Mr. Nofil Mehmood	Key management personnel	–
Mr. Muhammad Imran Sharif	Key management personnel	–
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	–

40.2 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

40.3 Fauji Foundation holds 44.35% (2022: 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 18, 23 and 36 to the financial statements respectively.

	2023	2022
	Rs '000	Rs '000
HOLDING COMPANY		
Transactions		
Dividend paid	8,204,015	7,690,559
Cost recharge	764,445	252,697
Sale of fertilizer	4,364	2,199
Others	1,439	25,253
Balances		
Balance payable - unsecured	–	52,024
SUBSIDIARY COMPANIES		
Transactions		
Letter of comfort/ guarantee against loan of subsidiary company	4,101,304	3,445,000
Advance under revolving credit facility	1,800,000	–
Interest income	325,674	–
Rental income	36,141	29,484
Dividend income	1,800,000	3,150,000
Expense incurred on behalf of subsidiary companies	203,536	116,799
Receipt against expenses on behalf of subsidiary companies	153,864	134,784
Sale of fertilizer	33,923	14,080
Balances		
Balance receivable - unsecured	2,402,074	184,215
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	1,603,491	1,264,935
Commission on sale of products	24,367	23,670
Sale of fertilizer	435,261	–
Payments under consignment account - net	236,851,564	143,302,729
Payments against purchase of gas and PEF project	37,209,281	31,562,001
Equity investment	1,158,208	1,245,742
Advance against issue of shares	–	931,300
Services and materials provided	61,167	19,620
Services and materials received	–	705
Donations	828,689	664,029
Interest expense	463,933	807,201
Interest income	6,803	8,252
Dividend income	–	1,349,419
Balances		
Long term investments	32,899	64,710
Short term borrowings	8,092,980	29,871,241
Running finance	–	247,622
Balance receivable	607,914	362,543
Balance payable	72,444,064	68,537,591

	2023 Rs '000	2022 Rs '000
STAFF RETIREMENT BENEFITS		
Contribution		
Employees' Provident Fund Trust	611,756	504,144
Employees' Gratuity Fund Trust	266,333	253,339
Employees' Pension Fund Trust	–	148,611
Employees' Funds as Dividend on equity holding	41,051	42,837
0.25% (2022: 0.25%)		
Balances		
Balance payable - Gratuity Fund Trust	997,592	659,625
Balance receivable - Pension Fund Trust	365,682	759,001
OTHERS		
Transactions		
Remuneration and benefits of key management personnel		
(Number of person(s): 20 (2022: 22))	674,438	590,933
Balances		
Loans and advances	108,049	68,644

41. 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 28 to the financial statements.

42. INTEREST IN JOINT ARRANGEMENTS

In the year 2022, 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.

43. NON ADJUSTING EVENTS AFTER REPORTING DATE

43.1 The Board of Directors of FFC Energy Limited, a wholly owned subsidiary company, in its meeting held on January 24, 2024 has proposed a final dividend of Rs 3 per share for the year ended December 31, 2023, amounting to Rs 731,475 thousand.

43.2 The Board of Directors of Foundation Wind Energy - I Limited, a wholly owned subsidiary company, in its meeting held on January 24, 2024 has proposed a final dividend of Rs 4.5 per share for the year ended December 31, 2023, amounting to Rs 1,576,123 thousand.

43.3 The Board of Directors of Foundation Wind Energy - II Limited, a subsidiary company, in its meeting held on January 24, 2024 has proposed a final dividend of Rs 4.5 per share for the year ended December 31, 2023, amounting to Rs 1,587,461 thousand of which the proportionate share of the Company amounts to Rs 1,269,968 thousand.

43.4 The Board of Directors in its meeting held on January 26, 2024 has proposed a final dividend of Rs 4.10 per share.

44. GENERAL

44.1 Production capacity - Urea

	Design capacity		Production	
	2023	2022	2023	2022
	(Tonnes '000)		(Tonnes '000)	
Goth Machhi - Plant I	695	695	882	787
Goth Machhi - Plant II	635	635	828	767
Mirpur Mathelo - Plant III	718	718	811	850
	2,048	2,048	2,521	2,404

44.2 Facilities of letters of guarantee and letters of credit

Facilities of letters of credit and letters of guarantee amounting to Rs 19,074,000 thousand and Rs 638,000 thousand (2022: Rs 30,722,000 thousand and Rs 866,000 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 12,023,000 thousand (2022: Rs 5,203,000 thousand) and Rs 3,175,000 thousand (2022: 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).

44.3 Donations

Cost of Sales and Distribution Cost include donations amounting to Rs 629,586 thousand (2022: Rs 526,291 thousand) and Rs 199,103 thousand (2022: Rs 137,738 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.

		2023	2022
44.4	**Number of employees**		
	Total number of employees at end of the year	3,209	3,216
	Average number of employees for the year	3,221	3,244

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

44.6 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, to conform to current year basis and presentation.

45. DATE OF AUTHORIZATION

These Financial Statements have been authorized for issue by the Board of Directors of the Company on January 26, 2024.

Chairman **Chief Executive** **Director** **Chief Financial Officer**

SAY NO TO CORRUPTION

Hansraj Lake, the Majestic Swan

Neelum Valley, Azad Kashmir, Pakistan
Credits: Usman Miski

05

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements of the FFC Group along with Chairman's Review on the Group's performance

GROUP STRUCTURE

Subsidiary Companies

	Fertilizers	Power	Food	Tech. Serv.
				Rs billion
Revenue	159.47	16.25	5.39	0.31
PBT(L)	53.55	11.88	(0.39)	0.22
Assets	223.28	53.18	7.41	0.32
Liabilities	161.43	1.49	6.38	0.10

For further details refer note 41, page 425

Associated Companies

Joint Venture Company

	FCCL	FFBL	AKBL	TEL	FFL
					Rs billion
Assets	137.42	198.65	1,828.5	144.45	16.21
Liabilities	69.63	145.32	1,743.32	115.68	2.15
Net Assets	67.79	43.04	85.18	28.77	11.71

For further details refer note 18.4, page 399

Investment at cost in PKR
(refer note 17, page 278 & 279)

CHAIRMAN'S REVIEW
on the Consolidated Financial Statements

Dear Shareholders,

The Group faced various challenges in terms of high inflation and interest rates, besides geo-political instability. Increased levies including super tax, severe Pak Rupee devaluation and shortage of foreign exchange posed further obstacles to the operations of the Group. The operating costs thus increased significantly but proactive Boards' strategies and management efficiencies enabled the Group to improve its performance compared to last year.

Long term financing obtained by FWEL I & II came to maturity during the year, whereas, revenue collections of all three wind energy projects improved significantly, enhancing the cash flow position of the projects. Combined energy supply stood at 342.73 Gwh, which increased by 10% compared to last year, while financing cost decreased by 37%. The energy projects recorded aggregate profitability of Rs 11.5 billion, higher by 30% compared to previous year. FFCEL also took an initiative to diversify its portfolio by acquiring a 18.45% equity stake in Fauji Foods Limited at a cost of Rs 4.65 billion, which is projected to increase the earnings of FFCEL as well as the Group.

Thar Energy Limited successfully completed its first 12 months of operations post achievement of commercial operations on October 1, 2022. The Board is pleased to inform that the project has earned a net profitability of Rs 9.0 billion from its very first year of operations. Increase in the branch network improved deposits along with rising interest rates enabled Askari Bank to improve its net profitability to Rs 17.9 billion during the reporting period compared to Rs 13.7 billion last year.

OLIVE Technical Services continued to expand in various sectors including fertilizer, oil & gas, power and IT, besides imparting customized trainings to various clients. OLIVE thus recorded growth in its revenues and earnings, and is confident of further market outreach during the coming years. Fauji Fresh n Freeze Limited started the year on a positive note with high demand from renowned customers and showed considerable progress till the end of the third quarter, however, the Middle Eastern conflict and the resulted boycott of international food chains negatively impacted sales during the last quarter. This combined with high interest rates and inflationary factors resulted in net loss of Rs 0.5 billion in line with last year.

Gas shortage during the year resulted in lower production of Urea and DAP by FFBL. The impact of inflation and rising interest rates together with lower contributions from associated companies resulted in net consolidated profitability of Rs 3.04 billion compared to Rs 7.65 billion previous year. Fauji Cement Company Limited (FCCL) also showcased growth owing to enhanced production capacity with net earnings of Rs 7.7 billion during the reporting period compared to Rs 7.3 billion last year.

The consolidated revenue of the Group stood at Rs 181.4 billion, 44% higher than last year, while other income improved by 42% to Rs 16.4 billion. The share of profits from associates witnessed a 9.7% decrease to Rs 11.24 billion. These factors combined with effective cost control measures implemented by Group resulted in net profit of Rs 47.45 billion, a significant rise from Rs 34.3 billion last year. FFC, the parent company, announced an interim dividend of Rs 11.39 per share. In addition, the Board of Directors has proposed a final dividend of Rs 4.10 per share.

The Board is committed to guiding the Group through economic challenges, with focus on enhancing productivity across all sectors to address the needs of all stakeholders and to provide sustained returns to our shareholders.

Waqar Ahmed Malik, SI
Chairman

Rawalpindi
January 26, 2024

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
Fauji Foods Limited

Profit or Loss Analysis

Turnover

The Group achieved a turnover of Rs 181.4 billion, marking a 44% increase from the previous year. This growth was driven by higher fertilizer sales and increased revenues of fertilizers as well as wind energy projects and Fauji Fresh and Freeze.

Cost of Sales

Cost of sales was recorded at Rs 104.6 billion, with an increase of 38% over 2022, mainly due to increase in gas prices besides inflationary and other factors.

Gross Profit

Gross profitability of the Group thus stood at Rs 76.8 billion, improving by 55% compared to Rs 49.7 billion in 2022.

Administrative and Distribution Expenses

Administrative and distribution expenses of Rs 13.8 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 2023 resulted in finance cost of Rs 6.6 billion compared to Rs 5.9 billion in previous year.

Other Income

Effective treasury management and high rate of returns resulted in other income of Rs 16.4 billion, 42% above 2022.

Other Losses / Other Expenses

Other losses comprising of unwinding of GIDC liability of Rs 1.2 billion and provision for expected credit loss of Rs 2.9 billion on subsidy receivable from Government were booked during the year. Other expenses increased to Rs 5.44 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 11.24 billion compared to Rs 12.4 billion last year, mainly due to decrease in profitability of associated companies.

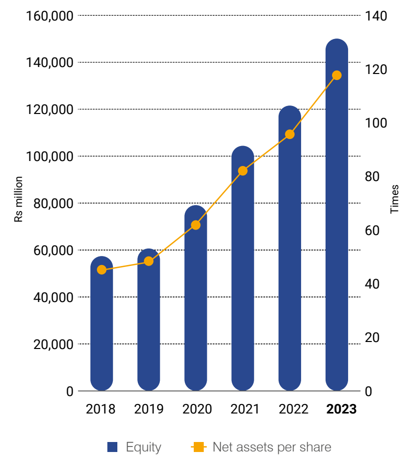
Provision for Taxation

Tax charge of Rs 27.07 billion significantly increased by 66% compared to 2022 mainly due to higher profitability as well as increase in super tax compared to 2022, which negatively affected the Group's profitability.

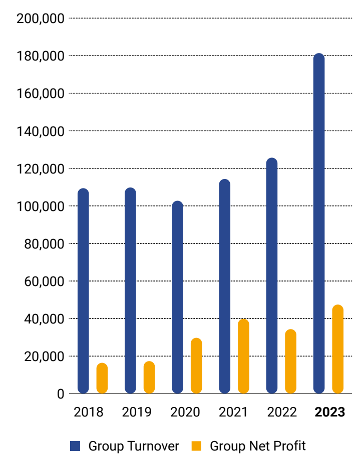
Net Profit

Consequently, the Group's profitability improved by 38% to Rs 47.45 billion with an earnings per share of Rs 37.3 compared to Rs 27.02 last year.

Group Equity & Net Assets per Share



Group Turnover & Profit
(Rs million)



Subsidiary Companies

FFC Energy Limited

The pioneer wind power company FFCEL is a public unlisted Company and 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 generation capacity of 49.5 MW. FFC currently has an equity investment of Rs 2.44 billion in the Company.

In 2023, FFCEL demonstrated satisfactory performance despite some financial challenges. The Company's net profit was recorded at Rs 2.03 billion, a slight decrease from

FINANCIAL PERFORMANCE OF THE GROUP

the previous year's at Rs 2.50 billion. This reduction in profit was primarily due to the elimination of tariff related to the debt component, impacting revenues. However, collections of receivables have improved during the year.

The plant's operational performance remained robust, achieving an average availability factor of 98% and supplying 104.02 GWh of electricity to the National Grid, compared to 89.49 Gwh last year. This accomplishment is noteworthy, especially considering the major scheduled and unscheduled maintenance activities undertaken throughout the year.

FFCEL has expanded its business by acquiring a 18.45% share in Fauji Foods Limited. This investment, worth Rs 4.65 billion, is expected to boost the profits of both FFCEL and the Group.

FFCEL also focused on enhancing its technical capabilities, providing specialized training for its team and contributing to industry-wide skill development through various collaborations.

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, 2023.

Composition Of The Board

For the year 2023, Board of Directors for FFCEL were:

- Mr Sarfaraz Ahmed Rehman
- Maj Gen Asif Ali, HI(M) (Retired)
- Syed Bakhtiyar Kazmi
- Mr Muhammad Aleem Khan
- Maj Gen Zafar Ul Haq, HI(M) (Retired)
- Maj Gen Tariq Qaddus, HI(M) (Retired)
- Mr Adnan Samdani

Board Meetings During the Year

Name of Director	Jan 24	Apr 17	Jul 20	Oct 16	Dec 12	Meetings Attended
Mr Sarfaraz Ahmed Rehman						
Maj Gen Asif Ali, HI(M) (Retired)						
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)					Resigned	
Mr Qamar Haris Manzoor					Resigned	
Syed Bakhtiyar Kazmi						
Mr Muhammad Aleem Khan						
Mr Khurram Shahzad Khan					Resigned	
Maj Gen Zafar ul Haq, HI(M) (Retired)						
Maj Gen Tariq Qaddus, HI(M) (Retired)						
Mr Adnan Samdani						

Casual Vacancies Filled During the Year

Appointment	Resignation	Date of Appointment
Maj Gen Zafar ul Haq, HI(M) (Retired)	Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)	October 17, 2023
Maj Gen Tariq Qaddus, HI(M) (Retired)	Mr Khurram Shahzad Khan	October 17, 2023
Mr Adnan Samdani	Mr Qamar Haris Manzoor	October 17, 2023

Audit and HR&R Committee Meetings During the Year

Name of Director	Jan 17	Apr 12	Jul 17	Oct 11	Dec 11	Meetings Attended
Syed Bakhtiyar Kazmi						
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)					Resigned	
Mr. Khurram Shahzad Khan					Resigned	
Maj Gen Zafar Ul Haq, HI(M) (Retired)						
Mr Adnan Samdani						

Casual Vacancies Filled During the Year

Appointment	Resignation	Date of Appointment
Maj Gen Zafar ul Haq, HI(M) (Retired)	Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)	October 17, 2023
Mr Adnan Samdani	Mr. Qamar Haris Manzoor	October 17, 2023

Foundation Wind Energy – I Limited

On September 29, 2021, FFC acquired 100% equity stake in Foundation Wind Energy – I Limited (FWEL-I), 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.

FWEL-I showcased strong operational performance, achieving a 98.38% availability factor and delivered 112.53 GWh to the National Grid compared to 106.27 Gwh. Despite extensive maintenance, the Company's operational efficiency remained high. Sales revenue increased significantly by 39% to Rs 6.72 billion, a rise attributed to exchange rate changes and increased Delayed Payment Revenues.

Net profitability of FWEL-I also increased notably, reaching Rs 4.82 billion, a 52% increase from last year. The Company's liquidity position was strengthened by revenue growth and better collections, while its debt obligations were successfully settled over the year. This demonstrates the Company's efficient financial management and commitment to sustained growth.

The Company maintained its dedication to corporate social responsibility, with a focus on education, health, and technical training. This showcases the Board's commitment to ethical practices and strengthens FWEL-I's reputation as a responsible and efficient energy provider.

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, 2023.

Composition Of The Board

For the year 2023, Board of Directors for FWEL-I were:

- Mr Sarfaraz Ahmed Rehman
- Maj Gen Asif Ali, HI(M) (Retd)
- Dr Nadeem Inayat
- Syed Bakhtiyar Kazmi
- Mr Muhammad Aleem Khan
- Syed Atif Ali
- Maj Gen Muhammad Ihsanullah, HI(M) (Retired)

Board Meetings During the Year

Name of Director	Jan 24	Apr 17	Jul 20	Oct 16	Dec 12	Meetings Attended
Mr Sarfaraz Ahmed Rehman						
Maj Gen Asif Ali, HI(M) (Retired)						
Dr Nadeem Inayat						
Syed Bakhtiyar Kazmi						
Maj Gen Abid Rafique, HI(M) (Retired)					Resigned	
Mr Muhammad Aleem Khan						
Syed Atif Ali						
Maj Gen Muhammad Ihsanullah, HI(M) (Retired)						

Casual Vacancies Filled During the Year

Appointment	Resignation	Date of Appointment
Maj Gen Muhammad Ihsanullah, HI(M) (Retired)	Maj Gen Abid Rafique, HI(M) (Retired)	October 17, 2023

Audit and HR&R Committee Meetings During the Year

Name of Director	Jan 17	Apr 12	Jul 17	Oct 11	Dec 11	Meetings Attended
Syed Bakhtiyar Kazmi						
Dr Nadeem Inayat						
Maj Gen Abid Rafique, HI(M) (Retd)					Resigned	
Syed Atif Ali						
Maj Gen Muhammad Ihsanullah, HI(M) (Retired)						

Casual Vacancies Filled During the Year

Appointment	Resignation	Date of Appointment
Maj Gen Muhammad Ihsanullah, HI(M) (Retired)	Maj Gen Abid Rafique, HI(M) (Retired)	October 17, 2023

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 demonstrated strong operational efficiency in 2023, achieving a 97.99% average availability factor. The plant successfully delivered 126.21 GWh of electricity to the National Grid compared to 114.47 GWh last year.

Financially, the company showed substantial growth. Sales revenue increased by 38% from the previous year, reaching Rs 6.63 billion. This increase is primarily attributed to exchange rate fluctuations and a rise in Delayed Payment Revenues.

Net profitability also increased significantly to Rs 4.72 billion compared to Rs 3.14 billion last year. Over the past year, FWEL-II successfully managed its finances as its long-term loans have been repaid. Additionally, an increase in revenue coupled with better collections enhanced the company's liquidity. 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, 2023.

Composition of The Board

For the year 2023, Board of Directors for FWEL-II were:

- Mr Sarfaraz Ahmed Rehman
- Maj Gen Asif Ali, HI(M) (Retired)
- Dr Nadeem Inayat
- Syed Bakhtiyar Kazmi
- Syed Atif Ali
- Mr Aziz Ikram
- Mr Mustafa Tapal
- Mr Adnan Tapal
- Maj Gen Muhammad Ihsanullah, HI(M) (Retired)
- Mr Muhammad Javed Akhtar

Board Meetings During the Year

Name of Director	Jan 24	Apr 17	Jul 20	Oct 16	Dec 12	Meetings Attended
Mr Sarfaraz Ahmed Rehman						
Maj Gen Asif Ali, HI(M) (Retired)						
Dr Nadeem Inayat						
Syed Bakhtiyar Kazmi						
Maj Gen Abid Rafique, HI(M) (Retired)					Resigned	
Syed Atif Ali						
Mr Aziz Ikram						
Mr Tassawor Ishaque					Resigned	
Mr Mustafa Tapal						
Mr Adnan Tapal						
Maj Gen Muhammad Ihsanullah, HI(M) (Retired)						
Mr Muhammad Javed Akhtar						

Casual Vacancies Filled During the Year

Appointment	Resignation	Date of Appointment
Maj Gen Muhammad Ihsanullah, HI(M) (Retired)	Maj Gen Abid Rafique, HI(M) (Retired)	October 17, 2023
Mr Muhammad Javed Akhtar	Mr Tassawor Ishaque	October 17, 2023

Audit And Hr&R Committee Meetings During the Year

Name of Director	Jan 17	Apr 12	Jul 17	Oct 11	Dec 11	Meetings Attended
Syed Bakhtiyar Kazmi						
Dr Nadeem Inayat						
Syed Atif Ali						
Mr Aziz Ikram						
Mr Mustafa Tapal						

FINANCIAL PERFORMANCE

Management objectives (FFCEL, FWEL-I & FWEL-II)

Business 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.

Nature Medium Term | **Priority** High

Strategic Objective

Maximized Energy Production

Strategy : Effective Implementation of O&M plans, Effective supply chain management (SCM), Reliability Improvement Measures, Performance monitoring

• Achieve Benchmark Energy numbers • Avoid generation losses/ disputes with power purchaser • Shareholder's satisfaction	• Aging of Plant • Circular Debt issues • Unscheduled Maintenance • Unavailability of spare parts • Weather pattern changes	**Resources allocated**	Financial capital, Human capital
		KPI Monitored	Net Delivered Energy, Plant Availability, WTG Power Curve
		Status	Ongoing process
		Future relevance of KPI	KPI will remain relevant in future

Nature Medium Term | **Priority** High

Strategic Objective

Cost Optimization

Strategy : Optimized resource utilization through proper planning, Improved technology, Need base expenditure, Cost monitoring at multiple levels

Increased profitability	Reduced working efficiency	**Resources allocated**	Financial Capital, Human capital, Intellectual capital
		KPI Monitored	Gross Profit Margin, Net Profit Margin, O&M Cost Absorption
		Status	Ongoing process
		Future relevance of KPI	KPI will remain relevant in future

Nature Medium to long term | **Priority** Medium

Strategic Objective

Self-reliance in Operations and Maintenance

Strategy : 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	**Resources allocated**	Financial Capital, Human Capital
		KPI Monitored	Plant Availability, Training Budget Utilization, Contracted Out Services Expenditure
		Status	On-going process
		Future relevance of KPI	Relevant for future as well

Nature Long-term | **Priority** Medium

Strategic Objective

Create / enter new lines of business to augment profitability

Strategy : O&M Services to wind industry, Renewable Energy Trainings

Business diversification	New business risks	**Resources allocated**	Human Capital, Intellectual Capital, Financial Capital
		KPI Monitored	Revenue generated from services
		Status	Ongoing process
		Future relevance of KPI	The KPI will remain relevant in the future

Opportunities Threats

Nature	Priority
Medium Term	High

Strategic Objective

Social Life, Environment Sustenance and Community development

Strategy : 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

Opportunities	Threats		
• Community Harmony • Employee motivation • Clean & safe environment	• Increase in employee expectations • Demands from community • Increase in capital cost	**Resources allocated**	Financial Capital, Human Capital
		KPI Monitored	CSR budget, feedback from community, employee feedback, monitoring of environmental aspects
		Status	Ongoing process
		Future relevance of KPI	The KPI will remain relevant in the future

Nature	Priority
Short to Medium term	High

Strategic Objective

Ensure maintenance of plants by the O&M contractors as per best practices

Strategy : Strong supervision, Close coordination, Strong reporting, Data Analysis, Third party audits , if so required

Opportunities	Threats		
• Self O & M • Efficient manpower utilization • Avoidance of LDs under EPA	• Technical work load • Manpower Attrition • Higher administrative work load	**Resources allocated**	Financial Capital, Human Capital
		KPI Monitored	Plant Availability, Training Budget Utilization, Performance LDs under the O&M contracts
		Status	Ongoing process
		Future relevance of KPI	Relevant for future as well

Nature	Priority
Long Term	High

Strategic Objective

Negotiation of O&M agreements for period beyond 2025

Strategy : To work on the options of:
Extension of term of existing agreements
To enter into new Agreements
Take over O&M function

Opportunities	Threats		
• Self O & M • Efficient manpower utilization	New business risks	**Resources allocated**	Human Capital, Intellectual Capital, Financial Capital
		KPI Monitored	Revenue generated from services
		Status	Ongoing process
		Future relevance of KPI	The KPI will remain relevant in the future

FINANCIAL PERFORMANCE

Key Risks and Opportunities (FFCEL, FWEL-I & FWEL-II)

There were no significant changes during the year which affected our course of action for achievement of these objectives.

Demand of GoP for reduction in Tariff

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital: Financial, Human

Source: External

Nature: Long Term

Type: Strategic Risk

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	• Convince GoP that FFCEL has already reduced its ROE component; therefore, no further reduction is possible • FWEL I & II will proceed with the industry • Being cost plus projects NEPRA has determined tariff components after verification of associated costs

Supply Chain Disruption due to Natural Calamities & GoP Regulations / Default – Delay in spare parts supply resulting in increased downtime of WTGs

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital: Human, Financial

Source: External

Nature: Long Term

Type: Operational Risk

Associated objective	Maximize Energy Production
Mitigation Measures	• Manage & enhance vendor database and parts supply mechanism along with engagement of O&M services experts as needed • Increase critical Spare Parts inventory level • Development of local vendors for parts and services • Close liaison with the foreign vendors • Supply of spare parts is O&M Contractor's responsibility for FWEL I & II • Forex management at Group Level

Operational Malfunctions, Maintenance issues, Plant ageing – that may result in reduced availability, production & reliability

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital: Human, Financial

Source: External

Nature: Medium Term

Type: Operational Risk

Associated objective	Maximize Energy Production, Cost Optimization
Opportunities	Increased self-reliance in O&M
Mitigation Measures	• Comply with OEM recommended scheduled maintenance plan with continuous monitoring and liaison with OEM for updating O&M practices • Keep recommended inventory of spares for unscheduled maintenance with appropriate changes in type/levels of parts based on experience • Development and updating of O&M manuals and maintenance SOPs, safety procedures and refresher trainings of O&M team • Development of in-house capabilities to repair / refurbish • Plant Performance monitoring & reliability studies for mitigation against aging impacts • Third party technical audit(s) • Appropriate insurance coverage

Attrition of Expert / Experienced Manpower (Increased Inflation and Industry demand)

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital: Human, Financial

Source: Internal

Nature: Short Term

Type: Operational Risk

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	• Multitasked team at FFCEL ensures backup for each manpower • In-house Technical Training Center ensures sufficient backup resource • Market has grown and experienced manpower of NDX/DPS and other IPPs is available • Expert Manpower can be sourced from China as well – established contact with experts of gearbox, converter, etc. • Introduction of market based lucrative manpower retention policies • Re-appropriation of remuneration package

FFCEL's sole customer CPPA may delay payment against invoices which may result in liquidity issues including insufficient cash to pay liabilities

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital	**Source**	External
Financial	**Nature**	Short Term

Type Financial Risk

Associated objective	Maximize Energy Production, Cost Optimization
Mitigation Measures	• Variables effecting CPPA's policy for disbursing payments to IPPs is outside management's control • CPPA receivables are backed up by the GoP's sovereign guarantee • Regular follow up with CPPA officials for disbursement of funds • Keep proactive treasury management system to ensure availability of adequate funds for any unforeseen requirement

Security / Terrorism threats resulting in loss of production / assets / human resource

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital	**Source**	External
Social	**Nature**	Medium Term

Type Security Political Risk

Associated objective	Social Life, Environment Sustenance and Community development, Enter new line of Business to augment profitability and achieve sustained economic growth.
Mitigation Measures	• Services from specialized security firm in place with multi-layer security cover including CCTV coverage, patrolling, watch towers etc. • Emergency safety / security drills at Plant site • Collaboration with Government agencies deployed in area including police and rangers units • Appropriate insurance coverage

Non Adherence to Energy Purchase Agreement, Implementation Agreement and regulatory framework set by the Regulator

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital	**Source**	External
Human Financial	**Nature**	Medium Term

Type Compliance risk

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

Operational Risk

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital	**Source**	External
Human Financial	**Nature**	Long Term

Type Strategic Risk

Associated objective	Maximize Energy Production
Opportunities	• Ensure required availability of the plants • Ensure complex monthly power curve energy achievement • Proper record maintenance
Mitigation Measures	• Premium O&M Agreements with Contractors • Comprehensive Insurance Policies • Firefighting Tender & Water Availability • QHSE Protocols • Long Term Energy Purchase Agreement

FINANCIAL PERFORMANCE

Fauji Fresh n Freeze Limited

Fauji Fresh n Freeze Limited owns and operates Pakistan's first Individual Quick Freeze (IQF) food processing technology for processing of fresh and frozen fruits and vegetables, with a brand name OPA, which includes the household French fries' products. 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 overall socio-political and economic situation with high inflation and interest rates has been very volatile, escalating the operating and financing costs of the Company.

Despite inflation, the cost end was managed well due to several cost-saving initiatives and a company-wide austerity drive during the year.

FFF recorded 61% growth in its revenues due to increased capacity and reported first-ever operating profit of Rs 388 million. This growth in operating profitability was however restricted due to Middle Eastern crisis which led to the boycott of international food chains in the country. The rise in interest rates led to increase in financing cost to Rs. 780 million compared to Rs 247 million last year and as a result the Company recorded net loss of Rs 469 million, same level as last year.

The production facility at Sahiwal successfully passed the Supplier Quality Management System (SQMS) audit conducted by a third party during the year and the Company is likely to successfully complete the evaluation program and become a certified supplier to international food chains in the near future. This is expected to provide further improvement in the operating and financial results of FFF, during ensuing year.

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, 2023.

Composition Of The Board

For the year 2023, Board of Directors for FFFL were:

- Mr Waqar Ahmed Malik
- Mr Sarfaraz Ahmed Rehman
- Syed Bakhtiyar Kazmi
- Mr Naeem Iqbal Khokhar
- Mr Ali Asrar Hossain Aga
- Mr Imran Hussain
- Maj Gen Muhammad Tahir Aslam, SI(M) (Retired)
- Ms Fariyha Subhani

Board Meetings During the Year

Name of Director	Jan 30	Apr 27	Jul 25	Oct 25	Dec 26	Meetings Attended
Mr Waqar Ahmed Malik						
Mr Sarfaraz Ahmed Rehman						
Dr Nadeem Inayat					Resigned	
Syed Bakhtiyar Kazmi						
Mr Mohammad Munir Malik		Resigned				
Mr Naeem Iqbal Khokhar						
Mr Ali Asrar Hossain Aga						
Mr Imran Husain						
Ms Rabia Sultan					Resigned	
Maj Gen Muhammad Tahir Aslam, SI(M) (Retired)						
Ms Fariyha Subhani						

Casual Vacancies Filled During the Year

Appointment	Resignation	Date of Appointment
Mr Imran Husain	Mr Mohammad Munir Malik	January 30, 2023
Maj Gen Muhammad Tahir Aslam, SI(M) (Retired)	Dr Nadeem Inayat	October 26, 2023
Ms Fariyha Subhani	Ms Rabia Sultan	November 24, 2023

Audit And HR&R Committee Meetings During the Year

Name of Director	Jan 20	Apr 18	Jul 17	Oct 25	Dec 20	Meetings Attended
Mr Ali Asrar Hossain Aga						
Dr Nadeem Inayat					Resigned	
Mr Naeem Iqbal Khokhar						
Mr Mohammad Munir Malik		Resigned				
Mr Imran Husain						
Syed Bakhtiyar Kazmi	N/A					

Casual Vacancies Filled During The Year

Appointment	Resignation	Date of Appointment
Mr Imran Husain	Mr Mohammad Munir Malik	January 30, 2023
Syed Bakhtiyar Kazmi	Dr Nadeem Inayat	October 26, 2023

FINANCIAL PERFORMANCE

Management objectives (FFF)

Nature: Long Term | **Priority**: High

Strategic Objective
Retain market leadership in par fried french-fries and IQF F&V

Strategy: Retain market share, Increase market penetration, Ensure availability of products at all potential outlets, Inundate all potential towns.

Risk / Opportunity		
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 .	**Resources allocated**	Financial capital, human capital, manufactured capital
	KPI Monitored	Market share indexing
	Status	Ongoing
	Future relevance of KPI	The current KPI is relevant for future as well

Nature: Long Term | **Priority**: High

Strategic Objective
Technological excellence and backward Supply Chain integration of agriculture practices

Strategy: 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

Risk / Opportunity		
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.	**Resources allocated**	Financial capital, human capital, manufactured capital, intellectual capital
	KPI Monitored	Monitoring Overall Equipment Effectiveness (OEE) & development of potato for premium quality french-fries
	Status	Ongoing
	Future relevance of KPI	The current KPI is relevant for future as well

Nature: Medium Term | **Priority**: High

Strategic Objective
To become top of mind brand

Strategy: Appropriate and effective communication to the potential consumers through optimum marketing mix

Risk / Opportunity		
In-case of lack of continued and appropriate communication the consumers switch to alternate products	**Resources allocated**	Financial capital, human capital, intellectual capital
	KPI Monitored	Market indexing, market research and insight, expert independent evaluation
	Status	Ongoing
	Future relevance of KPI	The current KPI is relevant for future as well

Opportunities Threats

Nature
Medium Term

Priority
High

Strategic Objective			
To offer best quality products to the consumers, consumer centricity			
Strategy: 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.			
Opportunities / Threats	Product of inferior and compromised quality are non-competitive and eroding market share	**Resources allocated**	Financial capital, human capital, manufactured capital, intellectual capital
		KPI Monitored	Monitoring of quality throughout supply chain Annual Renewal of food safety and quality certifications
		Status	Ongoing
		Future relevance of KPI	The KPI is relevant for future as well

Nature
Medium Term

Priority
High

Strategic Objective			
End to end cost effective operations			
Strategy: 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.			
Opportunities / Threats	Lack of cost control erode margins and render the products non-competitive	**Resources allocated**	Intellectual capital
		KPI Monitored	Monthly cost accounts and management accounts
		Status	Ongoing
		Future relevance of KPI	The KPI is relevant for future as well

Nature
Short Term

Priority
High

Strategic Objective			
Financial health and sustainable operations			
Strategy: Availability of resources at optimal prices is the back-bone for sustained growth and attaining continued market leadership			
Opportunities / Threats	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**	Intellectual capital, financial capital
		KPI Monitored	Monthly cost accounts, management accounts reporting, cash flow planning and monitoring
		Status	Ongoing
		Future relevance of KPI	The KPI is relevant for future as well

FINANCIAL PERFORMANCE

Key Risks and Opportunities (FFF)

Out of sight out of mind

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital Financial

Source External

Nature Medium Term

Type Commercial

Associated objective	To become top of mind brand
Mitigation Measures	Appropriate and effective communication to the potential consumers through optimum marketing mix

Entry of competitors

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital Financial

Source External

Nature Medium Term

Type Commercial

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

Lack of cost control will render the products unable to compete in the competitive environment

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital Financial

Source External

Nature Medium Term

Type Financial

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

Lagging in technological excellence render the product non-competitive in the competitive environment

Inherent Risk

R Rating	L Likelihood	M Magnitude

Capital	Financial	**Source**	External
		Nature	Short Term
Type	Commercial		

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

Inherent Risk

R Rating	L Likelihood	M Magnitude

Capital	Financial	**Source**	External
		Nature	Medium Term
Type	Financial		

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

Insufficient cash available to pay liabilities resulting in a liquidity problem

Inherent Risk

R Rating	L Likelihood	M Magnitude

Capital	Financial	**Source**	External
		Nature	Long Term
Type	Financial		

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

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. OLIVE Technical Services (Private) Limited has made significant strides in its operations. OLIVE continued to provide technical services in and outside Pakistan across various sectors, including fertilizer and oil & gas, besides providing IT related services and specialized trainings.

The company reported a revenue of Rs 309 million, marking a remarkable growth of 326% compared to the previous year. This increase in revenue reflects Olive's successful expansion into new business areas.

Going forward, we see further expansion in OLIVE's foot print across various sectors with improved operating and financial performance.

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, 2023.

Composition of The Board

For the year 2023, Board of Directors for OLIVE were:

- Mr Sarfaraz Ahmed Rehman
- Mr Muhammad Aleem Khan
- Syed Bakhtiyar Kazmi
- Mr Akbar Fida Hussain

Audit And Hr&R Committee Meetings During The Year

Name of Director	Jan 17	Dec 27	Meetings Attended
Mr Sarfaraz Ahmed Rehman			
Mr Muhammad Aleem Khan			
Syed Bakhtiyar Kazmi			
Mr Akbar Fida Hussain			

Audit And Hr&R Committee Meetings During The Year

Name of Director	Jan 17	Dec 27	Meetings Attended
Syed Bakhtiyar Kazmi			
Mr Akbar Fida Hussain			

FINANCIAL PERFORMANCE

Management objectives–OLIVE

Nature Long Term | **Priority** High

Strategic Objective			
Establish footprint in local and international service markets			
Strategy : 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.	**Resources allocated**	Human capital, Financial capital
		KPI Monitored	Pre-qualifications & New clients
		Status	Numerous new clients added
		Future relevance of KPI	This KPI shall remain relevant for future

Nature Long Term | **Priority** High

Strategic Objective			
Develop strong brand image and long-term business relationships through quality services and customer experience			
Strategy : 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.	**Resources allocated**	Intellectual capital
		KPI Monitored	Customer Satisfaction Score, Customer retention
		Status	Customer feedback system being developed
		Future relevance of KPI	This KPI shall remain relevant for future

Nature Long Term | **Priority** High

Strategic Objective			
Foster strategic partnerships with reputable service companies			
Strategy : Use parent company repute and strengths, Develop a culture of trust and flexibility.			
Partnerships will jumpstart clientele.	Inherent high risk of diluted controls.	**Resources allocated**	Human, social and relationship capital
		KPI Monitored	MOUs signed, Joint assignments
		Status	Number of MOUs signed
		Future relevance of KPI	This KPI shall remain relevant for future

Opportunities Threats

Nature
Short medium and long term

Priority
Medium

Strategic Objective

Develop a talented team with the service sector culture

Strategy : Attract high performing talent from service sector and inculcate a positive and open culture, Regular training and communication sessions of the teams.

Opportunities	Threats		
Experienced and motivated team will contribute towards high business performance.	Retention of high potential will remain a challenge.	**Resources allocated**	Human and financial Capital
		KPI Monitored	Employee engagement and retention
		Status	Ongoing hiring for new position in progress
		Future relevance of KPI	This KPI shall remain relevant for future

Nature
Long Term

Priority
High

Strategic Objective

Achieve financial stability through strong business performance

Strategy : Provide high quality service at competitive price, Target areas aligned to company strengths, Instill effective financial management controls.

Opportunities / Threats		
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	**Resources allocated**	Intellectual & financial capital
	KPI Monitored	Revenue, Gross profit
	Future relevance of KPI	This KPI shall remain relevant for future

Nature
Long Term

Priority
High

Strategic Objective

Demonstrate social responsibility and HSE commitment

Strategy : Management commitment on corporate governance and HSE through role modeling and effective systems implementations.

Opportunities	Threats		
High standards and good repute will provide a competitive edge.	Ensuring HSE standard at multiple sites is a challenge.	**Resources allocated**	Financial, social and natural capital
		KPI Monitored	TRIR, Recognition & awards
		Status	No recordable injury and other incidents were reported in 2023
		Future relevance of KPI	This KPI shall remain relevant for future

FINANCIAL PERFORMANCE

Key Risks and Opportunities–OLIVE

Failure to pre qualify with clients

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital: Human, Relationship

Source: External

Nature: Immediate

Type: Commercial

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

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital: Financial, Human

Source: External

Nature: Medium Term

Type: Commercial

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)

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital: Intellectual

Source: External

Nature: Long Term

Type: Financial, Commercial

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

Inherent Risk

R Rating | L Likelihood | M Magnitude

Capital: Financial, Manufactured

Source: Internal

Nature: Medium Term

Type: Strategic

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.

