FFBL
Fauji Fertilizer Bin Qasim Limited

ANNUAL REPORT
2020

CHANGE **MANAGEMENT** DRIVING **MOMENTUM** FOR **GROWTH**

Cover Story

2020 was a challenging business year for the entire world. FFBL braced this challenge with the phenomena of "CHANGE MANAGEMENT" while carving a structured approach and averting business disruption to turn the challenges into opportunities for the enhanced benefit of shareholders.

The change brought a momentum of growth which was reflected not only in core business but supporting businesses as well. Dedicated efforts by the new management team made it possible to recapture company's market share through record sales, better quality and uninterrupted supplies. FFBL is moving forward with new strategy and vision for sustained growth and long-term value addition to its shareholders for the ultimate goal to achieve increased profitability.

Content

Our Journey

1993

- Incorporation of the Company

1996

- Listed with Karachi, Lahore and Islamabad Stock Exchanges

2000

- Commencement of commercial production

2003

- Successful commissioning of Desulphurisation Project
- Agreement with Office Cherifien des Phosphates' (OCP), Morocco for supply of raw material Phosphoric Acid (P_2O_5)

2005

- Joint venture with 'Officie Cherifien des Phosphates' (OCP), Morocco to incorporate 'Pakistan Maroc Phosphore S.A' (PMP) costing 2,030 million Moroccan Dirhams with equity participation of 25%

2006

- Achieved ISO Certification in QMS (9001:2000), EMS (14001:2004) and OHSAS (18001:1999)

2007

- Successful completion of Ammonia BMR resulting in increased production of Ammonia by 23% from 1,270 MT to 1,570 MT and Urea by 15% from 1,670 MT to 1,920 MT per day

2008

- DAP Revamp resulting in increase production by 51% from 1,472 MT to 2,232 MT per day
- Start of PMP's commercial production and shipment to FFBL in April 2008 and May 2008 respectively
- Investment in Fauji Cement Company Limited

2010

- Investment in Wind Power Projects
- Successful implementation of SAP-ERP system, evolving excellence through technological integration

2011

- Rewarding year for FFBL, exhibiting highest standards of performance, surpassing all previous records
- PMP achieved a landmark by producing 382 thousand tonnes of P_2O_5, surpassing the name plate capacity of 375 thousand tonnes in any year

2013

- Incorporation of Fauji Meat Limited and Fauji Foods Limited
- Investment in Askari Bank Limited
- Highest ever DAP production of 744,436 MT

2014

- Incorporation of FFBL Power Company Limited
- Received two awards in Corporate Social Responsibility
- Bronze Medal in ERP from SAP, Germany
- Highest ever DAP production of 72,390 MT in a month

2015

- Highest ever yearly DAP production of 768,004 MT
- Highest ever daily DAP production of 2,461 MT on December 19, 2015
- Highest ever monthly sale of DAP 223,186 MT in October 2015
- Highest ever yearly production of 429,398 MT of phosphoric acid by PMP
- 4th in chemical sector for Best Corporate Report Award by ICAP & ICMAP
- Received two awards in Corporate Social Responsibilty
- SAP Silver Medal Customer COE of the Year Award 2015, Heidelberg, Germany
- Investment in Fauji Foods Limited (Formerly NPL)

2016

- Highest ever yearly DAP production of 791,256 MT
- Highest ever yearly DAP sales of 790,622 MT
- SAP Bronze Medal Customer COE of the Year Award 2016, Berlin Germany
- 4th in chemical sector for Best Corporate Report Award by ICAP & ICMAP
- 4th position for 2014 and 7th position for 2015 by PSX awarded in September 2016
- Received two awards in Corporate Social Responsibilty

2017

- Start of commercial production by FPCL
- Record yearly DAP production of 808,808 MT
- Record monthly DAP production of 74,500 MT
- Highest ever daily DAP production of 2,513 MT
- Highest ever Sona DAP sales of 831,173 MT
- Annual Environment Plantation Award 2017 by NFEH
- Best Tree Plantation Award 2017 by NFEH

2018

- 25th year of incorporation - 1993-2018 (Silver Jubilee Year)
- 8th Annual Five Safety Award 2018 by NFEH & Fire Protector Association of Pakistan (FPAP)
- Achieved 17 Million Safe Man hours on 11 July, 2018
- 4th International Award in category of “Environment, Health & Safety Performance”
- Achieved highest daily DAP production of 2,523 MT on 7 August, 2018
- Highest ever monthly DAP production of 75,494 MT in August, 2018
- Highest ever monthly Ammonia production of 49,834 MT in August, 2018

2019

- Highest ever yearly DAP production of 830,696 MT
- Highest ever monthly DAP production of 76,595 MT in July 2019
- 5th International Award in category of “Environment, Health & Safety Performance”

2020

- Highest ever yearly DAP sales of 926,273 MT
- Highest ever daily DAP production of 2,533 MT on October 14, 2020
- 6th International Award in category of “Environment, Health & Safety Performance”
- Green Office Certification from WWF for FFBL HO Building
- Fire Safety Award 2020 by NFEH

Vision

To be the foremost premier organization focused on quality and growth, leading to enhanced stakeholders' value

Mission

Fauji Fertilizer Bin Qasim Limited is committed to remain amongst the best companies by maintaining the spirit of excellence through sustainable growth while ensuring best practices

