



FAUJI FERTILIZER COMPANY LIMITED

The largest Urea Manufacturing company in Pakistan. FFC also holds a diverse investment portfolio comprising Renewable Energy (FFCEL & FWEL-I&II), Food Processing (FFFL), Technical Services (OLIVE), Fertilizer (FFBL), Cement (FCCL) and Banking (Askari Bank).

<u>Vision.</u> To be an inspiring, distinguished and globally diversified enterprise with a hallmark of excellence, trust and innovation.

<u>Mission</u>. 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.

Key Highlights

Operational Performance

Operational performance of FFC plant-sites remained satisfactory during Q4 2023. Urea production target achieved with ~ **2,521 KT** KT **2,445 KT** [3.1% higher than budgeted].

Ever-highest production record of **1709,747 MeT** was achieved at GM, previous best was **1692,322 MeT** in 2017.

This includes production of 258,153 MeT of neem-coated urea (NCU), a value-added product, during this period.



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.

FFC-MM Turnaround-2023

MM Plant underwent a major maintenance turnaround in October 2023, after three years of operations. Turnaround executed safely with compliance objective of 'No Injury, No Fire'







Ammonia Reactor, R-501 New Bottom



Urea reactor, R-101 Rehabilitation



Air Compressor Turbine, TK-421 Overhauling



Air Compressor, K-421 HP Stage Overhauling

New Products Development

Facility for production of 100,000 Met Zincated urea designed in-house and order placed for facility equipment. Product standard approval granted by PSQCA. Product commercial launch planned in Nov 2024. Saving of **PKR ~97 million** achieved by facility cost optimization and other measures.

FFC has achieved ever highest production (258,153 Met) of NCU in 2023 which is 103.26% of the target. To achieve this, local neem oil suppliers developed and ~80,000 lit of local neem oil procured - PKR ~ 100 Million Forex Saved. Moreover, additional revenue of PKR 750 Million from NCU sale achieved. Development of first of its kind in-house neem seed deshelling, oil extraction and testing facility developed for local seed quality mapping and local oil purchase at competitive rates.





Successfully Test marketed 200 MeT product in 2023. Product standard approval granted by PSQCA. Production facility (flexible unit) budgeted under BP 2024. Product launching is planned in 2024 in collaboration with MKT Group.

Sustainability Projects

Pressure Enhancement Facility (PEF)

To deal with the natural decline of Habib Rahi Limestone (HRL) reservoir, Fertilizer Manufacturers (FFC, Engro and Fatima) have entered into a 'Framework Agreement' with Mari Petroleum Company Limited (MPCL) on November 30, 2022 for PEF project. The project is aimed to maintain MPCL's HRL Reservoir gas production plateau at the required delivery pressure for supplies to the Fertilizer Manufacturers. **Phase-I** (piping DBN) field execution is in progress and over 10 km pipeline construction has been completed. **Phase-II** (Nodal Compression), Technical Study report has been received from Xodus, UK. Procurement process activities have been started in liaison with partners.



Alternate Gas Connection with National Network

For mitigating any eventuality of full gas volumes unavailability from MPCL, execution of a new pipeline project has been started to connect SNGPL network with FFC plant site Mirpur Mathelo. Modalities of land acquisition for pipeline right of way & start point are being finalized. NOCs for canal & road crossing has been initiated. Procurement process for piping, valves are in progress by SNGPL. RLNG tie-ins has been provided at feed gas line & CMF-1 during TA-2023.

Installation & Commissioning of NG Compressor, K-1531F

In order to handle decreasing natural gas supply pressure from MPCL Habib Rahi Limestone (HRL) reservoir, installation & commissioning activities of 13th Natural Gas compressor, K-1531F completed successfully.

Environment Projects

Hydrogen Recovery Unit

Hydrogen Recovery Unit (HRU) at FFC Plant-I was successfully commissioned in August 2023 with excellent performance test results. **13K MTPY** additional urea is being produced which resulted in annual CO₂ footprint reduction of 3,000 MT and additional revenue **PKR ~800 Million**. The project has increased ammonia production by 17 MTPD with a total potential to increase ammonia production by **35-38 MTPD** after machines' overhaul in TA-2025.

Inert Gas (Nitrogen) Generation Plant

Existing nitrogen plant [400 Nmc/hr] at Plant-I was supplied by M/s KEMP, USA at the time of plant commissioning in 1982. Poor quality Nitrogen gas has been a chronic issue in the existing Plant, in addition to its maintenance issues due to unavailability of vendor's support.

New Nitrogen Plant Commissioned at Plant-I in August 2023. Expected annual CO₂ footprint reduction ~700 MT. Expected annual savings of PKR 20 Million.