Inherent Risk

R Rating	L Likelihood	M Magnitude

Capital		Source	External
Human			
Intellectual		Nature	Immediate

Type: Operational, Reputational

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

Inherent Risk

R Rating	L Likelihood	M Magnitude

Capital		Source	External
Human			
Financial		Nature	Short Term

Type: Financial, Economic

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

Inherent Risk

R Rating	L Likelihood	M Magnitude

Capital		Source	Internal
Human			
		Nature	Short Term

Type: Financial, Reputational, Commercial

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

		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Gross profit ratio	%	42.36	39.54	36.17	33.52	29.85	26.64
Gross profit ratio (Including subsidy)	%	42.36	39.54	36.17	33.52	29.85	28.21
Operating Margin	%	34.75	30.60	28.21	25.48	21.77	17.95
Net profit ratio	%	26.16	27.35	34.86	28.96	15.78	15.02
Net profit ratio (Including subsidy)	%	26.16	27.35	34.86	28.96	15.78	14.70
EBITDA margin to turnover	%	41.46	39.12	40.44	35.89	27.73	23.46
EBITDA margin to turnover (Including subsidy)	%	41.46	39.12	40.44	35.89	27.73	22.96
Operating leverage ratio	Times	1.32	0.39	2.32	(3.64)	58.86	2.22
Return on equity (Profit after tax)	%	31.77	28.87	39.63	38.27	29.15	29.01
Return on equity (Profit before tax)	%	49.90	42.53	49.61	50.90	39.67	41.89
Return on capital employed	%	41.37	32.23	35.48	37.45	39.64	32.56
Earning before interest, depreciation and tax	Rs in million	75,201	49,167	46,243	36,873	30,455	25,674
Growth in turnover	%	44.32	9.91	11.29	(6.44)	0.35	16.94
Growth in turnover (Including subsidy)	%	44.32	9.91	11.29	(6.44)	(1.80)	11.63
Pre tax margin	%	41.09	40.29	43.65	38.51	21.48	21.69
Pre tax margin (Including subsidy)	%	41.09	40.29	43.65	38.51	21.48	21.22
Return on assets	%	14.51	10.48	14.49	13.76	9.35	9.18
Earnings growth	%	38.06	(13.78)	34.00	71.63	5.45	43.00
Liquidity Ratios							
Current ratio	Times	1.08	1.06	1.22	1.40	0.92	0.96
Quick / Acid test ratio	Times	1.00	0.90	1.16	1.34	0.82	0.79
Cash to current liabilities	Times	0.60	0.28	0.48	0.69	0.30	0.26
Long term liabilities / current liabilities	%	23.51	21.40	43.33	64.24	14.13	18.39
Cash flow to capital expenditures	Times	1.18	1.18	5.13	12.46	7.76	15.45
Cash flow coverage ratio	Times	0.32	0.32	0.93	2.11	1.69	0.54
Activity / Turnover Ratios							
Inventory turnover ratio	Times	8.67	7.08	79.90	18.24	7.59	11.53
No. of days in inventory	Days	42	52	5	20	48	32
Debtors turnover ratio	Times	13.76	10.36	13.22	9.57	10.74	22.64
Debtors turnover ratio (Including subsidy)	Times	11.42	7.57	8.14	6.11	6.54	9.56
No. of days in receivables	Days	27	35	28	38	34	16
No. of days in receivables (Including subsidy)	Days	32	48	45	60	56	38
Creditors turnover ratio - with GIDC	Times	1.57	1.47	2.11	1.51	1.45	2.39
- without GIDC	Times	12.22	12.76	21.26	24.74	48.53	74.68
No. of days in payables - with GIDC	Days	232	249	173	242	252	153
- without GIDC	Days	30	29	17	15	8	5
Total assets turnover ratio	Times	0.55	0.38	0.42	0.48	0.59	0.61
Total assets turnover ratio (Including Subsidy)	Times	0.55	0.38	0.42	0.48	0.59	0.62
Fixed assets turnover ratio	Times	2.62	2.17	2.08	3.15	3.35	3.34
Fixed assets turnover ratio (Including Subsidy)	Times	2.62	2.17	2.08	3.15	3.35	3.41
Operating cycle - with GIDC	Days	(163)	(162)	(140)	(184)	(170)	(105)
- without GIDC	Days	39	58	16	43	74	43
Investment / Market Ratios							
Earnings per share (EPS)	Rs	37.30	27.02	31.33	23.38	13.62	12.92
Breakup value (net assets per share) - restated							
- Without revaluation reserves	Rs	117.39	93.58	79.07	61.10	46.74	44.54
- With revaluation reserves	Rs	117.97	95.54	82.08	62.20	47.68	45.13
Capital Structure Ratios							
Financial leverage ratio	Times	0.28	0.70	0.65	0.56	0.64	0.90
Debt to equity ratio	Ratio	17:83	17:83	17:83	29:71	14:86	18:82
Interest cover ratio	Times	12.31	9.54	19.24	17.40	8.12	11.58

SIX YEARS FINANCIAL PERFORMANCE

	2023	2022	2021	2020	2019	2018
Summary–Statement of Financial Position						
Share capital	12,722	12,722	12,722	12,722	12,722	12,722
Reserves	136,624	106,336	87,878	65,017	46,744	43,942
Share in revaluation reserve of associates-net / NCI	737	2,487	3,819	1,393	1,199	754
Shareholders' funds / Equity	150,083	121,545	104,419	79,132	60,665	57,418
Long term borrowings	19,565	17,821	19,172	12,199	9,355	12,817
Capital employed	169,648	139,366	123,591	91,331	70,020	70,235
Deferred liabilities	13,930	10,389	8,540	8,541	5,997	6,072
Property, plant & equipment	69,294	57,922	54,958	32,596	32,758	32,775
Long term assets	171,691	148,233	130,359	99,019	85,190	80,897
Net current assets / Working capital	12,053	9,688	25,647	33,730	(9,086)	(4,581)
Liquid funds (net)	186,207	134,732	133,250	121,861	81,988	76,113
Summary - Statement of Profit or Loss						
Turnover	181,382	125,678	114,345	102,744	109,817	109,434
Turnover (including subsidy)	181,382	125,678	114,345	102,744	109,817	111,834
Cost of sales	(104,546)	(75,989)	(72,992)	(68,304)	(77,039)	(80,283)
Gross profit	76,836	49,689	41,353	34,440	32,778	29,151
Gross profit (including subsidy)	76,836	49,689	41,353	34,440	32,778	31,551
Distribution cost	(13,812)	(11,232)	(9,099)	(8,265)	(8,867)	(9,509)
Operating profit	63,024	38,457	32,254	26,175	23,911	19,642
Operating profit (including subsidy)	63,024	38,457	32,254	26,175	23,911	22,042
Finance cost	(6,587)	(5,926)	(2,736)	(2,413)	(3,312)	(2,244)
Other gains / (losses)	4,060	2,789	6,897	4,939	-	-
Other expenses	(5,445)	(3,047)	(2,962)	(2,648)	(2,381)	(2,111)
Other income	16,358	11,498	6,302	5,217	5,751	5,090
Other income (excluding subsidy)	16,358	11,498	6,302	5,217	5,751	2,690
Share of profit of associates and joint venture	11,237	12,440	10,155	8,297	(379)	3,357
Profit before tax	74,527	50,633	49,910	39,567	23,590	23,734
Provision for taxation	(27,075)	(16,263)	(10,045)	(9,816)	(6,256)	(7,296)
Profit for the year	47,452	34,370	39,865	29,751	17,334	16,438
EPS (Rs)	37.30	27.02	31.33	23.38	13.62	12.92

HORIZONTAL ANALYSIS

Consolidated Statement of Financial Position

	2023	23 Vs 22	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Equity and Liabilities												
Equity												
Share capital	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-
Capital reserve	13,703	32	10,404	27	8,192	22	6,737	36	4,951	47	3,372	60
Revenue reserves	122,921	28	95,932	20	79,686	37	58,280	39	41,793	3	40,570	12
	149,346	25	119,058	18	100,600	29	77,739	31	59,466	5	56,664	11
Share in revaluation reserve of												
associates-net / NCI	737	(70)	2,487	(35)	3,819	174	1,393	16	1,199	59	754	(1)
Non - Current Liabilities												
Long term borrowings - Secured	19,565	10	17,821	(7)	19,172	57	12,199	30	9,355	(27)	12,817	(39)
Lease liabilities	64	(26)	87	(97)	2,940	3,669	78	(10)	87	867	9	13
Deferred government grant	102	-	137	-	175	-	27	-	-			
Gas Infrastructure Development Cess												
(GIDC) payable	-		7,941		20,802		32,772		-			
Deferred liabilities	13,930	34	10,389	22	8,540	-	8,541	42	5,997	(1)	6,072	2
	33,661	(7)	36,375	(30)	51,629	(4)	53,617	247	15,439	(18)	18,898	(30)
Current Liabilities												
Current portion of long term												
borrowings - secured	6,544	(2)	6,703	(4)	6,954	20	5,782	(5)	6,085	(29)	8,623	-
Current portion of land lease liability	34	(99)	3,687	34	2,745	10,458	26	(50)	52	1,633	3	-
Current portion of deferred												
government grant	35		38		79		93					
Trade and other payables	108,786	18	92,159	44	64,183	37	46,928	(39)	76,309	25	61,098	56
Mark - up and profit accrued	1,392	(11)	1,556	109	743	166	279	(61)	712	114	333	54
Short term borrowings - Secured	15,133	(74)	58,813	51	38,999	54	25,277	12	22,493	(23)	29,366	146
Unclaimed dividend	517	8	479	1	472	1	468	(13)	541	(15)	639	46
Taxation	10,737	64	6,564	32	4,974	8	4,608	49	3,092	17	2,647	115
	143,178	(16)	169,999	43	119,149	43	83,461	(24)	109,284	6	102,709	66
Total Equity And Liabilities	326,922	-	327,919	19	275,197	27	216,210	17	185,388	4	179,025	27
Assets												
Non - Current Assets												
Property, plant & equipment	69,294	20	57,922	5	54,958	69	32,596	-	32,758	-	32,775	(5)
Intangilbe assets	1,935	-	1,936	-	1,941	-	1,938	-	1,945	-	1,942	-
Log term investments	97,801	17	83,788	19	70,385	13	62,512	27	49,259	9	45,035	(1)
Long term Loans & advances - Secured	2,630	(42)	4,556	50	3,044	56	1,946	62	1,200	8	1,114	15
Long term deposits & prepayments	31	-	31	-	31	15	27	(4)	28	(10)	31	-
	171,691	16	148,233	14	130,359	32	99,019	16	85,190	5	80,897	(2)
CURRENT ASSETS												
Stores, spares and loose tools	8,203	25	6,559	39	4,735	4	4,563	18	3,864	11	3,489	(1)
Stock in trade	3,992	(80)	20,117	1,386	1,354	186	473	(93)	7,015	(47)	13,286	1,973
Trade debts	13,545	6	12,828	12	11,428	95	5,869	(62)	15,606	222	4,850	1
Loans and advances - Secured	2,607	94	1,347	39	969	19	811	(6)	867	60	542	(7)
Deposits and prepayments	716	134	306	292	78	15	68	28	53	(36)	83	(1)
Other receivables	22,629	(21)	28,772	18	24,367	17	20,780	18	17,570	14	15,433	12
Short term investments	101,743	(6)	107,756	8	100,037	20	83,188	69	49,207	(12)	55,773	76
Cash and bank balances	1,796	(10)	2,001	10	1,827	27	1,438	(76)	6,015	29	4,671	69
	155,231	(14)	179,686	24	144,796	24	117,191	17	100,198	2	98,128	70
Asset classified as held for sale	-	100	-	100	42	100	-					
Total Assets	326,922	-	327,919	19	275,197	27	216,210	17	185,388	4	179,025	27

VERTICAL ANALYSIS

Consolidated Statement of Financial Position

	2023		2022		2021		2020		2019		2018	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Equity and Liabilities												
Equity												
Share capital	12,722	4	12,722	4	12,722	5	12,722	6	12,722	7	12,722	7
Capital reserve	13,703	4	10,404	3	8,192	3	6,737	3	4,951	3	3,372	2
Revenue reserves	122,921	38	95,932	30	79,686	29	58,280	27	41,793	23	40,570	23
	149,346	46	119,058	37	100,600	37	77,739	36	59,466	32	56,664	32
Share in revaluation reserve of associates-net / NCI	737	1	2,487	1	3,819	2	1,393	1	1,199	1	754	-
Non - Current Liabilities												
Long term borrowings - Secured	19,565	5	17,821	5	19,172	6	12,199	5	9,355	5	12,817	7
Lease Liabilities	64	-	87	-	2,940	1	78	-	87	-	9	
Deferred government grant	102	-	137	-	175	-	27	-	-	-		
Gas Infrastructure Development Cess (GIDC) payable	-	-	7,941	2	20,802	7	32,772	15	-	-		
Deferred liabilities	13,930	4	10,389	3	8,540	3	8,541	4	5,997	3	6,072	3
	33,661	9	36,375	10	51,629	17	53,617	24	15,439	8	18,898	11
Current Liabilities												
Trade and other payables	108,786	34	92,159	28	64,183	23	46,928	22	76,309	41	61,098	34
Current portion of long term borrowings - secured	6,544	2	6,703	2	6,954	3	5,782	3	6,085	3	8,623	5
Current portion of land lease liability	34	-	3,687	1	2,745	1	26	-	52	-	3	-
Current portion of deferred government grant	35	-	38	-	79	-	93	-				
Mark - up and profit accrued	1,392	-	1,556	-	743	-	279	-	712	-	333	-
Short term borrowings - Secured	15,133	5	58,813	18	38,999	14	25,277	12	22,493	12	29,366	16
Unclaimed dividend	517	-	479	-	472	-	468	-	541	-	639	-
Taxation	10,737	3	6,564	2	4,974	2	4,608	2	3,092	2	2,647	1
	143,178	44	169,999	51	119,149	43	83,461	39	109,284	59	102,709	57
Total Equity And Liabilities	326,922	100.0	327,919	99	275,197	99	216,210	100	185,388	100	179,025	100
Assets												
Non - Current Assets												
Property, plant & equipment	69,294	21	57,922	18	54,958	20	32,596	15	32,758	18	32,775	18
Intangible assets	1,935	1	1,936	1	1,941	1	1,938	1	1,945	1	1,942	1
Log term investments	97,801	30	83,788	26	70,385	26	62,512	29	49,259	27	45,035	25
Long term loans & advances - Secured	2,630	1	4,556	1	3,044	1	1,946	1	1,200	1	1,114	1
Long term deposits & prepayments	31	-	31	-	31	-	27	-	28	-	31	-
	171,691	53	148,233	45	130,359	47	99,019	46	85,190	46	80,897	45
Current Assets												
Stores, spares and loose tools	8,203	3	6,559	2	4,735	2	4,563	2	3,864	2	3,489	2
Stock in trade	3,992	1	20,117	6	1,354	-	473	-	7,015	4	13,286	7
Trade debts	13,545	4	12,828	4	11,428	4	5,869	3	15,606	8	4,850	3
Loans and advances - Secured	2,607	1	1,347	-	969	-	811	-	867	-	542	-
Deposits and prepayments	716	-	306	-	78	-	68	-	53	-	83	-
Other receivables	22,629	7	28,772	9	24,367	9	20,780	10	17,570	9	15,433	9
Short term investments	101,743	31	107,756	33	100,037	36	83,188	38	49,207	27	55,773	31
Cash and bank balances	1,796	1	2,001	1	1,827	1	1,438	1	6,015	3	4,671	3
	155,231	47	179,686	55	144,796	53	117,191	54	100,198	54	98,128	55
Asset classified as held for sale	-	-	-	-	42	-						
Total Assets	326,922	100	327,919	100	275,197	100	216,210	100	185,388	100	179,025	100

HORIZONTAL ANALYSIS

Consolidated Statement of Profit or Loss

	2023	23 Vs 22	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs. 17
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - Net	181,382	44	125,678	10	114,345	11	102,744	(6)	109,817	-	109,434	17
Cost of sales	(104,546)	38	(75,989)	4	(72,992)	7	(68,304)	(11)	(77,039)	(4)	(80,283)	8
Gross profit	76,836	55	49,689	20	41,353	20	34,440	5	32,778	12	29,151	53
Distribution cost	(13,812)	23	(11,232)	23	(9,099)	10	(8,265)	(7)	(8,867)	(7)	(9,509)	5
Operating Profit	63,024	64	38,457	19	32,254	23	26,175	9	23,911	22	19,642	96
Finance cost	(6,587)	11	(5,926)	117	(2,736)	13	(2,413)	(27)	(3,312)	48	(2,244)	(30)
Other (losses) / gains	(4,060)	46	(2,789)	(140)	6,897	-	4,939	-				
Other expenses	(5,445)	79	(3,047)	3	(2,962)	12	(2,648)	11	(2,381)	13	(2,111)	29
	46,932	76	26,695	(20)	33,453	28	26,053	43	18,218	19	15,287	195
Other income	16,358	42	11,498	82	6,302	21	5,217	(9)	5,751	13	5,090	(37)
Share of profit of associates and joint venture	11,237	(10)	12,440	23	10,155	22	8,297	(2,289)	(379)	(111)	3,357	(5)
Profit before taxation	74,527	47	50,633	1	49,910	26	39,567	68	23,590	(1)	23,734	41
Provision for taxation	(27,075)	66	(16,263)	62	(10,045)	2	(9,816)	57	(6,256)	(14)	(7,296)	38
Profit for the year	47,452	38	34,370	(14)	39,865	34	29,751	72	17,334	5	16,438	43
EPS (Rupees)	37.30	38	27.02	(14)	31.33	34	23.38	72	13.63	5	12.92	43

VERTICAL ANALYSIS

Consolidated Statement of Profit or Loss

	2023		2022		2021		2020		2019		2018	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - Net	181,382	100	125,678	100	114,345	100	102,744	100	109,817	100	109,434	100
Cost of sales	(104,546)	(58)	(75,989)	(60)	(72,992)	(64)	(68,304)	(66)	(77,039)	(70)	(80,283)	(73)
Gross profit	76,836	70	49,689	45	41,353	38	34,440	31	32,778	30	29,151	27
Distribution cost	(13,812)	(8)	(11,232)	(9)	(9,099)	(8)	(8,265)	(8)	(8,867)	(8)	(9,509)	(9)
Operating Profit	63,024	57	38,457	35	32,254	29	26,175	24	23,911	22	19,642	18
Finance cost	(6,587)	(4)	(5,926)	(5)	(2,736)	(2)	(2,413)	(2)	(3,312)	(3)	(2,244)	(2)
Other (losses) / gains	(4,060)	(2)	(2,789)	(2)	6,897	6	4,939	5				
Other expenses	(5,445)	(3)	(3,047)	(2)	(2,962)	(3)	(2,648)	(3)	(2,381)	(2)	(2,111)	(2)
	46,932	26	26,695	21	33,453	29	26,053	25	18,218	17	15,287	14
Other income	16,358	9	11,498	9	6,302	6	5,217	5	5,751	5	5,090	5
Share of profit of associates and joint venture	11,237	6	12,440	10	10,155	9	8,297	8	(379)	-	3,357	3
Profit before taxation	74,527	41	50,633	40	49,910	44	39,567	39	23,590	21	23,734	22
Provision for taxation	(27,075)	(15)	(16,263)	(13)	(10,045)	(9)	(9,816)	(10)	(6,256)	(6)	(7,296)	(7)
Profit for the year	47,452	26	34,370	27	39,865	35	29,751	29	17,334	16	16,438	15
EPS (Rupees)	37.30		27.02		31.33		23.38		13.63		12.92	

FINANCIAL PERFORMANCE

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 765 branches, including 140 Islamic banking branches, 63 sub-branches and a wholesale bank branch in the Kingdom of Bahrain. FFC acquired 43.15% equity stake in AKBL in 2012.

The increase in branch network and rising interest rates marked a significant impact on Askari Bank's performance by showing growth in net mark-up and non-fund income besides improved assets base. The bank earned a profit of Rs 17.9 billion during the reporting period compared to Rs 13.7 billion last year.

The AKBL's performance has been consolidated for the period from October 1, 2022 till September 30, 2023, while the financial position relates to the state of affairs as at September 30, 2023.

The Bank's deposits reached around Rs 1.28 trillion. PACRA reaffirmed Askari Bank's long-term rating at 'AA+' with a stable outlook, reflecting its strong brand and management. The short-term rating also remained at 'A1+. The Bank focuses on sustainable growth, retail expansion, digital transformation, and enhancing shareholder value through technological and talent investments.

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 7.47 million tonnes (2022: 6.36 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. FCCL is one of the largest players of the cement industry in the Country. FFC has invested Rs 1.5 billion and holds 4.29% shares in the Company.

The Cement Company achieved COD of its new production facility in October 2022 which enabled growth and the Company thus registered net earnings of Rs 7.7 billion from Rs 7.3 billion last year.

The FCCL's performance has been consolidated for the period from October 1, 2022 till September 30, 2023, while the financial position relates to the state of affairs as at September 30, 2023.

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.

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.

Fauji Fertilizer Bin Qasim Ltd faced a 36% drop in urea production due to gas shortages and was further affected by increased raw material cost including gas prices, inflation, transportation cost, additional Super Tax and levies.

The Company registered a 21% increase in consolidated revenue mainly due to partial pass through of above factors which together with reduced income from associates led to reduced consolidated profit of Rs 3.04 billion compared to Rs 7.5 billion previous year.

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 recorded a revenue of Rs 64.35 billion and embarked on a capacity enhancement project for its Phosphoric Acid plant, aiming to increase production by 50KT annually, with completion expected within planned timelines.

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. FFC holds an equity stake of 30% in the project.

FFC invested an amount of Rs 227 million in TEL during the year, increasing the aggregate investment to Rs 5.99 billion.

FINANCIAL PERFORMANCE

Thar Energy Limited marked the successful completion of its first year of operations since starting commercial activities on October 1, 2022 with a net profit of Rs 9 billion up to September 30, 2023.

During the period, TEL's plant performance for operational metrics remained excellent. This lignite-fired power plant is amongst one of only two such plants in Pakistan which is being operated by an entirely local workforce.

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 Equity / Reserve Analysis

The Group's equity and reserves at the beginning of the year stood at Rs 120,116 million, out of which Rs 4,007 million were approved by the shareholders as final dividend for 2022.

During 2023, the Group earned total comprehensive income of Rs 47,203 million and declared three interim dividends aggregating to Rs 14,491 million translating to Rs 11.39 per share, while no transfers were made to general reserves. The aggregate equity and reserves at the close of the year therefore stood at Rs 148,621 million, as detailed below:

Appropriations	Rs in million	Rs per share
Opening Equity & Reserves	120,116	
Non- Controlling Interest	(200)	
Final dividend – 2022	(4,007)	3.15
Net profit – 2023	47,452	37.30
Other comprehensive loss	(249)	
Available for appropriations	163,112	
Appropriations		
First interim dividend – 2023	(5,420)	4.26
Second interim dividend – 2023	(4,008)	3.15
Third interim dividend – 2023	(5,063)	3.98
Closing Equity & Reserves	**148,621**	

Subsequent Events

FFC Board of Directors, in its meeting held on January 26, 2024 has recommended a final cash dividend of Rs 4.10 per share i.e. 41% for the year ended 2023, for shareholders' approval taking the total payout for the year to Rs 15.49 per share i.e. a payout of 66.4%. There were no other material changes affecting the financial position of the Group till the date of this Report.

Waqar Ahmed Mailk, SI
Chairman

Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Rawalpindi
January 30, 2024

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, 2023, 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 material accounting policy information 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, 2023 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 3.13 and 29 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 181,382 million for the year ended December 31, 2023. 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	**Investment in associated companies** (Refer notes 3.1.4 and 18 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, 2023, the carrying amount of investments in above referred associated companies amounted to Rs 88,822 million. The Group's management carries out impairment assessment of the value of investment where there are indicators of impairment. 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.	**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.; • 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.

Information Other than the Financial Statements and Consolidated Financial Statements and Auditor's Reports 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 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.

INDEPENDENT AUDITOR'S REPORT

To The Members of Fauji Fertilizer Company Limited
Report on the Audit of the Consolidated Financial Statements

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 04, 2024
UDIN: AR202310053gJ1B8ciSX

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023 Rs '000	2022 Rs '000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	5	12,722,382	12,722,382
Capital reserves	6	13,702,705	10,404,430
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		114,118,741	87,129,413
		122,921,101	95,931,773
Deficit on re-measurement of investments to fair value–net		(4,314,604)	(1,791,255)
Non-controlling interest		3,589,019	2,848,187
		148,620,603	120,115,517
Share in revaluation reserve of associates–net		1,462,850	1,430,348
NON–CURRENT LIABILITIES			
Long term borrowings–secured	7	19,565,210	17,821,360
Lease liabilities	8	64,049	86,933
Deferred government grant	9	101,665	136,851
Gas Infrastructure Development Cess (GIDC) payable	10	–	7,940,534
Deferred liabilities	11	13,929,341	10,388,531
		33,660,265	36,374,209
CURRENT LIABILITIES			
Current portion of long term borrowings–secured	7	6,544,201	6,702,578
Current portion of lease liabilities	8	33,708	3,687,205
Current portion of deferred government grant	9	35,186	38,438
Trade and other payables	12	108,785,446	92,159,106
Mark-up and profit accrued	13	1,392,334	1,556,279
Short term borrowings–secured	14	15,133,161	58,812,649
Unclaimed dividend		516,867	478,676
Taxation		10,737,293	6,563,617
		143,178,196	169,998,548
TOTAL LIABILITIES		176,838,461	206,372,757
TOTAL EQUITY AND LIABILITIES		326,921,914	327,918,622
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

	Note	2023	2022
		Rs '000	Rs '000
ASSETS			
NON–CURRENT ASSETS			
Property, plant and equipment	16	69,293,945	57,922,335
Intangible assets	17	1,935,235	1,936,471
Long term investments	18	97,800,805	83,787,839
Long term loans and advances–secured	19	2,629,638	4,555,580
Long term deposits and prepayments	20	30,638	30,638
		171,690,261	148,232,863
CURRENT ASSETS			
Stores, spares and loose tools	21	8,203,179	6,558,678
Stock in trade	22	3,991,849	20,116,730
Trade debts	23	13,544,418	12,827,643
Loans and advances–secured	24	2,607,359	1,347,334
Deposits and prepayments	25	716,482	305,823
Other receivables	26	22,628,651	28,772,312
Short term investments	27	101,743,497	107,755,999
Cash and bank balances	28	1,796,218	2,001,240
		155,231,653	179,685,759
TOTAL ASSETS		326,921,914	327,918,622

Chairman **Chief Executive** **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2023

	Note	2023	2022
		Rs '000	Rs '000
Turnover–net	29	181,382,237	125,678,385
Cost of sales	30	(104,545,753)	(75,989,405)
GROSS PROFIT		76,836,484	49,688,980
Administrative and distribution expenses	31	(13,812,200)	(11,232,215)
		63,024,284	38,456,765
Finance cost	32	(6,587,191)	(5,926,201)
Other losses			
- Unwinding of GIDC liability	10	(1,160,336)	(2,118,513)
- Loss allowance on subsidy receivable from GoP	26	(2,900,000)	(670,000)
		(4,060,336)	(2,788,513)
Other expenses	33	(5,444,696)	(3,046,517)
Other income	34	16,357,989	11,498,166
Share of profit of associates and joint venture		11,236,942	12,440,254
PROFIT BEFORE TAXATION		74,526,992	50,633,954
Provision for taxation	35	(27,074,722)	(16,263,067)
PROFIT FOR THE YEAR		47,452,270	34,370,887
ATTRIBUTABLE TO:			
Equity Holders of Fauji Fertilizer Company Limited		46,511,179	33,745,413
Non–Controlling Interest		941,091	625,474
		47,452,270	34,370,887
Earnings per share–basic and diluted (Rupees)	36	37.30	27.02

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, 2023

	2023 Rs '000	2022 Rs '000
PROFIT FOR THE YEAR	47,452,270	34,370,887
OTHER COMPREHENSIVE (LOSS)/ INCOME		
Items that may be subsequently reclassified to profit or loss:		
Surplus / (deficit) on re-measurement of investments to fair value		
- net of tax	10,428	(164,942)
Share of equity accounted investees, share of OCI		
- net of tax	(195,121)	(218,617)
	(184,693)	(383,559)
Items that will not be subsequently reclassified to profit or loss:		
(Loss) / gain on re-measurement of staff retirement		
benefit plans–net of tax	(174,781)	772,367
Equity accounted investees, share of OCI–net of tax	110,633	(31,072)
	(64,148)	741,295
Comprehensive income taken to equity	47,203,429	34,728,623
Comprehensive income not recognised in equity		
Items that may be subsequently reclassified to profit or loss:		
Share in revaluation reserve of associates–net	32,502	87,862
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	47,235,931	34,816,485
ATTRIBUTABLE TO:		
Equity Holders of Fauji Fertilizer Company Limited	46,262,597	34,103,580
Non–Controlling Interest	940,832	625,043
	47,203,429	34,728,623

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, 2023

	Note	2023	2022
		Rs '000	Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	98,399,715	25,756,482
Finance cost paid		(6,737,572)	(5,093,387)
Income tax paid		(19,562,989)	(12,872,608)
		(26,300,561)	(17,965,995)
Net cash generated from operating activities		72,099,154	7,790,487
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(15,780,719)	(6,609,510)
Proceeds from disposal of property, plant and equipment		106,768	60,534
Proceeds from disposal of asset classified as held for sale		–	56,671
Investment in Thar Energy Limited		(226,908)	(1,245,742)
Advance against issue of shares to Thar Energy Limited		–	(931,300)
Investment in Fauji Foods Limited		(4,650,000)	–
Other investments–net		7,258,189	6,626,778
Interest and profit received		1,393,943	1,381,701
Dividend received		–	3,960,508
Net cash (used in) / generated from investing activities		(11,898,727)	3,299,640
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings			
Draw-downs		8,247,651	5,306,711
Repayments		(6,662,178)	(6,908,671)
Repayment of lease liabilities		(4,629,631)	(3,343,921)
Grant received during the year		–	2,309
Dividends paid		(18,660,152)	(17,683,823)
Net cash used in financing activities		(21,704,310)	(22,627,395)
Net increase / (decrease) cash and cash equivalents		38,496,117	(11,537,268)
Cash and cash equivalents at beginning of the year		46,933,653	57,704,815
Effect of exchange rate changes		885,350	766,106
Cash and cash equivalents at end of the year		86,315,120	46,933,653
CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	1,796,218	2,001,240
Short term borrowings	14	(15,133,161)	(58,812,649)
Short term highly liquid investments		99,652,063	103,745,062
		86,315,120	46,933,653

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, 2023

	Share capital	Capital reserves: Share premium reserve	Capital reserves: Capital redemption reserve	Capital reserves: Translation reserve	Capital reserves: Statutory reserve	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Deficit on re-measurement of investments to fair value–net	Non-Controlling Interest	Total
	(Rupees '000)									
Balance at January 1, 2022	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/ (loss)– 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
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	46,511,179	–	941,091	47,452,270
Other comprehensive (loss)/ income– net of tax	–	–	–	2,338,656	–	–	(63,889)	(2,523,349)	(259)	(248,841)
	–	–	–	2,338,656	–	–	46,447,290	(2,523,349)	940,832	47,203,429
Transactions with owners of the Company										
Distributions:										
Final dividend 2022: Rs 3.15 per share	–	–	–	–	–	–	(4,007,550)	–	–	(4,007,550)
First interim dividend 2023: Rs 4.26 per share	–	–	–	–	–	–	(5,419,735)	–	–	(5,419,735)
Second interim dividend 2023: Rs 3.15 per share	–	–	–	–	–	–	(4,007,550)	–	–	(4,007,550)
Third interim dividend 2023: Rs 3.98 per share	–	–	–	–	–	–	(5,063,508)	–	–	(5,063,508)
	–	–	–	–	–	–	(18,498,343)	–	–	(18,498,343)
FWEL-II dividends to non-controlling interest holders:										
Interim dividend 2023: Rs 2.83 per share	–	–	–	–	–	–	–	–	(200,000)	(200,000)
Other changes in equity:										
Transfer to statutory reserve	–	–	–	–	959,619	–	(959,619)	–	–	–
Balance at December 31, 2023	12,722,382	40,000	120,000	6,871,041	6,671,664	8,802,360	114,118,741	(4,314,604)	3,589,019	148,620,603

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chairman **Chief Executive** **Director** **Chief Financial Officer**

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), Foundation Wind Energy–II Limited (FWEL-II) and OLIVE Technical Services (Private) Limited (OLIVE). 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 50 MW wind energy power projects. OLIVE 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
Rgistered office	
FFC, FFCEL, FFF	Sona Tower, 156–The Mall, Rawalpindi Cantt, Punjab
FWEL I & FWEL-II, OLIVE	
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, Punjab

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
Sargodha 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 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 actuarial 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 3.4 and note 12.4
ii) Estimate of fair value of financial liabilities at initial recognition–note 3.17, note 7 and note 10
iii) Estimate of useful life of property, plant and equipment–note 3.6 and note 16
iv) Estimate of useful life of intangible assets–note 3.7 and note 17
v) Estimate of fair value of investments through other comprehensive income–note 3.17 and note 18
vi) Provisions and contingencies–note 3.2, note 3.3 and note 15
vii) Impairment of non-financial assets–note 3.8
viii) Estimate of recoverable amount of goodwill–note 3.7 and note 17
ix) Estimate of recoverable amount of investment in associated companies–note 3.1.4 and note 18
x) Provision for taxation–note 3.5 and note 35
xi) Expected credit loss allowance–note 3.17 and note 26
xii) Provision for slow moving spares and stock in trade–note 3.9, note 3.10, note 21 and note 22
xiii) Right of use assets and corresponding lease liabilities–note 3.18, note 8 and note 16
xiv) Fair value of purchase consideration, assets acquired and liabilities assumed in a business combination–note 3.16
xv) Assessment of significant influence in associate–note 3.1.4 and note 18

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. MATERIAL ACCOUNTING POLICY INFORMATION

The Group adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2) from January 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the consolidated financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the consolidated financial statements.

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 (2022: 100% owned), FFF 100% owned (2022: 100% owned), FWEL-I 100% owned (2022: 100%), FWEL-II 80% owned (2022: 80%) and OLIVE 100% owned (2022: 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 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.

During the year on March 16, 2023, the Group made an investment in an associate i.e. Fauji Foods Limited, as detailed in note 18.2.5 to the consolidated financial statements. As per the requirements of IAS–28 management has carried out a notional purchase price allocation exercise at the acquisition date of all identifiable assets and liabilities of associate and resultantly a notional goodwill of Rs 2,473,827 thousand has been determined on the basis of notional fair values. The fair value exercise of identifiable assets and liabilities of the associate is currently in progress and will be completed within the measurement period of one year from the date of acquisition. Any adjustment arising at the time finalisation of this exercise will be incorporated with retrospective effect from the date of acquisition. Further, the management has assessed that the transactions between the date of acquisition of associate i.e March 16, 2023 and the interim reporting period of the associate i.e March 31, 2023 are not material and, accordingly, the assets and liabilities as at March 31, 2023 have been considered for the purpose of determination of provisional fair values of the identifiable assets and liabilities of associate as at the date of acquisition.

3.2 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.

3.3 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.

3.4 Employee retirement benefits

3.4.1 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 12.4 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.

During the year, FFC made amendments to its pension scheme i.e. the retiring employees shall be paid 100% commuted pension at the time of retirement in lieu of monthly pension payment and that all existing pensioners shall be provided a one-time option to surrender their monthly pension in lieu of one lump sum commutation payment, as determined by trustees based on the recommendation of actuaries. The related impacts of such amendment have been incorporated and disclosed in note 12.4 to the consolidated financial statements.

3.4.2 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.

3.4.3 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. 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.

3.5 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.

3.6 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 16 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.

3.7 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 17.1 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.

3.8 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.

3.9 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.

3.10 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

3.11 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.

3.12 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.

3.13 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. The credit limits in contracts with customers usually ranges from 30 days to 120 days.

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.

3.14 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.

3.15 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 1, 2016.

3.16 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.

3.17 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 Group, in full (without taking into account any collaterals held by the Group).

(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.

3.18 Leases

3.18.1 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.

3.18.2 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.

4. SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these consolidated financial statements are set out below for ease of user's understanding of these financial statements. These polices have been applied consistently for all periods presented, unless otherwise stated.

4.1 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 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 Research and development costs

Research and development costs are charged to profit or loss as and when incurred.

4.9 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.

4.10 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.

4.11 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.

4.12 New accounting standards, amendments and IFRIC interpretations that are not yet effective

4.12.1 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' to clarify how to classify debt and other liabilities as current or non-current (effective for annual reporting periods beginning on or after January 1, 2024). In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify, i) what is meant by a right to defer settlement; ii) that a right to defer must exist at the end of the reporting period; iii) that classification is unaffected by the likelihood that an entity will exercise its deferral right; iv) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; and v) only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures'– Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a Entity's liabilities, cash flows and exposure to liquidity risk (effective for annual reporting periods beginning on or after January 1, 2024). The amendments are supplement requirements already in IFRS Accounting Standards and require a company to disclose i) the terms and conditions; ii) the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet; iii) ranges of payment due dates; and iv) liquidity risk information.

- Amendment in IAS 21 'The Effects of Changes in Foreign Exchange Rates',–Lack of exchangeability (effective for annual reporting periods beginning on or after January 1, 2025) a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

- Amendments to IFRS 16 'Leases'–Lease Liability in a Sale and Leaseback (effective for annual reporting periods beginning on or after January 1, 2024). Amendments 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 recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

- IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. SECP vide its SRO 1715(I)/2023 dated November 21, 2023 has directed that IFRS 17 shall be followed for the period commencing January 1, 2026 by companies engaged in insurance / takaful and re-insurance / re-takaful business.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the consolidated financial statements other than in presentation / disclosures.

4.12.2 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, 2023:

IFRS 1 (First Time Adoption of International Financial Reporting Standards)

IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)

IFRS S2 (Climate-related disclosures)

IFRIC 12 (Service concession arrangements)

5. SHARE CAPITAL

Authorised share capital

This represents 1,500,000,000 (2022: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2022: Rs 15,000,000 thousand).

Issued, subscribed and paid up share capital

	2023	2022	2023	2022
	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

5.1 Fauji Foundation (FF) holds 44.35% (2022: 44.35%) ordinary shares of FFC at the year end.

5.2 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.

5.3 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	2023	2022
		Rs '000	Rs '000
6. CAPITAL RESERVES			
Share premium	6.1	40,000	40,000
Capital redemption reserve	6.2	120,000	120,000
Translation reserve		6,871,041	4,532,385
Statutory reserve		6,671,664	5,712,045
		13,702,705	10,404,430

6.1 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.

6.2 Capital redemption reserve

This represents reserve setup on redemption of preference shares by FFC of Rs 120,000 thousand in 1996.

		Note	2023 Rs '000	2022 Rs '000
7.	**LONG TERM BORROWINGS–SECURED**			
	Borrowings from banking companies–secured			
	From conventional banks			
	Fauji Fertilizer Company Limited (FFC)	7.1		
	The Bank of Punjab (BOP-1)		220,000	440,000
	The Bank of Punjab (BOP-2)		700,000	1,050,000
	Allied Bank Limited (ABL-1)		375,000	750,000
	Allied Bank Limited (ABL-2)		1,000,000	1,500,000
	Allied Bank Limited (ABL-3)		1,500,000	2,000,000
	Allied Bank Limited (ABL-4)		900,000	1,200,000
	Allied Bank Limited (ABL-5)		3,000,000	3,000,000
	Allied Bank Limited (ABL-6)		3,000,000	–
	Industrial and Commercial Bank of China (ICBC-1)		–	600,000
	Industrial and Commercial Bank of China (ICBC-2)		600,000	1,200,000
			11,295,000	11,740,000
	Fauji Fresh n Freeze Limited (FFF)	7.2		
	Askari Bank Limited–SBP TERF facility	7.2.1	311,442	289,635
	Habib Metropolitan Bank–SBP TERF facility	7.2.2	205,318	248,687
	Bank Alfalah Limited–Term finance	7.2.3	225,000	300,000
	Habib Bank Limited–Term finance	7.2.4	562,500	750,000
	Bank of Punjab–Term finance	7.2.5	262,500	300,000
	MCB Bank Limited–Term finance	7.2.6	247,651	–
			1,814,411	1,888,322
	Foundation Wind Energy–I Limited (FWEL–I)	7.3		
	National Bank of Pakistan		–	155,134
	Faysal Bank Limited		–	155,134
	United Bank Limited		–	155,134
	Less: Transaction cost			
	Initial transaction cost		(476)	(4,481)
	Accumulated amortisation		476	4,005
			–	464,926
	Foundation Wind Energy–II Limited (FWEL–II)	7.4		
	National Bank of Pakistan		–	143,466
	Allied Bank Limited		–	143,466
	Meezan Bank Limited		–	143,466
	Less: Transaction cost			
	Initial transaction cost		292	(2,690)
	Accumulated amortisation		(292)	2,982
			–	430,690

	Note	2023 Rs '000	2022 Rs '000
From Islamic banks			
Fauji Fertilizer Company Limited (FFC)	7.1		
Meezan Bank Limited (MBL-1)		1,500,000	2,000,000
Meezan Bank Limited (MBL-2)		2,250,000	3,000,000
Meezan Bank Limited (MBL-3)		2,250,000	3,000,000
Meezan Bank Limited (MBL-4)		2,000,000	2,000,000
Meezan Bank Limited (MBL-5)		5,000,000	–
		13,000,000	10,000,000
		26,109,411	24,523,938
Less: Current portion shown under current liabilities			
From conventional banks		4,044,201	4,702,578
From Islamic banks		2,500,000	2,000,000
		6,544,201	6,702,578
		19,565,210	17,821,360

7.1 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	2 half yearly	December 18, 2024
BOP-2	6 months KIBOR+0.10	4 half yearly	August 31, 2025
ABL-1	6 months KIBOR+0.15	2 half yearly	December 24, 2024
ABL-2	6 months KIBOR+0.08	4 half yearly	December 30, 2025
ABL-3	6 months KIBOR+0.08	6 half yearly	September 20, 2026
ABL-4	6 months KIBOR+0.08	6 half yearly	September 30, 2026
ABL-5	6 months KIBOR+0.05	8 half yearly	December 27, 2027
ABL-6	6 months KIBOR+0.03	8 half yearly	December 19, 2028
ICBC-1	6 months KIBOR+0.08	Paid on	December 15, 2023
ICBC-2	6 months KIBOR+0.05	2 half yearly	December 28, 2024
From Islamic banks			
MBL-1	6 months KIBOR+0.10	6 half yearly	September 29, 2026
MBL-2	6 months KIBOR+0.10	6 half yearly	July 5, 2026
MBL-3	6 months KIBOR+0.10	6 half yearly	September 29, 2026
MBL-4	6 months KIBOR+0.00	8 half yearly	September 30, 2027
MBL-5	6 months KIBOR+0.01	8 half yearly	November 16, 2028

7.1.1 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.