Core Values

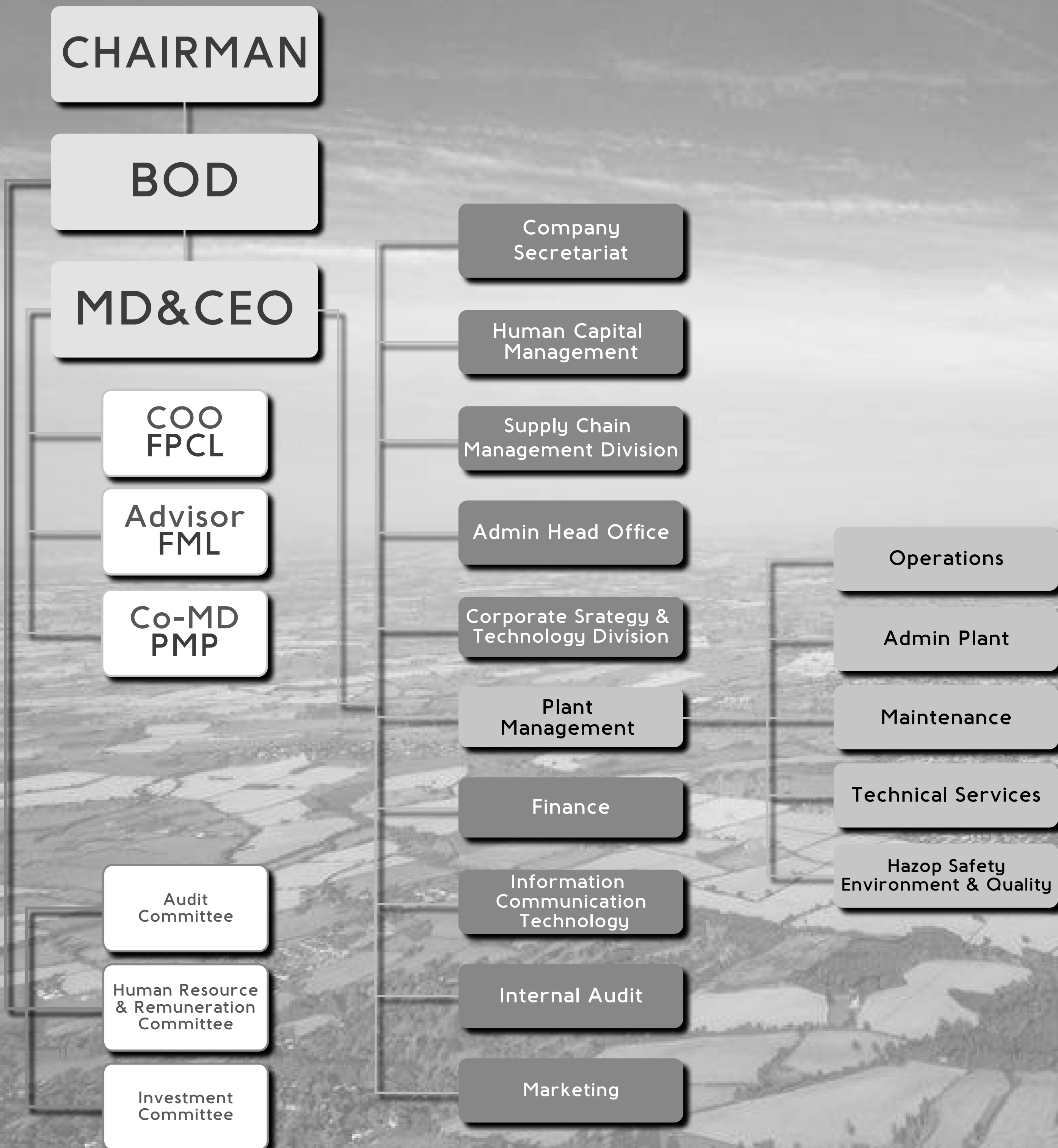
Integrity
Strong moral compass

Teamwork
Growing together for success with Care and Respect for employees, community and country

Accountability
Commitment to deliver

Excellence
Strive for the best through Innovation and Creativity

Company Structure / Organogram



Geographical Presence

LOCATION MAP	
Pakistan	
Rawalpindi/ Islamabad	FFBL Head Office FPCL Head Office FML Head Office FFBL Foods Head Office FWEL - I & II Head Office AKBL Head Office
Karachi	FFBL DAP & Urea Plants FML Plant FPCL Plant
Gharo Thatta	FWE - I & II Wind Farm
Pindi Bhattian	Prospective FFBL Foods Plant
Lahore	FFL Head Office FFL Marketing Office
Bhalwal	FFL Plant
Morocco	
Casablanca	PMP Head Office
Jorf Lasfar	PMP Plant

Company Information

Board of Directors

Mr Waqar Ahmed Malik - **CHAIRMAN**
Mr Sarfaraz Ahmed Rehman - **MD&CEO**
Lt Gen Tariq Khan, HI(M), (Retd)
Dr Nadeem Inayat
Mr Qamar Haris Manzoor
Mr Mohammad Munir Malik
Mr Rehan Ahmed
Syed Bakhtiyar Kazmi
Syed Khalid Siraj Subhani
Mr Moeez ur Rehman
Ms Pouruchisty Sidhwa
Ms Saira Nasir

Company Secretary

Brig Aamir Hussain Mirza, SI(M), (Retd)

Chief Financial Officer

Mr Muhammad Javed Akhtar

Registered Office:

FFBL Tower, C1/C2, Sector B,
Jinnah Boulevard, Phase II, DHA, Islamabad.
Tel: +92 51 8763325, Fax : +92 51 8763304-05
E-mail : secretary@ffbl.com

Plant Site:

Plot No. EZ/I/P-1, Eastern Zone,
Port Qasim, Karachi 75020.
Tel: +92 21 34724500-29,
Fax : +92 21 34750704
Email : information@ffbl.com
Web Presence: www.ffbl.com

Shares Registrar:

M/s Corplink (Pvt) Limited,
Wings Arcade, 1-K Commercial,
Model Town, Lahore.
Tel: +92 42 35839182, +92 42 35916719
Fax: +92 42 35869037

Auditors:

EY Ford Rhodes,
Eagle Plaza, 75 West, Fazal-e-Haq Road,
Blue Area, Islamabad.

Legal Advisors:

Orr Dignam & Co Advocates,
Marina Heights, 2nd Floor, 109 East,
Jinnah Avenue, Blue Area, Islamabad.

FFBL Profile and Group Structure

Fauji Fertilizer Bin Qasim Limited (FFBL) is mainly involved in manufacturing and distribution of chemical fertilizers for the farmers and agriculture sector of Pakistan. FFBL is the only manufacturer of DAP and Granular Urea in Pakistan. Its fertilizer manufacturing complex is located at Port Qasim Karachi, whereas its registered office (Head Office) is in DHA Phase-2 Islamabad. Company is listed on Pakistan Stock Exchange (PSX) since May 14, 1996 and the trade symbol of the Company is "FFBL".

Major shareholders of the Company are Fauji Foundation (18.29%) a charitable trust incorporated under The Charitable Endowment Act 1890, and Fauji Fertilizer Company Limited (FFC) holds (49.88%) shares of the Company. This makes the Company part of The Fauji Group which is one of the largest conglomerates of Pakistan and has stakes in fertilizer, cement, power, oil & gas sectors of Pakistan. Fauji Group is also involved in foods, oil and grain terminal operations and financial services.