Events / Meetings

CE&MD Visit to NIC Faisalabad

CE&MD, GGMM, SMM (PLN) and HOAS attended 1st Gradversery (Graduation Ceremony) event at National Incubation Centre (NIC), Faisalabad on 22nd November, 2023.

Visit to IBA Sukkur

GGMM and HOS-SZ along with HOS-Sukkur and HOSDs Sukkur Region visited IBA University Sukkur. Mr. Abdul Wahid Qazi Director (CDC) and his team welcomed the delegation of FFC. Dr. Asif Ahmed Sheikh (VC) IBA University Sukkur presented a Shield to GGMM.





Pilot Phase of AGRIEDGE App in Pakistan

With the management's approval, pilot phase of FertiEdge module of AGRIEDGE app was implemented on Wheat Crop 2023-24. HOAS facilitated through online sessions and Whatsapp group to connect the Agri services team with AgriEdge for apprising them about modification and streamlining the modules as per Pakistan's agriculture. In addition to that one-on-one online training sessions for the entire Agri services team were arranged to apprise them about modalities, operations and new feature updates in AgriEdge app. GGMM signed NDA with AgriEdge.



New Design: Bill Boards

A&SP maintained brand visibility through 33 Billboards installed at various locations throughout the Marketing Area. New billboards highlighting Rabi Crop were designed, developed and installed at all locations across Pakistan.



Promotion on Social Media Platforms

Social media platforms were utilized to increase awareness among farmers and dealers for Rabi Crops. The message conveyed FFC's key role in supporting farmers to boost their yield's of Rabi crops. The focus remained on promoting the balanced application of fertilizers, enhancing soil fertility, adopting innovative agricultural methods. The campaign was launched on Facebook and Youtube on "Balanced Fertilizer Use for Farmers' Prosperity" during 4th quarter of 2023.



FFC Calendar

A&SP department designed, arranged the printing & distribution of calendars for the year 2024 with the theme of "Historic Education Institutions of Pakistan".



Financial Performance

- The year 2023 faced high inflation and interest rates while the Pak Rupee also continued its downward trajectory against US dollar, resulting in higher operating and financing costs of the Company. The retrospective increase in Super Tax levy led to higher effective tax rate of 45% compared to 40% last year, further pressurizing Company profitability.
- Gas prices for the fertilizer sector were also increased significantly by 75%, however, the Company only passed on a partial impact in urea price during 2023, to offer urea 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 and real time 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.
- 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.
- The profitability for 2023 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.

- Profit after tax stood at Rs 29.67 billion and it includes Rs. 17.1 billion of other income. The
 earnings in dollar terms, however, registered negative growth compared to 2021 and stood at
 the level of 2017.
- 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.

Achievements / Awards

Million Man-hours Achievement

FFC-GM surpassed the previous best safe million man hours record of **23.46** and recorded ever highest; **24.31 & 12.1 Million man-hours** of safe operation for its employees and contractor employees during the year, signifying commitment to employee safety.

FFC-MM also achieved **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.

International Fertilizer Association (IFA) Safety Benchmarking

Fauji Fertilizer Company (FFC-GM) participated in the IFA Safety Benchmarking Survey-2022, where the safety performance of FFC plants was compared with global producers. FFC ranked among the top performers.

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].

20th Annual Environment Excellence Award

In recognition of an outstanding contribution to environmental protection and sustainable development, FFC-GM has been awarded 20th Annual Environment Excellence Award by the National Forum for Environment & Health. FFC-GM qualified for the criteria based on environmental compliance after the evaluation of past two years performance.

FFC ENERGY LIMITED



FFCEL Wind Power project is located in Jhampir, District Thatta, Sindh. Total installed capacity of the project is **49.5 MW** consisting of 33 number of **Nordex S77 1.5 MW** wind turbines. It is **Pakistan's first grid connected wind power project** to achieve Commercial Operations Date (COD) on May 16, 2013. The project is expected to generate 143.6 GWh per annum from wind energy. It is country's signature project and a major step forward towards achievement of self-sufficiency in energy production through renewable and indigenous resources. The project is successfully operating since COD and FFCEL has performing its O&M thru own team since August 2018.

FFCEL	Oct - Dec 2023	Oct - Dec 2022
Net Delivered Energy (GWh)	19.75	10.1
Revenue (Rs Mn)	314	366
PAT (Rs Mn)	135	163

FFCEL has attained net earnings of Rs. 135 Million for the period from October to December 2023. Wind farm availability was recorded 98.47%.

Type II maintenance activities successfully completed on all 33 WTGs.