7.2 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 of Punjab	Term Finance	3 month KIBOR + 0.5% per annum, payable quarterly.	The loan is payable in 16 quarterly equal installments ending on June 30, 2027.
MCB Bank Limited	Term Finance	6 months KIBOR + 0.5% per annum, payable semi annually.	The loan is payable in 8 semi annually equal installments ending on November 27, 2028.

7.2.1 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 102,169,772 (2022: Rs 123,976,594) 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 9 to the consolidated financial statements, which will be amortised to interest income over the period of the facilities.

7.2.2 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 34,681,986 (2022: Rs 51,312,757) 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 9 to the consolidated financial statements, which will be amortised to interest income over the period of the facilities.

7.2.3 FFF obtained this 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.

7.2.4 FFF obtained this 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.

7.2.5 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 charge 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.

7.2.6 FFF obtained this term finance facility to finance capital expenditure requirement for plant and machinery and civil works. The facility is secured by was of first pari passu charge of Rs 733 million (inclusive of 25% margin) overall present and future fixed assets (excluding land and building) of FFF and corporate guarantee of FFC covering total exposure towards the FFF.

7.2.7 The aforementioned loans in note 7.2.1, and 7.2.2 of these consolidated financial statements 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. The difference between fair value of loan and loan proceeds have been recognised as deferred grant as explained in note 9 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.

7.3 This represents the Musharka Finance Facility of Rs 3,000 million (2022: 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. FWEL–I has repaid the entire amount of loan and markup thereon during the year.

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. FWEL–I is in the process of releasing the charges on the aforementioned assets, as the entire amount of loan and markup thereon has been repaid during the year.

7.4 This represents the Musharka Finance Facility of Rs 3,000 million (2022: 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. FWEL–II has repaid the entire amount of loan and markup thereon during the year.

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 the 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. FWEL–II is in the process of releasing the charge on the aforementioned assets, as the entire amount of loan and the interest thereon has been repaid during the year.

7.5 FFCEL obtained long term loan 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 previous 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 (%: 0).

	2023 Rs '000	2022 Rs '000
8. LEASE LIABILITIES		
Balance at beginning of year	3,774,138	5,684,365
Exchange loss for the year	939,686	1,413,957
Unwinding of interest on lease liability	13,564	19,737
Payments made during the year	(4,629,631)	(3,343,921)
Balance at end of the year	97,757	3,774,138
Less: Current portion shown under current liabilities	(33,708)	(3,687,205)
	64,049	86,933

8.1 FWEL–I and FWEL–II entered into a lease agreements with Islamic Development Bank (IDB) for provision of financing facility of USD 66.860 million (2022: USD 66.860 million) and USD 66.360 million (2022: USD 66.360 million), respectively, 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. Last installment of lease rentals has been paid during the year. FWEL–I and FWEL–II are in the process of asset buy back.

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.

8.2 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.

8.3 Lease liabilities as at year end amounted to Rs 21,201 thousand (2022: Rs 1,850,005 thousand) for FWEL–I, Rs 29,016 thousand (2022: Rs 1,846,411 thousand) for FWEL–II, Rs 22,130 thousand (2022: Rs 21,991 thousand) for FFCEL, Rs 7,973 thousand (2022: 22,551 thousand) for FFF and Rs 17,437 thousand (2022: Rs 33,180 thousand) for FFC.

9. DEFERRED GOVERNMENT GRANT

These represent deferred government grant in respect of term finance facilities obtained under SBP TERF facility as disclosed in note 7.2.7 to the consolidated financial statements. There are no unfulfilled conditions or other contingencies attaching to these grants.

	2023	2022
	Rs '000	Rs '000
Balance at the beginning	175,289	253,745
Government grant recognised	–	2,309
Less: amortisation of deferred government grant	(38,438)	(80,765)
Balance at the end	136,851	175,289
Less: Current portion of deferred government grant	(35,186)	(38,438)
Long-term portion of deferred government grant	101,665	136,851

		Note	2023	2022
			Rs '000	Rs '000
10.	**GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE**			
	Balance at the beginning		61,276,887	59,158,374
	Unwinding of GIDC liability–charge to profit or loss		1,160,336	2,118,513
			62,437,223	61,276,887
	Less: Current portion of GIDC payable	10.1	(62,437,223)	(53,336,353)
	Long-term portion of GIDC payable		–	7,940,534

10.1 This amount is included in trade and other payables.

10.2 Supreme Court of Pakistan (SCP) through its judgement 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 FFC 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 the GIDC liability has been segregated in the consolidated 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. 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. During the year, on May 30, 2023, MoE, GoP has again written a letter to gas companies including MPCL, advising them to recover GIDC arrears in 48 monthly installments instead of 24 monthly installments. As FFC had already been accounting for GIDC liability based on 48 monthly installments, hence, 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.

		Note	2023 Rs '000	2022 Rs '000
11.	**DEFERRED LIABILITIES**			
	Deferred tax liability–net	11.1	12,158,457	8,831,063
	Provision for compensated leave absences / retirement benefits	11.2	1,770,884	1,557,468
			13,929,341	10,388,531
11.1	**Deferred taxation**			
	The balance of deferred tax is in respect of the following temporary differences:			
	Accelerated depreciation / amortization		5,244,000	3,847,000
	Provision for slow moving spares, doubtful debts, other receivables and investments		(2,990,178)	(2,409,000)
	Re-measurement gain on GIDC		80,000	451,000
	Tax on equity accounted investments		9,882,586	7,090,678
	Re-measurement of investments		(57,951)	(148,615)
			12,158,457	8,831,063
	The gross movement in the deferred tax liability during the year is as follows:			
	Balance at the beginning		8,831,063	7,145,733
	Tax charge recognized in consolidated profit or loss		3,338,057	1,800,648
	Tax credit recognised in consolidated comprehensive income		(10,663)	(115,318)
	Balance at the end		12,158,457	8,831,063
11.2	The main assumptions used for actuarial valuation are as follows:			
	Discount rate–per annum		16.00%	14.50%
	Expected rate of increase in salaries–per annum			
	Management		16.00%	14.50%
	Non-management		16.00%	14.50%
	Mortality table		SLIC (2001-05)	
	Withdrawal factor		Moderate	Moderate
	Number of employees		2,734	2,741

	Note	2023	2022
		Rs '000	Rs '000
12. TRADE AND OTHER PAYABLES			
Creditors			
- GIDC payable–current portion	10.1	62,437,223	53,336,353
- Others	12.1	8,631,494	8,480,087
		71,068,717	61,816,440
Accrued liabilities		16,864,756	9,472,672
Consignment account with Fauji Fertilizer Bin Qasim Limited–unsecured		4,874,328	1,981,796
Sales tax payable–net		114,212	80,757
Federal excise duty payable		645,919	–
Deposits	12.2	319,894	271,838
Retention money		304,202	254,604
Workers' Welfare Fund		2,136,652	1,740,876
Workers' Profit Participation Fund payable–FFC		17,138	–
Payable to joint operators–PEF project	12.3	–	217,053
Payable to supplier–PEF project	12.3	–	803,329
Workers' Profit Participation Fund payable– FFCEL, FWEL–I & II		524,662	1,255,457
Payable to Fauji Foundation–current account		–	110,032
Payable to gratuity fund–a related party–FFC	12.4	997,592	659,625
Payable to gratuity fund–a related party–FFF, FWEL–I & II, FFCEL		58,452	38,147
Payable to provident fund–a related party		20,466	15,209
Contract liability–advances from customers	12.6	9,852,680	12,722,503
Other liabilities		985,776	718,768
		108,785,446	92,159,106

12.1 This includes sales tax on GIDC payable to Mari Petroleum Company Limited amounting to Rs 2,474,978 thousand (2022: Rs 2,474,978 thousand).

12.2 These represent unutilizable amounts received as security deposits from dealers and suppliers of the Group, and are kept in separate bank accounts.

12.3 For the year 2022, amount represents payable to joint operators and supplier related to PEF project, as disclosed in note 43 to the financial statements.

	Funded Gratuity	Funded Pension	2023 Total	2022 Total
	Rs '000	Rs '000	Rs '000	Rs '000
12.4 Retirement Benefit Funds–FFC				
12.4.1 The amounts recognized in the consolidated statement of financial position are as follows:				
Present value of defined benefit obligation	4,111,367	2,378,560	6,489,927	7,349,114
Fair value of plan assets	(3,113,775)	(2,744,242)	(5,858,017)	(7,448,490)
Liability/ (asset)	997,592	(365,682)	631,910	(99,376)

	Funded Gratuity Rs '000	Funded Pension Rs '000	2023 Total Rs '000	2022 Total Rs '000
12.4.2 Amount recognised in the consolidated profit or loss is as follows:				
Current service cost	172,925	91,297	264,222	287,339
Past service cost	–	465,958	465,958	–
Net interest cost	93,408	(101,188)	(7,780)	114,611
	266,333	456,067	722,400	401,950
12.4.3 The movements in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation at beginning	3,216,920	4,132,194	7,349,114	8,076,085
Current service cost	172,925	91,297	264,222	287,339
Past service cost	–	465,958	465,958	–
Interest cost	450,530	572,960	1,023,490	869,880
Benefits paid	(366,639)	(2,599,016)	(2,965,655)	(678,564)
Re-measurement of defined benefit obligation	637,631	(284,833)	352,798	(1,205,626)
Present value of defined benefit obligation at end	4,111,367	2,378,560	6,489,927	7,349,114
12.4.4 The movement in fair value of plan assets:				
Fair value of plan assets at beginning	2,557,295	4,891,195	7,448,490	7,016,197
Expected return on plan assets	357,122	674,148	1,031,270	755,269
Contributions	266,333	–	266,333	401,950
Benefits paid	(366,639)	(2,599,016)	(2,965,655)	(678,564)
Re-measurement of plan assets	299,664	(222,085)	77,579	(46,362)
Fair value of plan assets at end	3,113,775	2,744,242	5,858,017	7,448,490
12.4.5 Actual return on plan assets	656,786	452,063	1,108,849	708,907
12.4.6 Contributions expected to be paid to the plan during the next year	385,115	43,448	428,563	266,333
12.4.7 Plan assets comprise of:				
Quoted:				
Investment in debt securities	1,831,540	1,593,076	3,424,616	5,523,342
Investment in equity securities	748,412	911,174	1,659,586	1,787,255
Mutual funds	65,726	139,924	205,650	50,243
Un-quoted:				
Deposits with banks	468,097	100,068	568,165	87,650
	3,113,775	2,744,242	5,858,017	7,448,490

12.4.8 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.

	2023 Funded Gratuity Rs '000	2023 Funded Pension Rs '000	2022 Funded Gratuity Rs '000	2022 Funded Pension Rs '000
12.4.9 Movement in liability recognised in consolidated statement of financial position:				
Opening liability	659,625	(759,001)	736,858	323,030
Cost for the year recognised in profit or loss	266,333	456,067	253,339	148,611
Employer's contribution during the year	(266,333)	–	(253,339)	(148,611)
Total amount of re-measurement recognised in				
Other Comprehensive Income (OCI) during the year	337,967	(62,748)	(77,233)	(1,082,031)
Closing liability	997,592	(365,682)	659,625	(759,001)
12.4.10 Re-measurements recognised in consolidated OCI during the year:				
Re-measurement loss / (gain) on obligation				
Due to change in financial assumptions	145,829	(265,890)	(151,389)	(1,051,900)
Due to change in demographic assumptions	–	–	–	–
Due to change in experience adjustments	491,802	(18,943)	16,720	(19,057)
	637,631	(284,833)	(134,669)	(1,070,957)
Re-measurement loss / (gain) on plan assets				
Actual return on plan assets	(735,349)	(424,419)	(335,841)	(477,924)
Interest income on plan assets	357,122	674,148	267,090	488,179
Others	78,563	(27,644)	126,187	(21,329)
	(299,664)	222,085	57,436	(11,074)
Re-measurement loss / (gain) recognised in OCI	337,967	(62,748)	(77,233)	(1,082,031)

	2023 Funded Gratuity %	2023 Funded Pension %	2022 Funded Gratuity %	2022 Funded Pension %
12.4.11 Principal actuarial assumptions used in the actuarial valuations are as follows:				
Discount rate	16.00	16.00	14.25	14.25
Expected rate of salary growth–short term				
Management	16.00	16.00	12.25	12.25
Non-management	16.00	–	12.25	–
Expected rate of salary growth–long term				
Management	16.00	16.00	14.25	14.25
Non-management	16.00	–	14.25	–
Expected rate of return on plan assets	16.00	16.00	14.25	14.25
Expected rate of increase in post retirement pension				
Short term	–	6.00	–	6.00
Long term	–	6.00	–	6.00
Maximum pension limit increase rate	–	6.00	–	6.00
Minimum pension limit increase rate	–	6.00	–	6.00
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	–

12.4.12 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.

	2023 Defined benefit obligation		2022 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	(410,373)	465,371	(542,764)	628,663
Future salary growth	324,239	(290,301)	175,849	(159,208)
Future pension	183,748	(164,566)	424,702	(366,971)

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates.

12.4.13 The weighted average number of years of defined benefit obligation is given below:

	2023		2022	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Years	Years	Years	Years
Plan duration	7.13	5.68	7.07	7.96

	2023		2022	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
12.4.14 Analysis of present value of defined benefit obligations:				
Vested / non–vested				
Vested	4,071,543	–	3,192,892	–
Non–vested	39,824	–	24,028	–
	4,111,367	–	3,216,920	–
Types of members				
Active	–	2,224,808	–	2,090,883
Retirees	–	153,752	–	2,041,311
	–	2,378,560	–	4,132,194
Types of benefits earned to date				
Accumulated benefit obligation	1,654,885	2,066,969	1,467,477	3,570,645
Amount attributed to future salary increases	2,456,482	311,591	1,749,443	561,549
Total	4,111,367	2,378,560	3,216,920	4,132,194

12.4.15 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.

	2023		2022	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
12.4.16 Distribution of timing of benefit payments:				
1 year	335,580	276,048	287,341	321,819
2 years	612,067	424,354	379,206	405,923
3 years	574,321	372,960	502,408	446,055
4 years	569,926	354,493	488,935	465,412
5 years	670,657	416,522	477,261	483,182
6-10 years	4,200,074	2,267,490	3,084,606	3,128,589

12.4.17 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.

FFC ensures that the assets in the fund are managed within an asset-liability matching framework. Within this framework, the FFC's objective is to match assets to the defined benefit obligations by investing in liquid assets including units of mutual funds and bank deposits that match the benefit payments as they fall due. FFC actively monitors that the duration and the expected yield of the investments are matching the expected cash outflows arising from the defined benefit obligations.

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.

12.4.18 Salaries, wages and benefits" expense, stated in notes 30 and 31 include retirement benefits in respect of gratuity fund, provident fund, pension plan and compensated absences amounting to to Rs 253,058 thousand, Rs 217,346 thousand, Rs 789,482 thousand and Rs 471,699 thousand, respectively (2022: Rs 249,621 thousand, Rs 188,351 thousand, Rs 133,838 thousand and Rs 176,518 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.

12.5 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.

12.6 Contract liabilities–advances from customers

This represents payment received by the Group from its customers before the related goods / services are transferred.

	2023 Rs '000	2022 Rs '000
Balance at beginning	12,722,503	6,387,731
Revenue recognised during the year	(147,434,474)	(107,357,579)
Advance received during the year	144,564,651	113,692,351
Balance at end	9,852,680	12,722,503

12.6.1 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 3.13 to these consolidated financial statements is satisfied. Rs 12,664,754 thousand (2022: Rs 6,317,692 thousand) has been recognised in current year in respect of advances from customers at the beginning of year.

	2023 Rs '000	2022 Rs '000
13. MARK-UP AND PROFIT ACCRUED		
On long term borrowings		
From conventional banks	266,311	231,695
From Islamic banks	732,342	518,605
	998,653	750,300
On short term borrowings		
From conventional banks	259,769	653,131
From Islamic banks	133,912	152,848
	393,681	805,979
	1,392,334	1,556,279

14. 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	2023	2022
		Rs '000	Rs '000
Lending Institutions			
From conventional banks			
Fauji Fertilizer Company Limited (FFC)	14.1		
National Bank of Pakistan		37,259	–
Bank Al-Habib Limited		21,445	–
United Bank Limited		74,368	8,021,854
Askari Bank Limited		8,092,980	29,871,241
Bank Alfalah Limited		481,565	825,932
Habib Bank Limited		87,357	2,831,113
Bank of Punjab		33,115	26,998
MCB Bank Limited		–	2,500,000
Allied Bank Limited		–	6,406,697
Habib Metropolitan Bank Limited		–	882,324
Standard Chartered Bank (Pakistan) Limited		–	625,093
Fauji Fresh n Freeze Limited (FFF)			
JS Bank Limited	14.2	1,095,415	818,228
Askari Bank Limited	14.3	300,000	–
		10,223,504	52,809,480
From Islamic banks	14.4		
Fauji Fertilizer Company Limited (FFC)			
Meezan Bank Limited		4,909,657	6,003,169
		15,133,161	58,812,649

14.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs 21,018,000 thousand (2022: Rs 67,240,000 thousand) which represent the aggregate of all facility agreements between FFC and respective banks. The per annum rates of mark-up are 1 month KIBOR + 0% to 0.25% and 3 month KIBOR + 0.10% to 0.35% (2022: 1 month KIBOR–0.35% to 1 month KIBOR + 0.25% and 3 month KIBOR–0.20% to 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 27, 2024.

14.2 This represents running finance facility (mark-up based) availed from JS Bank Limited to meet working capital requirements with a sanctioned limit of Rs 1,400 million (2022: Rs 900 million) which carries mark up of 3 month KIBOR plus 50 bps per annum (2022: 1 month KIBOR plus 100 bps per annum). It is secured by first pari passu hypothecation charge of Rs 1,867 million (2022: 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.

14.3 This represents short term finance facility (mark-up based) availed during the year from Askari Bank Limited to meet working capital requirements with a sanctioned limit of Rs 300 million which carries mark up of 1 month KIBOR plus 50 bps per annum. It is secured by ranking hypothecation charge of Rs 400 million over all present and future current assets of FFF inclusive of 25% margin, and letter of comfort issued by FFC.

14.4 Shariah compliant short term borrowing is available from a banking company under profit arrangement against a facility amounting to Rs 7,000,000 thousand (2022: Rs 6,200,000 thousand). The per annum rate of profit is 1 month KIBOR minus 0.10% (2022: 1 month KIBOR minus 0.35%).

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 May 31, 2024.

	2023	2022
	Rs '000	**Rs '000**
15. CONTINGENCIES AND COMMITMENTS		
15.1 Contingencies:		
Fauji Fertilizer Company Limited (FFC)		
i) Guarantees issued by banks on behalf of FFC	10,828,877	6,762,374
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 4,101,304 thousand (2022: Rs 3,445,000 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 prior years, 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)

i) There were no material contingencies at December 31, 2023 (2022: Nil).

Fauji Fresh n Freeze Limited (FFF)

i) 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.

ii) Proceedings u/s 161 (1A) of the Ordinance were initiated against FFF in respect of Tax Year 2017. FFF through its authorized representative complied the said notice by submitting the requisite information / data etc. to justify the compliance of all the withholding tax provisions of the Ordinance. The Deputy Commissioner Inland Revenue (DCIR) concluded the proceedings and passed an Order u/s 161 (1) bearing reference No. 100000154254199 dated June 27, 2023 along with notice of demand u/s 137 of the Ordinance, raising tax demand to the tune of Rs 46.84 million. In this regard FFF is filing an appeal against the said order before the first Appellate Authority, Commissioner Inland Revenue– Appeals (CIR-A). Based on the opinion of the tax advisor handling the litigation, the management believes that FFF has a strong arguable case and are hopeful for a favorable outcome. Accordingly, no provision has been made in these consolidated financial statements.

iii) The Deputy Commissioner Inland revenue issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 dated April 27, 2023 for the tax period July 2021 to March 2023. This notice pertained to the disallowance of input tax amounting to Rs 71.53 million, attributed to apportionment between taxable and exempt supplies. In compliance of the same FFF submitted the multiple replies explaining its stance. The proceedings culminated in an order u/s 11(2) dated November 15, 2023 by the DCIR creating a demand of Rs 75.105 million inclusive of penalties. FFF intends to file an appeal to CIR(A). Based on the opinion of the tax advisor handling the tax litigation, the the management believes that FFF has a strong arguable case and are hopeful for a favourable outcome. 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's 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's 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 Honorable 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.

No provision on account of contingencies disclosed above has been made in these consolidated financial statements as the management and the legal advisors of FWEL–I are of the view, that these matters will eventually be settled in favour of FWEL–I.

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's 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's 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's 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's 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's 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.

No provision on account of contingencies disclosed above has been made in these consolidated financial statements as the management and the legal advisors of FWEL–II are of the view, that these matters will eventually be settled in favour of FWEL–II.

OLIVE Technical Services (Private) Limited

There were no material contingencies or commitments as at December 31, 2023 (2022: Nil)

		2023	2022
		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, 2023 (2022: December 31, 2022)	38,633,928	33,234,747
ii)	Group's share of contingencies in Fauji Cement Company Limited as at September 30, 2023 (2022: September 30, 2022)	383,616	47,876
iii)	Group's share of contingencies in Askari Bank Limited as at September 30, 2023 (2022: September 30, 2022)	153,362,382	132,981,380

	2023 Rs '000	2022 Rs '000
iv) Group's share of contingencies in Thar Energy Limited as at September 30, 2023 (2022: September 30, 2022)	7,320	7,320
v) Group's share of contingencies in Fauji Foods Limited as at December 31, 2023 (2022: December 31, 2022)	121,460	–
15.2 Commitments in respect of:		
i) Capital expenditure commitments (including share of commitments amounting to Rs 1,330,224 thousand (2022: Rs 4,881,728) relating to PEF joint operations as disclosed in note 43.	11,294,273	7,314,166
ii) Purchase of fertilizer, stores, spares and other operational items	4,809,221	12,551,970
iii) Investment in Thar Energy Limited	90,423	421,392
iv) Investment in Fauji Foods Limited (FFL) by FFCEL	–	4,650,000
v) Contracted out services	723,753	661,513
vi) Arrangement with SNGPL for pipeline for supply of RLNG–		2,420,000
vii) Operation and Maintenance (O&M) agreement of FWEL I & II	264,910	449,414
viii) Group's share of commitments of PMP as at September 30, 2023 (2022: September 30, 2022)	10,000	46,261
ix) Group's share of commitments of FCCL as at September 30, 2023 (2022: September 30, 2022)	302,102	1,998,883
x) Group's share of commitments of FFBL as at December 31, 2023 (2022: December 31, 2022)	8,775,623	7,733,633
xi) Group's share of commitments of AKBL as at September 30, 2023 (2022: September 30, 2022)	176,615,201	231,512,997
xii) Group's share of commitments of TEL as at September 30, 2023 (2022: September 30, 2022)	1,818,349	2,631,203
xiii) Group's share of commitments of FFL as at December 31, 2023 (2022: December 31, 2022)	38,751	–

16. 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 16.5)	Capital work in progress (note 16.6)	Total
	Rs '000														
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	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 16.7	–	–	–	–	–	–	–	–	–	–	–	–	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)
Year ended 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 January 1, 2023															
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	–	(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
Year ended December 31, 2023															
Opening 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
Additions / transfers	509,656	–	703,982	16,465	–	4,062,756	–	368,272	141,673	127,696	407,222	–	–	10,234,653	16,572,375
Exchange loss–net–note 16.7	–	–	–	–	–	–	–	–	–	–	–	–	939,686	–	939,686
Disposals															
Cost	–	–	–	–	–	(22,215)	(131,019)	(60,768)	(14,845)	(56,732)	(29,937)	–	–	–	(315,516)
Depreciation	–	–	–	–	–	16,497	131,019	57,576	14,818	53,951	29,937	–	–	–	303,798
	–	–	–	–	–	(5,718)	–	(3,192)	(27)	(2,781)	–	–	–	–	(11,718)
Transfers	–	–	–	–	–	–	–	–	–	–	–	–	–	(794,411)	(794,411)
Depreciation charge	–	(1,951)	(596,827)	(123,125)	–	(2,726,723)	(137,523)	(164,384)	(55,538)	(114,084)	(204,623)	(233)	(1,210,539)	–	(5,335,550)
Reversal of impairment	–	–	–	–	–	–	–	1,228	–	–	–	–	–	–	1,228
Balance as at December 31, 2023	978,828	27,783	7,033,529	981,238	–	32,155,621	353,964	810,797	404,429	313,856	615,984	149	13,716,353	11,901,414	69,293,945
As at December 31, 2023															
Cost	978,828	209,959	11,963,705	2,224,383	26,517	69,831,637	2,892,364	2,191,822	844,666	1,229,542	3,518,330	5,440	16,441,819	11,901,414	124,260,426
Accumulated depreciation and impairment	–	(182,176)	(4,930,176)	(1,243,145)	(26,517)	(37,676,016)	(2,538,400)	(1,381,025)	(440,237)	(915,686)	(2,902,346)	(5,291)	(2,725,466)	–	(54,966,481)
Net Book Value	978,828	27,783	7,033,529	981,238	–	32,155,621	353,964	810,797	404,429	313,856	615,984	149	13,716,353	11,901,414	69,293,945
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	2023	2022
			Rs '000	Rs '000
16.1	**Depreciation charge has been allocated as follows:**			
	Cost of sales	30	5,199,211	4,882,763
	Administrative and distribution expenses	31 & 31.1	121,026	161,267
	Other expenses		1,286	2,108
	Charged to FFBL under the Company			
	Services Agreement		14,027	13,265
			5,335,550	5,059,403

16.2 No fixed assets having net book value in excess of Rs 5,000 thousand were sold during the year.

		2023	2022
		Rs '000	Rs '000
16.3	**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	146,144	123,856
	Accumulated depreciation	47,348	37,794

16.3.1 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.

16.4 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
Plot no 1–H, Gulberg–II, Lahore	Marketing office land	3 kanals, 14 marlas and 160.63 sqft
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

Location	Usage	Area
18 Khaira Gali (District: Abbottabad), Khyber Pakhtunkhwa	Guest house	1 kanal and 3 marlas
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

		2023	2022
		Rs '000	Rs '000
16.5	**Right of use assets as at year end comprises of:**		
	Plant and machinery	13,656,401	14,089,410
	Land and building	59,952	66,713
	Vehicles	–	17,164
		13,716,353	14,173,287
16.6	**Capital work in progress**		
	Civil works	3,692,240	525,514
	Plant, machinery and others (including in transit items)	8,209,174	1,935,658
		11,901,414	2,461,172

16.6.1 Capital work in progress include Rs 1,618,248 thousand (2022: Rs 683,171 thousand) being Group's share in Joint Operations related to Gas Pressure Enhancement Facility (PEF), as disclosed in note 43 to the consolidated financial statements.

16.7 This represents exchange differences capitalised related to foreign currency loans obtained by FWEL–I and FWEL–II for financing of power plants.

		Note	2023	2022
			Rs '000	Rs '000
17.	**INTANGIBLE ASSETS**			
	Computer software	17.1	2,674	3,910
	Goodwill	17.2	1,932,561	1,932,561
			1,935,235	1,936,471

		Note	2023	2022
			Rs '000	Rs '000
17.1	**Computer Software**			
	Balance at the beginning		3,910	8,232
	Additions during the year		2,755	–
	Amortisation charged for the year	17.1.1	(3,991)	(4,322)
	Balance at the end		2,674	3,910
	Amortisation rate		33.33%	33.33%
17.1.1	**Amortisation charge has been allocated as follows:**			
	Cost of sales	30	2,997	2,436
	Administrative and distribution expenses	31 & 31.1	994	1,886
			3,991	4,322
17.2	**Goodwill**			
	Goodwill on acquisition of Pak Saudi Fertilizer Company Limited	17.2.1	1,569,234	1,569,234
	Goodwill on acquisition of Fauji Fresh n Freeze Limited	17.2.2	363,327	363,327
			1,932,561	1,932,561

17.2.1 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% (2022: 2%) and terminal value determined based on long term earning multiples. The cash flows are discounted using a discount rate of 17.43% per annum (2022: 16.88% per annum). Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

17.2.2 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 17.36% (2022: 15.49%) per annum and terminal growth rate of 2.5% (2022: 4%). Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

		Note	2023	2022
			Rs '000	Rs '000
18.	**LONG TERM INVESTMENTS**			
	Equity accounted investments	18.1	95,093,880	79,049,343
	Other long term investments	18.2	2,706,925	4,738,496
			97,800,805	83,787,839

	Note	2023 Rs '000	2022 Rs '000
18.1 Equity accounted investments			
Investment in associated companies– equity method			
Fauji Cement Company Limited (FCCL)	18.2.1		
Balance at the beginning		3,085,305	2,441,515
Gain on dilution of interest		–	329,636
Share of profit for the year		331,997	314,154
		3,417,302	3,085,305
Fauji Fertilizer Bin Qasim Limited (FFBL)	18.2.2		
Balance at the beginning		32,621,347	28,503,794
Share of profit for the year		1,515,120	3,815,473
Share of OCI for the year		871,627	302,080
		35,008,094	32,621,347
Askari Bank Limited (AKBL)	18.2.3		
Balance at the beginning		31,594,433	26,691,561
Share of profit for the year		7,709,072	5,917,459
Share of OCI for the year		(2,356,472)	(1,014,587)
		36,947,033	31,594,433
Thar Energy Limited (TEL)	18.2.4		
Balance at the beginning		5,730,558	3,552,457
Investment during the year		226,908	1,245,742
Advance against issue of shares		–	931,300
Share of profit for the year		2,705,214	660
Share of OCI for the year		190	399
		8,662,870	5,730,558
Fauji Foods Limited (FFL)	18.2.5		
Balance at the beginning		–	–
Investment during the year		4,650,000	–
Share of profit for the year		137,369	–
Share of OCI for the year		(92)	–
		4,787,277	–
Investment in joint venture–equity method			
Pakistan Maroc Phosphore S.A., Morocco (PMP)	18.2.6		
Balance at the beginning		6,017,700	4,462,290
Share of (loss) / profit for the year		(1,161,830)	2,392,508
Gain on translation of net assets		1,415,434	512,321
Dividend received		–	(1,349,419)
		6,271,304	6,017,700
		95,093,880	79,049,343

		Note	2023	2022
			Rs '000	Rs '000
18.2	**Other long term investments**			
	Investments at fair value through			
	other comprehensive income (FVTOCI)	18.3		
	Term Deposit Receipts–from conventional banks		32,899	64,710
	Bank Alfalah Term Finance Certificates		498,865	485,029
	Pakistan Investment Bonds		4,266,595	4,574,399
			4,798,359	5,124,138
	Less: Current portion shown under short term investments at fair value through other comprehensive income (FVTOCI)			
	Term Deposit Receipts–from conventional banks		32,899	27,070
	Bank Alfalah Term Finance Certificates		198,865	–
	Pakistan Investment Bonds		1,859,670	358,572
			2,091,434	385,642
			2,706,925	4,738,496

18.2.1 Investment in FCCL –at equity method

Investment in FCCL represents 105,469 thousand (2022: 105,469 thousand) fully paid ordinary shares of Rs 10 each representing 4.29% (2022: 4.29%) of share capital of FCCL as at December 31, 2023. Market value of FFC's investment as at December 31, 2023 was Rs 1,995,469 thousand (2022: Rs 1,267,734 thousand). FCCL is an associate due to representation on the Board of Directors.

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 17.51% per annum and terminal growth rate of 2.5%. Based on this analysis, management believes that carrying value of the investment is recoverable in full.

18.2.2 Investment in FFBL–at equity method

Investment in FFBL represents 644,019 thousand (2022: 644,019 thousand) fully paid ordinary shares of Rs 10 each representing 49.88% (2022: 49.88%) of FFBL's share capital as at December 31, 2023. Market value of FFC's investment as at December 31, 2023 was Rs 20,544,194 thousand (2022: Rs 9,872,811 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 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 16.31% per annum and terminal growth rate of 2.5%. Based on this analysis, management believes that carrying value of the investment is recoverable in full.

18.2.3 Investment in AKBL–at equity method

Investment in AKBL represents 625,333 thousand (2022: 543,768 thousand) fully paid ordinary shares of Rs 10 each representing 43.15% (2022: 43.15%) of AKBL's share capital. Market value of FFC's investment as at December 31, 2023 was Rs 15,458,237 thousand (2022: Rs 10,929,737 thousand).

At year end, 625,333 thousand (2022: 543,768 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 18.22% per annum and terminal growth rate of 2.5%. Based on this analysis, management believes that carrying value of the investment is recoverable in full.

18.2.4 Investment in TEL –at equity method

Investment in TEL represents 598,691 thousand (2022: 482,900 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 owning, operating and maintaining a 1 x 330 MW mine-month coal fired power plant established at Thar Block ll, Thar Coal Mine, Sindh. At year end, 598,691 thousand (2022: 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.

CPPA(G) has raised invoices for payment of HVDC charges amounting to USD 19.6 million, 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. 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, out of which USD 1.7 million has been adjusted by CPPA(G) through settlement of invoices up to the reporting date. Accordingly, a provision amounting to USD 6 million has been recognized in its financial statements. TEL has achieved its COD in October 2022.

18.2.5 Investment in FFL –at equity method

During the year on March 16, 2023, FFCEL made an investment of Rs 4.65 billion in Fauji Foods Limited (FFL), a Fauji Foundation (FF) group entity, by acquiring 465,000,000 ordinary shares at par value of Rs 10 per share giving FFCEL an ownership of 18.45% in FFL. The investment was made under the authority of a special resolution of the subsidiary company FFCEL–subsidiary of FFC and in accordance with the requirements of the Companies Act, 2017 and after obtaining all regulatory approvals. FFL is incorporated in Pakistan and listed on Pakistan Stock Exchange (PSX) and engaged in the processing & sale of toned milk, milk powder, fruit juices, allied dairy and food products. FFL is a subsidiary of Fauji Fertilizer Bin Qasim Limited (FFBL) and the ultimate parent is FF. As required by SECP, FFCEL shall retain its shareholding in these shares for a period of two years from the date of issuance of shares. Market value of FFCEL's investment as at December 31, 2023 was Rs 5,180,100 thousand (2022: Rs Nil). Although, FFCEL has less than 20 percent shareholding in FFL, this has been treated as an associate since FFCEL has representation on its Board of Directors.

18.2.6 Investment in PMP –at equity method

Investment in PMP represents 12.5% (2022: 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.

18.3 Investments at fair value through other comprehensive income (FVTOCI)

Term Deposits Receipts (TDRs)

These represent placement in Term Deposit Receipts with financial institution having tenure from one to five years with returns ranging from 9.34% to 9.70% per annum (2022: 4.70% to 11.83%).

Term Finance Certificate

This represents investments in Bank Alfalah Term Finance Certificates amounting to Rs 198,865 thousand and Rs 300,000 thousand (2022: Rs 185,029 thousand and Rs 300,000 thousand) 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 (PIBs)

Pakistan Investment Bonds with 3, 5 and 10 years tenure having aggregate face value of Rs 4.79 billion are due to mature within a period of 6 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%. Pakistan Investment Bonds are placed with banks as collateral to secure borrowing facilities.

18.4 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, 2023 and September 30, 2023, which have been used for accounting under equity method as these were the latest approved financial statements.

Reporting date of FFBL and FFL is December 31 and reporting date of AKBL, FCCL and TEL is September 30. Accordingly, results of operations of three quarters of financial year 2023 and last quarter of financial year 2022 have been considered for AKBL and results of first quarter operations of financial year 2023 and three quarters of financial year 2022 have been considered for FCCL. Results for twelve months from October 2022 to September 2023 have been considered for TEL. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in associate.

	2023					
	FCCL	FFBL	AKBL	TEL	FFL	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Percentage of shareholding	4.29%	49.88%	43.15%	30.00%	18.45%	
Non-current assets / total assets	118,194,608	71,619,733	1,828,497,397	107,154,714	9,048,360	2,134,514,812
Assets held for sale	–	158,568	–	–	262,655	421,223
Current assets (including cash and cash equivalents)	19,224,481	126,875,627	–	37,292,661	6,899,294	190,292,063
Total assets	137,419,089	198,653,928	1,828,497,397	144,447,375	16,210,309	2,325,228,098
Non-current liabilities / total liabilities	(44,938,490)	(32,805,528)	(1,743,317,021)	(82,913,268)	(50,355)	(1,904,024,662)
Current liabilities	(24,690,860)	(112,509,536)	–	(32,761,891)	(2,104,527)	(172,066,814)
Total liabilities	(69,629,350)	(145,315,064)	(1,743,317,021)	(115,675,159)	(2,154,882)	(2,076,091,476)
Net assets at fair value (100%)	67,789,739	53,338,864	85,180,376	28,772,216	14,055,427	249,136,622
Share deposit money	–	–	–	–	(2,350,000)	(2,350,000)
Non-controlling interest of associate	–	(10,301,373)	–	–	–	(10,301,373)
Net assets attributable to Group (100%)	67,789,739	43,037,491	85,180,376	28,772,216	11,705,427	236,485,249
Group's share of net assets	2,908,180	21,467,101	36,755,332	8,631,665	2,159,651	71,921,929
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	–	–	–	2,473,827	3,297,192
Other adjustments	(314,243)	1,171,128	(2,917,048)	31,205	153,799	(1,875,159)
Carrying amount of interest in associate	3,417,302	35,008,094	36,947,033	8,662,870	4,787,277	88,822,576
Revenue	73,681,984	221,613,687	273,402,852	52,695,533	19,809,036	641,203,092
Profit from continuing operations (100%)	7,738,853	3,037,531	17,865,751	9,017,381	605,112	38,264,628
Other comprehensive income (100%)	–	1,747,448	(5,461,116)	634	436,932	(3,276,102)
Total comprehensive income (100%)	7,738,853	4,784,979	12,404,635	9,018,015	1,042,044	34,988,526
Group share of profit	331,997	1,515,120	7,709,072	2,705,214	137,369	12,398,772
Group share of other comprehensive income/(loss)	–	871,627	(2,356,472)	190	(92)	(1,484,747)
Group's share of total comprehensive income	331,997	2,386,747	5,352,600	2,705,404	137,277	10,914,025

	2022					
	FCCL Rs '000	FFBL Rs '000	AKBL Rs '000	TEL Rs '000	FFL Rs '000	Total Rs '000
Percentage of shareholding	4.29%	49.88%	43.15%	30.00%	Nil	
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
Group's 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

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates:

	2023 Rs '000	2022 Rs '000
Carrying amount of interests in associates	88,822,576	73,031,643
Share of:		
- Profit from continuing operations	12,398,772	10,047,746
- Other comprehensive income loss	(1,484,747)	(712,108)

Joint venture

The following table summarizes the financial information of PMP as included in its own financial statements for the period ended September 30, 2023, 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 2022 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.