A Board of Directors (BoD) nominated by FF Group manages the Company. BoD consists of four Independent Directors, seven Non-Executive Directors including Chairman of the Board and MD&CEO as Executive Director. The Company was incorporated in 1993 and commenced its commercial operations in year 2000. It had an installed capacity 1,670 MT/day of Urea and 1,350 MT/day of DAP. Through consistent in-house expansion and upgradation, the Company has successfully attained highest levels of 2,021 MT/day of Urea and 2,533 MT/day of DAP.

In 2005, Fauji Group started a Joint Venture with Office Cherifien des Phosphates Group (OCP) and formed a new entity with the name of Pakistan Maroc Phosphore S. A (PMP). FFBL has 25% equity holding in PMP and has ensured its continuous supply of Phosphoric Acid (P_2O_5) which is a raw material for production of DAP Fertilizer. Company as part of its diversification strategy acquired 21.57% of shares in Askari Bank and has 67.50% shares in Fauji Foods Limited (FFL). FFBL also has diversified in energy sector and has 35% stakes each in Foundation Wind Energy-I Limited & Foundation Wind Energy-II Limited (FWE-I & II). FFBL has majority stakes in its two unlisted subsidiaries, FFBL Power Company Limited (FPCL) and Fauji Meat Limited (FML), besides its 100% ownership in FFBL Foods Limited.

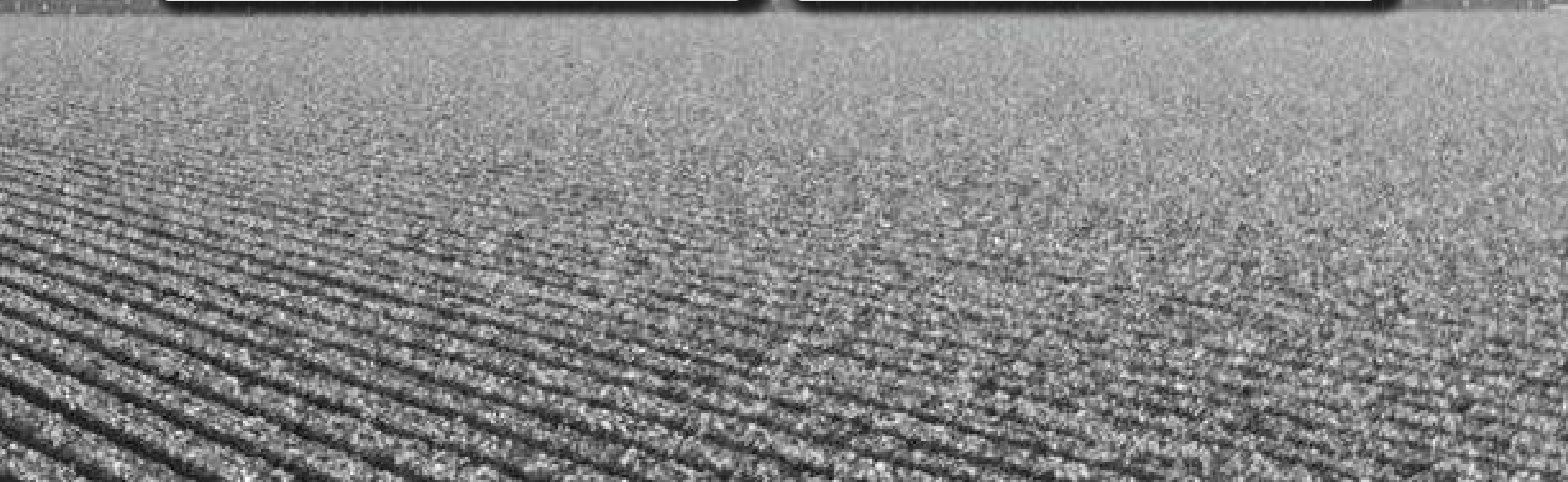
Fauji Fertilizer Bin Qasim Limited
(FFBL)

Subsidiaries

Fauji Foods Limited (FFL) - Listed on PSX
FFBL Power Company Limited (FPCL) - Unlisted
Fauji Meat Limited (FML) - Unlisted
FFBL Foods Limited - Unlisted

Associated Companies

Foundation Wind Energy-I Limited (FWEL-I)
Foundation Wind Energy-II Limited (FWEL-II)
Pakistan Maroc Phosphore S. A Morocco (PMP)
Askari Bank Limited (AKBL)



Corporate Objectives

1 Objective – Long Term

Maintain operational efficiency, enhance production and maximise profits for stakeholders.

Strategy: Improve the effectiveness and efficiency of our business processes by reducing throughput, simplifying production processes and enhancing value.

Priority: High

Status: Ongoing process - continuous improvements and simplification in production processes.

Opportunities / threats

With balanced and focused management strategies, operational efficiency can be achieved.

2 Objective – Medium/ Long Term

Research, develop and invest in new business ventures for sustained economic growth.

Strategy: Identify, evaluate, analyse and undertake diversification within and outside the fertilizer industry.

Priority: High

Status: FFBL has identified quite a few areas of potential business segments and has undertaken strategic investments in the areas of food, financial, power sector and wind energy projects.

Opportunities / threats
Foreign investment in Pakistan is boosting, thereby creating an opportunity for local industry to tap unexplored resources in the economy through joint ventures.

Current trend of growth could be at risk considering shortage of gas, water and power. Diversification in hither to unexplored / under explored fields and new emerging markets could help minimise this risk and ensure organizational growth.

3 Objective Short/ Medium Term

Commitment to maintain highest standards of health, safety and environment.

Strategy: Health, safety and environment is held sacrosanct at all our plants, conforming to the international standards of environment protection and effluent disposal.

Priority: High

Status: Ongoing process - Continuous monitoring and improvements in health, safety and environment standards in order to obtain high standards of operational excellence.

Opportunities / threats

At FFBL, we are committed to maintain a safe and healthy working environment for all our employees.

Our approach to HSEQ (health, safety, environment and quality) is proactive and designed to maintain highest operating standards, oriented towards long term development and occupational safety besides strengthening our employees' physical, mental and social well being.

4 Objective Short Term

Adopt cost saving measures and eliminating redundancies.