Training, Visits & Recognitions

- MD &CEO FFCEL Major General Asif Ali HI (M) Retd along with SM-FFCEL visited Jhampir.
 Following activities were performed.
 - a) Keys of renovated / repaired houses hand over to flood affectees
 - b) Briefing of works done and plaque unveiling ceremony at BHU of Jhampir
 - c) Distribution of School Uniforms and briefing of works done and plaque unveiling ceremony at Primary & Secondary Schools of Jhampir



- Graduation ceremony for first batch of LVTC was conducted. Certificates were distributed among students and instructors. MD & CEO FFCEL graced the occasion.
- MD & CEO FFCEL Major General Asif Ali HI (M) Retd distributed certificates among the
 participants of training on "Leadership and Team Building". Training was conducted by M/s Blue
 Peaks.
- DM Plant attended Green Tech conference in Karachi organized by Embassy of Denmark & Danish Energy Agency.



- Audit of Information Technology (IT) & Operational Technology (OT) Cybersecurity was performed by senior FFC InfoSec Auditor.
- Senior Safety Officers of FFC performed the Independent Management Safety Audit (MSA).
- Audit of stores & spares along with verification of physical assets was conducted by M/s A. F. Ferguson team.
- Training on "Hytorc" conducted by M/s Ma'Aref Technologies

- Lead Auditor of Carbon Credit third party; "APPLUS+ Certification", carried out Remote
 Assessment as part of verification activities for FFCEL carbon credits during Nov 01, 2021 to
 May 15, 2023. The audit concluded successfully and draft verification report has been issued.
- Officers from WAPDA's 141st Middle Management Course visited site for orientation of FFCEL Plant.



- **Fire Fighting Training** session was conducted for Plant Site team by M/s CASSCO. Simulated Emergency Preparedness Drill was also conducted.
- **03 Days Vibration Training** by MOBIUS Institute was conducted at Plant Site to enhance Condition Monitoring capabilities of O&M Engineers.
- First Aid Awareness session was conducted for Plant Site team by M/s AST Enterprises.



- SM-FFCEL visited site during which following activities were executed;
 - a) Workshop on "Time Management" for site team.
 - b) **Internal audits** for "Health, Safety, Environment & Quality", "Cyber Security" and "Admin & Security".
 - c) Meeting held with **elders of neighboring** tribes to discuss CSR measures.
- FFCEL energy meters calibration activity was performed by the Metering Committee.

Health & Safety

Indicators	Figures
FFCEL Safe Man Hours	0.77 million
Contractor Safe Man Hours	2.71 million
Days without LTI	3197
Last LTI	31-March-2015
Safety Incidents	0
Medical Treatment Case	0
Environmental Incidents	0

FOUNDATION WIND ENERGY LIMITED - I&II

Foundation Wind Energy – I Limited (FWEL-I) and Foundation Wind Energy – II Limited (FWEL-II) are 100 MW (50 MW each) wind power generation projects located at Khutti Kun New

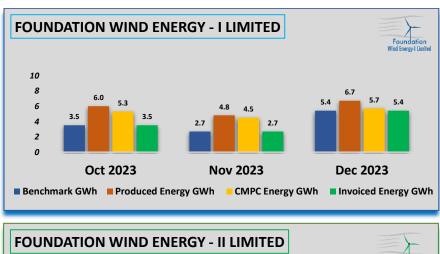


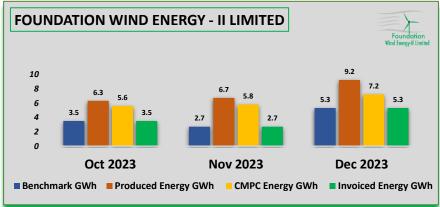


Island in the Taluka Mirpur Sakro of Thatta District in Sindh. The head office is located at Rawalpindi, Pakistan. The Government of Sindh, through AEDB has allocated land for the Projects. Both are Build Own Operate (BOO) projects and the farm life is of 20 years.

FWEL-I achieved financial close on 18th July 2013 and commercial operations commenced on 11th April 2015 and FWEL-II achieved financial close on 4th April 2013 and commercial operations commenced in December 2014. The electricity generated is sold to the Central Power Purchasing Agency at 132 KV National Transmission and Dispatch Company Thatta grid station. The Projects also boosts a wide range of CSR activities in the areas surrounding the Projects' Site.