	2023 Rs '000	2022 Rs '000
Percentage ownership interest	12.5%	12.5%
Non-current assets	14,872,103	11,552,090
Current assets including cash and cash equivalent amounting to Rs 7,744 million (2022: Rs 1,705 million)	64,104,286	86,807,423
Non-current liabilities	(5,661)	(7,331)
Current liabilities	(23,248,881)	(49,349,610)
Net assets (100%)	55,721,847	49,002,572
Group's share of net assets (12.5%)	6,965,231	6,125,322
Revenue	64,350,598	128,054,382
Depreciation and amortization	(1,736,803)	(1,983,276)
Interest expense	(237,079)	(65,955)
Income tax expense	(762,576)	(5,042,102)
Other expenses	(70,908,779)	(101,822,978)
(Loss)/ profit for the year (100%)	(9,294,639)	19,140,071
Other comprehensive income for the year (100%)	11,323,472	4,098,568
Total comprehensive income for the year (100%)	2,028,833	23,238,639
Group's share of (loss)/ profit for the year (12.5%)	(1,161,830)	2,392,508
Group's share of other comprehensive income for the year (12.5%)	1,415,434	512,321
Group's share of total comprehensive income (12.5%)	253,604	2,904,829

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

Particulars	Pakistan Maroc Phosphore S.A., Morocco
Details of litigations	None
Details of default / breach relating to investment	None
Gain / loss on disposal of investment	Not applicable

		Note	2023 Rs '000	2022 Rs '000
19.	**LONG TERM LOANS AND ADVANCES - SECURED**			
	Loans and advances - considered good, to:	19.1		
	Executives			
	Interest bearing		1,166,120	882,673
	Non-interest bearing		1,049,782	700,795
			2,215,902	1,583,468
	Other employees			
	Interest bearing		728,417	614,833
	Non-interest bearing		494,891	362,407
			1,223,308	977,240
			3,439,210	2,560,708
	Advances to suppliers		–	2,587,892
	Less: Amount due within twelve months, shown under current loans and advances			
	Interest bearing		335,366	252,134
	Non-interest bearing		474,206	340,886
			809,572	593,020
			2,629,638	4,555,580

19.1 Reconciliation of carrying amount of loans and advances:

	Executives Rs '000	Other employees Rs '000	2023 Total Rs '000	2022 Total Rs '000
Balance at January 1	1,583,468	977,240	2,560,708	2,048,876
Adjustments	245,118	(245,118)	–	–
Disbursements	959,232	785,823	1,745,055	1,460,845
	2,787,818	1,517,945	4,305,763	3,509,721
Repayments	(571,916)	(294,637)	(866,553)	(949,013)
Balance at December 31	2,215,902	1,223,308	3,439,210	2,560,708

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 2,324,943 thousand (2022: Rs 1,624,158 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.

19.2 Loans and advances to employees exceeding Rs 1 million

Category	2023 No. of employees	2023 Amount	2022 No. of employees	2022 Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	209	292,278	227	328,700
Exceeding Rs 2 million upto Rs 3 million	116	289,631	121	297,236
Exceeding Rs 3 million upto Rs 5 million	226	875,842	136	505,857
Exceeding Rs 5 million upto Rs 10 million	56	321,988	94	653,244
Exceeding Rs 10 million upto Rs 25 million	142	1,557,274	46	601,205
	749	3,337,013	624	2,386,242

	Note	2023	2022
		Rs '000	Rs '000
20. LONG TERM DEPOSITS AND PREPAYMENTS			
Non-interest bearing deposits		30,638	30,638
21. STORES, SPARES AND LOOSE TOOLS			
Stores		999,563	454,913
Spares		6,589,289	5,200,231
Provision for slow moving spares	21.1	(634,216)	(599,931)
		5,955,073	4,600,300
Loose tools		24,428	11,468
Items in transit		1,224,115	1,491,997
		8,203,179	6,558,678
21.1 Movement of provision for slow moving spares			
Balance at the beginning		599,931	566,939
Provision during the year		36,451	36,417
Reversal during the year		(2,166)	(3,425)
Balance at the end		634,216	599,931
22. STOCK IN TRADE			
Raw materials		771,918	458,815
Work in process		174,232	120,594
Finished goods - FFC			
Manufactured urea		744,590	285,104
Purchased fertilizer	22.1	545,387	18,745,746
Finished goods - FFF		1,755,722	519,603
		3,045,699	19,550,453
Provision for slow moving stock - FFF	22.2	–	(7,166)
Write down to net realizable value - FFF		–	(5,966)
		3,991,849	20,116,730

22.1 Purchased fertilizer as at December 31, 2022 included Di-ammonium Phosphate (DAP) stock having cost of Rs 16,608,702 thousand, which had been written down, in the prior year, to its expected net realisable value of Rs 14,843,702 thousand as a result of decline in then expected selling prices of this product.

		Note	2023	2022
			Rs '000	Rs '000
22.2	**Movement in provision for slow moving stock - FFF**			
	Balance at the beginning of the year		7,166	11,872
	Reversal during the year		(7,166)	(4,706)
	Balance at the end of the year		–	7,166
23.	**TRADE DEBTS**			
	Considered good:			
	Secured			
	- against bank guarantees		48,503	371,540
	- against guarantee issued by the Government of Pakistan	23.1	12,625,287	11,957,226
	Unsecured - local		870,628	498,877
	Considered doubtful			
	Unsecured - local		80,325	30,172
			13,624,743	12,857,815
	Loss allowance	23.2	(80,325)	(30,172)
			13,544,418	12,827,643

23.1 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 a 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 17.72% to 28.44% (2022: 13.96% to 20.13%) per annum for FFCEL and the effective rate of delayed payment mark up charged during the year on outstanding amounts ranges from 15.70% to 22.90% (2022: 11.99% to 19.49%) per annum for FWEL - I & FWEL II.

		Note	2023	2022
			Rs '000	Rs '000
23.2	**Movement of loss allowance**			
	Balance at the beginning		30,172	7,148
	Loss allowance during the year		50,153	23,024
	Balance at the end		80,325	30,172
24.	**LOANS AND ADVANCES - SECURED**			
	Current portion of long term loans and advances	19	809,572	593,020
	Loans and advances to employees - unsecured			
	- considered good, non-interest bearing			
	Executives		283,483	103,853
	Others		100,870	23,595
	Advances to suppliers - considered good		1,199,101	626,866
	Advances for PEF project	24.1	214,333	–
	Advances to suppliers - considered doubtful		17,356	18,856
	Loss allowance	24.2	(17,356)	(18,856)
			1,413,434	626,866
			2,607,359	1,347,334

24.1 This represents advance paid to Mari Petroleum Company Limited, a related party, in relation to PEF project, as disclosed in note 43 to the consolidated financial statements.

	2023	2022
	Rs '000	Rs '000
24.2 Movement in loss allowance		
Balance at the beginning	18,856	19,856
Reversal of provision during the year	(1,500)	(1,000)
Balance at the end	17,356	18,856

24.3 Loans and advances to employees exceeding Rs 1 million

Category	2023 No. of employees	2023 Amount	2022 No. of employees	2022 Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	41	56,039	8	10,960
Exceeding Rs 2 million upto Rs 3 million	10	24,203	2	4,530
Exceeding Rs 3 million upto Rs 5 million	5	18,544	–	–
Exceeding Rs 10 million upto Rs 25 million	1	5,221	–	–
	57	104,007	10	15,490

	Note	2023	2022
		Rs '000	Rs '000
25. DEPOSITS AND PREPAYMENTS			
Non-interest bearing deposits		245,382	244,214
Prepayments		471,100	61,609
		716,482	305,823
26. OTHER RECEIVABLES			
Accrued income on investments and bank deposits			
- Pakistan Investment Bonds		169,692	203,374
- Conventional banks		54,354	71,251
- Islamic banks		183	172
Sales tax receivable - net	26.1	16,983,331	18,515,333
Advance tax	26.2	927,423	933,497
Subsidy receivable from Government agencies	26.3	6,961,878	6,961,878
Receivable from Workers' Profit Participation Fund - unsecured		–	178,307
Receivable from Fauji Fertilizer Bin Qasim Limited - unsecured	26.4	378,035	358,573
Receivable from Sona Welfare Foundation		–	23
Receivable from joint operators - PEF project		196	–
Due from Pension Fund (a related party)	12.4	365,682	759,001
Cash margin with Bank - PEF project	26.5	–	1,637,078
Receivable from NTDC / CPPA - G against WPPF by FWEL - I & FWEL - II & others		2,507,281	1,973,229
Loss allowance	26.6	(5,719,404)	(2,819,404)
		22,628,651	28,772,312

26.1 Sales tax receivable is net-off provision for input tax disallowance amounting to Rs 4,332,620 thousand (2022: Rs 2,822,620 thousand).

26.2 This includes tax paid at Rs 322,368 thousand (2022: 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.

26.3 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.

26.4 The maximum amount of receivable from FFBL and Sona Welfare Foundation (SWF) during the year was Rs 376,554 thousand (2022: Rs 369,748 thousand), Rs Nil thousand (2022: Rs 23 thousand) respectively.

26.5 For the year 2022, amount represents cash margin account maintained with a Bank related to PEF project, as disclosed in note 43 to the consolidated financial statements.

		Note	2023	2022
			Rs '000	Rs '000
26.6	**Movement in loss allowance**			
	Balance at the beginning		2,819,404	2,149,404
	Charge for the year		2,900,000	670,000
	Balance at the end		5,719,404	2,819,404
27.	**SHORT TERM INVESTMENTS**			
	Amortized cost - conventional instruments			
	Term deposits with banks and financial institutions	27.1		
	Foreign currency		4,956,685	3,625,295
	Investments at fair value through profit or loss	27.2		
	Conventional investments		65,869,092	100,608,222
	Shariah compliant investments		28,826,286	3,136,840
			94,695,378	103,745,062
	Current maturity of long term investments			
	Fair value through OCI	18.2	2,091,434	385,642
			101,743,497	107,755,999

27.1 These represent investments having maturities ranging between 1 to 3 months and are being carried at amortized cost.

27.2 Fair values of these investments are determined using quoted repurchase price.

27.2.1 Details of investment in mutual funds are as follows:

Conventional investments	2023 Number of units	2023 Fair value	2022 Number of units	2022 Fair value
	In '000	Rs '000	In '000	Rs '000
Money Market Funds	2,269,620	64,202,174	2,546,570	87,173,620
Income Fund	42,378	1,666,918	1,233,592	13,434,602
Shariah Compliant Money Market Funds	888,040	28,826,286	41,421	3,136,840
	3,200,038	94,695,378	3,821,583	103,745,062

	Note	2023	2022
		Rs '000	Rs '000
28. CASH AND BANK BALANCES			
At banks			
Local currency			
Current account - Conventional banking		66,562	69,269
Current account - Islamic banking		16,661	223,121
Deposit account - Conventional banking	28.1	1,360,621	836,794
Deposit account - Islamic banking	28.2	20,097	30,533
		1,463,941	1,159,717
Foreign currency			
Deposit account (2023: US$ 70 ; 2022: US$ 2,159)		20	489
	28.3	1,463,961	1,160,206
Cash in transit	28.4	332,179	840,981
Cash in hand		78	53
		1,796,218	2,001,240

28.1 Balances with banks carry markup ranging from 14.5% to 20.5% (2022: 6.75% to 14.75%) per annum.

28.2 Balances with banks carry profit ranging from 6.75% to 11.01% (2022: 7%) per annum.

28.3 Balances with banks include Rs 319,894 thousand (2022: Rs 271,838 thousand) in respect of security deposits received.

28.4 These represent demand drafts held by the Group at year end.

	2023	2022
	Rs '000	Rs '000
29. TURNOVER		
Manufactured urea	136,603,572	95,176,797
Purchased and packaged fertilizers	28,013,216	15,336,115
Sale of electricity	18,156,151	14,274,608
Food products	6,950,625	4,077,381
Others	317,357	82,086
	190,040,921	128,946,987
Sales tax and excise duty	(8,027,897)	(3,028,114)
Trade discount and others	(630,787)	(240,488)
	(8,658,684)	(3,268,602)
	181,382,237	125,678,385

		Note	2023	2022
			Rs '000	Rs '000
30.	**COST OF SALES**			
	Raw materials consumed		30,414,141	22,069,565
	Fuel and power		18,096,318	14,103,689
	Chemicals and supplies		1,259,633	881,970
	Salaries, wages and benefits		12,316,382	8,919,111
	Training and employees welfare		1,595,143	1,086,160
	Rent, rates and taxes		525,166	208,901
	Insurance		1,040,362	551,525
	Travel and conveyance		1,234,655	719,897
	Repairs and maintenance (includes stores and spares consumed of Rs 939,389 thousand; (2022: Rs 822,222 thousand)		4,030,639	3,724,679
	Depreciation	16.1	5,199,211	4,882,763
	Amortization	17.1.1	2,997	2,436
	Communication and other expenses	30.1	6,176,305	3,453,980
			81,890,952	60,604,676
	Opening stock - work in process		120,594	107,865
	Closing stock - work in process		(174,232)	(120,594)
			(53,638)	(12,729)
	Cost of goods manufactured		81,837,314	60,591,947
	Opening stock - manufactured		804,707	944,551
	Closing stock - manufactured		(2,500,312)	(804,707)
			(1,695,605)	139,844
	Cost of sales - manufactured		80,141,709	60,731,791
	Opening stock - purchased		18,745,746	93,048
	Purchase for resale		6,203,685	33,910,312
	Closing stock - purchased		(545,387)	(18,745,746)
	Cost of sale - purchased		24,404,044	15,257,614
			104,545,753	75,989,405

30.1 This includes provision for slow moving spares amounting to Rs 34,285 thousand (2022: Rs 36,417 thousand).

		Note	2023 Rs '000	2022 Rs '000
31.	**ADMINISTRATIVE AND DISTRIBUTION EXPENSES**			
	Administrative expenses	31.1	640,499	570,406
	Product transportation		8,073,902	6,477,145
	Salaries, wages and benefits		2,507,415	2,257,302
	Training and employees welfare		270,602	165,542
	Rent, rates and taxes		220,798	332,324
	Technical services to farmers		14,218	14,455
	Travel and conveyance		475,289	281,438
	Sale promotion and advertising		483,622	328,511
	Communication and other expenses		860,061	523,733
	Warehousing expenses		176,702	150,503
	Depreciation	16.1	88,098	129,994
	Amortisation	17.1.1	994	862
			13,812,200	11,232,215
31.1	**Administrative expenses**			
	This represents administrative and general expenses of FFCEL, FWEL-I, FWEL-II, FFF and OLIVE:			
	Salaries, wages and benefits		249,927	179,000
	Travel and conveyance		77,129	35,110
	Utilities		19,705	17,921
	Printing and stationery		4,177	32,752
	Repairs and maintenance		4,767	5,912
	Communication, advertisement and other expenses		220,815	230,025
	Rent, rates and taxes		5,137	6,279
	Legal and professional		23,811	26,792
	Depreciation	16.1	32,928	31,273
	Amortisation	17.1.1	–	1,024
	Miscellaneous		2,103	4,318
			640,499	570,406
32.	**FINANCE COST**			
	Mark-up / profit on long term borrowings			
	Conventional banking		2,535,391	2,049,887
	Islamic banking		1,938,773	1,091,764
			4,474,164	3,141,651
	Mark-up / profit on short term borrowings			
	Conventional banking		1,007,353	2,087,433
	Islamic banking		468,657	267,519
			1,476,010	2,354,952
	Bank and other charges		637,017	429,598
			6,587,191	5,926,201

	2023	2022
	Rs '000	Rs '000
33. OTHER EXPENSES		
Research and development	1,625,277	718,443
Workers' Profit Participation Fund	2,866,400	1,799,262
Workers' Welfare Fund	914,369	499,417
Auditors' remuneration		
Audit fee	3,180	2,890
Fee for half yearly review, audit of consolidated financial statements, audit of employee retirement benefit funds and review of Code of Corporate Governance	2,378	1,921
Fee of subsidiary auditors	6,059	4,988
Taxation services	25,766	18,865
Out of pocket expenses	1,267	731
	38,650	29,395
	5,444,696	3,046,517

	2023	2022
34. OTHER INCOME		
Income from financial assets		
Income on loans, deposits and investments in:		
- Pakistan Investment Bonds	481,110	617,926
- Conventional banks	859,106	849,023
- Islamic banks	3,159	6,740
Gain on investments on conventional mutual funds	2,881,565	5,267,033
Gain on re-measurement of investments classified as fair value through profit or loss on:		
Conventional mutual funds	340,229	86,730
Shariah compliant mutual funds	68,229	–
Gain on maturity of Treasury Bills	–	371,426
Dividend income on:		
Conventional mutual funds	7,924,117	2,413,404
Shariah compliant mutual funds	2,291,084	197,685
Exchange gain on foreign currency balances	885,350	766,106
	15,733,949	10,576,073
Income from non-financial assets		
Gain on disposal of property, plant and equipment	95,050	47,873
Commission on sale of FFBL products	24,367	23,670
	119,417	71,543
Other income		
Scrap sales	140,753	40,686
Gain on dilution of interest in associated company	–	329,636
Gain on asset classified as held for sale	–	14,260
Others	363,870	465,968
	504,623	850,550
	16,357,989	11,498,166

		2023	2022
		Rs '000	Rs '000
35.	**PROVISION FOR TAXATION**		
	Current tax		
	Current year	21,443,643	10,943,942
	Prior year	2,293,022	3,518,477
		23,736,665	14,462,419
	Deferred tax	3,338,057	1,800,648
		27,074,722	16,263,067

35.1 Reconciliation between tax expense and accounting profit

	2023	2022
	Rs '000	Rs '000
Profit before tax	74,526,992	50,633,954

	2023	2022
	%	%
Applicable tax rate	29.00	29.00
Tax effect of income that is exempt or taxable at reduced rates	(7.17)	(8.49)
Effect of permanent differences	2.98	1.77
Effect of super tax	8.01	4.45
Prior year charge including super tax	3.07	4.70
Others	0.44	0.69
Average effective tax rate charged on income	36.33	32.12

35.2 Tax impacts on items recognised in other comprehensive income

	2023	2022
	Rs '000	Rs '000
Tax impact on:		
Surplus / (deficit) on re-measurement of investments to fair value	6,668	(81,240)
Share of equity accounted investees - share of OCI	(65,040)	(51,281)
(Loss) / gain on re-measurement of staff retirement benefit plans	(111,745)	380,420
Equity accounted investees - share of OCI	36,879	(7,288)
Share in revaluation reserve of associates	10,834	20,610
	(122,404)	261,221

		2023	2022
		Rs '000	Rs '000
36.	**EARNING PER SHARE - BASIC AND DILUTED**		
	Profit for the year (Rupees '000)	47,452,270	34,370,887
	Weighted average number of shares in issue (Number '000)	1,272,238	1,272,238
	Basic and diluted earnings per share (Rupees)	37.30	27.02

There is no dilutive effect on the basic earnings per share of the Group.

37. 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:

	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	Rs '000		Rs '000	
Managerial remuneration	50,656	2,516,843	42,658	1,909,957
Contribution to provident fund	3,494	155,018	2,942	116,037
Bonus and other awards	28,570	545,351	–	69,082
Good performance award	–	1,087,692	–	818,770
Allowances and contribution to retirement benefit plans	15,844	4,228,830	12,749	2,966,282
Total	98,564	8,533,734	58,349	5,880,128
No. of person(s)	1	632	1	464

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 37,017 thousand (2022: Rs 54,465 thousand) was paid to executives on separation, in accordance with the Group's policy.

Executive means an employee whose basic salary exceeds Rs 1,200 thousand (2022: Rs 1,200 thousand) during the year.

In addition, 48 (2022: 42) directors were paid aggregate fee of Rs 36,540 thousand (2022: Rs 27,640 thousand). Directors are not paid any remuneration except meeting fee.

38. 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, 2023	24,523,938	3,774,138	175,289	478,676	28,952,041
Changes from financing cash flows					
Draw-downs	8,247,651	–	–	–	8,247,651
Repayments	(6,662,178)	–	–	–	(6,662,178)
Repayment of lease liability–net	–	(4,629,631)	–	–	(4,629,631)
Dividend paid	–	–	–	(18,660,152)	(18,660,152)
Grant received	–	–	–	–	–
	1,585,473	(4,629,631)	–	(18,660,152)	(21,704,310)
Other changes					
Liability related	–	953,250	–	–	953,250
Dividend declared	–	–	–	18,698,343	18,698,343
Amortisation of government grant	–	–	(38,438)	–	(38,438)
	–	953,250	(38,438)	18,698,343	19,613,155
Balance at December 31, 2023	26,109,411	97,757	136,851	516,867	26,860,886

	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

	Note	2023	2022
		Rs '000	Rs '000
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation		74,526,992	50,633,954
Adjustments for:			
Unwinding of GIDC liability	10	1,160,336	2,118,513
Loss allowance on subsidy receivable	26.6	2,900,000	670,000
Depreciation and impairment		5,321,523	5,046,138
Amortization		3,991	4,322
Reversal of impairment on property, plant and equipment		(1,228)	–
Provision for slow moving spares	30.1	34,285	36,417
Reversal of provision for slow moving stock	22.2	(7,166)	(4,706)
(Reversal) / write down of stock to net realizable value		(5,966)	5,966
Loss allowance on trade debts	23.2	50,153	23,024
Finance cost	32	6,587,191	5,926,201
Income on loans, deposits and investments		(1,343,375)	(1,473,689)
Gain on investments at fair value through profit or loss		(3,290,023)	(5,725,189)
Share of profit of associate and joint venture		(11,236,942)	(12,440,254)
Gain on dilution of interest in associate		–	(329,636)
Gain on disposal of property, plant and equipment	34	(95,050)	(47,873)
Loss on asset classified as held for sale		–	(14,260)
Dividend income		–	(2,611,089)
Amortization of government grant	9	(38,438)	(80,765)
Exchange gain - net	34	(885,350)	(766,106)
		(846,059)	(9,662,986)
		73,680,933	40,970,968
Changes in working capital			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(1,678,786)	(1,859,485)
Stock in trade		16,138,013	(18,764,089)
Trade debts		(766,928)	(1,422,321)
Loans and advances		(1,260,025)	(378,492)
Deposits and prepayments		(410,659)	(227,462)
Other receivables		3,207,120	(4,983,499)
Increase/ (decrease) in current liabilities:			
Trade and other payables		7,350,689	13,768,982
		22,579,424	(13,866,366)
Changes in long term loans and advances		1,925,942	(1,511,443)
Changes in long term deposits and prepayments		–	611
Changes in deferred liabilities		213,416	162,712
		98,399,715	25,756,482

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

40.1 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, 2023				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	13,544,418	–	–	13,544,418
Loans and advances	1,193,925	–	–	1,193,925
Deposits	245,382	–	–	245,382
Other receivables	4,352,215	–	–	4,352,215
Short term investments	4,956,685	94,695,378	2,091,434	101,743,497
Cash and bank balances	1,796,218	–	–	1,796,218
Maturity after one year				
Long term investments	–	–	2,706,925	2,706,925
Long term loans and advances	2,629,638	–	–	2,629,638
Long term deposits	30,638	–	–	30,638
	28,749,119	94,695,378	4,798,359	128,242,856

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	6,544,201
Current portion of lease liabilities	33,708
Trade and other payables	91,727,692
Markup and profit accrued	1,392,334
Short term borrowings	15,133,161
Unclaimed dividend	516,867
Maturity after one year	
Long term borrowings	19,565,210
Lease liabilities	64,049
Gas Infrastructure Development Cess (GIDC) payable	–
	134,977,222

	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
	172,732,746

40.2 Credit quality of financial assets

The credit quality of Group'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 JCR - VIS Credit Rating Company Limited (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	2023 Rs '000	2022 Rs '000
Trade debts			
Counterparties without external credit ratings			
Existing customers with no default in the past		919,131	870,417
Existing customer (CPPA) on behalf of DISCOs with no default in past - GoP guarantee backed		12,625,287	11,957,226
		13,544,418	12,827,643
Loans and advances			
Loans and advances to employees			
Counterparties without external credit ratings		1,193,925	720,468
Deposits			
Counterparties without external credit ratings			
Others		245,382	244,214
Other receivables			
Counterparties with external credit ratings	A1+ / A1+		
	A1 / A1	224,229	274,797
Counterparties without external credit ratings			
Balances with related parties		743,717	358,596
Others		3,384,269	7,752,758
		4,352,215	8,386,151
Short term investments			
Counterparties with external credit ratings	A1+/A-1+	5,188,449	6,293,181
	AM1	71,105,000	70,324,426
	AM2++/AM2 /AM2+	23,590,378	30,752,750
Counterparties without external credit ratings			
PIBs and T-Bills issued by the Government of Pakistan		1,859,670	385,642
		101,743,497	107,755,999
Bank balances			
Counterparties with external credit ratings	A-1+/A1+/P-1	1,796,078	2,001,124
	A1 / A1	52	52
	A-2	9	9
	A-3	1	2
		1,796,140	2,001,187
Long term investments			
Counterparties with external credit ratings	AA+	300,000	164,097
Counterparties without external credit ratings			
PIBs issued by the Government of Pakistan		2,406,925	4,574,399
		2,706,925	4,738,496
Long term loans and advances			
Counterparties without external credit ratings		2,629,638	1,374,668
Long term deposits			
Counterparties without external credit ratings		30,638	30,638

40.3 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:

	2023	2022
	Rs '000	**Rs '000**
Long term investments	2,706,925	4,738,496
Loans and advances	3,823,563	2,095,136
Deposits	276,020	274,852
Trade debts - net of provision	13,544,418	12,827,643
Other receivables	4,352,215	8,386,151
Short term investments	101,743,497	107,755,999
Bank balances	1,796,140	2,001,187
	128,242,778	138,079,464

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 11,206,111 thousand (2022: Rs 15,111,114 thousand). This is included in total carrying amount of investments as at reporting date.

Trade debts amounting to Rs 48,503 thousand (2022: Rs 371,540 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. Trade debts due from CPPA are secured by a guarantee from GoP.

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:

	2023		2022	
	Gross	Impairment	Gross	Impairment
	Rs '000	Rs '000	Rs '000	Rs '000
Not yet due	2,065,314	15,347	2,249,466	–
Past due 1-30 days	1,321,049	14,823	673,630	–
Past due 31-60 days	9,384	9,384	3,044,479	–
Past due 61-90 days	5,991,701	15,812	–	–
Over 90 days	4,237,295	24,959	6,890,240	30,172
	13,624,743	80,325	12,857,815	30,172

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 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, 2023				
Long term borrowings and accrued interest	27,108,064	7,542,854	19,565,210	–
Trade and other payables	91,727,692	91,727,692	–	–
Unclaimed dividend	516,867	516,867	–	–
Short term borrowings and accrued interest	15,526,842	15,526,842	–	–
Lease liabilities	97,757	33,708	64,049	–
	134,977,222	115,347,963	19,629,259	–
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	–	–
Lease liabilities	3,774,138	3,687,205	86,933	–
Gas Infrastructure Development Cess (GIDC) payable	7,940,534	–	7,940,534	–
	172,732,746	146,883,919	25,848,827	–

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:

	2023		2022	
	Rs '000	USD '000	Rs '000	USD '000
Bank balance	20	0.07	489	2.16
Investments (Term Deposit Receipts)	4,956,685	17,589	3,625,295	16,013

The following significant exchange rates applied during the year:

	2023	2022	2023	2022
	Average rate		Reporting date rate	
US Dollars	282.40	206.95	281.80	226.40

Sensitivity analysis

A 10% strengthening of the functional currency against foreign currencies at December 31 would have decreased profit by Rs 495,671 thousand (2022: Rs 362,530 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 Group's interest bearing financial instruments is:

	2023	2022
	Carrying amount	
	Rs '000	Rs '000
Fixed rate instruments		
Financial assets	11,251,249	9,848,154
Financial liabilities	136,851	175,289
Variable rate instruments		
Financial assets	12,647,458	11,678,053
Financial liabilities	41,242,572	83,336,587

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 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 2022.

	100 basis points increase	100 basis points decrease
	Rs '000	Rs '000
December 31, 2023		
Cash flow sensitivity - Variable rate instruments		
Financial assets	77,149	(77,149)
Financial liabilities	(251,580)	251,580
December 31, 2022		
Cash flow sensitivity - Variable rate instruments		
Financial assets	78,243	(78,243)
Financial liabilities	(558,355)	558,355

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 29,270 thousand (2022: Rs 33,898 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 577,642 thousand (2022: Rs 695,092 thousand). The analysis is performed on the same basis for 2022 and assumes that all other variables remain the same.

40.4 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.

40.5 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:

	2023		2022	
	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	2,629,638	2,629,638	1,374,668	1,374,668
Long term deposits	30,638	30,638	30,638	30,638
Trade debts	13,544,418	13,544,418	12,827,643	12,827,643
Loans and advances	1,193,925	1,193,925	720,468	720,468
Deposits	245,382	245,382	244,214	244,214
Other receivables	4,352,215	4,352,215	8,386,151	8,386,151
Short term investments	4,956,685	4,956,685	3,625,295	3,625,295
Cash and bank balances	1,796,218	1,796,218	2,001,240	2,001,240
	28,749,119	28,749,119	29,210,317	29,210,317
Assets carried at fair value				
Long term investments	2,706,925	2,706,925	4,738,496	4,738,496
Short term investments	96,786,812	96,786,812	104,130,704	104,130,704
	99,493,737	99,493,737	108,869,200	108,869,200

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000	Rs '000	Rs '000	Rs '000
Liabilities carried at amortised cost				
Long term borrowings	19,565,210	19,565,210	17,821,360	17,821,360
Trade and other payables	91,727,692	91,727,692	75,646,532	75,646,532
Mark-up and profit accrued	1,392,334	1,392,334	1,556,279	1,556,279
Short term borrowings	15,133,161	15,133,161	58,812,649	58,812,649
Gas Infrastructure Development Cess (GIDC) payable	–	–	7,940,534	7,940,534
Unclaimed dividend	516,867	516,867	478,676	478,676
Current portion of long-term borrowings	6,544,201	6,544,201	6,702,578	6,702,578
Lease liabilities	97,757	97,757	3,774,138	3,774,138
	134,977,222	134,977,222	172,732,746	172,732,746

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, 2023			
Assets carried at fair value			
Long term investments - FVTOCI	–	2,706,925	–
Current portion of long term investments - FVTOCI	–	2,091,434	–
Short term investments - FVTPL	94,695,378	–	–
	94,695,378	4,798,359	–
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	–

40.5.1 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.

41. OPERATING SEGMENTS

Basis of segmentation

The Group has the following four (4) 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
2023						
Segment revenues	159,471,951	16,252,278	5,389,880	309,174	(41,046)	181,382,237
Segment profit / (loss) before tax	53,547,250	11,879,353	(392,091)	219,433	9,273,047	74,526,992
Interest income	1,566,730	82,341	17,868	2,110	(325,674)	1,343,375
Finance cost	5,623,775	509,368	779,722	–	(325,674)	6,587,191
Depreciation	2,522,472	2,355,923	430,364	257	26,534	5,335,550
Share of profit / loss of equity - accounted investees	–	–	–	–	11,236,942	11,236,942
Segment assets (total)	223,280,688	53,178,358	7,413,930	324,588	(52,369,530)	231,828,034
Equity accounted investees	–	–	–	–	95,093,880	95,093,880
	223,280,688	53,178,358	7,413,930	324,588	42,724,350	326,921,914
Segment liabilities (total)	161,428,178	1,494,429	6,376,734	95,725	7,443,395	176,838,461

	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

Reconciliation of information on reportable segments to applicable financial reporting standards

		2023	2022
		Rs '000	Rs '000
i)	**Revenue for reportable segments**		
	Consolidated revenue	181,382,237	125,678,385
ii)	**Profit before tax for reportable segments**	65,253,945	42,390,021
	Elimination of intra segment profit	(1,963,895)	(4,196,321)
	Other adjustments	11,236,942	12,440,254
	Consolidated profit before tax from continuing operations	74,526,992	50,633,954
iii)	**Total assets for reporting segments**	231,828,034	248,869,279
	Equity accounted investments	95,093,880	79,049,343
	Consolidated total assets	326,921,914	327,918,622
iv)	**Total liabilities for reporting segments**	169,395,066	199,457,654
	Deferred tax on equity accounted investments	7,443,395	6,915,103
	Consolidated total liabilities	176,838,461	206,372,757

42. RELATED PARTY TRANSACTIONS AND BALANCES

42.1 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 Inyat	Director	–
Mr. Saad Amanullah Khan	Director	0.00004%
Ms. Maryam Aziz	Director	0.00001%
Maj Gen Naseer Ali Khan, HI(M) (Retd)	Director	–
Maj Gen Zafar Ul Haq (Retd)	Director	–
Mr. Peter Bruun Jensen	Director	–
Mr. Yassir Ghiyati Ibn Ziyad	Director	–
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retd)	Director	–
Mr. Qamar Haris Manzoor	Director	0.00063%
Syed Bakhtiyar Kazmi	Director	–
Mr. Shoaib Javed Hussain	Director	–
Mr. Momin Agha	Director	–
Mr. Iftikhar Ali Sahoo	Director	–
Mr. Asad Rehman Gilani	Director	–
Mr. Jehangir Shah	Director	0.00008%
Dr. Ayesha Khan	Director	0.00001%
Syed Atif Ali	Key management personnel	–
Mr. Muhammad Aleem Khan	Key management personnel	–
Mr. Ather Javed	Key management personnel	–
Mr. Wajid Ishaq Bhatti	Key management personnel	–
Mr. Aamer Fayyaz	Key management personnel	–
Mr. Usman Ghani	Key management personnel	–

Related party	Basis of relationship	Aggregate % age shareholding in FFC
Mr. Irfan Khan	Key management personnel	–
Mr. Fakhar Ul Hasan Mahmood	Key management personnel	–
Mr. Muhammad Naeem Akbar Qazi	Key management personnel	–
Mr. Muhammad Arif	Key management personnel	–
Mr. Sajjad Salim	Key management personnel	–
Syed Imran Shah	Key management personnel	–
Syed Aamir Abbas	Key management personnel	–
Mr. Mohammad Mukhtiar	Key management personnel	–
Mr. Asrat Mahmood	Key management personnel	–
Mr. Atif Nawab Khan	Key management personnel	–
Mr. Ashfaq Hassan	Key management personnel	–
Mr. Nofil Mehmood	Key management personnel	–
Mr. Muhammad Imran Sharif	Key management personnel	–
Fauji Fertilizer Bin Qasim Limited	Associated company	49.88%
Askari Bank Limited	Associated company	43.15%
Thar Energy Limited	Associated company	30.00%
Fauji Foods Limited	Associated company	18.45%
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	-

42.2 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

42.3 Fauji Foundation holds 44.35% (2022: 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 19, 24 and 37 to these consolidated financial statements respectively.

	2023	2022
	Rs '000	Rs '000
Transactions with holding company		
Dividend paid	8,204,015	7,690,559
Cost recharge	1,164,445	252,697
Donations	73,770	156,840
Sale of fertilizers	4,364	2,199
Others	1,439	25,253
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	1,603,491	1,264,935
Commission on sale of products	24,367	23,670
Sale of fertilizers	435,261	–
Payment under consignment account	236,851,564	143,302,729
Payments against purchase of gas, PEF project and others	37,210,675	31,562,001
Equity investment	5,808,208	1,245,742
Advance against issue of shares	–	931,300
Services and materials provided	68,496	19,620
Services and materials received	1,235	705
Donations	856,629	664,029
Interest expense	463,933	821,070
Interest income	44,620	40,646
Dividend income	–	1,349,419
Dividend paid	200,000	350,000
Balances		
Long term investments	32,899	64,710
Short term borrowings	8,392,980	29,871,241
Long term borrowings	413,612	6,701
Running finance	–	247,622
Bank balance	124,603	79,629
Balance receivable	609,998	362,543
Balance payable	72,444,064	68,537,591

	2023 Rs '000	2022 Rs '000
STAFF RETIREMENT FUNDS		
Contributions		
Employees' Provident Fund Trust	627,326	514,342
Employees' Gratuity Fund Trust	268,337	253,339
Employees' Pension Fund Trust	–	148,611
Employees' Funds as Dividend on equity holding of 0.25% (2022: 0.25%)	41,051	42,837
Balances		
Balance payable - Gratuity Fund Trust	1,004,264	661,629
Balance receivable - Pension Fund Trust	365,682	759,001
Balance payable - Provident Fund	750	–
OTHERS		
Transactions		
Remuneration and benefits of key management personnel (Number of person(s): 20 (2022: 22))	674,438	590,933
Balances		
Loans and advances	108,049	68,644

43. INTEREST IN JOINT ARRANGEMENTS

In the year 2022, Fauji Fertilizer Company Limited (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 26, 2024 has proposed a final dividend of Rs 4.10 per share.

45. GENERAL

45.1 Production capacity

	Design capacity		Production	
	2023	2022	2023	2022
	(Tonnes '000)		(Tonnes '000)	
FFC				
Goth Machhi - Plant I	695	695	882	787
Goth Machhi - Plant II	635	635	828	767
Mirpur Mathelo - Plant III	718	718	811	850
	2,048	2,048	2,521	2,404
	(MWh)		(MWh)	
FFCEL	143,559	143,559	104,018	89,494
FWEL - I	144,600	144,600	112,534	106,270
FWEL - II	143,700	143,700	126,209	114,470

The shortfall in energy delivered during the previous year was mainly attributable to low wind speed.

FFF

The production capacity of FFF's plant cannot be determined, as it is a multi-product production facility of which the processing capacity substantially varies depending on the fruits / vegetables processed.

	Production		Capacity	
	2023	2022	2023	2022
	(Tonnes '000)		(Tonnes '000)	
Fries production line	15,750	10,167	17,000	17,000

45.2 Facilities of letters of guarantee and letters of credit

Facilities of letters of credit and letters of guarantee amounting to Rs 19,074,000 thousand and Rs 638,000 thousand (2022: Rs 30,722,000 thousand and Rs 866,000 thousand) respectively are available to FFC against lien on shipping/ title documents, and charge on assets of FFC. Facilities against letter of credit include Rs 12,023,000 thousand (2022: Rs 5,203,000 thousand) and Rs 3,175,000 thousand (2022: Rs 2,719,000 thousand) limits assigned for issuance of SBLCs in relation to FFC's investment in Thar Energy Limited (TEL) and Foundation Wind Energy I & II Limited.

45.3 Donations

Cost of sales and administrative and distribution expenses include donations amounting to Rs 629,586 thousand (2022: Rs 526,291 thousand) and Rs 227,043 thousand (2022: Rs 137,738 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 Exemption from applicability of IFRS 9 - "Financial Instruments"

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.