Strategy: Resource utilization at an optimum level through strict governance policies and improvement in internal control procedures.

Priority: High

Status: Through focused management strategies, adoption of cost cutting measures, better and planned work flow procedures, continuous employee involvement and encouragement has resulted in reduction in response time and money losses.

Opportunities / threats

A continuous monitoring and evolving process, plans for the year achieved.

Code of Conduct

Corporate Image
Company's reputation and identity are among the Company's most valuable assets.

Dedication to Quality
Our quality policy is an integral part of our business philosophy and we are committed to provide total customer satisfaction.

Health and Safety
We are all responsible for maintaining a safe workplace by following health and safety rules and practices.

Legal Compliance
The Company's activities and operations are carried out in strict compliance with all applicable laws and the highest ethical standards.

Confidentiality
Every employee is obligated to protect the Company's confidential information, which is proprietary to the Company.

Unauthorized Use of Corporate Assets
Every employee is obligated to protect the assets of the Company.

Stakeholders
Stakeholders are valuable equal partners for us with whom a long term, fair and trustworthy relationship is built.

Conflict of Interest
All employees must avoid any personal or business influences that affect their ability to act in the best interests of the Company.

Respect for People and Team Work
We are dedicated through dignity and respect, owe nothing less to each other. We know it well that none of us acting alone can achieve success.

Corporate Records
Documents and records of the Company are part of the Company's assets and employees are charged with maintaining their accuracy and safety.

Integrity and Honesty
We earn trust from everyone by maintaining the highest level of corporate integrity through open, honest and fair dealings.

Corporate Strategy

- The dynamic corporate strategy of FFBL is to enhance customer satisfaction and earn their respect through continuously providing the highest quality of product by adding value in the long run. We are committed to create value for stakeholders through performance and growth by appropriately utilizing combination of resources and skills with respect to changing market conditions.
- Our strategy is based on profitable and sustainable growth, building on an unrivaled market position and a unique flexible business model. We continue to honour the confidence and trust of our customers, suppliers and the Government. We are committed to contribute heavily in the national economy through diversification and growth to build upon our strengths and competencies.
- FFBL is focused on fostering an inspiring and innovative performance culture based on our vision and mission, code of conduct, ethics, sustained progress and core values. We demonstrate our commitment to employees by promoting and rewarding their efforts based on performance, by creating an environment which builds motivation and reflects our values. We develop leaders at all levels who achieve business results, exhibit our values and lead us to grow and glory.

Strategic Goals

- Boost agricultural yield.
- Lead fertilizer business.
- Be an environment friendly and socially responsible Company.
- Create new opportunities for business growth and diversification.
- Manufacture prime quality products.
- Maintain operational, technological and managerial excellence.
- Maximise productivity and expand sales.
- Eliminate duplication of resources to economise cost.
- To carry out research and development based on the market feedback.

Directors' Profile

Mr Waqar Ahmed Malik

Chairman

Mr Waqar Ahmed Malik joined Fauji Foundation as Managing Director and Chief Executive Officer on 9th April 2020. Mr Malik is a fellow of the Institute of Chartered Accountants in England and Wales and is also an alumnus of the Harvard Business School and INSEAD.

Earlier, his career with The ICI Plc Group based in the UK spanned over 27 years and then later with Akzo Nobel N.V. based in The Netherlands.

For around 10 years, he served as the Chief Executive Officer of ICI Pakistan Limited and also the Chief Executive Officer and Chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). During his career with ICI and AkzoNobel, he worked in Europe and Americas in Corporate Finance and Strategy Departments.

Presently, he is serving as Chairman on the Boards of following Fauji Group Companies:

- Mari Petroleum Company Limited
- Fauji Fertilizer Company Limited
- FFC Energy Limited
- Fauji Fresh n Freeze Limited
- Fauji Cement Company Limited
- Askari Cement Limited
- Askari Bank Limited
- Fauji Akbar Portia Marine Terminal Limited
- Fauji Trans Terminal Limited
- Fauji Oil Terminal and Distribution Company Limited
- Fauji Infraavest Foods Limited
- Foundation Wind Energy-I & II Limited
- Foundation Power Company Daharki Limited
- Fauji Kabir Wala Power Company Limited
- Fauji Fertilizer Bin Qasim Limited
- FFBL Power Company Limited
- Foundation Solar Energy (Private) Limited
- Daharki Power Holdings Limited

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

Earlier, Mr Malik also served on the following boards:

- PPL – Chairman (Non-Executive & Independent)
- Engro Corporation Limited – Director (Non-Executive & Independent)
- Standard Chartered Bank Pakistan Limited – Director (Non-Executive & Independent)
- Engro Polymer and Chemicals Limited – Director (Non-Executive & Independent)
- TPL Insurance Limited – Director (Non-Executive)

He has been playing an instrumental role in development of Pakistan's Regulatory System as well as for the advocacy to undertake economic reforms. Few of his other engagements have been:

- Director – State Bank of Pakistan
- President – Overseas Chamber of Commerce & Industry (OICCI)
- President – Management Association of Pakistan (MAP)
- Director – Pakistan Business Council (PBC)

Mr Malik was a member of the visiting faculty of Pakistan Institute of Corporate Governance, former member of Board of Governors of Lahore University of Management Science (LUMS) and former member of Board of Indus Valley School of Arts.

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

A Trustee of Duke of Edinburgh Trust Pakistan, he was awarded Prince of Wales Medal as a Trustee of the Prince of Wales Pakistan Recovery for the Flood Victims in 2010.

Mr Sarfaraz Ahmed Rehman

MD & CEO

Mr Sarfaraz, a chartered accountant by qualification, 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, Mr Sarfaraz established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. Engro Foods became the only Pakistani company to receive the 'G20 Top 15 Company' award. In 2012, he took a sabbatical from Engro Foods to establish the Karachi School for Business and Leadership. Mr Sarfaraz rejoined Engro Foods as CEO in 2013, where he remained till 2015. Engro Foods sold 50% of its shares to Royal Friesland Campina for half a billion dollars in 2015. At the time this was the biggest private foreign investment in Pakistan's history.

Since Oct 2015, he has been involved in consultancy projects, among others with ICI, IBL, JSPE, Shan Foods, Al-Shaheer (Meat One), Soya Supreme, Burque Corp, CCL and ITL.