Operational Highlights - Oct to Dec 2023





Financial Performance of FWEL – I & II (the Companies) – Oct to Dec 2023

- The Companies have achieved all major operational and financial KPIs during the period. As a result, both plants have been able to generate 100% revenue as per monthly benchmarks agreed with the Power Purchaser under Energy Purchase Agreement (EPA).
- During the period, the Companies delivered 36.12 GW of clean energy to the national grid. As a result, they offset ~17,335 metric tons CO₂ emission and saved precious foreign reserves of ~US\$ 3.36 million.
- The Companies, during the period, earned net profit of Rs. 503 million (FWEL-I Rs. 256 million & FWEL-II Rs. 247 million).
- During the period the Ijarah & Musharaka facilities have been fully repaid.

Visits, Trainings & Conferences

- Maj Gen Asif Ali, HI(M) (Retd), MD & CEO visited plant sites to address the ongoing issues and inaugurate Masjid in Nov 2023.
- Maj Gen Asif Ali, HI(M) (Retd), MD & CEO visited plant sites for the inspection of Operational Performance and CSR activities of plants in Dec 2023.
- CS FWEL visited FWEL plant sites, to check the operational performance of plants in Nov 2023.





FAUJI FRESHNFREEZE LIMITED

Agri Procurement & Development

Potato crop planning for 2024 kick started, all regional teams started spade work including farmer meetings, area wise variety distribution,

sowing plans etc.



Agri Team Training at Potato Business School, Emmeloord, The Netherlands

In the ever-evolving landscape of the



Frozen Fries segment, the potato crop stands as the bedrock of our sustainability efforts. The senior management at FFFL has consistently underscored the importance of empowering our Agri team to become masters of potato agronomy. In this pursuit, our two remarkable members of our Agri Proc and Dev team, Mr. Muhammad Umair Javid- Assistant Manager Agri Development from North and Mr. Hassan Ali Butt-Assistant Manager Agri Development from South, went to the prestigious Potato Business School in Emmeloord, the thriving hub of seed potato business in the Netherlands. At this esteemed institution, our team underwent an extensive training program that delved into the intricate facets of the potato industry. They received invaluable insights from renowned commercial organizations on a multitude of subjects, ranging from potato breeding programs to field agronomy, nutrition management to disease control, mechanization, and the nuances of warehouse management.









OLIVE TECHNICAL SERVICES

4rd Quarter of Year 2023 exhibited good business performance by OLIVE TS.

Foreign Services include:

- Process Engineering consultancy to Saipem for an ammonia urea complex in **Nigeria** continues.
- Technical due diligence (Mechanical) services and Manpower for Commissioning Services to Saipem for Pro Agro Industria urea fertilizer plant, **Mexico** continues.

Local Services include:

- Workshop Services to MPCL
- O&M for SCATEC Solar Power Plant
- Training services to Friesland Campina and MOL

IT services provided to ForeePay, NDS, FWEL and FFFL



FOOD SECURITY & AGRICULTURE CENTER OF EXCELLENCE (FACE)

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 Quarter 4, 2023,

is as under:

Capacity Building of Farmers on Best Farming Practices

FACE agricultural experts and partner organizations undertake capacity building of local farmers on best farming practices, climate smart agriculture, and latest technology.

Capacity Building Q4 2023	Trainings –
Total Sessions	15
Number of Beneficiaries	597



FACE completed its fleet of 10 agricultural drones in Q4, 2023. The FACE Precision Farming program commenced in mid-2023 in Sahiwal to meet the growing demand of farmers for precision spraying services to address the challenges of climate change and rising input costs. More than 2,600 acres were serviced in Q4, 2023.

With advancements in AI, and other related technologies, precision farming is the future of agriculture as it directly contributes to lower GHG emissions, higher efficiency, higher yield, efficient crop monitoring, and water saving, among other factors.

Partnerships

FACE signed a strategic partnership agreement with Commission on Science and Technology for Sustainable Development in the South (COMSATS) to address climate change-related challenges faced by Pakistan's agriculture sector. The two organizations have signed an MOU with the aim of improving food security through adaptive and resilient agriculture. They will work together to promote sustainable farming practices, pioneer innovative technologies, conduct joint research, and build capacity for climate-vulnerable areas.









Corporate Social Responsibility

Mirpur Mathelo

Free Medical Camps

Fight against Hepatitis 'C & B" is continous as part of one major CSR activity by FFC MM. In this regard a medical camp was organized on 11 Oct 2023, at Govt Special Education & Rehabilitation Centre, Mirpur Mathelo in coordination with District Health Office (DHO), Ghotki. Additionally, 4 other medical camps were also held in the plant vicinity in Q4.

- a. Screening for Hep C & B.
- b. Vaccination of Hep B.
- c. Awareness through brochures, media and pan flex.
- d. General check-up along with medicines.