		2023	2022
45.6	**Number of employees**		
	Total number of employees at end of the year	3,590	3,559
	Average number of employees for the year	3,586	3,575

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

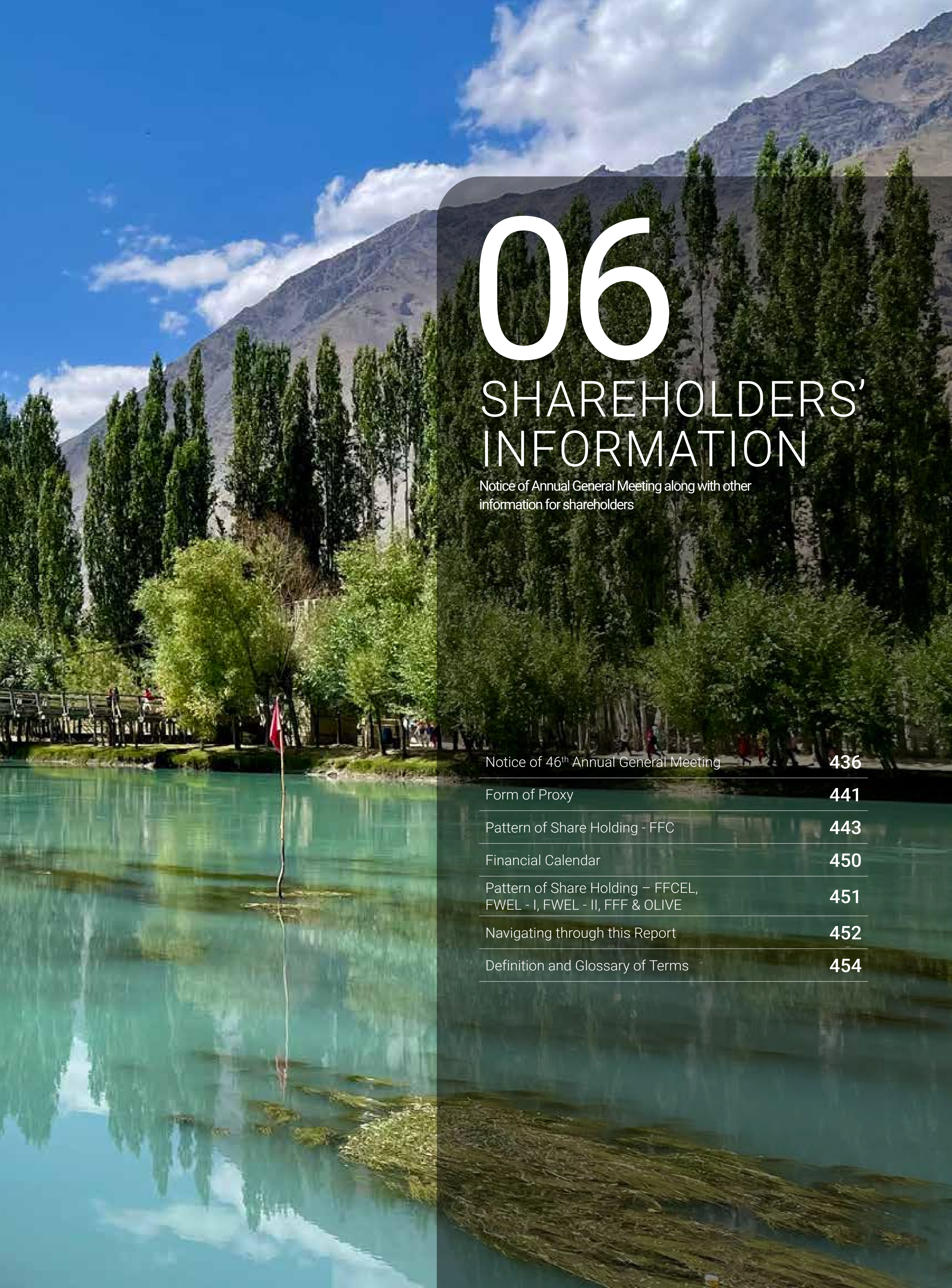
These consolidated financial statements have been authorized for issue by the Board of Directors of FFC on January 26, 2024.

Chairman **Chief Executive** **Director** **Chief Financial Officer**

SAY NO TO CORRUPTION

Phander Lake

Koh-i-Ghizer, Gupis-Yasin District, Gilgit Baltistan, Pakistan
Credits: Madeeha Ahsan



06

SHAREHOLDERS' INFORMATION

Notice of Annual General Meeting along with other information for shareholders

NOTICE OF 46TH ANNUAL GENERAL MEETING

Notice is hereby given that the 46th Annual General Meeting of the shareholders of Fauji Fertilizer Company Limited will be held on Tuesday, March 26, 2024 at 1000 hours at FFC Head Office, 156 The Mall, Rawalpindi and through video-conferencing facility to transact the following business:

Ordinary business

1. To confirm the minutes of Extraordinary General Meeting held on November 23, 2023.

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, 2023.

3. To appoint Auditors for the year 2024 and fix their remuneration. The retiring auditors M/s A. F. Ferguson & Co have offered themselves for re-appointment.

4. To consider and approve payment of Final Dividend for the year ended December 31, 2023 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 Zulfiqar Ali Haider (Retd)
Company Secretary

Rawalpindi
March 05, 2024

Closure of Share Transfer Books

The share transfer books of the Company will remain closed from March 24, 2024 to March 26, 2024 (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 22, 2024 will be considered in time for the purpose of payment of final dividend to the transferees.

Notes

1. 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.

2. 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.

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.

3. Participation through 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 Annual 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 Annual 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

4. Virtual Participation in the AGM Proceedings

i. In light of relevant guidelines issued by the Securities & Exchange Commission of Pakistan (SECP) vide letter no. SMD/SE/2(20)/2021/117 dated December 15, 2021, the shareholders are encouraged to participate in the AGM through electronic facility arranged by the Company.

NOTICE OF 46TH ANNUAL GENERAL MEETING

ii. In order to attend the AGM through electronic facility, shareholders are requested to get themselves registered with the Company Secretariat by providing the requisite details at their earliest but not later than 48 hours before the time of the AGM (i.e. by 10:00 a.m. on March 24, 2023) through e-mail to be sent at shares@ffc.com.pk.

iii. Shareholders are advised to provide the following particulars, along with the scanned copy of their CNIC and that of their proxies, if so appointed. Moreover, in the case of a corporate member, the scanned copy of the resolution of the Board of Directors/Power of Attorney with a specimen signature of the nominee must also be provided.

Name of Shareholder*	CNIC / NTN No.	Folio No. / CDC Account No.	Cell No.	Email address

** Where applicable, please also give the above particulars of the proxy-holder or nominee of the shareholder.*

iv. The details of the electronic facility (video-link and the login credentials) will be sent to the interested shareholders, at their provided e-mail addresses. Accordingly, the shareholders will be able to participate in AGM proceedings through their smartphones or computer devices. In addition to above, the shareholders can also provide their comments and/or suggestions in connection with the agenda items of the AGM by using the aforesaid means.

v. The login facility will be opened at 0930 hours on March 26, 2024 enabling the participants to join the proceedings after identification and verification process before joining the meeting, which will start at 1000 hours sharp.

5. E-Voting

Members can exercise their right to demand a poll subject to meeting requirements of Sections 143-145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

6. Withholding Tax on Dividends

Provisions of Section 100BA read with the Tenth Schedule of the Income Tax Ordinance 2001 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, 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.

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 22, 2024, in the following form:

CDC Account number	Folio #	Total Shares	Principle shareholder		Joint Shareholder	
			Name & CNIC	Shareholding proportion	Name & CNIC	Shareholding proportion

7. Transmission of Annual Audited Financial Statements / Annual Report and Notice of AGM

Members are hereby informed that Securities and Exchange Commission of Pakistan (SECP) vide SRO 389(I)/2023 dated March 21, 2023 has allowed Companies for transmission of the annual balance sheet, profit and loss account, auditor's report and directors' report, etc. (annual audited financial statements or the annual report) to the members/ shareholders through QR-enabled code and web-link, instead of transmitting the same through CD/ DVD/USB, the same was approved by the shareholders in Company's Extraordinary General Meeting held on 23 November, 2023.

The Annual Audited Financial Statements/Annual Report and the Notice of Annual General Meeting for the year ended December 31, 2023, have been placed on the Company's Website, which can be accessed/downloaded from the following link and QR code:

https://ffc.com.pk/investors-relations/annual-reports

The Annual Audited Financial

Statements / Annual Report along with the Notice of Annual General Meeting are being emailed to the members having opted to receive such communication in electronic format.

Other members who wish to receive the Annual Report 2023 in electronic form may file an application as per the format provided on the Company's website. Physical copy of the Annual Report 2023 will be provided to members on demand. Members are also requested to intimate any change in their registered email addresses in a timely manner, to ensure effective communication by the Company.

8. For any further assistance, the members may contact the Company or the Share Registrar at the following phone numbers, email addresses:

FFC Shares Department

156-The Mall, Rawalpindi
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

9. Electronic Payment of Dividend

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.

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	

10. Provision of International Banking Account Number (IBAN Detail)

Further, vide Circular No. 421(I) 2018 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.

11. 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.

SAY NO TO CORRUPTION

FORM OF PROXY

46th 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 46th Annual General Meeting of the Company to be held on Tuesday March 26, 2024 and /or any adjournment thereof.

As witness my/our hand/seal this ________ day of ________ March 2024.

Signed by ____

in the presence of ____

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Fifty 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

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2023

Number Of Shareholders	Shareholding From		Shareholding To	Shares Held
2387	1	to	100	108,253
2642	101	to	500	872,176
1762	501	to	1000	1,527,480
4086	1001	to	5000	11,038,124
1373	5001	to	10000	10,545,411
660	10001	to	15000	8,403,316
412	15001	to	20000	7,412,458
315	20001	to	25000	7,255,438
210	25001	to	30000	5,860,519
145	30001	to	35000	4,770,826
143	35001	to	40000	5,450,501
89	40001	to	45000	3,783,516
154	45001	to	50000	7,511,839
84	50001	to	55000	4,413,635
61	55001	to	60000	3,541,413
52	60001	to	65000	3,251,065
52	65001	to	70000	3,544,971
52	70001	to	75000	3,835,806
39	75001	to	80000	3,041,641
34	80001	to	85000	2,802,685
32	85001	to	90000	2,820,211
21	90001	to	95000	1,946,562
86	95001	to	100000	8,564,742
31	100001	to	105000	3,164,061
21	105001	to	110000	2,273,545
11	110001	to	115000	1,249,614
16	115001	to	120000	1,895,360
19	120001	to	125000	2,343,566
12	125001	to	130000	1,537,906
19	130001	to	135000	2,529,889
13	135001	to	140000	1,794,758
11	140001	to	145000	1,569,894
25	145001	to	150000	3,723,872
6	150001	to	155000	918,341
13	155001	to	160000	2,058,355
6	160001	to	165000	981,165
11	165001	to	170000	1,842,881
9	170001	to	175000	1,557,722
10	175001	to	180000	1,781,960
8	180001	to	185000	1,468,659

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2023

Number Of Shareholders	Shareholding From		To	Shares Held
3	185001	to	190000	568,200
4	190001	to	195000	770,043
29	195001	to	200000	5,779,034
8	200001	to	205000	1,612,797
4	205001	to	210000	834,437
6	210001	to	215000	1,277,251
5	215001	to	220000	1,088,883
4	220001	to	225000	887,685
5	225001	to	230000	1,139,968
7	230001	to	235000	1,624,115
2	235001	to	240000	475,987
4	240001	to	245000	968,432
11	245001	to	250000	2,742,138
3	250001	to	255000	755,319
6	255001	to	260000	1,547,837
4	260001	to	265000	1,050,474
4	265001	to	270000	1,073,092
2	270001	to	275000	540,755
1	280001	to	285000	281,381
2	285001	to	290000	573,299
1	290001	to	295000	294,700
8	295001	to	300000	2,389,875
4	300001	to	305000	1,214,220
1	305001	to	310000	306,610
1	310001	to	315000	311,538
1	320001	to	325000	325,000
3	330001	to	335000	996,358
2	335001	to	340000	676,102
3	340001	to	345000	1,031,067
9	345001	to	350000	3,140,826
2	350001	to	355000	704,963
4	355001	to	360000	1,431,069
3	360001	to	365000	1,093,000
1	365001	to	370000	366,000
2	370001	to	375000	748,450
1	375001	to	380000	376,922
1	380001	to	385000	382,230
4	385001	to	390000	1,554,311
1	400001	to	405000	400,973
1	410001	to	415000	414,708

Number Of Shareholders	Shareholding From		To	Shares Held
2	420001	to	425000	847,000
1	430001	to	435000	435,000
1	435001	to	440000	440,000
2	440001	to	445000	887,052
1	445001	to	450000	448,480
3	450001	to	455000	1,359,411
3	455001	to	460000	1,370,513
3	465001	to	470000	1,406,991
2	470001	to	475000	946,364
3	475001	to	480000	1,434,696
3	480001	to	485000	1,443,950
1	485001	to	490000	490,000
2	495001	to	500000	1,000,000
1	510001	to	515000	513,470
1	525001	to	530000	530,000
1	540001	to	545000	542,075
3	545001	to	550000	1,642,333
2	555001	to	560000	1,117,456
1	560001	to	565000	564,994
1	565001	to	570000	570,000
2	570001	to	575000	1,143,688
1	575001	to	580000	580,000
2	580001	to	585000	1,166,254
1	585001	to	590000	589,025
1	595001	to	600000	600,000
1	605001	to	610000	605,780
1	610001	to	615000	610,064
3	615001	to	620000	1,854,016
3	635001	to	640000	1,913,630
2	650001	to	655000	1,305,600
1	660001	to	665000	663,388
4	670001	to	675000	2,688,942
2	725001	to	730000	1,454,551
2	760001	to	765000	1,527,141
2	785001	to	790000	1,580,000
1	795001	to	800000	800,000
1	820001	to	825000	820,646
1	830001	to	835000	835,000
1	835001	to	840000	838,500
1	845001	to	850000	850,000

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2023

Number Of Shareholders	Shareholding From		To	Shares Held
1	855001	to	860000	858,000
1	865001	to	870000	870,000
1	890001	to	895000	892,070
2	895001	to	900000	1,797,175
1	900001	to	905000	904,335
1	905001	to	910000	910,000
1	945001	to	950000	950,000
1	980001	to	985000	982,646
2	995001	to	1000000	1,998,500
1	1015001	to	1020000	1,019,337
1	1050001	to	1055000	1,053,063
2	1060001	to	1065000	2,125,249
1	1065001	to	1070000	1,070,000
1	1085001	to	1090000	1,088,500
3	1100001	to	1105000	3,303,865
1	1105001	to	1110000	1,110,000
1	1110001	to	1115000	1,111,039
1	1125001	to	1130000	1,126,750
1	1135001	to	1140000	1,137,800
1	1190001	to	1195000	1,191,845
1	1195001	to	1200000	1,200,000
2	1205001	to	1210000	2,414,833
1	1255001	to	1260000	1,256,000
1	1275001	to	1280000	1,280,000
1	1295001	to	1300000	1,300,000
1	1365001	to	1370000	1,369,724
1	1370001	to	1375000	1,370,509
1	1380001	to	1385000	1,385,000
2	1445001	to	1450000	2,895,407
1	1490001	to	1495000	1,494,000
1	1540001	to	1545000	1,543,082
1	1545001	to	1550000	1,550,000
1	1555001	to	1560000	1,557,000
1	1590001	to	1595000	1,595,000
2	1600001	to	1605000	3,205,667
1	1610001	to	1615000	1,611,052
1	1640001	to	1645000	1,643,500
1	1655001	to	1660000	1,656,584
1	1660001	to	1665000	1,661,643
1	1710001	to	1715000	1,713,800

Number Of Shareholders	Shareholding From		To	Shares Held
1	1780001	to	1785000	1,784,878
4	1795001	to	1800000	7,200,000
1	1800001	to	1805000	1,800,544
3	1895001	to	1900000	5,694,000
1	1915001	to	1920000	1,915,324
1	1950001	to	1955000	1,951,000
1	1995001	to	2000000	2,000,000
1	2000001	to	2005000	2,003,500
1	2060001	to	2065000	2,063,663
1	2105001	to	2110000	2,105,681
1	2195001	to	2200000	2,200,000
2	2245001	to	2250000	4,500,000
1	2315001	to	2320000	2,315,534
1	2340001	to	2345000	2,343,000
1	2570001	to	2575000	2,573,051
1	2605001	to	2610000	2,610,000
1	2660001	to	2665000	2,661,496
1	2745001	to	2750000	2,746,215
1	2795001	to	2800000	2,800,000
1	2825001	to	2830000	2,825,430
1	2895001	to	2900000	2,897,944
1	2940001	to	2945000	2,944,318
1	3045001	to	3050000	3,050,000
1	3120001	to	3125000	3,122,961
1	3315001	to	3320000	3,317,447
1	3405001	to	3410000	3,405,500
1	3505001	to	3510000	3,510,000
1	3875001	to	3880000	3,878,905
1	3935001	to	3940000	3,939,387
1	4095001	to	4100000	4,100,000
1	4385001	to	4390000	4,389,158
1	4465001	to	4470000	4,466,749
1	5040001	to	5045000	5,040,099
1	5090001	to	5095000	5,093,500
1	5295001	to	5300000	5,300,000
1	6095001	to	6100000	6,095,184
1	6315001	to	6320000	6,316,622
1	8385001	to	8390000	8,388,244
1	8820001	to	8825000	8,820,306
1	8945001	to	8950000	8,945,913

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2023

Number Of Shareholders	Shareholding From		Shareholding To	Shares Held
1	9290001	to	9295000	9,292,799
1	9815001	to	9820000	9,818,200
1	9995001	to	10000000	9,998,900
1	10500001	to	10505000	10,500,100
1	11110001	to	11115000	11,111,000
1	11925001	to	11930000	11,926,245
1	13655001	to	13660000	13,656,636
1	13745001	to	13750000	13,748,249
1	13895001	to	13900000	13,895,312
1	14095001	to	14100000	14,096,185
1	15480001	to	15485000	15,481,600
1	16185001	to	16190000	16,186,654
1	116840001	to	116845000	116,843,390
1	129515001	to	129520000	129,516,412
1	434685001	to	434690000	434,687,842
15,478				**1,272,238,247**

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
QAMAR HARIS MANZOOR	1	8,000	0.00
Associated Companies, undertakings and related parties	2	564,204,254	44.35
Executives and Employees	14	240,759	0.02
Public sector companies and corporations	11	147,944,633	11.63
NIT and ICP	–	–	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	47	93,560,875	7.35
Mutual Funds			
TRUSTEE-RAHIM IQBAL RAFIQ & CO.EMPLOYEES PROVIDENT FUND	1	2,000	0.00
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	1,550,000	0.12
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	38,000	0.00
CDC - TRUSTEE HBL INVESTMENT FUND	1	218,000	0.02
CDC - TRUSTEE JS LARGE CAP. FUND	1	102,761	0.01
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	3,317,447	0.26
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	31,900	0.00
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	220,885	0.02
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	209,983	0.02
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	22,900	0.00
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	897,175	0.07
CDC - TRUSTEE NBP STOCK FUND	1	4,389,158	0.34
CDC - TRUSTEE NBP BALANCED FUND	1	227,700	0.02
CDC - TRUSTEE APF-EQUITY SUB FUND	1	206,800	0.02
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	38,491	0.00
CDC - TRUSTEE HBL - STOCK FUND	1	66,000	0.01
MC FSL - TRUSTEE JS GROWTH FUND	1	619,773	0.05
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	100,000	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	451,021	0.04
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	232,079	0.02
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,656,584	0.13
CDC - TRUSTEE ABL STOCK FUND	1	762,270	0.06
CDC - TRUSTEE AL HABIB STOCK FUND	1	30,000	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	357,461	0.03
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	197,500	0.02
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	39,000	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	11,000	0.00
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	55,200	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	15,000	0.00
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	132,446	0.01

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	14,096,185	1.11
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	29,300	0.00
CDC - TRUSTEE AWT STOCK FUND	1	41,500	0.00
CDC - TRUSTEE NITPF EQUITY SUB-FUND	1	27,500	0.00
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	9,000	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	26,600	0.00
CDC - TRUSTEE LAKSON TACTICAL FUND	1	49,163	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	15,000	0.00
CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	1	15,000	0.00
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	1	55,000	0.00
CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	1	35,150	0.00
CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	1	33,924	0.00
CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	1	29,865	0.00
CDC - TRUSTEE HBL INCOME FUND - MT	1	800	0.00
CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	1	17,388	0.00
CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	1	258,500	0.02
CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND	1	132,200	0.01
CDC - TRUSTEE IAML EQUITY FUND	1	120,343	0.01
General Public			
a. Local	14,726	306,381,253	24.08
b. Foreign	213	2,512,271	0.20
Foreign Companies	39	43,676,711	3.43
Others	372	73,570,926	5.78
Totals	**15,478**	**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 26, 2024
1st Quarter ending March 31, 2024	Last Week of April 2024
Half-Year ending June 30, 2024	Last Week of July 2024
3rd Quarter ending September 30, 2024	Last Week of October 2024
Year ending December 31, 2024	Last Week of January 2025

PATTERN OF SHAREHOLDING - FFCEL, FWEL-I, FWEL-II, FFFL AND OLIVE TECHNICAL SERVICES

As at December 31, 2023

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) (Retd)	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**	**20,000,040**	**100**

NAVIGATING THROUGH THIS REPORT

The main aim of this report is to offer a thorough overview of the FFC Group, under the ten (10) listed domains. We have meticulously outlined the value generated by the utilization of appropriate resources and capitals, delineated our robust business model, and elucidated our strategies aimed at fostering sustainable value for our stakeholders. Our governance model and enterprise risk management system comprehensively addresses both, external and internal factors, effectively contributing to value creation while mitigating key risks and identifying opportunities, as a responsible CSR focused business organization. The report provides a detailed breakdown of the enterprise value, encompassing both financial and non-financial aspects, along with key performance indicators (KPIs) referenced throughout. Additionally, forthcoming projects, plans, and forward-looking statements serve to provide clarity on our anticipated business trajectory. The systematic coverage of this report is also explained in detail at "About our Report (page 4), GRI Content Index (page 213) and SASB Content Index (page 222).

DOMAIN	CONTENT ELEMENTS		PAGE
Organizational Overview and External Environment	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, 314
	Organizational chart		22
	Corporate Journal		23
	Competitive landscape and market positioning		27
Governance	Profile of the Board	The experiences and competence of our Board members	28
	Board Committees	Structure and TORs of our Board Committees	36-43
	Management Committees	Structure of our Management Committees	44
	Corporate Governance	Our governance and control framework	92-111, 168
Business Model	Value creation business model	Key components of our Business Model that make it possible to transform our resources	166
Risks and Opportunities	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	86-91, 158-159
	Key risks and opportunities		

DOMAIN	CONTENT ELEMENTS		PAGE
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	Financial Capital	Our financial resources	52-95, 317
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	Human Capital	Our people	124-126, 185-198
Performance and Position, Analysis of Financial / Non-financial Information	History of Major Events	Timeline of our journey	20-21
	Highlights 2022	Achievements during the year	09
	Chairman's Review	Broad overview of where we stand and where we are headed	49, 316
	MD & CEO's Overview	The key drivers of our success and incisive analysis of our business	51
	Financial Capital	Our financial resources	52-95, 317-344
	Manufactured Capital	Our tangible inputs	114-119, 173
	Intellectual Capital	Our knowledge-based intangibles *Disclosure on IT, Governance & Cyber Security*	120-123, 163-172, 120
	Human Capital	Our people	124-126, 185-198
	Financial performance of the Group	Group's financial resources	314-344
Future Outlook	Forward Looking Statement	Our future direction and how we are equipped in responding to the critical challenges and uncertainties that are likely to arise	51, 138-141, 208
Stakeholders Relationship and Engagement	Stakeholders' engagement	How stakeholders' engagement affect our performance and value, and how those relationships are managed	110-113, 156
FFC Group Financial Statements	Standalone Financial Statements	Financial performance of FFC and Group during the year	242-310
	Consolidated Financial Statements		348-432
Sustainability and Corporate Social Responsibility	Social and relationship Capital	Our performance, policies, initiatives and plans relating to the various aspects of sustainability and corporate social responsibility	130-135, 153
	Sustainability Report		145-209

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
CFA	Certified Financial Analyst
CFO	Chief Financial Officer
CITA	Continuous Improvement in Technological Advancements
CNIC	Computerized National Identity Card
COD	Commercial Operation Date

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
ESG	Environment, Social and Governance
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.

DEFINITIONS & GLOSSARY OF TERMS

Term	Description
GHG	Green House Gases
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
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
HSEQ	Health, Safety, Environment and Quality
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 issues, concerns and suggestions noted during the audit.

Term	Description
M&O	Manufacturing and Operations
MAP	Management Association of Pakistan
MD&CEO	Managing Director and Chief Executive Officer
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.
PACRA	Pakistan Credit Rating Agency
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
RLNG	Regasified Liquefied Natural Gas
ROE	Return On Equity-It measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested

DEFINITIONS & GLOSSARY OF TERMS

Term	Description
ROIC	Return on Invested Capital
SAARC	South Asian Association for Regional Cooperation
SAFA	South Asian Federation of Accountants
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.
SASB	Standard of the Sustainability Accounting Standard Board
SDG	Sustainable Development Goals
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 additional tax imposed through Section 4C of the Income Tax Ordinance 2001 on certain high-earning persons for the tax year 2022 and onwards
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
TSR	Overall return on investment, including stock price changes and dividend
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
VMV	Vision Mission Value
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

پیٹرن آف شیئر ہولڈنگ

FFCEL, FWEL-I, FWEL-II, FFFL AND OLIVE TECHNICAL SERVICES

۳۱ دسمبر ۲۰۲۳

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	**0**	**20,000,040**	**100**

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
سی ڈی سی۔ٹرسٹی یو بی ایل ایسٹ ایلوکیشن فنڈ	1	55,200	0.00
سی ڈی سی۔ٹرسٹی فرسٹ کیپیٹل میوچل فنڈ	1	15,000	0.00
سی ڈی سی۔ٹرسٹی یو بی ایل ریٹائرمنٹ سیونگز فنڈ۔ایکوئیٹی سب فنڈ	1	132,446	0.01
سی ڈی سی۔ٹرسٹی نیشنل انویسٹمنٹ (یونٹ) ٹرسٹ	1	14,096,185	1.11
سی ڈی سی۔ٹرسٹی اے بی ایل پنشن فنڈ۔ایکوئیٹی سب فنڈ	1	29,300	0.00
سی ڈی سی۔ٹرسٹی اے ڈبلیو ٹی سٹاک فنڈ	1	41,500	0.00
سی ڈی سی۔ٹرسٹی این آئی ٹی پی ایف ایکوئیٹی سب فنڈ	1	27,500	0.00
سی ڈی سی۔ٹرسٹی ایچ بی ایل اسلامک ایسٹ ایلوکیشن فنڈ	1	9,000	0.00
سی ڈی سی۔ٹرسٹی فیصل ایم ٹی ایس فنڈ۔ایم ٹی	1	26,600	0.00
سی ڈی سی۔ٹرسٹی لیکسن ٹیکٹیکل فنڈ	1	49,163	0.00
سی ڈی سی۔ٹرسٹی الفلاح جی ایچ پی اسلامک ڈیڈیکیٹیڈ ایکوئیٹی فنڈ	1	15,000	0.00
سی ڈی سی۔ٹرسٹی الحبیب ایسٹ ایلوکیشن فنڈ	1	15,000	0.00
سی ڈی سی۔ٹرسٹی این آئی ٹی ایسٹ ایلوکیشن فنڈ	1	55,000	0.00
سی ڈی سی۔ٹرسٹی این آئی ٹی پاکستان گیٹوے ایکسچینج ٹریڈیڈ فنڈ	1	35,150	0.00
سی ڈی سی۔ٹرسٹی یو بی ایل پاکستان انٹرپرائزر ایکسچینج ٹریڈیڈ فنڈ	1	33,924	0.00
سی ڈی سی۔ٹرسٹی این بی پی پاکستان گروتھ ایکسچینج ٹریڈیڈ فنڈ	1	29,865	0.00
سی ڈی سی۔ٹرسٹی ایچ بی ایل انکم فنڈ۔ایم ٹی	1	800	0.00
سی ڈی سی۔ٹرسٹی الفلاح جی ایچ پی ڈیڈیکیٹیڈ ایکوئیٹی فنڈ	1	17,388	0.00
سی ڈی سی۔ٹرسٹی ایم سی بی پاکستان ڈیویڈنڈ ییلڈ پلان	1	258,500	0.02
سی ڈی سی۔ٹرسٹی پاک قطر اسلامک سٹاک فنڈ	1	132,200	0.01
سی ڈی سی۔ٹرسٹی آئی اے ایم ایل ایکوئیٹی فنڈ	1	120,343	0.01
عوام الناس			
مقامی	14,726	306,381,253	24.08
غیر ملکی	213	2,512,271	0.20
غیر ملکی کمپنیاں	39	43,676,711	3.43
دیگر	372	73,570,926	5.78
ٹوٹل	**15,478**	**1,272,238,247**	**100.00**

10 فیصد یا اس سے زیادہ کے حصص یافتگان		تعداد حصص	فیصد
فوجی فاؤنڈیشن		129,516,412	**10.18**
کمیٹی آف اڈمن۔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	26 مارچ 2024
31 مارچ 2024 کو ختم ہونے والی پہلی سہ ماہی:	آخری ہفتہ اپریل 2024
30 جون 2024 کو ختم ہونے والی دوسری سہ ماہی:	آخری ہفتہ جولائی 2024
30 ستمبر 2024 کو ختم ہونے والی تیسری سہ ماہی:	آخری ہفتہ اکتوبر 2024
سالانہ نتائج 31 دسمبر 2024	آخری ہفتہ جنوری 2025

پیٹرن آف شیئر ہولڈنگ - FFC

۳۱ دسمبر ۲۰۲۳

حصص یافتگان کی اقسام	حصص یافتگان	تعدادِ حصص	فیصد
صدر پاکستان			
صدر اسلامی جمہوریہ پاکستان	1	8,945,913	0.70
ڈائریکٹرز اوران کی شریک حیات اور چھوٹے بچے			
سعد امان اللہ خان	1	500	0.00
عائشہ خان	1	100	0.00
جہانگیر شاہ	1	1,000	0.00
مریم عزیز	1	100	0.00
قمر حارث منظور	1	8,000	0.00
منسلک کمپنیاں، اقرار نامے اور متعلقہ کمپنیاں	2	564,204,254	44.35
ایگزیکٹیوز اینڈ ایمپلائز	14	240,759	0.02
سرکاری شعبے کی کمپنیاں اور کارپوریشنز	11	147,944,633	11.63
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	47	93,560,875	7.35
مشترکہ فنڈز			
ٹرسٹی۔رحیم اقبال رفیق اینڈ کو ایمپلائز پراویڈنٹ فنڈ	1	2,000	0.00
سی ڈی سی۔ٹرسٹی ایم سی بی پاکستان سٹاک مارکیٹ فنڈ	1	1,550,000	0.12
سی ڈی سی۔ٹرسٹی پاکستان کیپیٹل مارکیٹ فنڈ	1	38,000	0.00
سی ڈی سی۔ٹرسٹی ایچ بی ایل انویسٹمنٹ فنڈ	1	218,000	0.02
سی ڈی سی۔ٹرسٹی جے ایس لارج کیپ فنڈ	1	102,761	0.01
سی ڈی سی۔ٹرسٹی اٹلس سٹاک مارکیٹ فنڈ	1	3,317,447	0.26
سی ڈی سی۔ٹرسٹی الفلاح جی ایچ پی ویلیو فنڈ	1	31,900	0.00
سی ڈی سی۔ٹرسٹی یونٹ ٹرسٹ آف پاکستان	1	220,885	0.02
سی ڈی سی۔ٹرسٹی اے کے ڈی انڈکس ٹریکر فنڈ	1	209,983	0.02
سی ڈی سی۔ٹرسٹی فیصل ایسٹ ایلوکیشن فنڈ	1	22,900	0.00
سی ڈی سی۔ٹرسٹی یو بی ایل سٹاک ایڈوانٹیج فنڈ	1	897,175	0.07
سی ڈی سی۔ٹرسٹی این بی پی سٹاک فنڈ	1	4,389,158	0.34
سی ڈی سی۔ٹرسٹی این بی پی بیلنسڈ فنڈ	1	227,700	0.02
سی ڈی سی۔ٹرسٹی اے پی ایف۔ایکویٹی سب فنڈ	1	206,800	0.02
سی ڈی سی۔ٹرسٹی جے ایس پنشن سیونگز فنڈ۔ایکویٹی اکاونٹ	1	38,491	0.00
سی ڈی سی۔ٹرسٹی ایچ بی ایل۔سٹاک فنڈ	1	66,000	0.01
ایم سی ایف ایس ایل۔ٹرسٹی جے ایس گروتھ فنڈ	1	619,773	0.05
سی ڈی سی۔ٹرسٹی ایم سی بی پاکستان ایسٹ ایلوکیشن فنڈ	1	100,000	0.01
سی ڈی سی۔ٹرسٹی الفلاح جی ایچ پی سٹاک فنڈ	1	451,021	0.04
سی ڈی سی۔ٹرسٹی الفلاح جی ایچ پی الفا فنڈ	1	232,079	0.02
سی ڈی سی۔ٹرسٹی این آئی ٹی۔ایکویٹی مارکیٹ اوپرچونیٹی فنڈ	1	1,656,584	0.13
سی ڈی سی۔ٹرسٹی اے بی ایل سٹاک فنڈ	1	762,270	0.06
سی ڈی سی۔ٹرسٹی اے الحبیب سٹاک فنڈ	1	30,000	0.00
سی ڈی سی۔ٹرسٹی لیکسن ایکویٹی فنڈ	1	357,461	0.03
سی ڈی سی۔ٹرسٹی این بی پی سرمایہ اضافہ فنڈ	1	197,500	0.02
سی ڈی سی۔ٹرسٹی ایچ بی ایل اسلامک سٹاک فنڈ	1	39,000	0.00
سی ڈی سی۔ٹرسٹی ایچ بی ایل آئی پی ایف ایکویٹی سب فنڈ	1	11,000	0.00

SAY NO TO CORRUPTION

فوجی فرٹیلائزر کمپنی لمیٹڈ

پراکسی فارم

46 واں سالانہ عمومی اجلاس

میں/ہم۔۔کا/کے بحثیت 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 بروز منگل 26 مارچ 2024 کو ہونے والے 46 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 2024 میرے/ہمارے دستخط ہوئے

دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ کی موجودگی میں

پچاس روپے کے رسیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

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
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

سالانہ آڈٹ شدہ مالیاتی گوشواروں / سالانہ رپورٹ کو سالانہ جنرل میٹنگ کے نوٹس کے ساتھ ان ممبران کو ای میل کیا جا رہا ہے جنہوں نے الیکٹرانک فارمیٹ میں اس طرح کی مواصلات حاصل کرنے کا انتخاب کیا ہے۔

دیگر ممبران جو سالانہ رپورٹ 2023 الیکٹرانک فارم میں وصول کرنا چاہتے ہیں وہ کمپنی کی ویب سائٹ پر فراہم کردہ فارمیٹ کے مطابق درخواست دائر کر سکتے ہیں۔ سالانہ رپورٹ 2023 کی فزیکل کاپی ممبران کو طلب کرنے پر فراہم کی جائے گی۔

ممبران سے یہ بھی درخواست کی جاتی ہے کہ وہ اپنے رجسٹرڈ ای میل پتوں میں کسی بھی تبدیلی کو بروقت آگاہ کریں، تاکہ کمپنی کی طرف سے موثر مواصلات کو یقینی بنایا جا سکے۔

8۔ مزید کسی بھی مدد کے لیے، اراکین کمپنی یا شیئر رجسٹرار سے درج ذیل فون نمبرز، ای میل پتوں پر رابطہ کر سکتے ہیں:

ایف ایف سی شیئرز ڈیپارٹمنٹ
156-دی مال، راولپنڈی
ٹیلی فون: 92-51-8453235
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 شاہراہ فیصل، کراچی 74400-
ٹیلی فون: 0800-23275
ای میل: info@cdcpak.com

9۔ ڈیویڈنڈ کی الیکٹرانک ادائیگی

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 کے لیے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کو صرف الیکٹرانک موڈ کے ذریعے براہ راست حقدار شیئر ہولڈرز کے بینک اکاؤنٹ میں نقد ڈیویڈنڈ ادا کرے۔

براہ راست اپنے بینک اکاؤنٹ میں منافع حاصل کرنے کے لیے، حصص یافتگان سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم کو پر کریں اور اسے CNIC کی ایک کاپی کے ساتھ کمپنی کے رجسٹرار کو بھیجیں۔ سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک 'B'، S.M.C.H.S مین شاہراہ فیصل، کراچی 74400- فزیکل شیئرز کی صورت میں۔

اگر حصص CDC میں رکھے گئے ہیں تو الیکٹرانک کریڈٹ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکر / شرکت کنندہ CDC / اکاؤنٹ کی خدمات 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	
CNIC/NTN نمبر (کاپی منسلک کریں)	
شیئر ہولڈر کے دستخط	

10۔ بین الاقوامی بینکنگ اکاؤنٹ نمبر کی فراہمی (IBAN تفصیل)

مزید، سرکلر نمبر 2018 (I) 421 مورخہ 19 مارچ 2021 کے ذریعے، SECP نے تمام درج کمپنیوں کو ہدایت کی ہے کہ وہ اپنے شیئر ہولڈر سے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) کی تفصیلات حاصل کریں۔

اس تناظر میں، براہ راست اپنے بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کے لیے، فزیکل شکل میں شیئر ہولڈنگ رکھنے والے حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنے دستخط شدہ IBAN تفصیلات کے ساتھ CNIC کی ایک کاپی کمپنی کے رجسٹرار CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس کو فراہم کریں۔ B-99، بلاک 'B' S.M.C.H.S، مین شاہراہ فیصل کراچی 74400۔ شیئر ہولڈرز رکھنے والا سی ڈی ایس میں بک انٹری فارم میں شیئر ہولڈنگ کو مشورہ دیا جاتا ہے کہ وہ اپنے IBAN کی تفصیلات براہ راست متعلقہ بروکر / شرکت کنندہ CDC / انویسٹر اکاؤنٹ سروسز کو جمع کرائیں

11۔ فزیکل سیکیورٹیز کو بک انٹری فارم میں تبدیل کرنا

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق ہر لسٹڈ کمپنی پر لازم ہے کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرے جیسا کہ بیان کیا گیا ہے اور کمیشن کی طرف سے مطلع کردہ تاریخ سے، اس مدت کے اندر جو چار سال سے زیادہ نہ ہو۔ ایکٹ کا آغاز، یعنی 30 مئی، 2017۔

مزید، 26 مارچ 2021 کے اپنے خط کے ذریعے، ایس ای سی پی نے تمام لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ اپنے شیئر ہولڈرز کو اپنی فزیکل سیکیورٹیز کو بک انٹری فارم میں تبدیل کرنے کے لیے آگے بڑھیں۔

مذکورہ بالا ہدایات کی روشنی میں، فزیکل شیئر ہولڈنگ رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ CDS شرکت کنندہ / CDC انویسٹر اکاؤنٹ سروسز کے ساتھ CDC اکاؤنٹ کھولیں اور اپنی موجودہ فزیکل سیکیورٹیز کو بک انٹری فارم میں تبدیل کریں۔

3۔ ویڈیو کانفرنس کی سہولت کے ذریعے شرکت

جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن (2)132 کی طرف سے اجازت دی گئی ہے، ممبران اس سالانہ جنرل میٹنگ کے لیے 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 سے رضامندی میٹنگ کی تاریخ سے کم از کم 7 دن پہلے موصول ہو جائے۔

مندرجہ بالا شرائط کی تکمیل سے مشروط، اراکین کو اس سہولت تک رسائی کے لیے ضروری مکمل معلومات کے ساتھ سالانہ عام اجلاس کی تاریخ سے 5 دن پہلے مقام کے بارے میں مطلع کیا جائے گا۔

اس سلسلے میں براہ کرم سالانہ عام اجلاس کے انعقاد سے 7 دن پہلے کمپنی کے رجسٹرڈ پتے پر درج ذیل فارمیٹ کے مطابق ایک باقاعدہ دستخط شدہ درخواست بھیجیں۔

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

4۔ سالانہ عام اجلاس کی کارروائی میں ورچوئل شرکت

(i) سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے جاری کردہ متعلقہ رہنما خطوط کی روشنی میں بذریعہ خط نمبر۔ SMD/SE/2(20)/2021/117 مورخہ 15 دسمبر 2021، شیئر ہولڈرز کو کمپنی کی طرف سے ترتیب دی گئی الیکٹرانک سہولت کے ذریعے AGM میں شرکت کی ترغیب دی جاتی ہے۔

(ii) الیکٹرانک سہولت کے ذریعے سالانہ عام اجلاس میں شرکت کرنے کے لیے، حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنی ضروری تفصیلات سالانہ اجلاس عام کے وقت سے 48 گھنٹے پہلے یعنی 24 مارچ 2024 کی صبح 10:00 بجے تک کمپنی سیکرٹریٹ میں بذریعہ ای میل shares@ffc.com.pk جلد از جلد بھیج کر رجسٹرڈ ہو جائیں۔

(iii) شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنے CNIC کی اسکین شدہ کاپی کے ساتھ درج ذیل تفصیلات فراہم کریں اور اگر مقرر کیا گیا ہو تو ان کے پراکسیز کی بھی۔ مزید برآں، ایک کارپوریٹ ممبر کی صورت میں، بورڈ آف ڈائریکٹرز/پاور آف اٹارنی کی قرارداد کی اسکین شدہ کاپی بھی نامزد کے دستخط کے ساتھ فراہم کی جانی چاہیے۔

شیئر ہولڈر کا نام*	CNIC / NTN No.	Folio No. CDC Account No.	موبائل نمبر	ای میل ایڈریس