Mr Sarfaraz was contracted to Grant Thornton for 2016-17 as an executive coach during a culture change project at UBL. He conducted a well-established coaching / mentoring role, with business executives and university graduates. Mr Sarfaraz has coached for Careem, Gatron-Novatex, Engro, ICI, Descon, PPL, UBL and City School.

Mr Sarfaraz was Chairman of the Broadcasters / Advertisers Council 2015-18 (joint body controlling advertising in Pakistan). Further, he was the Chairman of the 1st Effie Awards in Pakistan, in 2019. He is also on the Board of MAP and Patient Aid Foundation.

Additionally, Mr Sarfaraz speaks at various forums. He has given motivational talks at Laye's, Mondelez, Nutrico, RB, Engro, Octara, ICI, Shell, MAP etc. At universities, colleges, schools and on media occasions he holds climate change talks / sessions to create awareness.

Mr Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, to resolve the issue of literacy in Pakistan over the next decade. In the past he was associated with Shaukat Khanum Hospital as a member of the Board of Governors and with WWF as a Director. He is also associated with Hisaar Foundation and its work on water / environmental issues in Pakistan.

Mr Sarfaraz Ahmed Rehman has taken charge as Managing Director & Chief Executive Officer of FFBL, FPCL, FML and FFBL-Foods w.e.f 10 June 2020.

He is also on Board of following entities:

- Fauji Fertilizer Bin Qasim Limited
- FFBL Power Company Limited
- Fauji Meat Limited
- FFBL Foods Limited
- Fauji Foods Limited
- Fauji Fresh n Freeze Limited
- Foundation Wind Energy-I Limited
- Foundation Wind Energy-II Limited
- Askari Bank Limited
- Unilever Pakistan Limited
- Pakistan Maroc Phosphore, S.A Morocco

Directors' Profile

Lt Gen Tariq Khan, HI(M), (Retd)

Non - Executive Director

Lt Gen Tariq Khan (Retd) is Chief Executive & Managing Director of Fauji Fertilizer Company Limited, FFC Energy Limited and Fauji Fresh n Freeze Limited and also holds directorship on the Boards of following renowned companies:-

- Fauji Fertilizer Bin Qasim Limited
- Askari Bank Limited
- Thar Energy Limited
- FFBL Power Company Limited
- Fauji Foods Limited, Chairman / Director
- Fauji Meat Limited, Chairman / Director
- FFBL Foods Limited, Chairman / Director
- Olive Technical Services (Private) Limited, Chairman / Director
- Philip Morris (Pakistan) Limited
- Pakistan Maroc Phosphore S.A.

The General is Chairman of Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC) and Sona Welfare Foundation (SWF). He is also member of the Executive Committee & Board of Governors of Foundation University, Islamabad and Director on the Board of International Fertilizer Association (IFA).

The General was commissioned in Pakistan Army in April 1977 with the coveted Sword of Honour. He remained employed on various command, staff and instructional assignments. He is a graduate of Command and Staff College Quetta, National Defence University Islamabad, and remained on the faculty at both institutions. He holds Master Degree in War Studies. Since his retirement, he is on the honorary faculty of National Defence University as a senior mentor. The General also possesses vast experience as adviser to leading corporate entities.

He was awarded Hilal-e-Imtiaz (Military) and is also the first Pakistan Army General who had been conferred the U.S 'Legion of Merit' by the U.S Government for his meritorious services as a Senior National Representative at U.S CENTCOM in Tampa, Florida.

Dr Nadeem Inayat

Non - Executive Director

Dr Nadeem Inayat holds a Doctorate in Economics and has over 37 years of diversified experience in the 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).

He is also on the Boards of following entities:

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

Mr Qamar Haris Manzoor

Non - Executive Director

Qamar Haris Manzoor has done his Masters in Chemical Engineer from US and holds over 36 years of experience in plant and project management. He started his career with ICI managing its Soda Ash Plant operations. He also worked on ICI's polyester plant in Pakistan in the Plant Operations. He also worked at ICI's PTA Plant as Director Manufacturing and managed various aspects of plant i.e. from Commissioning, Operations Management, Process Engineering, Project Engineering, HSE and other improvement projects. He has also been a technical advisor of Lotte for its growth strategies in Pakistan and contributed in setting up 48MW Cogen Plant at Lotte's PTA Plant. He also held senior positions in Operation at Exxon Chemical Pakistan Ltd at their fertilizer plant.

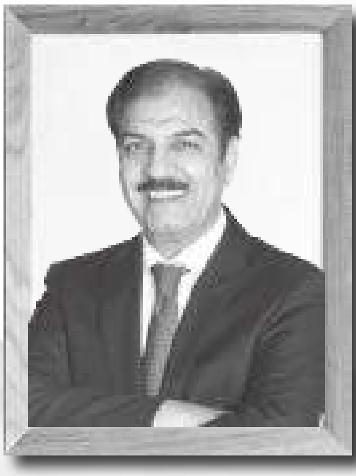
He then took over the role of Chief Executive Officer of El Paso Technology Pakistan Ltd and Chief Operating Officer of Habibullah Coastal Power Company. Habibullah Coastal Power Company (HCPC) is located in Quetta, Baluchistan, HCPC operates a combined cycle gas fired power plant with a design capacity of 140 MW Gross and Net Dependable capacity of 129 MW. The plant is in operation since 1999. EL Paso Technology Pakistan Limited (EPTP) provides technical and managerial services to HCPC and also are the Operations and Maintenance Contractors of HCPC. EPTP also is responsible to identify opportunities for growth in Power and Chemical sectors. This requires carrying out market studies, due diligence both financial and technical and presenting it to shareholders. He was also responsible to manage relationships with Government, Regulators, lenders and stakeholders to ensure smooth function of the business.

He also took the additional responsibility of Chief Executive Officer of Hawa Energy Limited, a 50 MW wind project. He successfully concluded the key contracts for the project and maintained liaison with regulators and relevant ministries/ government bodies to ensure timely approvals for the project to achieve FC on time. Subsequently, he oversaw the project construction to ensure it's on cost and on time delivery.

In his previous job, he worked as Chief Operating Officer of Naveena Group's Energy and Steel Projects. He 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. The project was completed in a record time of 20 months and has been fully commissioned. He also led the Lakeside Energy Pvt Ltd a 50 MW wind project at Jhampir, Sindh, and was responsible to achieve financial close of the project along with securing the required regulatory approvals and conclusion of EPC contracts. The project is now under construction with target completion in November 2021.