SWH provided its doctor and staff however, all medicines / vaccination etc were arranged from DHQ Ghotki. School administration acknowledged the efforts of FFC and requested to continue such activities for their welfare.





Family Assistance Programme

Purpose of this program is to assist needy people of Tehsil Mirpur Mathelo, with the **dowry items for marriages of their daughters and sisters**. Every year between 55-60 Dowry sets are distributed. In Q4 2023, 28 x Dowry sets have been distributed.





Distribution of Wheel Chairs

1 x wheel chair along with mosquito net donated to Mai Sandal d/o Ghulam Murtaza by the RM-MM/Chairman SWS



Flood Relief Rehabilitation (Long Term)

The project was launched in Dec 2022 to help the victims of rain / flood in District Ghotki. In short term rations, medicines, de-watering, fumigation and installation of hand pumps was carried out. In 134 x houses (1xroom & 1x washroom) were handed over by FFC to rain / flood affectees in a short span of 3 months with keen interest of RM and CSR Team. MD & CEO, FFC along with GGM-M&T and other officials from HO also visited the construction site and appreciated the consruction standarads. In first phase, construction focused around and in vicinity of plantsite in Goths/Villages of Tehsil Mirpur Mathelo, District, Ghotki and in the second pahse, the work of construction and renovation of following schools & Basic Health Unit has been started:-

- a. Govt Boys Primary School Sanaullah Abbasi
- b. Govt Special Education & Rehabilitation Centre Mirpur Mathelo
- c. Govt Girls Elementary School Dino Mako
- d. Govt Girls Lower Secondary School Muhammad Siddique Kalwar
- e. Govt Boys Lower Secondary School Soomar Malik
- f. Govt Boys Primary School Soomar Malik
- g. Govt Boys Primary School Palyo Siyal
- h. Basic Health Unit Darvesh Naich





Goth Machhi

GM Plant assisted Govt Boys Elementary School Sona Goth (adopted) through a paint job.





Re-construction of boundary wall for Govt Girls Primary School Saleh Muhammad Shah





Provision of electrical water cooler for Govt Girls Primary School, Gharibabad





Construction of classrooms in different Govt. Schools of Plant-site vicinities is completed





Dowry Assistance

CSR-GM provided Dowry & Financial assistance under head of CSR Contingency





Hazrat Bilal Trust is an independent trust providing healthcare facilities to the underprivileged community near Goth Machhi. During 2023, **quarterly contributions** were made to this cause.





Repair maintenance of Health Center at Basti Nihal Kandair road near Sanjarpur is completed.





Flood Relief & Rehabilitation

Construction of 73 x Rooms & Toilets in Plant-site vicinities completed





Repair & Maintenance

Repair Maintenance work of houses of contractual employees living adjacent to Plant-site is completed.





FWEL-I&II

Foundation Wind Energy continues to bolster the CSR activities to maximize community outreach in the areas surrounding the Projects' Site.

Medical Camp

1628 patients treated during Oct to Dec 2023, in three Medical camps.







Water Supply

Provision of fresh water to 10x villages.





Technical Training to Locals

2nd Batch of Technical Training is ongoing.

Construction of Masjid

Construction work of Masjid has been completed, inaugurated by MD&CEO FWEL.







Vocational Institution

Establishment of vocational institution is in process.

FFCEL

- Maintenance & Repair Higher Secondary School Jhampir
- Maintenance & Repair Primary School Jhampir
- Distribution of School Uniforms Primary & Secondary Schools
- Maintenance & Repair Basic Health Unit Jhampir
- Water Tankers Distribution Among Nearby Villagers
- Ladies Vocational Training Centre Completion of 1st Batch.

Social Events

Sports Carnival 2023

For the first time in the history of FFC, the company introduced sports-driven team building and networking initiatives at the corporate level. This groundbreaking effort involved the active participation of all locations, including FFC-MM, FFC-GM, Head Office, and Marketing, in a corporate sports carnival. This initiative was implemented in alignment with the company's vision of fostering cultural diversification within its organizational framework.





SONA Cricket Cup 2023

Another effort to display team building and networking initiatives, 9th SONA CUP 2023 Cricket Tournament was held from November 30 to December 3, 2023. The event featured spirited participation from teams representing Head Office, Marketing Group, Mirpur Mathelo, and Goth Machhi.





Champions League Cricket Tournament

FFC Marketing Hyderabad and Nawabshah Regions jointly organized an evening cricket match on 13th December, 2023 at Hyderabad. GGMM and HOS-SZ participated in the cricket match. It came out to be a healthy activity as teams of both the Regions and FAC team, all participated with zeal and zest.