*جہاں قابل اطلاق ہو، براہ کرم پراکسی ہولڈر یا شیئر ہولڈر کے نامزد کی مندرجہ بالا تفصیلات بھی دیں۔

iv. الیکٹرانک سہولت کی تفصیلات (ویڈیو لنک اور لاگ ان کی اسناد) دلچسپی رکھنے والے شیئر ہولڈرز کو ان کے فراہم کردہ ای میل پتوں پر بھیجی جائیں گی۔ اس کے مطابق، شیئر ہولڈرز اپنے اسمارٹ فونز یا کمپیوٹر ڈیوائسز کے ذریعے AGM کی کارروائی میں حصہ لے سکیں گے۔ مذکورہ بالا کے علاوہ، شیئر ہولڈرز مذکورہ ذرائع کا استعمال کرتے ہوئے AGM کے ایجنڈا آئٹمز کے سلسلے میں اپنے تبصرے اور/یا تجاویز بھی فراہم کر سکتے ہیں۔

v. لاگ ان کی سہولت 26 مارچ 2024 کو 09:30 بجے کھولی جائے گی جس سے شرکا میٹنگ میں شامل ہونے سے پہلے شناخت اور تصدیق کے عمل کے بعد کارروائی میں شامل ہو سکیں گے، جو کہ 10:00 بجے شروع ہو گی۔

5۔ ای ووٹنگ

اراکین کمپنیز ایکٹ، 2017 کے سیکشن 145-143 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کے قابل اطلاق شقوں کے تقاضوں کو پورا کرتے ہوئے رائے شماری کا مطالبہ کرنے کا اپنا حق استعمال کر سکتے ہیں۔

6۔ ڈیویڈنڈز پر ودہولڈنگ ٹیکس

انکم ٹیکس آرڈیننس 2001 کے دسویں شیڈول کے ساتھ پڑھے جانے والے سیکشن 100BA 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 میں شامل افراد کے لیے: 15%

(b) فعال ٹیکس دہندگان کی فہرست میں ظاہر نہ ہونے والے افراد کے لیے: 30%

تاہم، فعال ٹیکس دہندگان کی فہرست میں شامل نہ ہونے والے شخص سے اضافی ٹیکس روکنے کی دفعات غیر رہائشی افراد پر ڈیویڈنڈ کی ادائیگی کی حد تک لاگو نہیں ہوتی ہیں۔

کمپنی کو 30% کی بجائے 15% کیش ڈیویڈنڈ کی رقم پر ٹیکس کٹوتی کرنے کے قابل بنانے کے لیے، ان تمام شیئر ہولڈرز جن کے نام FBR کی ویب سائٹ پر فراہم کردہ ایکٹو ٹیکس پیئرز لسٹ (ATL) میں ظاہر نہیں ہو رہے ہیں، حقیقت کے باوجود۔ کہ وہ فائلرز ہیں، اس بات کو یقینی بنانے کا مشورہ دیا جاتا ہے کہ نقد ڈیویڈنڈ کی منظوری کی تاریخ یعنی 25 مارچ 2024 سے پہلے ان کے نام ATL میں درج ہو جائیں۔ بصورت دیگر ان کے کیش ڈیویڈنڈ پر 15% کی بجائے 30% ٹیکس کاٹا جائے گا۔

سی ڈی سی اکاؤنٹس رکھنے والے کارپوریٹ شیئر ہولڈرز کے لیے ضروری ہے کہ وہ اپنے نیشنل ٹیکس نمبرز (NTNs) کو اپنے متعلقہ شرکا کے ساتھ اپ ڈیٹ کرائیں، جب کہ کارپوریٹ فزیکل شیئر ہولڈرز کو اپنے NTN سرٹیفکیٹ کی ایک کاپی کمپنی یا اس کے شیئر رجسٹرار یعنی CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC کو بھیجنی چاہیے۔ مکان B-99، بلاک 'B'، S.M.C.H.S مین شاہراہ فیصل، کراچی 74400۔ شیئر ہولڈرز کو NTN یا NTN سرٹیفکیٹ بھیجتے وقت، کمپنی کا نام اور اپنے متعلقہ فولیو نمبرز کا حوالہ دینا چاہیے۔

مشترکہ شیئر ہولڈرز کے معاملے میں ٹیکس

ایف بی آر نے 25 ستمبر 2014 کے اپنے وضاحتی خط نمبر I(54)Exp/2014-132872-R کے ذریعے واضح کیا ہے کہ مشترکہ ناموں یا جوائنٹ اکاؤنٹس میں حصص رکھنے والوں کو انفرادی طور پر فائلرز یا نان فائلرز سمجھا جائے گا اور ٹیکس وصول کیا جائے گا۔ ہر شیئر ہولڈر کے متناسب ہولڈنگ کے مطابق کٹوتی کی جائے۔

مشترکہ حصص یافتگان کو چاہیے کہ وہ اپنے متعلقہ جوائنٹ ہولڈنگ کے تناسب سے شیئر رجسٹرار کو 22 مارچ 2024 تک درج ذیل فارم میں آگاہ کریں:

CDC اکاؤنٹ نمبر	فولیو نمبر	ٹوٹل شیئر	پرنسپل شیئر ہولڈر		جوائنٹ شیئر ہولڈر	
			نام اور شناختی کارڈ	شیئر ہولڈنگ پروپورشن	نام اور شناختی کارڈ	شیئر ہولڈنگ پروپورشن

7۔ سالانہ آڈٹ شدہ مالیاتی گوشواروں/سالانہ رپورٹ اور سالانہ اجلاس عام کے نوٹس کی ترسیل

ممبران کو مطلع کیا جاتا ہے کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے SRO 389 (I)/2023 مورخہ 21 مارچ 2023 کے تحت کمپنیوں کو سالانہ بیلنس شیٹ، منافع اور نقصان کے اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ (سالانہ آڈٹ شدہ مالیاتی بیانات یا سالانہ رپورٹ) ممبران/حصص داروں کو CD/DVD/USB کے بجائے QR فعال کوڈ اور ویب لنک کے ذریعے ترسیل کی اجازت دی ہے جس کی منظوری 23 نومبر 2023 کو ہونے والے غیر معمولی جنرل میٹنگ میں بذریعہ شیئر ہولڈرز دی گئی تھی۔

سالانہ آڈٹ شدہ مالیاتی گوشواروں/سالانہ رپورٹ اور 31 دسمبر 2023 کو ختم ہونے والے سال کے سالانہ جنرل میٹنگ کا نوٹس کمپنی کی ویب سائٹ پر ڈال دیا گیا ہے، جسے درج ذیل لنک اور QR کوڈ سے حاصل/ڈاؤن لوڈ کیا جا سکتا ہے:

https://ffc.com.pk/investors-relations/annual-reports

46 ویں سالانہ عام اجلاس کا نوٹس

اطلاع دی جاتی ہے کہ فوجی فرٹیلائزر کمپنی لمیٹڈ کے شیئر ہولڈرز کا 46 واں سالانہ عام اجلاس 26 مارچ 2024 بروز منگل 10:00 بجے FFC ہیڈ آفس، 156 دی مال، راولپنڈی میں بذریعہ ویڈیو کانفرنسنگ کی سہولت کے ساتھ درج ذیل کاروائی کیلئے منعقد ہونا قرار پایا ہے۔

عام کارروائی

1۔ 23 نومبر 2023 کو منعقدہ غیر معمولی جنرل میٹنگ کے منٹس کی تصدیق کرنا۔

2۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے علیحدہ اور مشترکہ مالیاتی بیانات اور ان پر آڈیٹرز کی رپورٹس کے ساتھ FFC کے علیحدہ اور مشترکہ آڈٹ شدہ مالیاتی بیانات پر غور، منظوری اور اختیار کرنا۔

3۔ سال 2024 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز M/s A.F. Ferguson & Co نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

4۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے فائنل ڈیویڈنڈ کی ادائیگی پر غور کرنا اور اسے منظور کرنا۔

5۔ چیئرمین کی اجازت سے کمپنی کے دیگر کاروباری معاملات پر غور و خوض کرنا۔

بحکم بورڈ

بریگیڈیئر ذوالفقار علی حیدر (ریٹائرڈ)

کمپنی سیکرٹری

راولپنڈی

05 مارچ 2024

شیئر ٹرانسفر کتب کی بندش

کمپنی کی حصص کی منتقلی کی کتابیں 24 مارچ 2024 سے 26 مارچ 2024 تک بند رہیں گی (دونوں دن شامل ہیں)۔ کمپنی کے شیئر رجسٹرار یعنی CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس 99-B، بلاک 'B'، S.M.C.H.S مین شاہراہ فیصل، کراچی 74400- پر 22 مارچ 2024 کو کاروبار کے اختتام تک موصول ہونے والی منتقلیوں کو حتمی منافع کی ادائیگی کے مقصد کیلئے بروقت تصور کیا جائے گا۔

نوٹس

1۔ میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار کمپنی کا ممبر کسی شخص/نمائندے کو پراکسی کے طور پر ممبر کی جگہ پر شرکت اور ووٹ دینے کے لیے مقرر کر سکتا ہے۔ پراکسیز کو موثر ہونے کے لیے کمپنی کے رجسٹرڈ آفس، 156- دی مال، راولپنڈی، پاکستان میں میٹنگ کے انعقاد کے وقت سے 48 گھنٹے پہلے (چھٹی کے دن کے اوقات نکال کر) موصول ہونا چاہیے۔ ایک رکن ایک سے زیادہ پراکسی مقرر کرنے کا حقدار نہیں ہوگا۔

2۔ CDC کا کوئی بھی انفرادی فائدہ مند مالک، جو اس میٹنگ میں ووٹ دینے کا حقدار ہے، اسے شناخت ثابت کرنے کے لیے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) لانا چاہیے، اور پراکسی کی صورت میں، شیئر ہولڈر کے تصدیق شدہ CNIC کی ایک کاپی اس کے ساتھ منسلک کرنی چاہیے۔ پراکسی فارم کارپوریٹ ممبران کے نمائندوں کو اس مقصد کے لیے درکار معمول کی دستاویزات ساتھ لانا چاہیے۔

سی ڈی سی اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے 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 معاملے 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) سی ڈی سی پر رجسٹرڈ ممبران سے بھی درخواست کی جاتی ہے کہ وہ اپنی تفصیلات، شناختی کارڈ اور CDS میں اپنا اکاؤنٹ نمبر ساتھ لائیں۔

(iii) کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی ریزولیوشن / پاور آف اٹارنی جس میں نامزد شخص کے دستخط کے نمونے کے ساتھ پیش کیا جائے گا (اگر یہ پہلے فراہم نہ کیا گیا ہو)۔

B. پراکسیوں کی تقرری کے لیے

(i) افراد کے معاملے 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، مندرجہ بالا ضرورت کے مطابق پراکسی فارم جمع کرائیں گے۔

(ii) پراکسی فارم کی گواہی وہ شخص کرے گا جس کا نام، پتہ اور CNIC نمبر فارم پر درج ہوگا۔

(iii) مستفید ہونے والے مالکان کی (CNIC) کی تصدیق شدہ کاپیاں یا پاسپورٹ کی تصدیق شدہ کاپیاں اور پراکسی کو پراکسی فارم کے ساتھ پیش کیا جائے گا۔

(iv) پراکسی میٹنگ کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرے گا۔

(v) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کو نمونہ کے دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ جمع کرایا جائے گا۔

بنیادی خطرہ

درجہ بندی	امکان	شدت
کم	کم	اوسط

خدمات کے شعبے سے ماہرین کو راغب کرنے میں دشواری

سرمایہ	نوعیت	سبب	قسم
مالیاتی/علمی	قلیل مدتی	خارجی	عملیاتی/ساکھ

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 تاکہ اہل افراد کو راغب کیا اور برقرار رکھا جا سکے

بنیادی خطرہ

درجہ بندی	امکان	شدت
اوسط	کم	اوسط

معاشی کساد بازاری کے باعث طلب میں کمی

سرمایہ	نوعیت	سبب	قسم
افرادی	قلیل مدتی	خارجی	معاشی/مالیاتی

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
اوسط	کم	اوسط

غیر معیاری خدمات کے ذریعے برانڈ کی ساکھ اور گروپ کی شہرت کو نقصان

سرمایہ	نوعیت	سبب	قسم
افرادی	قلیل مدتی	خارجی	مالیاتی/ساکھ/تجارتی

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
بلند	اوسط	کم

صارفین کے ساتھ پری کوالیفائی کرنے میں ناکامی

سرمایہ	نوعیت	سبب	قسم
تعلقات عامہ/ افرادی	فوری	خارجی	تجارتی

منسلکہ ہدف	خدمات کی مقامی اور بین الاقوامی مارکیٹوں میں اپنی چھاپ قائم کرنا
تخفیفی اقدامات	پارٹنر کمپنیوں کے ساتھ مل کر مشترکہ پری کوالیفکیشن کو ہدف بنانا۔قابلیت اور توثیقیات (Testimonials) کو اجاگر کرنے کے لیے مؤثر Presentations

بنیادی خطرہ

درجہ بندی	امکان	شدت
کم	اوسط	کم

مسابقتی کاروباری ماحول

سرمایہ	نوعیت	سبب	قسم
افرادی/ مالیاتی	اوسط	خارجی	تجارتی

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 تا کہ مسابقتی برتری قائم کی جاسکے۔گروپ کمپنی کا برانڈ بھی مسابقت کو گھٹادے گا۔

بنیادی خطرہ

درجہ بندی	امکان	شدت
بلند	کم	اوسط

IT سے متعلقہ خدمات (SAP/ Cloud) میں سرمایہ کاری پر کم منافع

سرمایہ	نوعیت	سبب	قسم
علمی	قلیل مدتی	خارجی	مالیاتی/ تجارتی

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
اوسط	کم	اوسط

وسائل کی محدود دستیابی

سرمایہ	نوعیت	سبب	قسم
مالیاتی/ تخلیق کردہ	اوسط	داخلی	اسٹریٹیجک

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

بنیادی خطرہ

درجہ بندی	امکان	شدت
کم	کم	اوسط

مالی ذمہ داریوں کی ادائیگی کے لیے ناکافی نقدی جو کہ Liquidity کے مسائل پیدا کردے

سرمایہ	نوعیت	سبب	قسم
مالیاتی	فوری	داخلی	مالیاتی

منسلکہ ہدف	عمدہ مالی حالت اور پائیدار کارکردگی
تخفیفی اقدامات	Parent کمپنی کی مالی طاقت اور کاروباری ساکھ مشکل حالات سے نکالنے کے لیے کمپنی کی معاونت کرے گی

بنیادی خطرہ

درجہ بندی	امکان	شدت
کم	اوسط	اوسط

لاگت پر کنٹرول نہ ہونے کے باعث مصنوعات کا مسابقتی ماحول میں مقابلہ کے قابل نہ رہنا

سرمایہ	نوعیت	سبب	قسم
مالیاتی	فوری	خارجی	تجارتی

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 بہترین 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 کے ذریعے مصنوعات کی پیداواری لاگت میں کمی۔ جدید ٹیکنالوجی کے ذریعے ضیاع پر قابو پایا جاسکتا ہے۔

بنیادی خطرہ

درجہ بندی	امکان	شدت
اوسط	بلند	کم

غیر معیاری مصنوعات کے باعث صارفین کے اعتماد میں کمی

سرمایہ	نوعیت	سبب	قسم
مالیاتی	قلیل مدتی	خارجی	مالیاتی

منسلکہ ہدف	صارفین کو بہترین معیار کی مصنوعات کی فراہمی، صارفین کی مرکزیت
تخفیفی اقدامات	کوالٹی کنٹرول کا بااختیار شعبہ، مصنوعات کی بہتری کی مسلسل کوشش، زرعی تحقیق اور ترقی تاکہ آلو کی ایسی اقسام تیار کی جاسکیں جو کہ زیادہ عرصہ تک خشک رہنے والے عمدہ فرنچ فرائز فراہم کرسکیں

نمایاں خطرات اور مواقع FFF

بنیادی خطرہ

درجہ بندی	امکان	شدت
بلند	اوسط	بلند

آنکھ او جھل پہاڑ اوجھل

سرمایہ	نوعیت	سبب	قسم
مالیاتی/افرادی	قلیل	خارجی	تجارتی

منسلکہ 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
اوسط	بلند	اوسط

حریفوں کا داخلہ

سرمایہ	نوعیت	سبب	قسم
مالیاتی	قلیل مدتی	خارجی	تجارتی

منسلکہ ہدف	مارکیٹ میں قائدانہ حیثیت کو مضبوط بنانا
تخفیفی اقدامات	مارکیٹ شیئر میں اضافہ، مارکیٹ میں اثر ورسوخ کو بڑھانا، تمام ممکنہ شہروں اور دوکانوں پر مصنوعات کی دستیابی کو یقینی بنانا

بنیادی خطرہ

درجہ بندی	امکان	شدت
اوسط	اوسط	اوسط

مسابقتی مارکیٹ میں تکنیکی مہارت میں پیچھے رہ جانے کے باعث مصنوعات کا متروک ہو جانا

سرمایہ	نوعیت	سبب	قسم
مالیاتی	قلیل مدتی	خارجی	مالیاتی

منسلکہ 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	امکان	شدت
اوسط	بلند	بلند

FFCEL کے اکلوتے گاہک CPPA کی طرف سے ادائیگی میں تاخیر کے نتیجے میں liquidity کے مسائل

سرمایہ	نوعیت	سبب	قسم
مالیاتی	قلیل مدتی	خارجی	مالیاتی

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۔

بنیادی خطرہ

درجہ بندی	امکان	شدت
کم	کم	کم

سیکیورٹی / دہشت گردی کے خطرات جو کہ پیداوار / اثاثوں / افرادی قوت کے زیاں کا باعث بنیں

سرمایہ	نوعیت	سبب	قسم
سماجی	وسط مدتی	خارجی	سیکیورٹی / سیاسی

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 ایمرجنسی سیفٹی/سیکیورٹی کی مشقیں، علاقے میں متعین حکومتی ایجنسیوں، بشمول پولیس اور رینجرز، کے ساتھ روابط، مناسب انشورنس کوریج

بنیادی خطرہ

درجہ بندی	امکان	شدت
کم	کم	کم

EPA / Implementation Agreement اور ریگولیٹری اتھارٹی کے طے شدہ ضوابط سے انحراف

سرمایہ	نوعیت	سبب	قسم
افرادی / مالیاتی	وسط مدتی	خارجی	تعمیلی

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

درجہ بندی	امکان	شدت
کم	اوسط	کم

عملیاتی خطرات (Operational Risk)

سرمایہ	نوعیت	سبب	قسم
افرادی / مالیاتی	طویل مدتی	خارجی	اسٹریٹیجک

منسلکہ ہدف	توانائی کی پیداوار میں زیادہ سے زیادہ اضافہ
مواقع	پلانٹس کی مطلوبہ دستیابی کو یقینی بنانا، ماہانہ Complex Monthly Power Curve کے حصول کو یقینی بنانا، باقاعدہ ریکارڈ ترتیب دینا
تخفیفی اقدامات	معاہدہ کاروں کے ساتھ پریمیم آپریشن اور مینٹیننس معاہدے، جامع انشورنس پالیسیاں، HSEQ پروٹوکول، طویل مدت کی بجلی کی خریداری کے معاہدے

نمایاں خطرات اور مواقع FFCEL, FWEL-I and FWEL-II

دورانِ سال کوئی ایسی نمایاں تبدیلی نہیں ہوئی جس نے ان مقاصد کے حصول کے لیے ہمارے اندازِ کار کو متاثر کیا ہو۔

بنیادی خطرہ

درجہ بندی	امکان	شدت
کم	کم	کم

حکومت کی جانب سے ٹیرف میں کمی کے مطالبات

سرمایہ	نوعیت	سبب	قسم
مالیاتی/افرادی	طویل مدتی	خارجی	اسٹریٹیجک

منسلکہ ہدف	سماجی زندگی، ماحولیاتی بقاء، معاشرے کی بہبود اور O&M میں خودانحصاری
مواقع	لاگت میں کمی، نئے کاروباری مواقع کی تشکیل/ تلاش
تخفیفی اقدامات	حکومت کو قائل کرنا کہ FFCEL نے پہلے ہی O&M اور مالیاتی لاگتوں میں کمی کردی ہے چنانچہ مزید کمی ممکن نہیں، FEWL-I & FWEL-II کا ٹیرف مارکیٹ کے مطابق ہوگا، Cost-plus پراجیکٹس ہونے کے باعث، نیپرا نے لگت کی تصدیق کے بعد ہی ٹیرف کا تعین کیا ہے

بنیادی خطرہ

درجہ بندی	امکان	شدت
بلند	بلند	بلند

قدرتی آفات اور حکومتی ضوابط کے باعث Supply Chain میں رکاوٹ- سپیئر پارٹس کی دستیابی میں تاخیر کے باعث WTGs کی طویل بندش

سرمایہ	نوعیت	سبب	قسم
مالیاتی/ افرادی	طویل مدتی	خارجی	آپریشنل

منسلکہ ہدف	توانائی کی پیداوار میں زیادہ سے زیادہ اضافہ
تخفیفی اقدامات	Vendors کا ڈیٹا بیس اور پارٹس کی سپلائی کا طریقہ کار وضع کرنے کے ساتھ ساتھ بوقت ضرورت O&M کے ماہرین کی خدمات کا حصول، ضروری سپیئر پارٹس کے سٹاک کی سطح میں اضافہ، غیر ملکی Vendors کے ساتھ قریبی روابط، گروپ لیول پر زرمبادلہ کا انتظام

بنیادی خطرہ

درجہ بندی	امکان	شدت
اوسط	اوسط	اوسط

آپریشنل خرابیاں، مرمت کے مسائل، پلانٹ کی فرسودگی جو کہ دستیابی، پیداوار اور وثوق میں کمی کا باعث بنیں

سرمایہ	نوعیت	سبب	قسم
افرادی/ مالیاتی	وسط مدتی	خارجی	آپریشنل

منسلکہ ہدف	توانائی کی پیداوار میں اضافہ/موزوں لاگت
مواقع	O&M میں خودانحصاری میں اضافہ
تخفیفی اقدامات	OEM کے مجوزہ مرمتی شیڈول کی پابندی کے ساتھ ساتھ مسلسل نگرانی اور OEM کے ساتھ رابطہ تاکہ O&M کہ طریقہ کار میں جدت لائی جاسکے۔ 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 جاسکے۔ تھرڈ پارٹی تکنیکی آڈٹس۔ مناسب انشورنس کوریج۔

بنیادی خطرہ

درجہ بندی	امکان	شدت
اوسط	بلند	اوسط

تجربہ کار اور ماہر افرادی قوت کا چھوڑ جانا

سرمایہ	نوعیت	سبب	قسم
افرادی/ مالیاتی	قلیل مدتی	داخلی	آپریشنل

منسلکہ ہدف	توانائی کی پیداوار میں اضافہ، نئے کاروباری مواقع کی تشکیل/ تلاش، O&M میں خودانحصاری میں اضافہ
مواقع	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 ہوچکی ہے اور DPS/ NDX اور دیگر IPPs کی تجربہ کار افرادی قوت دستیاب ہے، چین سے بھی تجربہ کار افرادی قوت حاصل کی جاسکتی ہے۔ gearbox, converters کے ماہرین سے رابطے قائم کیے جاتے ہیں، ملازمین کو روکنے کے لیے پرکشش پالیسیاں متعارف کرانا، ملازمین کے معاوضوں کا ازسرِ نو تعین

	ملین روپے	فی حصہ روپے
ابتدائی ذخائر	120,116	
Non- controlling حصہ داران کو منافع منقسمہ	(200)	
حتمی منافع منقسمہ 2022	(4,007)	3.15
خالص منافع 2023	47,452	37.30
دیگر Comprehensive خسارہ	(249)	
تصرف کے لیے میسر منافع	163,112	
منافع کی تقسیم:		
پہلا عبوری منافع منقسمہ 2023	(5,420)	4.26
دوسرا عبوری منافع منقسمہ 2023	(4,008)	3.15
تیسرا عبوری منافع منقسمہ 2023	(5,063)	3.98
اختتامی ذخائر	148,621	

واقعات مابعد (Subsequent Events)

FFC کے بورڈ آف ڈائریکٹرز نے 26 جنوری 2024 کو منعقدہ اجلاس میں اپنے حصہ داران کے لیے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 4.10 روپے (41%) فی حصہ حتمی منافع منقسمہ کی سفارش کی ہے۔ اس طرح سال کے لیے مجموعی ادائیگی 15.49 روپے فی حصہ رہی جو کہ 64.4 فیصد مجموعی ادائیگی (Payout) بنتی ہے۔ 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۔

Sarfaraz Ahmed Rehman

سرفراز احمد رحمٰن
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر
راولپنڈی
30 جنوری 2024

وقار احمد ملک
چیئرمین

گروپ کی مالیاتی کارکردگی

بینک کے ڈپازٹس 1.28 کھرب روپے تک پہنچ گئے۔ PACRA نے طویل مدت کے لیے بینک کی AA+ ادارہ جاتی درجہ بندی کی دوبارہ توثیق کرتے ہوئے بینک کی Outlook کو بھی Stable قرار دیا ہے جبکہ مختصر مدت کے لیے A1+ درجہ بندی کو برقرار رکھا گیا ہے۔ بینک دیرپا نمو، خوردہ توسیع (retail expansion)، ڈیجیٹل اصلاحات، اور تکنیکی اور افرادی سرمایہ کاری کے ذریعے حصہ داران کی دولت بڑھانے پر توجہ مرکوز کیے ہوئے 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 7.47 ملین ٹن، (2022: 6.36) ملین ٹن ہے۔ سال 2021 میں FCCL اور عسکری سیمنٹ لمیٹڈ دونوں کے بورڈ آف ڈائریکٹرز نے عسکری سیمنٹ لمیٹڈ کے FCCL میں انضمام کی سکیم کی منظوری دی ہے۔ اس سکیم کی معزز لاہور ہائیکورٹ نے بھی مارچ 2022 میں منظوری دے دی ہے۔ FCCL ملک کی سیمنٹ کی مارکیٹ میں سب سے بڑی کمپنیز میں سے ایک بن گئی ہے۔ اس کمپنی میں ایف ایف سی نے 1.5 ارب روپے کی سرمایہ کاری کی ہے اور 4.29 فیصد حصص کی مالک ہے۔

سیمنٹ کمپنی نے اپنی نئی پیداواری سہولت کے تجارتی آپریشنز (COD)، اکتوبر 2022 میں حاصل کر لیے تھے جس کے باعث پیداوار میں اضافہ ہوا اور اس طرح کمپنی نے گزشتہ سال 7.3 ارب روپے کے مقابلے میں 7.7 ارب روپے کا خالص منافع ریکارڈ کیا۔

FCCL کی یہ کارکردگی یکم اکتوبر 2022 سے 30 ستمبر 2023 تک کی مدت کے لیے بیان کی گئی ہے، جبکہ مالیاتی پوزیشن کا تعلق 30 ستمبر 2023 تک کی صورتحال سے ہے۔

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 ہو گئی۔ FFC کو 7.15 ارب روپے کی مجموعی سرمایہ کاری کے ساتھ 49.88 فیصد ایکویٹی اشتراک 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۔

FFBL کی یوریا پیداوار میں گیس کی قلت کے باعث 36 فیصد کمی ہوئی، اس کے علاوہ، گیس کی قیمتوں، افراطِ زر، نقل و حمل کے اخراجات، زائد سپر ٹیکس اور محصولات کے نفاذ سمیت، خام مال کی لاگت میں اضافہ بھی اثر انداز ہوئے۔

کمپنی نے مجموعی آمدن فروخت (Consolidated Revenue) میں 21.3 فیصد اضافہ ریکارڈ کیا جس کی بنیادی وجہ متذکرہ بالا عوامل کو جزوی طور پر صارفین کو منتقل کرنا ہے، تاہم منسلکہ کمپنیوں سے کم آمدنی کے باعث مجموعی منافع، گزشتہ سال کے 7.5 ارب روپے کے مقابلے میں 3.04 ارب روپے رہا۔

پاکستان مراکش فاسفورس (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 بنیادی طور پر 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 64.35 ارب روپے کی آمدن فروخت حاصل کی اور پیداوار میں 50 ہزار ٹن سالانہ اضافے کے مقصد کے ساتھ فاسفورک ایسڈ پلانٹ کی استعداد میں اضافے کا پراجیکٹ شروع کیا، جس کی تکمیل مجوزہ مدت کے اندر متوقع ہے۔

تھر انرجی لمیٹڈ (TEL)

TEL کو سنہ 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۔ FFC، اس منصوبے میں 30 فیصد حصے کی مالک ہے۔

دورانِ سال، کمپنی نے TEL میں 227 ملین روپے کی سرمایہ کاری کی اس طرح مجموعی سرمایہ کاری بڑھ کر 5.99 ارب روپے ہو گئی۔

زیرِ جائزہ مدت کے دوران، پیداواری اشاریوں کے حصول کے لیے TEL کے پلانٹ کی کارکردگی شاندار رہی۔ بھورے کوئلے سے چلنے والا (Lignite-fired) یہ پاور پلانٹ، پاکستان میں ایسے صرف دو پلانٹس میں سے ایک ہے جسے مکمل طور پر مقامی افرادی قوت چلا رہی ہے۔

اندرونی ضوابط کی موزونیت (Adequacy of Internal Controls)

تمام گروپ کمپنیز کے متعلقہ بورڈز نے اندرونی 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 120,116 ملین روپے تھے جس میں سے 4,007 ملین روپے حصہ داروں نے سال 2022 کے حتمی منافع منقسمہ کے لیے منظور کیے۔

سال 2023 کے دوران گروپ نے 47,203 ملین روپے کا مجموعی (Comprehensive) منافع حاصل کیا اور مجموعی طور پر 14,491 ملین روپے مالیت کے تین عبوری منافع منقسمہ تقسیم کیے جو کہ 11.39 روپے فی حصہ بنتے ہیں۔ اس طرح سال 2023 کے اختتام پر مجموعی ذخائر 148,621 ملین روپے تھے، جیسا کہ نیچے تفصیل سے بیان کیا گیا ہے:

FWEL-I کا خالص منافع بھی نمایاں اضافے کے ساتھ 4.82 ارب روپے تک پہنچ گیا، جو کہ گزشتہ سال کے مقابلے میں 52 فیصد زائد ہے۔ آمدنی میں اضافے اور بہتر وصولیوں سے کمپنی کی لیکویڈیٹی پوزیشن مستحکم ہوئی، جبکہ اس کی قرض کی ذمہ داریاں سال بھر کامیابی سے ادا ہوئیں۔ یہ کمپنی کے مؤثر مالیاتی انتظام اور دیرپا ترقی کے عزم کا عکاس ہے۔

کمپنی نے تعلیم، صحت اور تکنیکی تربیت پر توجہ مرکوز کرتے ہوئے کارپوریٹ سماجی ذمہ داری کے لیے اپنی وابستگی کو برقرار رکھا۔ یہ عمدہ اخلاقی اقدار کے لیے بورڈ کے عزم کو ظاہر کرتا ہے اور ایک ذمہ دار اور مؤثر توانائی فراہم کنندہ کے طور پر FWEL-I کی ساکھ کو مستحکم بناتا ہے۔

FWEL-I کے آڈیٹرز نے 31 دسمبر 2023 کو ختم ہونے والی مدت کے لیے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

فاؤنڈیشن ونڈ انرجی-2 لمیٹڈ (FWEL-II)

29 ستمبر 2021 کو FFC نے FWEL-II کی 80 فیصد 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 گیا 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۔

سال 2023 کے دوران FWEL-II نے اوسط دستیابی کا عنصر 97.99 فیصد حاصل کرتے ہوئے بہترین کارکردگی کا مظاہرہ کیا۔ پلانٹ نے 126.21 GWh بجلی قومی گرڈ کو فراہم کی جو کہ گزشتہ برس 114.47 GWh تھی۔

مالیاتی طور پر کمپنی نے نمایاں نمو کا مظاہرہ کیا۔ آمدن فروخت گزشتہ برس کے مقابلے میں 38 فیصد کے اضافے کے ساتھ 6.63 ارب روپے ہوگئی، اس اضافے کی بنیادی وجہ شرح مبادلہ میں تغیر اور Delayed Payment Revenues میں اضافہ ہے۔

خالص منافع بھی نمایاں اضافے کے ساتھ 4.72 ارب روپے تک پہنچ گیا، جو کہ گزشتہ برس 3.14 ارب روپے تھا۔ گزشتہ سال کے دوران، FWEL-II نے اپنے مالیات کا مؤثر انتظام کیا چنانچہ اس کے طویل المیعاد قرضے ادا ہو چکے ہیں۔ مزید برآں، بہتر وصولیوں کے ساتھ ساتھ آمدن میں اضافے نے کمپنی کی لیکویڈیٹی میں اضافہ کیا۔

FWEL-II کے آڈیٹرز نے 31 دسمبر 2023 کو ختم ہونے والی مدت کے لیے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

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۔ تاحال، اس پراجیکٹ میں FFC کی مجموعی سرمایہ کاری 6.34 ارب روپے ہے۔

بلند افراطِ زر اور سود کی شرح کے ساتھ مجموعی سماجی، سیاسی اور اقتصادی صورتحال انتہائی غیر مستحکم رہی، جس کے باعث کمپنی کی عملیاتی اور مالیاتی لاگت میں اضافہ ہوا۔

افراطِ زر کے باوجود، سال کے دوران لاگت میں کمی کے متعدد اقدامات اور کمپنی بھر میں کفایت شعاری کی مہم کی وجہ سے لاگت کو عمدہ طریقے سے کنٹرول کیا گیا۔

FFF نے استعداد میں اضافے کی وجہ سے اپنی آمدن فروخت میں 61 فیصد اضافہ ریکارڈ کیا اور 388 ملین روپے کا پہلا آپریٹنگ منافع رپورٹ کیا۔ تاہم مشرقِ وسطیٰ کے بحران کی وجہ ملک میں بین الاقوامی فوڈ چینز کا بائیکاٹ ہوا جس کی وجہ سے یہ منافع سمٹ گیا۔ شرح سود میں اضافے کی وجہ سے مالیاتی لاگت بڑھ کر 780 ملین روپے تک پہنچ گئی جو کہ گزشتہ برس 247 ملین روپے تھی اور اس کے نتیجے میں کمپنی نے 469 ملین روپے کا خالص نقصان ریکارڈ کیا، جو تقریباً گزشتہ برس کی سطح پر ہے۔

ساہیوال میں پیداواری سہولت نے سال کے دوران تیسرے فریق کے ذریعہ کئے گئے Supplier Quality Management System آڈٹ کو کامیابی کے ساتھ پاس کیا اور کمپنی کو توقع ہے کہ وہ کامیابی کے ساتھ جائزہ پروگرام مکمل کر لے گی اور مستقبل قریب میں بین الاقوامی فوڈ چینز کے لیے ایک مصدقہ سپلائر بن جائے گی۔ اس سے آئندہ سال کے دوران FFF کے عملیاتی اور مالیاتی نتائج میں مزید بہتری کی توقع ہے۔

آڈیٹرز نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

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 نے اپنے آپریشنز میں نمایاں پیش رفت کی ہے۔ OLIVE نے کھاد اور تیل سمیت مختلف شعبوں میں پاکستان کے اندر اور باہر تکنیکی خدمات کے ساتھ ساتھ آئی ٹی سے متعلقہ خدمات اور خصوصی تربیت کی فراہمی جاری رکھی۔

کمپنی نے گزشتہ سال کے مقابلے میں 326 فیصد اضافے کے ساتھ 309 ملین روپے کی آمدن فروخت (Revenue) رپورٹ کی ہے۔ یہ کامیابی، بہتر کاروباری حکمت عملی اور وسعت کے باعث ممکن ہوسکی۔

آگے بڑھتے ہوئے، ہم بہتر عملیاتی اور مالیاتی کارکردگی کے ساتھ مختلف شعبوں میں OLIVE کی بڑھتی ہوئی چھاپ دیکھتے ہیں۔

کمپنی کے آڈیٹرز نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے OLIVE کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

منسلکہ کمپنیاں
(Associated Companies)

عسکری بینک لمیٹڈ (AKBL)

بینک 1991 میں ایک پبلک لمیٹڈ کمپنی کے طور پر قائم ہوا اور بنیادی طور پر بینکنگ کے کاروبار میں مصروف ہے۔ جو کہ 765 برانچوں کے نیٹ ورک، بشمول 140 اسلامی بنکاری کی برانچیں، 63 سب برانچیں اور مملکت بحرین میں ایک Wholesale بینک برانچ کے ساتھ مصروفِ عمل ہے۔ FFC نے 2012 میں 10.46 ارب روپے کی سرمایہ کاری کے عوض AKBL میں 43.15 فیصد ایکویٹی حاصل کی۔

برانچ نیٹ ورک میں اضافے اور بڑھتی ہوئی شرح سود نے اثاثوں میں اضافے کے علاوہ خالص سود اور Non Fund آمدن میں اضافہ ظاہر کرتے ہوئے عسکری بینک کی کارکردگی پر نمایاں اثر ڈالا۔ بینک نے رپورٹنگ مدت کے دوران 17.9 ارب روپے کا منافع کمایا جو گزشتہ سال 13.7 ارب روپے تھا۔

AKBL کی یہ کارکردگی یکم اکتوبر 2022 سے 30 ستمبر 2023 تک کی مدت کے لیے بیان کی گئی ہے، جبکہ مالیاتی پوزیشن کا تعلق 30 ستمبر 2023 تک کی صورتحال سے ہے۔

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 (FWEL-I)
فاؤنڈیشن ونڈ انرجی-2 لمیٹڈ (FWEL-II)
اولیو ٹیکنیکل سروسز (پرائیویٹ) لمیٹڈ (OLIVE)

منسلکہ کمپنیاں (Associated Companies)

عسکری بنک لمیٹڈ (AKBL)
فوجی سیمنٹ کمپنی لمیٹڈ (FCCL)
فوجی فرٹیلائزر بن قاسم لمیٹڈ (FFBL)
پاکستان مراکش فاسفورایس۔اے۔مراکش (PMP)
تھر انرجی لمیٹڈ (TEL)
فوجی فوڈز لمیٹڈ (FFL)

نفع ونقصان کا تجزیہ

آمدن (Turnover)

گروپ نے 181.4 ارب روپے کی آمدن حاصل کی، جو کہ گزشتہ سال کے مقابلے میں 44 فیصد زائد ہے، یہ بڑھوتری کھادوں کی فروخت کے زائد حجم اور کھادوں کی فروخت کے علاوہ ہوا سے بجلی بنانے والے منصوبوں اور فوجی فریش این فریز سے زائد آمدن کے باعث ہے۔

لاگت فروخت (Cost of Sales)

لاگت فروخت سال 2022 کے مقابلے میں 38 فیصد اضافے کے ساتھ 104.6 ارب روپے ریکارڈ کی گئی جس کا بنیادی سبب گیس کی قیمتوں میں اضافے کے ساتھ ساتھ افراطِ زر اور دیگر عوامل ہیں۔

خام منافع (Gross Profit)

پس، گروپ کا خام منافع 76.8 ارب روپے رہا جو کہ گزشتہ برس کے 49.7 ارب روپے کے مقابلے میں 55 فیصد زائد ہے۔

انتظامی اور ترسیلی اخراجات (Administrative & Distribution Expenses)

13.8 ارب روپے کے انتظامی اور ترسیلی اخراجات گزشتہ سال کے مقابلے میں 23 فیصد بڑھ گئے جس کا بنیادی سبب ایندھن کی قیمتوں میں اضافہ اور double digit افراطِ زر ہے۔

مالیاتی لاگت (Finance Cost)

شرح سود میں تیزی سے اضافے اور 2022 کے دوران قرض کی زیادہ ضروریات کے نتیجہ میں مالیاتی لاگت 6.6 ارب روپے رہی جو کہ گزشتہ برس 5.9 ارب روپے تھی۔

دیگر آمدن (Other Income)

فنڈز کے مؤثر استعمال اور بلند شرح سود کے باعث دیگر آمدن 16.4 ارب روپے رہی، جو کہ سال 2022 کے مقابلے میں 42 فیصد زائد ہے۔

دیگر نقصانات (Other Losses)/ دیگر اخراجات (Other Expenses)

دیگر نقصانات میں واجب الادا GIDC کی 1.2 ارب روپے کی Unwinding اور حکومت سے واجب الوصول سبسڈی پر 2.9 ارب روپے کے Expected Credit Loss شامل ہیں۔ بہتر منافع کی وجہ سے WWF اور WPPF کے اخراجات میں اضافے کے باعث، دیگر اخراجات 5.44 ارب روپے ہوگئے۔

منسلکہ کمپنیوں اور مشترکہ منصوبوں سے منافع کا حصہ (Share of Profit of Associates and Joint Venture)

منسلکہ کمپنیوں اور مشترکہ منصوبوں سے منافع کا حصہ، 11.24 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ برس 12.4 ارب روپے تھا اور اس کا بڑا سبب منسلکہ کمپنیوں کے منافع میں کمی ہے۔

ٹیکس اخراجات (Provision for Taxation)

27.07 ارب روپے کا ٹیکس چارج، 2022 کے مقابلے میں 66 فیصد زیادہ ہے اور اس کا بنیادی سبب زائد منافع کے ساتھ ساتھ 2022 کے مقابلے میں سپر ٹیکس میں اضافہ ہے جس نے گروپ کے منافع کو منفی طور پر متاثر کیا۔

خالص منافع (Net Profit)

نتیجتاً، گروپ کا خالص منافع 38 فیصد اضافے کے ساتھ 47.45 ارب روپے رہا جبکہ فی حصہ آمدن 37.3 روپے رہی جو کہ گزشتہ برس 27.02 روپے فی حصہ تھی۔

ذیلی کمپنیاں (Subsidiary Companies)

ایف ایف سی انرجی لمیٹڈ (FFCEL)

FFCEL، ہوا سے بجلی بنانے والا سرخیل ادارہ، ایک غیر مندرج (Unlisted) پبلک کمپنی ہے اور FFC کی ایک کلی ملکیتی ذیلی کمپنی (Wholly Owned Subsidiary) ہے۔ بجلی بنانے اور فروخت کرنے کے بنیادی مقصد کے تحت قیام کے بعد، FFCEL نے مئی 2013 میں تجارتی سرگرمیوں کا آغاز کیا تھا اور اس کی بجلی بنانے کی استعداد MW 49.5 ہے۔ اس کمپنی میں FFC کی موجودہ ایکویٹی سرمایہ کاری 2.44 ارب روپے ہے۔

سال 2023 کے دوران، FFCEL نے بعض مالیاتی چیلنجز کے باوجود، تسلی بخش کارکردگی کا مظاہرہ کیا۔ کمپنی کا خالص منافع 2.03 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ برس کے 2.50 ارب روپے کے مقابلے میں تھوڑا کم ہے۔ منافع میں اس کمی کی بنیادی وجہ، قرض کے عنصر سے متعلقہ ٹیرف کا خاتمہ ہے، جس کے باعث آمدن متاثر ہوئی۔ تاہم، سال کے دوران، واجبات کی وصولی میں بہتری ہوئی۔

FFCEL پلانٹ کی عملیاتی کارکردگی عمدہ رہی اور اوسطاً 98 فیصد دستیابی حاصل کرتے ہوئے 104.02 GWh بجلی قومی گرڈ کو فراہم کی جو کہ گزشتہ برس 89.49 Gwh تھی۔ سال بھر کے دوران طے شدہ اور غیر طے شدہ مرمت کے بڑے بڑے کام سر انجام دینے کے باوجود یہ کامیابی بالخصوص قابلِ ذکر ہے۔

FFCEL نے فوجی فوڈز لمیٹڈ کے 18.45 فیصد شیئرز خرید کر اپنے کاروبار کو وسعت دی ہے۔ اس سرمایہ کاری سے، جس کی مالیت 4.65 ارب روپے ہے، FFCEL اور گروپ دونوں کے منافع میں اضافے کی توقع ہے۔

FFCEL نے اپنی تکنیکی صلاحیتوں کو بڑھانے، اپنی ٹیم کو خصوصی تربیت فراہم کرنے اور مختلف اشتراکات کے ذریعے صنعت بھر کی صلاحیت بڑھانے پر توجہ مرکوز کی۔

FFCEL کے آڈیٹرز نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے کمپنی کے مالیاتی گوشواروں پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

فاؤنڈیشن ونڈ انرجی-1 لمیٹڈ (FWEL-1)

29 ستمبر 2021 کو FFC نے FWEL-I کی 100 فیصد ملکیت حاصل کر لی، جو کہ ایک غیر مندرج (Unlisted) پبلک لمیٹڈ کمپنی ہے۔ FWEL-I ہوا سے بجلی بنانے والا 50MW کا پراجیکٹ ہے جسے بجلی بنانے اور فروخت کرنے کے مقصد کے تحت قائم کیا گیا 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۔

FWEL-I نے بہترین عملی کارکردگی کا مظاہرہ کیا اور اوسط دستیابی کا عنصر 98.38 فیصد حاصل کرتے ہوئے 112.53 GWh بجلی قومی گرڈ کو فراہم کی جو کہ گزشتہ برس 106.27 GWh تھی۔ بڑے پیمانے پر مرمت کے باوجود، کمپنی کی عملی استعداد بلند رہی۔ آمدن فروخت 39 فیصد کے نمایاں اضافے کے ساتھ 6.72 ارب روپے ہوگئی، جس کی وجہ شرح مبادلہ میں تغیر اور Delayed Payment Revenues میں اضافہ ہے۔

چئیرمین کا تجزیہ (گروپ)

معزز حصص داران!