He took over as MD and CEO of Fauji Cement and Askari Cement as well as CEO of Foundation Solar Energy Limited in June 2020 and is responsible to spearhead Cement portfolio of Fauji Foundation as well as the Solar Company.

He is also Director on the Boards of FFC, FFBL, FPCL, FIFL and FPDL.



Mr Mohammad Munir Malik

Non - Executive Director

He is currently the Chief Financial Officer of Fauji Fertilizer Company Limited (FFC) and FFC Energy Limited. He joined FFC in 1990 and has served as Group General Manager – Marketing prior to his appointment as CFO in 2015. During his career in FFC, he has worked at various key positions in Finance and Marketing Groups and has been actively involved in the strategic / financial planning of the Company. He also played an instrumental role in the acquisition of ex-Pak Saudi Fertilizer Limited, now FFC Plant-III, including the arrangement of syndicated debt.

Prior to joining FFC, he worked with Dowell Schlumberger (Western) S.A., an international oil service company and Attock Cement Pakistan Limited at senior finance positions.

He is also a Director on the Boards of Askari General Insurance Company Limited, Fauji Fertilizer Bin Qasim Limited, FFBL Power Company Limited, Fauji Foods Limited, Fauji Meat Limited, Fauji Fresh n Freeze Limited and Thar Energy Limited.

He is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP), and completed his training from PWC Pakistan. He is a Certified Director from ICAP and has undergone various professional trainings from Harvard Business School, Stanford University, Chicago Booth School of Business, Kellogg School of Business, Foster School of Business, Ross School of Business and Center for Creative Leadership, USA and IMD, Switzerland.

Directors' Profile

Mr Rehan Ahmed

Non - Executive Director

Mr Rehan Ahmed is currently working as Group General Manager (Technology and Engineering) with Fauji Fertilizer Company Limited. Previously he has worked as General Manager (T&E) and General Manager Engineering with FFC.

He graduated from University of Engineering and Technology – Lahore in 1985 in the discipline of Chemical Engineering and has been serving FFC since then.

He has served FFC in various capacities and remained actively involved in all projects including FFC Expansion Project (Plant II), FFBL, revamping of FFC Plant I and Plant III and FFBL / FFC joint venture with OCP of Morocco.

As his current portfolio, he looks after the business development, strategy, engineering and R&D functions within FFC. He has also participated in various national and international conferences including various co-publications on technical matters.

Mr Rehan Ahmed has a vast knowledge of EPC contracting from the owners point of view and have had participated actively as part of the owner team for successful monitoring and execution of EPC contracts of multimillion dollar projects undertaken by FFC over the last three decades. As head of the engineering group, he is also actively involved in third party contracts for providing technical services to national and international clients.

Syed Bakhtiyar Kazmi

Non - Executive Director

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 and tax reforms and strategic level advisory.

Mr Kazmi served KPMG for 35 years; last 25 years as a partner. As a partner he interacted with the leadership in almost every industry, understanding their vision, their insights, and most importantly on their business strategies. His rigorous exposure to a diverse range of sectors and projects, enabled him to conceive and culminate strategic value additions for his clients, pertaining to public and private sector organizations. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients, and a cross-functional integration with the advisory and taxation services that allowed a robust and comprehensive service delivery package to the clients. As an auditor and an advisor, Mr Kazmi successfully delivered his promise of providing best-in-class and integrity driven services. With his career progression, he branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan. He almost single handedly established advisory practice of KPMG in Islamabad about 2 decades ago which today arguably is the go to advisory in Islamabad. This initiative covered financial projections, feasibilities, information memorandums, internal audit assessments, HR assessments, manuals for processes and controls, valuations, and development advisory which included an assessment of the Punjab and Sindh governments.

Mr Bakhtiyar Kazmi has served on a number of diverse forums / boards in the Private Sector, Public Sector & Civil Society Organization. As a thinker, he actively spreads his thoughts and ideas through his articles on national economics, business and taxation matters and issues, regularly published in reputable dailies. Mr Kazmi is an avid golfer and currently hold the position of captain of Islamabad golf club.

He is also on the Boards of following entities:

- Fauji Fertilizer Company Limited
- Mari Petroleum Company Limited
- Askari Bank Limited
- Fauji Cement Company Limited
- Fauji Oil Terminal and Distribution Company Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Kabirwala Power Company Limited
- Daharki Power Holdings Limited
- Foundation Power Company Daharki Limited
- Fauji Infraavest Foods Limited
- Askari Cement Limited
- Foundation Solar Energy (Private) Limited

Syed Khalid Siraj Subhani

Independent Director

Mr Subhani is a Chemical Engineer with Executive Management Program from Haas School of Business, University of California, Berkeley and Leadership program from MIT, Boston. A seasoned executive, his career spanned over 33 years with Exxon Chemical Pakistan Limited, which subsequently became Engro Chemical Pakistan Limited and later Engro Corporation Limited. This included long term assignments with Esso Chemical Canada in Edmonton and at ICI site in Billingham UK. Over the years, he worked in numerous senior executive positions at Engro and played instrumental role in growth and diversification of the company to make it one of the largest business conglomerates of Pakistan.

Prior to retirement from Engro he worked as President and Chief Executive Officer of:

- Engro Corporation Limited
- Engro Fertilizers Limited
- Engro Polymer and Chemicals Limited

Mr Subhani also served as President and Chief Executive officer of ThalNova Power Thar Private Limited for a period of two years

Earlier Mr Subhani also served on the following boards:

- Engro Corporation Limited (Director)
- Hub Power Company Limited (Director)
- Engro Foods Limited (Director)
- Sindh Engro Coal Mining Company Limited (Director)
- Laraib Energy Limited (Director)
- Engro Fertilizers Limited (Board Chairman)
- Engro Polymer and Chemicals Limited (Board Chairman)
- Engro Vopak Terminal Limited (Board Chairman)
- Thar Power Company Limited (Board Chairman)
- Engro Powergen Qadirpur Limited (Board Chairman)
- Engro Elengy Terminal (private) Limited (Board Chairman)
- Engro Eximp AgriProducts (Private) Limited (Board Chairman)

He also served as Chairman of Board Technical Committees & Board Human Resource Committees at Hub Power Company and Laraib Energy Limited.

Few of other engagements of Mr Subhani have been:

- Vice President – Overseas Chamber of Commerce & Industry (OICCI)
- Director - Vinyl Chloride Safety Association of North America, Baton Rouge,USA
- Member of Business Advisory Council – Society for Human Resource Management (SHRM)
- Member Academic Council and Faculty Selection Board – Institute of Business Administration Sukkur
- Member Standing Committee on Environment – FPCCI
- Member – Pakistan Japan Business Forum (PJBF)

Mr Moeez ur Rehman

Independent Director

Mr Moeez ur Rehman is a Certified Director and a versatile finance executive with more than 20 years of varied experience in local, multinational and public sector organizations. He is also a Fellow Member of Institute of Chartered Accountants of Pakistan (ICAP) and specialist in treasury management, corporate reporting, risk profiling, compliance, strategic planning and mentoring & performance evaluation.

He is an avid reader and adventure seeker, who is always on a look out for an opportunity to travel & explore. Mr Moeez ur Rehman is a motivated and result oriented professional who is adept at nurturing business relations and steering them to success. He is one of the founder members of 'SAKAFAT FOREVER' and it's Managing Partner.

Directors' Profile

Ms Pouruchisty Sidhwa

Independent Director

Ms Sidhwa is a Senior Human Resource Professional having over 2 decades of broad based experience in Leadership roles in Banking, Pharma, Manufacturing, Textiles and Food. She possesses business analytics, strong controls, good governance and excellent people management skills to contribute to organizational growth and development. She is currently the Chief Human Resources Officer, Telenor Microfinance Bank. She is Bachelor of Commerce from University of Karachi. She is a Board Member of the Pakistan Society for Human Resource Management, Pakistan Society for Training and Development and Pakistan Human Capital Forum.

Ms Saira Nasir

Independent Director

Ms Saira Nasir is an accomplished fellow member of the Institute of Chartered Accountants of Pakistan and a Fellow member of the Institute of Corporate Secretaries of Pakistan. Ms Saira has indulged herself not just as an audit practitioner; rather she has diligently remained connected to the Institute to alleviate the system of audit and accountancy education and training to ensure continued professional development for its members and students. Therefore, she has been actively involved in conducting various professional trainings, consultations, workshops, seminars, webinars, podcasts related to varying domains from specific topics of reporting and disclosure requirements in Pakistan, best practices for internal audit and internal control, areas impacting corporate governance especially family businesses; to generalized practices of innovation in businesses and e-Learning to coaches, trainers, teachers, students and other audiences.

She has also meticulously carried out special assignments related to Corporate Governance; including Board Performance Evaluations and Director Orientation Programs. A case study- Disclosure Requirements on Corporate Governance - Pakistan, was prepared and presented by her in the 24th session of ISAR, held in Geneva in October 2009, under the auspices of United Nations Conference on Trade and Development (UNCTAD).

Currently she is offering independent services as Corporate Governance consultant. However, her aim for "enablement, empowerment and development" of accountancy professionals has led her to participate as an active member through several committees including the Audit Committee of Pakistan Human Development Fund; the Women Committee, Continuing Professional Development Committee and Economic and Advisory Committee of the Institute of Chartered Accountants of Pakistan. She is on the boards of Fauji Fertilizer Bin Qasim, Allied Rental Modaraba and Power Cement Limited in the capacity of an Independent Director.

Mr Muhammad Javed Akhtar

Chief Financial Officer/General Manager Finance

Mr Javed Akhtar started his career with Price Waterhouse Coopers and is a fellow member of the Institute of Chartered Accountants of Pakistan. He has diverse experience of over 22 years in the fields of financial management, business planning, audit and secretarial affairs, both in and outside Pakistan. He was Director Finance and Company Secretary of Pakistan Maroc Phosphore, S.A., a Joint Venture between Fauji Group and Office Chérifien des Phosphates (OCP) of Morocco, during 2014-17. Before joining FFBL in 2006, he has worked with Fauji Fertilizer Company, Pakistan State Oil, KPMG-Oman, and Attock Refinery.

Brig Aamir Hussain Mirza, SI(M), (Retd)

Company Secretary

Brigadier Aamir Hussain Mirza, SI(M), (Retd) is the Company Secretary of FFBL since Dec 2019. He is a graduate of Command and Staff College, Quetta, National Defence University, Islamabad and Nasser Higher Military Academy Cairo. He is also a certified director from Pakistan Institute of Corporate Governance.

He had a distinguished career of over 31 years in Pakistan Army. During his service, he served on various Command, Staff and Instructional appointments which include Chief of Staff, National Defence University, Director Doctrine and Evaluation Directorate GHQ, Commander of an Air Defence Brigade, Deputy Senior National Representative in CENTCOM, FL USA, UN mission Somalia etc.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Fauji Fertilizer Bin Qasim Limited will be held at 1100 hrs on March 29, 2021 at FFBL Tower, Sector B, Jinnah Boulevard, Phase-II, DHA, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Extraordinary General Meeting held on November 25, 2020.
2. To receive, consider and approve the Audited Accounts of the Company (separate and consolidated) together with the Directors' and Auditors' reports thereon for the year ended December 31, 2020.
3. To appoint auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration. The retiring auditors M/s EY Ford Rhodes, Chartered Accountants have offered themselves for re-appointment.

SPECIAL BUSINESS

4. To pass the following resolutions as Special Resolutions with or without any amendments, modifications or alterations:

"**RESOLVED THAT** the Company be and is hereby authorized to roll-over and extend the time for repayment of the subordinated sponsor support loan of PKR 2.5 billion ("Sponsor Support Loan") granted by the Company to its associated company Fauji Foods Limited ("FFL"), for a period of one (1) year, i.e., until March 30, 2022 without otherwise affecting the terms and conditions approved by the shareholders through the special resolution passed on March 30, 2020, except that the conversion of the Sponsor Support Loan into shares of the equivalent value of FFL will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert.

FURTHER RESOLVED THAT the Company be and is hereby authorized to make all such amendments to the Sponsor Support Agreement dated March 30, 2020 between the Company and FFL ("Existing Sponsor Support Agreement") as are necessary to extend the repayment of the Sponsor Support Loan until March 30, 2022 and to give effect to the above resolutions.