گروپ کو جغرافیائی سیاسی عدم استحکام کے ساتھ ساتھ مہنگائی اور شرح سود کے حوالے سے مختلف چیلنجز کا سامنا کرنا پڑا۔ اضافی محصولات بشمول سپر ٹیکس، پاکستانی روپے کی قدر میں شدید گراوٹ اور زرمبادلہ کی کمی نے گروپ کے کاروبار میں مزید رکاوٹیں کھڑی کیں۔ اس طرح عملیاتی لاگت (Operating Cost) میں نمایاں اضافہ ہوا لیکن مستعد بورڈ کی حکمت عملیوں اور انتظامیہ کی عمدہ کارکردگی نے گروپ کو گزشتہ سال کے مقابلے میں اپنی کارکردگی کو بہتر بنانے کے قابل بنایا۔

FWEL I&II کی طرف سے حاصل کی گئی طویل مدتی فنانسنگ کی مدت دورانِ سال مکمل ہوگئی۔ جبکہ ہوا سے بجلی بنانے والے تینوں منصوبوں کی ریونیو کی وصولی میں نمایاں بہتری آئی، جس سے ان منصوبوں کی کیش فلو پوزیشن میں بہتری ہوئی۔ بجلی کی مجموعی رسد 342.73 گیگاواٹ رہی، جس میں گزشتہ سال کے مقابلے میں 10 فیصد اضافہ ہوا، جبکہ مالیاتی لاگت (Financing cost) میں 37 فیصد کمی واقع ہوئی۔ بجلی کے منصوبوں کا مجموعی منافع 11.5 ارب روپے ریکارڈ کیا گیا جو پچھلے سال کے مقابلے میں 30 فیصد زیادہ ہے۔ FFCEL نے بھی اپنے پورٹ فولیو کو متنوع بنانے کی طرف قدم اٹھاتے ہوئے، 4.65 ارب روپے کے عوض فوجی فوڈز لمیٹڈ کے 18.45 فیصد ایکویٹی شیئرز خریدے ہیں۔ اس منصوبے سے FFCEL کے ساتھ ساتھ گروپ کی آمدن میں بھی اضافے کی توقع ہے۔

تھر انرجی لمیٹڈ نے یکم اکتوبر 2022 کو کمرشل آپریشنز کے کامیاب آغاز کے بعد اپنے پہلے 12 ماہ کے آپریشنز کامیابی سے مکمل کر لیے ہیں۔ بورڈ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ اس منصوبے نے اپنے آپریشن کے پہلے ہی سال میں 9 ارب روپے کا خالص منافع کمایا ہے۔ عسکری بنک نے، برانچ نیٹ ورک میں اضافے کے باعث ڈپازٹس میں اضافے کے ساتھ ساتھ شرح سود میں اضافے کی وجہ سے، رپورٹنگ کی مدت کے دوران اپنے خالص منافع کو 17.9 ارب روپے تک بڑھایا جو کہ گزشتہ برس 13.7 ارب روپے تھا۔

OLIVE Technical Services نے مختلف شعبوں بشمول کھاد، تیل و گیس، توانائی اور آئی ٹی میں خدمات کے پھیلاؤ کے ساتھ ساتھ مختلف صارفین کو مطلوبہ مخصوص تربیت بھی فراہم کی۔ اس طرح OLIVE نے اپنی آمدنی اور کمائی میں اضافہ ریکارڈ کیا، اور آنے والے سالوں کے دوران مارکیٹ میں مزید رسائی کے لیے پر اعتماد ہے۔ Fauji Fresh n Freeze Limited نے سال کا آغاز نامور صارفین کی جانب سے بہت زیادہ مانگ کے ساتھ مثبت انداز سے کیا اور تیسری سہ ماہی کے اختتام تک کافی پیش رفت دکھائی، تاہم، مشرق وسطی کے تنازع اور اس کے نتیجے میں عالمی چینز کے بائیکاٹ نے آخری سہ ماہی کے دوران فروخت پر منفی اثر ڈالا۔ اس کے ساتھ ساتھ بلند شرح سود اور افراط زر کے عوامل 0.5 ارب روپے کے خالص نقصان کا سبب بنے جو کہ گزشتہ سال کے تقریباً برابر ہے۔

دورانِ سال گیس کی قلت کے نتیجے میں FFBL کی جانب سے یوریا اور ڈی اے پی کی پیداوار کم ہوئی۔ مہنگائی اور بڑھتی ہوئی شرح سود کے اثرات کے علاوہ منسلکہ کمپنیوں کی جانب سے کم منافع کے نتیجے میں مجموعی خالص منافع 3.04 ارب روپے رہا جو کہ گزشتہ برس 7.65 ارب روپے تھا۔ فوجی سیمنٹ کمپنی لمیٹڈ (FCCL) نے بھی پیداواری صلاحیت میں اضافہ کے باعث ترقی کا مظاہرہ کرتے ہوئے 7.7 ارب روپے کا خالص منافع حاصل کیا جو کہ گزشتہ سال 7.3 ارب روپے تھا۔

گروپ کی مجموعی آمدن 181.4 ارب روپے رہی، جو گزشتہ سال کے مقابلے میں 44 فیصد زائد ہے، جبکہ دیگر آمدن (Other Income) 42 فیصد اضافے سے 16.4 ارب روپے تک پہنچ گئی۔ منسلکہ کمپنیوں کے منافع کا حصہ بھی 9.7 فیصد کم ہو کر 11.24 ارب روپے تک پہنچ گیا اور ان عوامل کے علاوہ گروپ کی جانب سے لاگت پر قابو پانے کے مؤثر اقدامات کے نتیجے میں 47.45 ارب روپے کا خالص منافع ہوا، جو گزشتہ سال کے 34.3 ارب روپے سے نمایاں طور پر زیادہ ہے۔ FFC، مرکزی کمپنی، نے 11.39 روپے فی حصہ کے عبوری منافع منقسمہ کا اعلان کیا۔ مزید برآں، بورڈ آف ڈائریکٹرز نے 4.10 روپے فی حصہ کے حتمی منافع منقسمہ کا اعلان کیا ہے۔

بورڈ تمام شراکت داران کی ضروریات کو پورا کرنے اور اپنے حصہ داران کو مستقل منافع فراہم کرنے کے لیے تمام شعبوں میں پیداواری صلاحیت کو بڑھانے پر توجہ مرکوز کرنے کے ساتھ ساتھ، معاشی چیلنجز میں گروپ کی رہنمائی کے لیے پرعزم ہے۔

وقار احمد ملک

چیئرمین

راولپنڈی

26 جنوری 2024

مستقبل کی توقعات

FFC کے مستقبل کا منظرنامہ (Future Outlook of FFC)

کھاد کی صنعت مستحکم زرعی ترقی میں ایک اہم کردار ادا کرتی ہے جو بڑھتی ہوئی آبادی کے لیے غذائی تحفظ کی ضامن ہے۔ ارزاں نرخوں پر کھاد کی دستیابی ملک میں مسلسل بڑھتی ہوئی غذائی ضروریات کو پورا کرنے کے لیے عمدہ زرعی پیداوار کا باعث بنے گی۔

ایک پیشگی اقدام کرتے ہوئے، بورڈ نے ماحولیاتی، سماجی اور نظم و نسق کے اطوار اور متعلقہ رپورٹنگ کے معیارات کو اپنانے کی تیاری شروع کر دی ہے۔

مستقبل کے چیلنجز اور بے یقینی کا تدارک (Response to Future Challenges And Uncertainties)

مستقبل میں بہتر کارکردگی کے لیے کلیدی منصوبے (Key Projects to Support Future Performance)

کھاد کی صنعت کے کاروبار کے لیے مطلوبہ دباؤ پر گیس کی فراہمی ناگزیر ہے۔ کمپنی خام مال (گیس) کے متبادل ذرائع کی تلاش کے علاوہ گیس کا دباؤ بڑھانے کی سہولیات کے منصوبے (Pressure Enhancement Facilities) کے ذریعے موجودہ ذرائع کی استعداد میں اضافے کے لیے سرمایہ کاری کرنے کے لیے پرعزم ہے۔ اس کے ساتھ ساتھ نئی اضافی قدر والی (added-Value) مصنوعات کی تیاری کے ذریعے بنیادی کاروبار میں وسعت کے مواقع بھی تلاش کیے جا رہے ہیں۔

ہمارے ذیلی اداروں سے کمپنی کے منافع میں بڑھوتری کی توقع ہے۔ فوجی فریش این فریز کا مشرق وسطیٰ کے تنازع کی وجہ سے فاسٹ فوڈ چینز کے عوامی بائیکاٹ کی وجہ سے بالواسطہ پڑنے والے اثرات سے نکلنے کا امکان ہے اور توقع ہے کہ جلد ہی فروخت میں بہتری آئے گی۔

جاری آپریشنل منصوبوں کی تفصیلات متعلقہ سرمایوں، بشمول تخلیقی (Manufactured)، علمی (Intellectual) اور افرادی (Human)، کے سیکشنز میں صفحہ نمبر 124,120,114 پر دی گئی ہیں۔

FFC کو متاثر کرنے والے نمایاں خطرات اور امکانات (Key Risks and Uncertainties Affecting FFC)

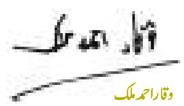
معاشی غیر یقینی، نمایاں طور پر بلند افراطِ زر، کرنسی کی قدر میں کمی کے ساتھ ساتھ متضاد معاشی اقدامات کی اصلاح کے لیے فوری حکومتی توجہ درکار ہے، جو بصورت دیگر، کمپنی کے منافع کی شرحوں کے لیے واضح خطرہ ہیں۔

مستقبل میں، اگر سود کی شرح میں کمی ہوتی ہے، تو 2023 میں حاصل ہونے والی ریکارڈ دیگر آمدن شاید برقرار نہ رکھی جا سکے۔ سونا یوریا کی پیداوار اور فروخت میں اضافے کی شرح سال 2024 اور اس کے بعد برقرار نہیں رہ سکے گی کیونکہ 2023 میں سونا یوریا کی پیداوار پہلے ہی بلند ترین سطح تک پہنچ چکی ہے۔ DAP کا منافع بین الاقوامی قیمتوں اور کرنسی کی قدر میں کمی سے مشروط ہے جو کہ ملک میں اس کی طلب اور استطاعت پر براہ راست اثر انداز ہوتی ہیں۔

گیس کی قیمتوں میں کسی بھی طرح کے نامناسب اضافے کا کمپنی پر منفی اثر پڑے گا اور اسے صارفین پر منتقل کرنا پڑے گا۔ اضافی ٹیکسوں کا نفاذ بھی دیرپا منافع کے لیے ایک چیلنج ہوگا۔ سال 2023 کے آخر تک Axle Weight Regulation کے نفاذ سے کمپنی کے عملیاتی اخراجات میں مزید اضافے کا خدشہ ہے۔

لہٰذا 'مستقبل کی توقعات' میں حالیہ سال میں ہونے والی پیشرفت اور توقعات کو بیان کیا گیا ہے جیسا کہ 'ایم ڈی اور سی ای او کا تبصرہ' میں تفصیل سے بیان کیا گیا ہے، تا کہ ایف ایف سی کے متوقع مستقبل کے متعلق ایک جامع اور مربوط نقطہ نظر پیش کیا جا سکے۔

ملک میں غذائی تحفظ کو یقینی بنانے اور معاشی ماحول کے لیے حقیقت پسندانہ اہداف کے ساتھ سازگار اور مستقل حکومتی پالیسیاں ناگزیر ہیں۔



وقار احمد ملک

چیئرمین

راولپنڈی

سرفراز احمد رحمٰن

مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

مستقبل کی توقعات

مُستقبل کی توقعات' کا مقصد شراکت داران (Stakeholders) کو، مینجمنٹ (Management) کے تخمینوں کی بنیاد پر، کمپنی کی مستقبل کی کارکردگی کی رفتار کے بارے میں آگاہ کرنا ہے۔ یہ رپورٹ، مختلف داخلی اور خارجی عوامل کی بنیاد پر، کارکردگی کی رفتار سے متعلقہ بے یقینیوں کا احاطہ بھی کرتی ہے۔ 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۔ تاہم کارکردگی کی اصل رفتار، مختلف بے یقینیوں اور مفروضوں کے باعث، یہاں بیان کی گئی توقعات سے مختلف ہوسکتی ہے۔ اس رپورٹ کو چیئرمین اور چیف ایگزیکٹو کے جائزوں، مالیاتی سرمایہ اور اس رپورٹ کے دیگر حصوں میں فراہم کردہ معلومات کے تناظر میں پڑھا جانا چاہیئے۔

2023 کا جائزہ

سال 2023 کا آغاز غیر ملکی زرمبادلہ کے ذخائر میں گراوٹ، بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، روز افزوں افراط زر اور پاکستانی روپے کی قدر میں شدید کمی کے باعث پیدا ہونے والی معاشی غیر یقینی صورتحال کے ساتھ ہوا۔ کمپنی کو اہم پرزہ جات، مشینری اور کیمیکلز درآمد کرنے میں مشکلات کا سامنا کرنا پڑا اور اسے دیگر ذرائع اور متبادلات کے لیے ایک ہنگامی منصوبہ پر عمل درآمد کرنا پڑا، اور الحمدللہ، کمپنی کے آپریشنز کو کسی قسم کے خلل سے کامیابی کے ساتھ بچالیا گیا۔

عالمی منظرنامے کو دیکھا جائے تو، معیشت نے سست روی کے ساتھ عالمی وباء، جغرافیائی سیاسی بدامنی اور روزمرہ اشیاء کی زائد قیمتوں کے بحران سے بحالی کو جاری رکھا۔ تاہم، ایک غیر معمولی استحکام کا مظاہرہ کرتے ہوئے، بدامنی کے باعث توانائی اور خوراک کی منڈیوں میں خلل، اور بلند افراط زر سے نمٹنے کے لیے عالمی مالیاتی شرائط کی بے مثال سختی کے باوجود، عالمی معیشت اگرچہ سست رہی مگر تعطل کا شکار نہیں ہوئی۔ بڑھتے ہوئے عالمی تنازعات کے باعث، نمو سست اور غیر متوازن رہی۔ گزشتہ برس کے آخر میں پست ترین سطح تک پہنچنے کے بعد عالمی سرگرمیوں میں بہتری شروع ہوئی جبکہ افراطِ زر کو بھی بتدریج قابو میں لایا جارہا ہے۔ لیکن وبائی مرض سے پہلے کی سطح تک جلد بحالی، بالخصوص ابھرتی ہوئی مارکیٹوں اور ترقی پذیر معیشتوں میں، ابھی پہنچ سے باہر دکھائی دیتی ہے۔ (ماخذ: آئی ایم ایف ورلڈ اکنامک آؤٹ لک)

کھاد کی رسد/طلب (Fertilizer Supply/Demand)

سال کی شروعات عالمی قیمتوں میں مندی کے رجحان کے ساتھ ہوئی کیونکہ کم مانگ کے باعث کھاد کی قیمتیں گر گئیں جب بیچنے والوں نے Liquidity کی کمی کی وجہ سے تاجروں سے بھرے بازاروں میں جہازوں کے جہاز بیچنے کی کوشش کی۔ مجموعی طور پر، 2023 کی پہلی ششماہی کے دوران ناموافق موسمی حالات کے ساتھ عالمی قیمتوں میں کمی کے رجحان کی وجہ سے اہم خطوں میں قیمتوں میں کمی کے باعث عالمی مارکیٹ کمزور رہی۔

سال کی دوسری ششماہی سے مارکیٹ میں تیزی آنا شروع ہوئی اور رسد میں کمی، بلند افراطِ زر اور چین کی جانب سے برآمدات کے کوٹے پر پابندی کے باعث، عالمی سطح پر DAP کی قیمتوں میں بحالی شروع ہوئی جو کہ چوتھی سہ ماہی میں مزید مستحکم ہوگئیں۔

مقامی مارکیٹ میں، DAP کی بلند قیمتوں کے باعث، دورانِ سال یوریا کی طلب میں تیزی رہی۔ DAP کی مقامی مارکیٹ میں بھی تقریباً 1.58 ملین ٹن کی فروخت کے ساتھ 34 فیصد کی بڑھوتری ہوئی۔ جولائی سے، فاسفیٹ کھادوں کی دستیابی میں کمی کے باعث، مقامی مارکیٹ میں طلب میں اضافہ ہوا اور صنعت اپنی موجودہ سٹاک کا زیادہ تر حصہ بیچنے میں کامیاب رہی۔ 2023 کی چوتھی سہ ماہی کے دوران، مستحکم عالمی قیمتوں کے باعث، DAP کی مقامی قیمتوں میں بتدریج اضافہ ہوتا رہا۔

کھاد کی صنعت کا متوقع مستقبل (Fertilizer Outlook)

اگر کرنسی کی قدر میں کوئی غیر معمولی تغیر نہ آیا تو DAP کی مقامی قیمتوں کا انحصار عالمی قیمتوں پر ہوگا۔

گزشتہ برس پیش کی گئی مستقبل کی توقعات کا تقابل (Comparison Against Last Year's Forward Looking Statement)

کمپنی نے معاشی غیر یقینی، روپے کی قدر میں کمی، افراطِ زر کے عوامل اور درآمدات پر پابندیوں کے باوجود پیداوار اور آمدن سمیت اپنے اہم اہداف عبور کیے۔

مینجمنٹ نے لاگت میں کمی اور استعداد میں بہتری کی حکمت عملیوں پر توجہ مرکوز رکھی۔

کھاد بنانے والے دیگر اداروں کے اشتراک سے کاروباری استحکام کے لیے لگایا جانے والا Pressure Enhancement Facilitiy پراجیکٹ بھی تسلی بخش انداز میں آگے بڑھ رہا ہے۔

SNGPL نیٹ ورک کے ذریعے متبادل گیس کنکشن کے لیے پائپ لائن منصوبے پر کام جاری ہے اور توقع ہے کہ یہ منصوبہ شیڈول کے مطابق مکمل ہوجائے گا۔

جیسا کہ گزشتہ برس تخمینہ لگایا گیا تھا، قابل تجدید توانائی کے ہمارے ذیلی اداروں نے عمدہ کارکردگی اور، کمپنی کے منافع کو بڑھانے کے لیے، منافع منقسمہ کی ادائیگی کا سلسلہ جاری رکھا۔

یکم اکتوبر 2022 کو کمرشل آپریشنز کی شروعات کے بعد، تھرانرجی لمیٹڈ نے اپنے پہلے 12 ماہ کے آپریشنز کامیابی سے مکمل کرلیے۔ بورڈ کو یہ بتاتے ہوئے خوشی ہورہی ہے کہ پروجیکٹ نے اپنے آپریشنز کے پہلے ہی سال 30 ستمبر 2023 تک 9 ارب روپے کی خالص آمدن کے ساتھ منافع کمایا ہے۔

ہمارا غذائی منصوبہ (The Food Venture) فوجی فریش این فریز امید افزا پیشرفت کررہا تھا۔ تاہم، مشرق وسطیٰ کے تنازع کے نتیجہ میں بدقسمتی سے اس پیشرفت پر منفی اثرات مرتب ہوئے۔ آنے والے مہینوں میں حالات معمول پر آنے کی امید ہے۔ بورڈ کو توقع ہے کہ یہ منصوبے کمپنی کو طویل المیعاد فوائد فراہم کریں گے۔

GIDC لیوی کے صارفین تک منتقلی کے حقیقی تعین کا کیس ابھی تک عدالت میں زیرِ سماعت ہے۔ سندھ ہائی کورٹ کی طرف سے دیے گئے حکم اِمتناعی کے پیش نظر GIDC کے واجبات کی قسطیں روکی جارہی ہیں۔ حتمی نتیجے کا انحصار عدالت کے فیصلے پر ہے۔

حکومت نے فنانس ایکٹ 2023 کے تحت، سابقہ منافع پر سپر ٹیکس کی شرح میں 2022 سے اضافے کو بھی جاری رکھا۔ سپر ٹیکس کی شرح میں ماضی سے اضافے کو اسلام آباد ہائی کورٹ میں چیلنج کیا گیا اور کمپنی کو عبوری ریلیف مل گیا ہے۔

مینجمنٹ مختلف فورمز کے ذریعے کھاد پر سبسڈی کی بقیہ رقم اور واجب الوصول سیلز ٹیکس کے حصول کے لیے مسلسل کوشاں رہی، تاہم ملک کی معاشی صورتحال کے باعث کوئی پیش رفت نہیں ہوسکی۔

اکتوبر 2023 سے کھاد کے صنعتکاروں کے لیے گیس کی قیمتوں میں نمایاں اضافہ کیا گیا۔ 2023 کے دوران، اس اضافے کا جزوی حصہ ہی صارفین کو منتقل کیا گیا۔

تخمیوں/ پیشگوئیوں میں استعمال ہونے والی معلومات اور مفروضوں کے ذرائع (Source of information and assumptions used for projections/forecasts)

مستقبل کے آپریشنل اور مالیاتی منصوبے، تاریخی رجحانات، متوقع مستقبل اور معاشی صورتحال کے ساتھ ساتھ حالات سے متعلقہ اور موزوں سمجھے جانے والے دیگر عوامل کو مدِّنظر 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 شعبہ جات، مارکیٹ کے تجزیہ کاروں اور متوقع شرح سود اور شرح مبادلہ سے حاصل کی جاتی ہیں۔ مارکیٹ کی رپورٹس، مسابقین کے اقدامات، مارکیٹ کے رجحانات، میکرو اور مائیکرو معاشی اشاریے، کھاد کی عالمی قیمتیں اور رسد کی صورتحال بھی ان تخمینوں کی تشکیل میں اہم کردار ادا کرتے ہیں۔

اندرونی معلومات جو کہ کمپنی کے مختلف شعبوں بشمول مینوفیکچرنگ و آپریشنز، مارکیٹنگ، فنانس، ہیومن ریسورس اور ٹیکنالوجی وانجینیر نگ وغیرہ کے ذریعے حاصل کی جاتی ہیں، ان تخمینوں پر اثر انداز ہوتی ہیں۔ باقاعدہ منصوبوں کا حصہ بنانے سے قبل ان معلومات کی بیرونی ڈیٹا کے ساتھ تصدیق کی جاتی ہے۔ اندرونی و بیرونی ماحول کی مسلسل نگرانی ان منصوبوں میں کسی بروقت ترمیم کو یقینی بناتی ہے۔

کمپنی کوئی نیا منصوبہ لگانے کا فیصلہ کرتے ہوئے جامع جانچ پڑتال کرتی ہے جس میں مالیاتی، قانونی اور تکنیکی پہلوؤں کو مدِّنظر رکھا جاتا ہے۔ اس کے بعد تفصیلی فزیبلٹی بنانے اور بہترین اصولوں کی پاسداری کو یقینی بنانے کے لیے بیرونی ماہرین کی خدمات حاصل کی جاتی ہیں۔

متوقع مستقبل Future Outlook

عالمی معاشی منظرنامہ (International Economic Outlook)

آئی ایم ایف کا ورلڈ اکنامک آؤٹ لک برائے مالی سال 2024، عالمی معیشت کے لیے 2.9 فیصد کی کم نمو کو ظاہر کرتا ہے جو کہ 2023 میں 3 فیصد تھی۔ عالمی افراطِ زر میں بھی 2024 کے دوران بتدریج 5.8 فیصد تک کمی متوقع ہے جو کہ 2023 کے دوران 6.9 فیصد تھی۔

ملکی معاشی منظرنامہ (Economic Outlook of the Country)

اہم چیلنجز کے باوجود، افراط زر کے دباؤ میں کمی، زراعت میں مثبت امکانات اور صنعتی شعبے میں ممکنہ بحالی کے آثار کے پیش نظر مجموعی معاشی منظرنامہ امید افزا ہونے کا امکان ہے۔ تاہم، بجٹ خسارہ، قرضوں کے بڑھتے ہوئے واجبات اور روز افزوں افراطِ زر وغیرہ جیسے نمایاں خطرات بھی ہیں، جو ملک کے معاشی استحکام کے لیے باعثِ تشویش ہیں۔

SAY NO TO CORRUPTION

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
اوسط	اوسط	کم	اوسط	کم	کم

کم منافع منقسمہ کمانے والی اور زائد تنوع والی تزویراتی سرمایہ کاریاں

سرمایہ	نوعیت	سبب	قسم
مالیاتی/علمی	فوری تا وسط مدتی	خارجی/داخلی	فنانشل/اسٹریٹیجک

منسلکہ ہدف	ہم آہنگی کا فائدہ اٹھاتے ہوئے اور تزویراتی اشتراک کو فروغ دیتے ہوئے مقامی اور عالمی سطح پر تنوع طویل المیعاد ترقی اور حصہ داران کی توقعات سے آگے بڑھنے کے لیے سرمایہ کاریوں حکمت عملیاں ترتیب دینا
مواقع	Horizontal کے ساتھ ساتھ Vertical تنوع
تخفیفی اقدامات	سرمایہ کاریاں باضابطہ Due Diligence کے عمل کے بعد کی جاتی ہیں جس میں پراجیکٹ کی مالیت کا تعین (etc.NPV/IRR/ROI)، ماہرین کے تخمینے، مینجمنٹ/BOD کے ذریعے حکمت عملی کے جائزے اور بہتر کاروباری حکمت عملی/انتظامی ٹیموں کو وضع کرنا شامل ہوتا ہے۔ مزید برآں، منافع منقسمہ کی تقسیم کے بارے میں غور کرنے کے لیے ذیلی اداروں اور منسلکہ کمپنیوں کے بورڈز میں شرکت۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
اوسط	اوسط	بلند	کم	کم	کم

ناساعد زرعی معیشت کے باعث فروخت میں کمی، ماحولیاتی سماجی یا انتظامی حادثات کے باعث رسد میں رکاوٹ

سرمایہ	نوعیت	سبب	قسم
مالیاتی/تخلیق کردہ	فوری تا قلیل مدتی	خارجی	کمرشل/آپریشنل

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	رسد اور خدمات فراہم کرنے والوں کا متنوع جال Horizontal کے ساتھ ساتھ Vertical تنوع
تخفیفی اقدامات	ESG سے متعلق خطرات سے، انوینٹری کے مستعد نظام، ڈیلرز کو وسیع نیٹ ورک، رسد کی خدمات فراہم کرنے والوں کے متنوع پول، ادھار کی بنیاد پر مصنوعات کی فراہمی، چھوٹے سائز کے تھیلوں میں فراہمی اور فارم ایڈوائزری سینٹرز کے ذریعے کسانوں کی تربیت، کے ذریعے نمٹا جاتا ہے۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
اوسط	کم	بلند	کم	کم	اوسط

امن وامان کی غیر مستحکم صورتحال، احتجاج وغیرہ

سرمایہ	نوعیت	سبب	قسم
مالیاتی/افرادی/تخلیق کردہ	فوری	خارجی	کمرشل/آپریشنل

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 نمٹنے کے لیے کمپنی نے حفاظتی اور تعلقات عامہ سے متعلقہ خطرات سے متعلقہ انتظامات کا معقول انتظام کر رکھا ہے۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
اوسط	اوسط	بلند	کم	کم	کم

کسانوں کے غیر موافق معاشیات کی وجہ سے فروخت میں کمی ماحولیاتی، سماجی یا حکومتی واقعات کی بناء پر پروڈکٹ سپلائی چین کی تخریب

سرمایہ	نوعیت	سبب	قسم
مالیاتی/تخلیق کردہ	فوری تا قلیل مدتی	خارجی	کمرشل/آپریشنل

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	رسد اور خدمات فراہم کرنے والوں کا متنوع جال Horizontal کے ساتھ ساتھ Vertical تنوع مختلف سپلائی چین نیٹ ورک اور سروس فراہم کنندگان۔
تخفیفی اقدامات	ESG سے متعلق خطرات کا، سامراجک انوینٹری انتظام، وسیع ڈیلر نیٹ ورک، مختلف سپلائی سروس فراہم کنندگان کے گروپ، مصنوعات کی کریڈٹ پر فراہمی، چھوٹے سائز کے بیگز کے استعمال، فارم ایڈوائزری سینٹرز کے ذریعے کاشتکاروں کو علم/مدد پہنچانا

نمایاں خطرات اور مواقع FFC

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	اوسط	بلند	اوسط	اوسط	بلند

گیس کی رسد میں رکاوٹ/ ذخائر میں کمی

سرمایہ	نوعیت	سبب	قسم
مالیاتی/ قدرتی/تخلیق کردہ	قلیل مدتی	خارجی/ داخلی	آپریشنل/اسٹریٹیجک

منسلکہ ہدف	کھاد کے کاروبار میں مسلسل نمومختلف 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

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	بلند	بلند	بلند	کم	بلند

بڑے حادثات کا خطرہ جو ملازمین، ریکارڈ، املاک یا گردونواح کی آبادی کو متاثر کرے

سرمایہ	نوعیت	سبب	قسم
تخلیق کردہ/عملیاتی/ تعلقات عامہ/سماجی	فوری تاوسط مدتی	خارجی	آپریشنل/ ساکھ/ تعمیلی

منسلکہ ہدف	مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے لاگت میں کمی اور عملیاتی استعداد میں اضافہ مستحکم سماجی، ماحولیاتی اور کارپوریٹ گورننس کے عزم کا عملی مظاہرہ
مواقع	کاروباری تسلسل اور بلاتعطل آپریشنز کو یقینی بنانا
تخفیفی اقدامات	باریک بینی سے جائزہ شدہ عملی طریقہ کار، ملازمین کی تربیت، حفاظتی آڈٹس، اہم آلات کا معائنہ، ایمرجنسی کی صورتحال پر قابو پانے کے منصوبے، نگرانی کا نظام اور آگ سے بچاؤ کے نظام کا سختی سے نفاذ۔ایسے کسی نقصان سے تحفظ کے لیے انشورنس کوریج۔ Risk Based Inspection کا نظام بھی زیر نفاذ ہے۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	بلند	بلند	بلند	اوسط	بلند

فرسودہ ہوتے ہوئے پلانٹس میں وثوق کا خطرہ جو کہ کم استعداد اور اثاثوں کی بحالی پر زائد لاگت کا سبب بنے

سرمایہ	نوعیت	سبب	قسم
تخلیق کردہ/عملیاتی/ تعلقات عامہ/ افرادی	فوری تاوسط مدتی	داخلی	آپریشنل/ ساکھ/ تعمیلی

منسلکہ ہدف	کھاد کے کاروبار میں مسلسل نمومختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی
مواقع	خطرات سے نمٹنے کے فعال نظام کا نفاذ (ARIM, RBI and PSM)
تخفیفی اقدامات	مسائل کا شکار آلات کی تبدیلی کے لیے ایکشن پلان پر عمل درآمد، پلانٹ کے ڈیزائنرز کے ساتھ وقتاً فوقتاً رابطہ تاکہ پلانٹس کے وثوق میں اضافہ ہو

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
اوسط	اوسط	اوسط	اوسط	اوسط	کم

ملکی زرمبادلہ میں کمی کے باعث بیرونی ادائیگیوں میں تاخیر جس سے ضروری سامان کی درآمد متاثر ہو

سرمایہ	نوعیت	سبب	قسم
مالیاتی/تخلیق کردہ/علمی/عملیاتی	فوری	خارجی	آپریشنل/ کمرشل

منسلکہ ہدف	کھاد کے کاروبار میں مسلسل نمومختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی
مواقع	مسابقتی مارکیٹ سے درآمد کے متبادل ذرائع تلاش کرنے کا منصوبہ
تخفیفی اقدامات	ناگزیر سامان کے لیے متبادل مقامی/ عالمی سپلائرز کی تلاش اور خریداری کے نئے طریقوں کی دریافت ناگزیر سپیئرز/ کیمیکلز کی نشاندہی اور سٹاک اکٹھا کرنا تاکہ مستحکم آپریشنز کو یقینی بنایا جا سکے، جہاں ممکن ہو خریداری کے متبادل ذرائع تلاش کرنا، ناگہانی ضروریات کے لیے پرانے پرزہ جات کی تجدید کاری (Refurbishment)

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	بلند	بلند	اوسط	اوسط	بلند

زرمبادلہ کی شرح میں اتار چڑھاؤ

سرمایہ	نوعیت	سبب	قسم
مالیاتی	قلیل مدتی	خارجی	فنانشل

مسلکہ 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	زرمبادلہ کی شرح میں اتار چڑھاؤ کا خطرہ، سود کے دام میں متعلقہ تغیر اور مؤثر مالیاتی نظم و نسق سے بڑی حد تک ختم ہو جاتا ہے۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
اوسط	بلند	اوسط	کم	کم	کم

"سونا" برانڈ میں شراکت داروں کا اعتماد ختم ہونے کے باعث ساکھ اور آپریشنز کا متاثر ہونا

سرمایہ	نوعیت	سبب	قسم
تعلقات عامہ/سماجی/قدرتی/افرادی	طویل مدتی	خارجی/داخلی	تعمیلی/ساکھ

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۔ ہم 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۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	بلند	بلند	اوسط	کم	بلند

حکومتی مداخلت کے باعث اخراجات/محصولات کو صارفین کو منتقل کرنے میں کمپنی کی بیاختیاری جو کمپنی کے منافع میں کمی کا سبب بنے

سرمایہ	نوعیت	سبب	قسم
مالیاتی/قدرتی	فوری تا قلیل مدتی	خارجی	اسٹریٹیجک/کمرشل/فنانشل

مسلکہ 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/ارزاں ذرائع کی تلاش اور اخراجات میں کمی
تخفیفی اقدامات	پیداواری استعداد میں اضافے اور اخراجات میں کمی کے لیے مؤثر اقدامات کے ذریعے کمپنی اس خطرے میں تخفیف کے لیے پرعزم ہے۔ کمپنی مسلسل حکومت کے ساتھ متعلقہ فورمز پر رابطے میں رہتی ہے تاکہ کھاد کی مناسب قیمتوں پر دستیابی کو یقینی بنایا جائے۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	بلند	بلند	اوسط	بلند	اوسط

اہم پوزیشنز پر تعینات تربیت یافتہ ملازمین کا نوکری چھوڑ جانا جس کے باعث آپریشنز غیر فعال ہو جائیں

سرمایہ	نوعیت	سبب	قسم
سماجی/افرادی	فوری تا قلیل مدتی	خارجی/داخلی	فنانشل/آپریشنل

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	ملازمین کی تربیت اور استقرار
تخفیفی اقدامات	FFC نے مختلف شعبوں میں مفصل تربیت کے ذریعے، ایک تفصیلی Succession پلان بنا رکھا ہے۔ ملازمین کے معاوضے کو مارکیٹ کے رجحانات سے ہم آہنگ کیا گیا ہے۔ افرادی قوت کی تربیت اور استقرار کے لیے پروگرام کی تیاری اور نفاذ۔ کلچر میں بہتری کے پروگرام پیش کرنا۔

نمایاں خطرات اور مواقع FFC

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	بلند	بلند	اوسط	بلند	اوسط

کھاد کی عالمی قیمتوں میں تغیر کے مقامی مارکیٹ پر اثرات

سرمایہ	نوعیت	سبب	قسم
مالیاتی	فوری تا قلیل مدتی	خارجی	کمرشل

منسلکہ ہدف	کھاد کے کاروبار میں مسلسل نمو
مواقع	فعال کردار اور تازہ ترین اعداد و شمار کی فراہمی کے ہمراہ حکومت کے ساتھ روابط تاکہ ملک کے لیے زرِمبادلہ بچایا جاسکے
تخفیفی اقدامات	حکومت کے ساتھ مل کر ملک میں رسد میں کمی کا تخمینہ لگانے میں فعال کردار ادا کرنا تاکہ اس بات کو یقینی بنایا جاسکے کہ صرف مطلوبہ مصنوعات درآمد کی جائیں، اس کے علاوہ لاگت کے سخت کنٹرول اور پیداوار میں اضافے کے ذریعے منافع کی شرح کو برقرار رکھنا۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	بلند	بلند	اوسط	اوسط	بلند

IT خطرات

سرمایہ	نوعیت	سبب	قسم
مالیاتی/تخلیق کردہ/علمی/عملیاتی	فوری	خارجی/داخلی	آپریشنل

منسلکہ ہدف	کھاد کے کاروبار میں مسلسل نمو
مواقع	کاروباری تسلسل اور بلاتعطل 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 خطرے کو کم کیا جاسکے

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
اوسط	اوسط	اوسط	کم	اوسط	کم

شرح سود، ادھار کے نرخ اور Liquidity کے خطرات جو کمپنی کے کاروبار اور مالیاتی کارکردگی کو متاثر کریں

سرمایہ	نوعیت	سبب	قسم
مالیاتی	قلیل تا وسط مدتی	خارجی/داخلی	فنانشل

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	ہمارا فعال شعبہ مالیات، کمپنی کی منظور شدہ پالیسیز کے مطابق، کمپنی کو شرح سود، ادھار اور Liquidity کے کسی منفی اثر سے محفوظ رکھنے کے لیے کافی مقدار میں فنڈز اور Credit Lines کو یقینی بناتا ہے۔

بنیادی خطرہ			تخفیف شدہ خطرہ		
درجہ بندی	امکان	شدت	درجہ بندی	امکان	شدت
بلند	اوسط	بلند	اوسط	کم	اوسط

حکومتی پالیسیوں/قوانین میں عدم تسلسل کے کھاد کی صنعت پر منفی اثرات

سرمایہ	نوعیت	سبب	قسم
مالیاتی	فوری تا قلیل مدتی	خارجی	اسٹریٹیجک

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	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

تجارتی ودیگر واجبات (Trade & Other payables)

تجارتی ودیگر واجبات 106.87 ارب روپے رہے، جو کہ گزشتہ برس کے مقابلے میں 19 فیصد زائد ہیں، جس کا بنیادی سبب GIDC واجبات کے حالیہ حصے (Current portion) کی طویل المیعاد واجبات (Long term Liabilities) سے منتقلی اور اس کے علاوہ Consignment فروخت کی مد میں ایف ایف بی ایل کو واجب الادا بیلنس میں اضافہ ہے۔

قلیل المیعاد قرضے (Short Term Borrowings)

قلیل المیعاد قرضوں (Short term borrowings) میں گزشتہ سال کے مقابلے میں 76 فیصد کی نمایاں کمی ہوئی۔ اس کمی کا سبب بہتر مالیاتی حیثیت ہے۔

(Contingencies and 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 2023 تک، CCP نے اپنی کاروائی کا آغاز نہیں کیا تھا اور FFC کو سماعت کے لیے نوٹس کا انتظار ہے۔ ان پیشرفتوں کے باوجود، کمپنی قیمتوں میں نامناسب اضافے کے الزامات کے کامیاب دفاع کے لیے پر اعتماد ہے۔ علاوہ ازیں، کمپنی کے لیے بنکوں کی طرف سے جاری کی گئی ضمانتوں (Guarantees) کی مالیت 10.8 ارب روپے رہی۔

کھادوں کی خریداری اور Capex کی مد میں کمپنی کے مالیاتی وعدے (Financial Commitments)، 19.4 ارب روپے رہے۔

منافع کی تقسیم اور ذخائر کا تجزیہ (Profit Distribution & Reserve Analysis)

سال کے شروع میں کمپنی کے ذخائر 50,834 ملین روپے تھے جبکہ حصہ داران کے لیے 4,008 ملین روپے سال 2022 کے حتمی منافع منقسمہ کے لیے منظور کیے گئے۔

سال 2023 کے دوران کمپنی نے 29.52 ارب روپے کی مجموعی آمدن حاصل کی اور 14.49 ارب روپے مالیت کے تین عبوری منافع منقسمہ تقسیم کیے جبکہ General Reserves میں کوئی رقم منتقل نہیں کی گئی۔

اس طرح سال 2023 کے اختتام پر مجموعی ذخائر 61,852 ملین روپے تھے، جیسا کہ نیچے تفصیل دی گئی ہے:

منافع کی تقسیم	ملین روپے	فی حصہ روپے
ابتدائی ذخائر	**50,835**	
حتمی منافع منقسمہ 2022	(4,008)	3.15
خالص منافع 2023	29,673	23.32
دیگر Comprehensive خسارہ	(158)	
تصرف کے لیے میسر منافع	**76,342**	
منافع کی تقسیم:		
پہلا عبوری منافع منقسمہ 2023	(5,420)	4.26
دوسرا عبوری منافع منقسمہ 2023	(4,007)	3.15
تیسرا عبوری منافع منقسمہ 2023	(5,063)	3.98
اختتامی ذخائر	**61,852**	

Property, Plant & Equipment

Property, Plant & Equipment گزشتہ برس کے مقابلے میں 46 فیصد اضافے کے ساتھ 40.22 ارب روپے ہو گئے۔ اس اضافے کا بنیادی سبب کارکردگی اور بھروسے کو برقرار رکھنے کے لیے ہمارے جاری منصوبوں کے علاوہ مارکیٹنگ آفس کی بلڈنگ میں سرمایہ کاری ہے۔

طویل المیعاد سرمایہ کاریاں (Long Term Investments)

48.7 ارب روپے کی طویل المیعاد سرمایہ کاریوں میں گزشتہ برس کے مقابلے میں 4 فیصد کمی ہوئی۔ اس کا سبب PIBs کی Current Maturity کی از سرِ نو درجہ بندی ہے جسے قلیل المیعاد سرمایہ کاریوں میں ریکارڈ کیا گیا ہے۔

Stores, Spares & Loose Tool

Stores, Spares & Loose Tool کی مالیت 7.8 ارب روپے رہی جو کہ گزشتہ برس کے مقابلے میں 24 فیصد زائد ہے، اس کا سبب بنیادی طور پر ان اشیاء کی لاگت میں اضافہ ہے جس کا باعث بلند عالمی قیمتیں اور روپے کی قدر میں نمایاں کمی ہے۔

Stock in Trade

مؤثر سپلائی چین اور مارکیٹنگ آپریشنز کے ذریعے، دورانِ سال، کھادوں کا تقریباً پورے کا پورا اسٹاک فروخت کر دیا گیا جبکہ گزشتہ برس کے غیر فروخت شدہ (Unsold) سٹاک کی مالیت 19.49 ارب روپے تھی۔

تجارتی واجبات (Trade Debts)

دوران سال تجارتی واجبات میں 87 فیصد کی نمایاں کمی ہوئی جس کا بنیادی سبب ادھار پر فروخت میں کمی ہے۔

دیگر واجب الوصول (Other Receivables)

دیگر واجب الوصول گزشتہ برس کے مقابلے میں 23 فیصد کمی کے ساتھ 20.5 ارب روپے رہے۔ جس کا بنیادی سبب PEF پراجیکٹ سے متعلقہ کیش مارجن کی Realization ہے، جبکہ حکومت کی جانب سے واجب الوصول سبسڈی سے متعلقہ Loss Allowance اور GST کی عدم منظوری کے لیے بھی، دورانِ سال، Provision ریکارڈ کی گئی ہے۔

قلیل المیعاد سرمایہ کاریاں (Short Term Investments)

قلیل المیعاد سرمایہ کاریاں 94.74 ارب روپے ریکارڈ کی گئیں جو کہ گزشتہ برس کے مقابلے میں 6 فیصد کم ہیں، اس کا سبب جاری سرمائے (Working Capital) کی ضروریات کو پورا کرنے کے لیے سرمایہ کاریوں کو کیش کرانا ہے۔

مجموعی اثاثہ جات (Total Assets)

اس طرح کمپنی کے مجموعی اثاثہ جات 7 فیصد کمی کے ساتھ 223.8 ارب روپے ریکارڈ کیے گئے، جس کا بنیادی سبب سٹاک، قلیل المیعاد سرمایہ کاریوں اور دیگر واجب الوصول میں کمی ہے۔

کیش فلو کا تجزیہ (Cash Flow Analysis)

پیداواری سرگرمیوں سے نقدی کی ترسیل (Cashflows from Operating Activities)

آپریشنز سے نقدی کی فراہمی 60.88 ارب روپے ریکارڈ کی گئی جو کہ گزشتہ سال کے مقابلے میں 59.3 ارب روپے زائد ہے، جو کہ منافع میں اضافے اور سٹاک کی فروخت کے باعث ہے۔

سرمایہ کاری کی سرگرمیوں سے نقدی کی ترسیل (Cashflows from Investing Activities)

مستحکم آپریشنز کو یقینی بنانے کے پیشِ نظر کمپنی نے Capex پراجیکٹس پر سرمایہ کاری جاری رکھی اور سال کے دوران 15.12 ارب روپے خرچ کیے۔

منافع منقسمہ آمدن، سرمایہ کاریوں اور ڈپازٹس پر سود سے 9.4 ارب روپے حاصل ہوئے۔ نتیجتاً، سرمایہ کاری سرگرمیوں میں خالص نقدی کا استعمال 5.86 ارب روپے رہا جو کہ سال 2022 کے دوران 864.89 ملین روپے تھا۔

مالیاتی سرگرمیوں سے نقدی کی ترسیل (Cashflows from Financing Activities)

Capex کی ضروریات کو مدِّ نظر رکھتے ہوئے، کمپنی نے 8 ارب روپے کا قرض لیا، تاہم، دوران سال 5.45 ارب روپے کا قرض ادا بھی کیا گیا۔

اپنے حصہ داران کے لیے مسلسل آمدن کو یقینی بنانے کے لیے کمپنی نے 18.46 ارب روپے منافع منقسمہ کے طور پر ادا کیے۔

مالیاتی سرگرمیوں میں خالص نقدی کا استعمال 15.92 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ سال 16.87 ارب روپے تھا۔

نقد اور نقدی کے مساوی (Cash and Cash Equivalents)

گزشتہ برس کے 39.78 ارب روپے کے اختتامی بیلنس (Closing Balance) کے مقابلے میں رواں سال کے اختتام پر نقد اور نقدی کے مساوی کا بیلنس 79.77 ارب روپے رہا، جو کہ 92.65 ارب روپے کی Highly Liquid سرمایہ کاریوں اور 13.74 ارب روپے کے قرضوں پر مشتمل ہے۔

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 26 جنوری 2024 کو منعقدہ اجلاس میں اپنے حصہ داران کے لیے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 4.10 روپے فی حصہ (41 فیصد) حتمی منافع منقسمہ کی سفارش کرتے ہوئے خوشی محسوس کرتا ہے۔ اس طرح سال کے لیے مجموعی ادائیگی 15.49 روپے فی حصہ رہی جو کہ مجموعی طور پر 66 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۔

مجموعی سرگرمیاں اور قطعاتی جائزہ (Consolidated Operations and Segmental Review)

مجموعی مالیاتی سرگرمیوں پر ڈائریکٹرز رپورٹ صفحہ نمبر 317 سے آگے بیان کی گئی ہے۔

مالیاتی سرمایہ

مالیاتی سرمایہ (Financial Capital)

میکرو اکنامک جائزہ (Economic Review-Macro)

دورانِ سال ملک کو بڑھتی ہوئی شرح سود، کرنسی کی قدر میں گراوٹ، موسمیاتی تبدیلیوں کے اثرات، POL کی قیمتوں میں اضافہ، اور سیاسی غیر یقینی صورتحال جیسے بے مثال چیلنجز کا سامنا کرنا پڑا۔ مزید برآں، عالمی عدم استحکام نے طلب اور رسد کے توازن کو متاثر کیا جس کی وجہ سے عالمی معاشی ترقی کی رفتار سست ہوگئی۔ اس کے علاوہ، مالیاتی خسارہ، بڑھتے ہوئے قومی قرضوں اور گردشی قرضوں کی صورت حال نے بھی معاشی چیلنجز میں اضافہ کیا، جس کے نتیجے میں سال 2023 کے دوران حقیقی مجموعی قومی پیداوار (Real GDP) کی شرح نمو 0.29 فیصد رہی جو کہ گزشتہ برس 5.97 فیصد تھی۔

ان چیلنجز سے آنے والے سال میں معیشت پر دباؤ بڑھنے کا خدشہ ہے اور پالیسی سازوں کو ایک مستحکم معاشی ماحول کو یقینی بنانے کے لیے اصلاحات لانی ہوں گی۔

زرعی شعبہ

ملک کے غذائی تحفظ کو یقینی بنانے اور دیہی ترقی کو آگے بڑھانے کے لیے زرعی شعبے کی رفتار کو برقرار رکھنا بہت ضروری ہے۔ پاکستان کے زرعی شعبے کا ملک کی مجموعی قومی پیداوار (GDP) میں نہایت اہم کردار ہے، جو ملک کے معاشی ڈھانچے میں اس کی اہم پوزیشن کو نمایاں کرتا ہے۔ اس شعبے نے صرف 1.55 فیصد کی معمولی نمو حاصل کی جو کہ گزشتہ سال 4.3 فیصد تھی۔ نمو میں اس کمی کے بنیادی اسباب ناموافق موسمی حالات اور بڑھتی ہوئی افراطِ زر کی وجہ سے پیدا ہونے والی مشکلات ہیں۔ اس عرصے کے دوران کپاس اور چاول جیسی اہم فصلیں منفی طور پر متاثر ہوئیں۔

مالی ارتقاء (Fiscal Development)

پاکستان کو سخت بجٹ کی صورتحال کا سامنا کرنا پڑا جو کہ 2022 کے اواخر میں آنے والے سیلاب کی آفت کی وجہ سے مزید متاثر ہوئی، جس نے ملک کی بڑی فصلوں کی کاشت والے علاقوں کو متاثر کیا۔ ان سخت معاشی چیلنجز نے ملک کی پہلے سے موجود معاشی مشکلات میں مزید اضافہ کیا۔

سال کے آخر میں آئی ایم ایف کے ساتھ کامیاب Stand-By Arrangement (SBA) معاہدے کی وجہ سے کچھ پیش رفت ہوئی۔ مزید برآں، حکومت نے بڑے پیمانے پر معاشی عدم توازن سے نمٹنے کے لیے درآمدات کی ترجیحات مقرر کیں اور ایک سخت مالیاتی پالیسی کا نفاذ کیا جس سے اہم معاشی اشاریوں کے بگاڑ کو کم کرنے میں مدد ملی۔ ملکی اور عالمی سطح پر مختلف معاشی چیلنجز کے باوجود ایف بی آر کی ٹیکس وصولی میں نمایاں اضافے کی وجہ سے ٹیکس آمدن میں اضافہ ہوا۔

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۔ نتیجتاً، سود کی شرح میں نمایاں اضافہ کیا گیا جو سال کے اختتام پر 22 فیصد رہا۔ یہ فیصلہ بنیادی طور پر افراطِ زر کے مسلسل دباؤ سے نمٹنے کے لیے کیا گیا تھا۔

افراطِ زر (Inflation)

عالمی سطح پر جاری جغرافیائی سیاسی تنازعات ممکنہ طور پر سپلائی چین کو مزید متاثر کر سکتے ہیں، جس کے باعث موجودہ چیلنجز مزید پیچیدہ ہو سکتے ہیں۔

صارفین کی قیمت کے اشاریے (Consumer Price Index) میں پچھلے سال کے مقابلے میں نمایاں اضافہ ہوا۔ یہ اضافہ بنیادی طور پر بجلی اور گیس کی بڑھتی ہوئی قیمتوں، خوراک کی قیمتوں میں نمایاں اضافے، ایندھن اور اجناس کی قیمتوں میں اضافے کی وجہ سے ہے۔ مزید برآں، کرنسی کی قدر میں کمی نے درآمدی بل کو نمایاں طور پر متاثر کیا ہے۔ سال 2024 کے دوران افراطِ زر کا ماحول برقرار رہنے کی توقع ہے۔ IMF SBA کی تکمیل اور طویل مدتی ترقی کے لیے بنیادی ساختی اصلاحات (Vital Structural Reforms) کا نفاذ بہت اہم ہے۔

FFC کی کارکردگی

مندرجہ بالا عوامل کمپنی کے لیے، عملیاتی اور مالیاتی لاگت میں اضافے کے علاوہ، زرِ مبادلہ کی کمی اور درآمدی پابندیوں کے نتیجے میں ضروری سامان اور اشیاء کی خریداری میں تاخیر وغیرہ جیسے مختلف چیلنجز کا باعث بنے۔

گزشتہ برس کے رجحان کے تسلسل میں، 6 فیصد سپر ٹیکس کے ماضی سے اطلاق نے بھی کمپنی کے منافع کو منفی طور پر متاثر کیا، جس کے نتیجے میں مؤثر ٹیکس چارج تقریباً 44.6 فیصد رہا، جو کہ تاریخ کے بلند ترین میں سے ایک ہے۔

فنانس ایکٹ 2023 کے ذریعے، حکومت نے ڈی اے پی پر 5 فیصد جی ایس ٹی لگانے کے علاوہ کھادوں پر فیڈرل ایکسائز ڈیوٹی عائد کی۔ کمپنی کے منافع کو برقرار رکھنے کے لیے، ان محصولات کو صارفین پر منتقل کر دیا گیا۔ ان چیلنجز سے نمٹنے کے لیے کمپنی نے اپنی حکمت عملیوں کو از سرِ نو مرتّب کیا اور اپنے شراکت داران کو غیر معمولی نتائج فراہم کیے ہیں۔

کمپنی کی مالیاتی اور غیر مالیاتی کارکردگی کے مختلف پہلوؤں کی وضاحت ذیل میں کی گئی ہے:

پیداوار (Production)

ایف ایف سی نے 123 فیصد کی استعداد کے ساتھ 2,521 ہزار ٹن سونا یوریا کی پیداوار ریکارڈ کی۔ یہ گزشتہ برس کے مقابلے میں 5 فیصد بڑھوتری کو ظاہر کرتا ہے اور اس کا بڑا سبب، مرمت و بحالی کا مستعد شیڈول ہے، جس کے تحت گزشتہ برس دو پلانٹوں کے Turnaround کے مقابلے میں اس سال صرف ایک پلانٹ کا Turnaround کیا گیا۔

سال کے اختتام کے قریب، ملک میں DAP کی طلب میں بہتری کے پیشِ نظر، کمپنی نے 28 ہزار ٹن DAP بھی درآمد کی۔

فروخت (Sales)

کمپنی نے 2,505 ہزار ٹن سونا یوریا فروخت کی، جو کہ 2022 کے مقابلے میں 3 فیصد زائد ہے۔ یہ اضافہ بنیادی طور پر زیادہ پیداوار کی وجہ سے ہے۔ DAP کی فروخت گزشتہ سال کے 70 ہزار ٹن کے مقابلے میں 105 ہزار ٹن رہی، جس کی بنیادی وجہ فاسفیٹ کھاد کی زیادہ طلب ہے۔

نفع ونقصان کا تجزیہ

آمدن (Turnover)

ایف ایف سی نے 159.5 ارب روپے کی بلند ترین مجموعی آمدن کا ایک نیا سنگِ میل عبور کیا ہے۔ اس کا بنیادی سبب فروخت کا زائد حجم اور لاگت میں اضافے کا سبب بننے والی افراطِ زر اور دیگر عوامل کو آگے منتقل کرنا ہے۔

یہ بات قابل غور ہے کہ یوریا کی قیمت فروخت میں کھاد کی صنعت کے اندر واضح تغیر رہا، FFC سال کے بیشتر حصوں میں تقریباً 200 تا 500 روپے فی بوری کی کم قیمت فروخت پر یوریا فراہم کرتی رہی۔ 2023 کے اختتام کے قریب سونا یوریا کی قیمتیں تقریباً 3,400 روپے فی بوری رہیں جبکہ عالمی قیمتیں 6,200 روپے فی بوری کے قریب گردش کرتی رہیں۔

لاگت فروخت (Cost of Sales)

کمپنی کی لاگت فروخت گزشتہ برس کے مقابلے میں 37 فیصد اضافے کے ساتھ 95.2 ارب روپے تک پہنچ گئی۔ جس کے اہم اسباب افراطِ زر کی بلند شرح اور خام مال کی بڑھتی ہوئی قیمت کی وجہ سے بڑھتے ہوئے اخراجات کے علاوہ فروخت کے حجم میں اضافہ ہیں۔ اخراجات پر قابو اور استعداد کو بہتر بنانے کے لیے مینجمنٹ کی جانب سے کیے گئے اقدامات نے ان اضافوں کے اثرات میں قدرے تخفیف کی۔

لاگت ترسیل (Distribution Cost)

زائد ترسیل، تیل کی قیمتوں میں اضافے کے علاوہ افراطِ زر کے دیگر عوامل اور سال کے اختتام پر Axle Weight Regulation کے نفاذ کی وجہ سے لاگت ترسیل میں 12.7 ارب روپے کا اضافہ ہوا، جو گزشتہ برس کے مقابلے میں 25 فیصد زیادہ ہے۔

مالیاتی لاگت (Finance Cost)

جاری سرمائے (Working Capital) کے ساتھ ساتھ Capex کی ضروریات کو پورا کرنے کے لیے درکار زائد فنڈز اور سود کی شرح میں نمایاں اضافہ، 5.62 ارب روپے کی مالیاتی لاگت کا سبب بنے، جو کہ گزشتہ برس کے مقابلے میں 16 فیصد زائد ہے۔

دیگر نقصانات (Other Losses)

دیگر نقصانات پچھلے سال کے مقابلے میں 46 فیصد اضافے کے ساتھ 4.1 ارب روپے ریکارڈ کیے گئے۔ حکومت کی طرف سے ادائیگی میں کافی تاخیر کے پیشِ نظر، حکومت سے واجب الوصول سبسڈی پر 2023 میں 2.9 ارب روپے کا Loss Allowance بھی ریکارڈ کیا گیا، جب کہ GIDC ذمہ داری سے متعلقہ 1.2 ارب روپے کی Unwinding بھی ریکارڈ کی گئی۔

دیگر آمدن (Other Income)

17.1 ارب روپے کی دیگر آمدن (Other Income) گزشتہ سال کے مقابلے میں 18 فیصد زائد ہے۔ کمپنی نے سرمایہ کاریوں پر 15.3 ارب روپے کی آمدن کے ساتھ بلند ترین آمدن کا ایک اور سنگ میل عبور کیا، جبکہ اس عرصے کے دوران ذیلی کمپنیوں سے 1.8 ارب روپے کا منافع منقسمہ بھی حاصل کیا گیا۔

ٹیکس اخراجات (Provision for Taxation)

گزشتہ برس 13.6 ارب روپے کے مقابلے میں 23.87 ارب روپے کا ٹیکس چارج ریکارڈ کیا گیا، جس کا سبب زائد آمدن کے علاوہ اضافی سپر ٹیکس کا ماضی سے اطلاق ہے۔

منافع برائے سال (Profit for the Year)

سال 2023 کے دوران، کمپنی نے اپنی تاریخ کا سب سے زیادہ خالص منافع ریکارڈ کرنے کا ایک نیا سنگِ میل عبور کیا ہے، جو کہ 29.67 ارب روپے ہے۔ یہ 23.32 روپے فی حصہ آمدن کے ساتھ گزشتہ برس کے مقابلے میں 48 فیصد اضافے کو ظاہر کرتا ہے۔

منافع میں بہتری کے باجود، ڈالر کے تناسب سے آمدن صرف 106 ملین امریکی ڈالر رہی جو کہ گزشتہ برس 97 ملین امریکی ڈالر تھی۔

مالی حیثیت کا تجزیہ (Financial Position Analysis)

ایکویٹی اور ذخائر (Equity and Reserves)

کمپنی کی Net Worth سال کے اختتام پر 61.85 ارب روپے ریکارڈ کی گئی جو کہ گزشتہ برس کے 50.8 ارب روپے کے مقابلے میں میں 22 فیصد زائد ہے۔ جس کا سبب زائد منافع اور Retained Earnings ہیں۔ اس طرح Break-up value سال 2022 کے 39.96 روپے فی حصہ کے مقابلے میں بڑھ کر 48.62 روپے فی حصہ ہوگئی۔

قرضے (Borrowings)

طویل المیعاد قرضے (بشمول Current Maturity) 24.3 ارب روپے ریکارڈ کیے گئے جو گزشتہ برس کے مقابلے میں 12 فیصد زائد ہیں۔ پورے سال کے دوران، کمپنی نے واجب الادا ہو جانے والی مالیاتی ذمہ داریوں کی بخوبی ادائیگی کو یقینی بنایا۔ قابل ذکر بات یہ ہے کہ ایف ایف سی نے اپنی مالی ذمہ داریوں کو بروقت پورا کیا، جو کہ مؤثر مالیاتی نظم و نسق اور عمدہ مالی حیثیت کی عکاسی کرتا ہے۔

مینجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر کا تبصرہ

معزز حصص داران،

گزشتہ برس کے بڑھتے ہوئے سماجی واقتصادی چیلنجز نے 2023 میں بھی اپنا تسلسل برقرار رکھا۔ مسلسل جغرافیائی سیاسی عدم استحکام اشیاء، بشمول تیل اور کھاد کی مصنوعات، کی قیمتوں میں اضافے سمیت عالمی سپلائی چین میں خلل ڈالتا رہا۔

ملک کو بلند ترین افراط زر اور شرح سود کا سامنا رہا۔ زرمبادلہ اور پاکستانی روپے کی قدر میں تیزی سے کمی نے ضروری سامان اور مشینری کی خریداری میں تاخیر کے علاوہ ان اشیاء کی لاگت میں بھی اضافہ کیا۔

فنانس ایکٹ 2023 کے تحت سابقہ سپر ٹیکس میں اضافے کے باعث، کمپنی کے ٹیکس کی شرح 45 فیصد تک جا پہنچی جو کہ گزشتہ برس 40 فیصد تھی۔ کمپنی نے اس اضافے کے سال 2022 سے اطلاق کو چیلنج کیا اور حکمِ امتناعی حاصل کر لیا۔ ایک اور کیس میں، اسلام آباد ہائی کورٹ نے بھی سپر ٹیکس کے سابقہ نفاذ برائے سال 2021 کو غیر آئینی قرار دیا ہے۔ محکمہ ٹیکس نے اس فیصلے کے خلاف انٹرا کورٹ اپیل دائر کی ہے جو کہ زیرِ سماعت ہے۔ تاہم، سپریم کورٹ کی ہدایات کے مطابق کمپنی سال 2021 کے سپر ٹیکس کا 50 فیصد پہلے ہی جمع کرا چکی ہے۔

کھاد کے شعبے کے لیے گیس کی قیمتوں میں بھی 75 فیصد کا نمایاں اضافہ کیا گیا۔ کمپنی نے سال 2023 کے دوران اس اضافے کا جزوی حصہ پہلے ہی صارفین کو منتقل کیا تاکہ کسانوں کو ارزاں ترین نرخوں پر یوریا کھاد فراہم کی جا سکے۔

یوریا کی قیمت فروخت میں کھاد کی صنعت کے اندر واضح تغیر رہا، FFC سال کے بیشتر حصوں میں تقریباً 200 تا 500 روپے فی بوری کی کم قیمت فروخت پر یوریا فراہم کرتی رہی۔ 2023 کے اختتام کے قریب سونا یوریا کی قیمتیں تقریباً 3,400 روپے فی بوری رہیں جبکہ عالمی قیمتیں 6,200 روپے فی بوری کے قریب گردش کرتی رہیں۔

ایف ایف سی نے گوداموں اور ڈیلرز کے اپنے ملک گیر نیٹ ورک کے ذریعے ملک بھر میں کھاد کی فراہمی کو یقینی بنایا، اور بعض عناصر کی جانب سے غیر قانونی طریقوں سے کھاد کی فراہمی میں خلل سے بچنے کے لیے کھاد کی منصفانہ تقسیم، کھاد کی ترسیل اور ڈیلر اسٹاک کی نگرانی کو بھی یقینی بنایا۔ ڈیلرز کو ایف ایف سی کے مقرر کردہ نرخوں پر کھادوں کی فروخت کی حساسیت کا ادراک کرایا گیا، جبکہ کسانوں کو رجسٹرڈ ڈیلرز کے ذریعے مقررہ نرخوں پر مصنوعات خریدنے کے لیے بھی آگاہی فراہم کی گئی۔ کسانوں کے لیے یوریا کی دستیابی اور قیمتوں کے مسائل کو حل کرنے کے لیے، کمپنی اور صنعت نے حکومت کے ساتھ مل کر سال 2024 کے دوران یوریا کی درآمد اور ترسیل کا منصوبہ بنایا ہے۔

سال 2023 کے دوران کمپنی مستحکم رہی اور تاریخ کے بہترین نتائج پیش کرتے ہوئے 17.1 ارب روپے کی ریکارڈ دیگر آمدن، 82 ہزار ٹن یوریا کی زائد فروخت اور درآمدی کھادوں سے بہتر منافع حاصل کیا۔ اس طرح خالص منافع 29.67 ارب روپے رہا جبکہ فی حصہ آمدن 23.32 روپے رہی جو کہ گزشتہ برس 15.76 روپے فی حصہ تھی۔ تاہم، ڈالر کی اصطلاح میں آمدن میں 2021 کے مقابلے میں تنزلی ہوئی جو کہ 2017 کی سطح پر رہی۔

تاہم، 2023 کا منافع، خطیر سرمایہ اور غیر ملکی زرمبادلہ سے لگنے والے نوڈل کمپریشن پراجیکٹ کے ساتھ ساتھ کمپنی کے کارخانوں کو عالمی معیار پر برقرار رکھنے کے لیے درکار سرمایہ کاری کی ضروریات کو بمشکل پورا کر سکتا ہے۔ کمپنی 100 ملین ڈالر سے زائد سرمایہ کاری کے ساتھ انتہائی اہم نوڈل کمپریشن پراجیکٹ کے دوسرے مرحلے کو شروع کرنے والی ہے۔

صحت، تحفظ اور ماحولیات کے اعلی قابل اعتماد عوامل اور بہترین معیارات کو برقرار رکھتے ہوئے یوریا کی پیداوار 2,521 ہزار ٹن رہی جو کہ گزشتہ برس کے مقابلے میں 5 فیصد زائد ہے۔ پیداوار میں اس اضافے سے یوریا کی فروخت کے حجم میں 82 ہزار ٹن کا اضافہ ہوا۔

ایف ایف سی نے 36 ارب روپے کے ٹیکسز اور لیویز کے ذریعے قومی خزانے میں اپنی نمایاں شراکت بھی جاری رکھی جو کہ گزشتہ برس 30 ارب روپے تھی۔ کمپنی نے 2023 کے دوران درآمدی متبادل کے ذریعے ملک کو تقریباً 1 ارب امریکی ڈالر کی غیر ملکی زرمبادلہ کی بچت بھی فراہم کی جبکہ گزشتہ پانچ سالوں کے دوران مجموعی حجم تقریباً 4.8 ارب امریکی ڈالر رہا۔

حصہ داران کو یہ جان کر بھی خوشی ہوگی کہ FFC نے مسلسل 13 ویں سال بھی پاکستان اسٹاک ایکسچینج کے ٹاپ 25 کمپنیز ایوارڈ میں اپنی پہلی پوزیشن برقرار رکھی ہے۔ مزید برآں، کمپنی کی سالانہ رپورٹ 2022 نے، ICMAP/ICAP کے زیر اہتمام سالانہ رپورٹ مقابلے کی تینوں کیٹیگریز میں مجموعی طور پر پہلی پوزیشن حاصل کی ہے۔ SAFA کی سطح پر، رپورٹ نے پیداواری شعبے کے ساتھ ساتھ Corporate Governance اور Integrated Reporting میں بھی اسناد حاصل کیں۔ جو کہ عمدہ نظم ونسق، شفافیت اور بہترین روایات کے لیے کمپنی کے عزم کا آئینہ دار ہے۔

مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ تھر انرجی لمیٹڈ (TEL) نے اپنے آپریشنز کے پہلے سال ہی منافع کی اطلاع دی ہے جبکہ عسکری بنک، فوجی سیمنٹ اور OLIVE نے بھی خالص منافع میں اضافہ رپورٹ کیا ہے۔ ہوا سے بجلی بنانے والے منصوبوں نے بھی خالص منافع میں بڑھوتری اور کیش فلو میں بہتری رپورٹ کی ہے جبکہ ان کی قرض کی ذمہ داریاں بھی کامیابی سے ادا کر دی گئی ہیں، اور یہ عوامل کمپنی کی آمدن میں مستقل حصے کے لیے اعتماد فراہم کرتے ہیں۔

متوقع مستقبل Future Outlook

بین الاقوامی اداروں نے پیشینگوئی کی ہے کہ بلند افراطِ زر اور شرح سود کے ساتھ 2024 کے دوران معاشی دباؤ برقرار رہنے کا اندیشہ ہے۔ Axle Weight Regulation کے نفاذ کے باعث نقل وحمل کی لاگت میں تقریباً 45 فیصد اضافہ متوقع ہے جبکہ اگلے سال کے دوران زرمبادلہ کی شرح اور دستیابی بھی ایک چیلنج بنے رہنے کا امکان ہے۔

طویل عرصے سے واجب الوصول GST اور سبسڈی کے بقایا جات کے حوالے سے حکومت کے ساتھ تصفیہ طلب معاملات کمپنی کے جاری سرمائے (Working Capital) کو نمایاں طور پر منفی انداز میں متاثر کر رہے ہیں۔

ہم کھاد کے کاروبار میں مسلسل تزویراتی سرمایہ کاری پر توجہ مرکوز کیے ہوئے ہیں، اور ہمیں یقین ہے کہ کارکردگی میں مسلسل بہتری، لاگت میں کمی اور منسلکہ کمپنیوں سے آمدنی میں اضافے کے ساتھ، کمپنی اپنے حصہ داران کو پرکشش منافع کی فراہمی جاری رکھے گی۔

سرفراز احمد رحمٰن
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

راولپنڈی

26 جنوری 2024

چیئرمین کاجائزہ

معزز حصص داران!

مجھے یہ بتاتے ہوئے مسرت ہورہی ہے کہ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے ایک مرتبہ پھراپنی ذمہ داریاں پوری تندہی سے نبھائی ہیں اورمشکل سماجی ومعاشی ماحول کے باوجود کمپنی کوترقی کی جانب گامزن کیا ہے۔

کمپنی نے ہماری حکمت عملی اورنظم ونسق کی افادیت کوثابت کرتے ہوئے شاندار کارکردگی کا ایک اورسال حاصل کیا ہے۔ بورڈ کی نگرانی کے باعث وسائل کے بہترین استعمال، شفافیت اورمعلومات کے تبادلے میں اضافہ ہوا۔

بورڈ نے سال کے دوران درپیش مختلف تزویراتی اورآپریشنل چیلنجز سے نمٹنے کے لیے مینجمنٹ کومکمل رہنمائی اورتعاون فراہم کیا۔ ہم نے اندرونی ضوابط کے قابلِ احتساب اورعمدگی سے منظّم ہونے کویقینی بناتے ہوئے شراکت داران کے مفاد کے تحفظ کے ساتھ ساتھ کمپنی کے مؤثر رسک مینجمنٹ سسٹم کی بھی نگرانی کی۔

اپنی غیرمعمولی کارکردگی کومدِنظر رکھتے ہوئے، ہمیں 4.10 روپے فی حصہ کے حتمی منافع منقسمہ کا اعلان کرتے ہوئے خوشی ہورہی ہے، جوکہ، مالی سال کے دوران، پہلے اعلان کردہ 11.39 روپے فی حصہ کے عبوری منافع منقسمہ کو بڑھاتے ہوئے، 66.4 فیصد کی سالانہ ادائیگی پر منتج ہوا ہے۔ یہ تقسیم حصہ داران کے لیے مستحکم آمدنی کے ہمارے عزم کوظاہر کرتی ہے۔ کمپنی کی طرف سے اب تک کی مجموعی ادائیگی 19.71 ارب روپے ہے جوکہ گزشتہ سال 15.43 ارب روپے تھی۔

بورڈ نے نظم ونسق، کنٹرول اور رپورٹنگ پر ESG معیارات کواپنانے کے لیے ایک ESG کمیٹی تشکیل دی ہے۔ کمپنی مؤثر اور جلد نفاذ کے علاوہ تربیت کے لیے کلیدی شراکت داران کے ساتھ رابطے میں ہے۔ ESG کمیٹی تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے، جن میں سے دو، بشمول چیئرمین، آزاد نان ایگزیکٹو ڈائریکٹرز ہیں۔

میں، بورڈ کی جانب سے، مدت پوری کرنے والے ڈائریکٹرز کی گرانقدر خدمات کا اعتراف کرنا چاہوں گا اور اپنے نئے ڈائریکٹرز کا پرتپاک خیرمقدم کرتا ہوں جو نظم ونسق، حکمت عملی، کاروباری فراست کی متنوع مہارت لے کرآئے ہیں۔

ایف ایف سی کا بورڈ تیرہ ممبران پر مشتمل ہے جن میں بارہ منتخب ڈائریکٹرز ہیں جبکہ ایم ڈی اورسی ای او ایک Deemed ڈائریکٹر ہیں۔ صنفی تنوع کواجاگر کرنے کے لیے، بورڈ میں دوخواتین بھی ہیں۔ بارہ ڈائریکٹرز میں سے آٹھ نان ایگزیکٹو ہیں جبکہ چار آزاد ہیں۔

بورڈ نے، سالانہ کاروباری منصوبے، میعادی مالیاتی گوشواروں اور بورڈ کی توجہ کے متقاضی دیگر امور کا جائزہ لینے اور منظوری دینے کے لیے، سال کے دوران چھ اجلاس منعقد کیے۔ مذکورہ امور میں بورڈ کی معاونت کے لیے، بورڈ کی کمیٹیوں نے بھی متعلقہ ضوابط کے تحت تفویض کردہ اپنے فرائض کی انجام دہی کے لیے باقاعدہ اجلاس منعقد کیے۔ پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) نے ایک جامع جائزہ کویقینی بناتے ہوئے بورڈ اوراس کی کمیٹیوں کی اجتماعی اور ہررکن کی انفرادی کارکردگی کی تفصیلی اور آزادانہ پڑتال کی۔

میں اپنے صارفین، سپلائرز، بینکرز، ملازمین، حصہ داران اور بورڈ آف ڈائریکٹرز کا مسلسل تعاون، لگن اورمحنت کے لیے شکریہ ادا کرنا چاہوں گا۔ بورڈ زرعی پیداوار پراپنی توجہ مرکوز کیے ہوئے ہے تاکہ ملک کی بڑھتی ہوئی آبادی کے لیے خوراک کی دستیابی یقینی بنائی جاسکے۔ ہم اپنے تمام شراکت داران کے لیے مستحکم آمدنی کی فراہمی کے لیے بھی پرعزم ہیں۔

وقاراحمد ملک

چیئرمین

راولپنڈی

26 جنوری 2024

Dharmasar Lake

Kaghan Valley, Khyber-Pakhtunkhwa, Pakistan

Credits: Madeeha Ahsan

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ڈائریکٹرز رپورٹ

کمپنی اور گروپ کی کارکردگی پر ڈائریکٹرز کا تجزیہ

سر ورق

ہمارا سفر-زمین کی زرخیزی میں اضافہ،طبقات کی مالی خودمختاری،اور جدید وسائل کے فروغ کے ذریعے زندگی کی ضروریات سے گہرے انداز میں وابستہ ہے۔روایت اور جدت کے مجسم کے طور پر ہم پائیداری کیلئے تیار ہیں۔ہم ماحولیاتی ذمہ داری، شراکت داروں کی بااختیاری، اور قابل تجدید وسائل کے حکمت عملی پر مبنی استعمال سے آراستہ راہ پر گامزن ہیں۔رینیوایبل انرجی، بینکاری، سیمنٹ اور خوراک کی پیداوار کے کلیدی شعبہ جات میں تنوع کے ذریعے، ہماری توجہ ہمارے کاروباری نصب العین کے مطابق ضروری خام مال کی مستحکم،بلاتعطل رسد کیلئے مالی وسائل کو منظم کرنے پر مرکوز ہے۔

مستقبل پر نگاہ رکھتے ہوئے ہم تبدیلی کیلئے کوشاں ہیں اور ایک ایسے مستقبل کے عزم کا اعادہ کرتے ہیں جہاں پائیداری ہمارے وجود کا مرکزی و لازم جزو ہو۔

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Head Office: 156 The Mall, Rawalpindi Cantt.,Pakistan
UAN +92-51-111-332-111