FURTHER RESOLVED THAT the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary and/or expedient for the aforesaid purposes or in furtherance thereof including, without limitation, to enter into and deliver and implement any and all contracts, instruments, powers of attorney, notices, certificates, documents [of whatever nature and description including, without limitation the sponsor support agreement to be entered between the Company and FFL, any and all amendments to the Existing Sponsor Support Agreement and any counter-indemnity agreements (collectively, "Related Contracts")] with the relevant financial institution(s), and with FFL, as may be necessary or expedient for the purpose.

FURTHER RESOLVED THAT any two of the MD&CEO, Company Secretary and Chief Financial Officer be and are hereby jointly authorised to take any and all necessary steps and actions for implementing the above resolutions, including, without limitation, to seek any and all consents and approvals, to execute and (where required) file the Relevant Contracts and all other necessary documents, declarations, certificates and undertakings and to appear and make representations before any regulatory or other authority, as may be necessary or conducive for and in connection with any of the foregoing matters and to sign, issue and dispatch all such documents and notices and do such acts as may be necessary for carrying out the aforesaid purposes and giving full effect to the above resolutions, including entering the details of any investments made by the Company in FFL in the register of investment in associated companies maintained at the Company's registered office; provided that if the Company seal is affixed unto any such document or instrument, the same shall be executed on behalf of the Company by the Managing Director.

FURTHER RESOLVED THAT the MD&CEO, Company Secretary and Chief Financial Officer of the Company be and are hereby authorized to delegate, in writing, by power of attorney or otherwise, all or any of the above powers in respect of the foregoing to any other officials of the Company as deemed appropriate.

5. To pass the following resolutions as Special Resolutions with or without any amendments, modifications or alterations:

"RESOLVED THAT the Company be and is hereby authorized to roll-over and extend, for a further period of one (1) year, i.e., until March 30, 2022, the sponsor support (approved in the Annual General Meeting held on 30 March 2020) of PKR 3,000,000,000/- (Rupees Three Billion Only) to Fauji Meat Limited ("FML"), by extending, by one (1) year as aforesaid, the portion of sponsor support already provided to FML in the form of collateral support and subordinated shareholder loan by the date of this Annual General Meeting (out of the total sponsor support amount of PKR 3,000,000,000/-), and by providing the remaining unutilised amount of sponsor support, in each case, on the same terms and conditions as were approved by the shareholders on March 30, 2020, except that the conversion of any sponsor support loan into shares of the equivalent value of FML will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert and with the additional right of FML to use the unutilised amount of sponsor support for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) availed by FML.

FURTHER RESOLVED THAT the Company be and is hereby authorized to make all such amendments to the Sponsor Support Agreement dated March 30, 2020 between the Company and FML ("Existing Sponsor Support Agreement") as are necessary to extend the sponsor support until March 30, 2022 and to give effect to the above resolutions.

FURTHER RESOLVED THAT the Company be and is hereby authorized to invest and provide sponsor support in and to FML the total amount not exceeding in the aggregate PKR 3,500,000,000/- (Rupees Three Billion and Five Hundred Million Only) through either, or a combination of, a subordinated shareholder loan [to meet the working capital and operational expenses requirements of FML and to allow FML to use the proposed subordinated shareholder loan for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended to FML by financial institutions] or collateral support for a period not exceeding one (1) year (including, without limitation, by way of providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien) as security for working capital facilities or loans / financing facilities (of whatsoever nature or howsoever described), extended or to be extended by financial institutions to FML, or in any other form. Without limiting the generality of the foregoing, the Company be and is hereby authorised to:

i. Provide a subordinated shareholder loan to FML, to be disbursed in one or more tranches over a period of one (1) year, with each such tranche to be repaid by FML, subject to the terms of subordination and to approval of FML's lenders as required, within a period of one (1) year from the date of disbursement of the respective tranche, with the option to prepay all or

Notice of Annual General Meeting

part of such tranche at any time without any pre-payment penalty.

ii. Charge interest or mark-up on each such tranche of the subordinated shareholder loan from the date of disbursement to the date of repayment at a rate which shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.

iii. Convert, as and when the Company deems fit, the subordinated shareholder loan together with all interest or mark-up that has accrued thereon into fully paid-up ordinary shares of FML of the corresponding value, to be issued by FML to the Company at a price to be determined by the Board at the time the Company decides to exercise its right to convert its debt into equity.

iv. Provide collateral support including, without limitation, by way of providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien.

v. Charge and recover from FML a fee (the "Collateral Fee") on quarterly basis, equal to a maximum of 1.5% per annum, from the date on which such cash deposit is made, or any guarantee or letter of credit is furnished, until the date when the lien over the relevant deposit, or the relevant guarantee or letter of credit, is released, provided that if and to the extent that such deposit is forfeited as a result of enforcement of the lien, or the relevant guarantee or letter of credit is drawn on, then from that date onwards until the Company recovers from FML the full principal amount of the cash deposit so forfeited, or of the guarantee or letter of credit so drawn on, and without prejudice to the Company's right to recover from FML the said principal amount, the Collateral Fee shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.

FURTHER RESOLVED THAT the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary and/or expedient for the aforesaid purposes or in furtherance thereof including, without limitation, to enter into and deliver and implement any and all contracts, instruments, powers of attorney, notices, certificates, documents [of whatever nature and description including, without limitation the sponsor support or subordinated shareholder loan agreements to be entered between the Company and FML, any and all amendments to the Existing Sponsor Support Agreement and any other counter-indemnity agreements (collectively, "Relevant Contracts")] with FML, and with the relevant financial institution(s), as may be necessary or expedient for the purpose.

FURTHER RESOLVED THAT any two of the Managing Director & Chief Executive Officer (MD&CEO), Company Secretary and Chief Financial Officer be and are hereby jointly authorised to take any and all necessary steps and actions for implementing the above resolutions, including, without limitation, to seek any and all consents and approvals, to execute and (where required) file the Relevant Contracts and all other necessary documents, declarations, certificates and undertakings and to appear and make representations before any regulatory or other authority, as may be necessary or conducive for and in connection with any of the foregoing matters and to sign, issue and dispatch all such documents and notices and do such acts as may be necessary for carrying out the aforesaid purposes and giving full effect to the above resolutions, including entering the details of any investments made by the Company in FML in the register of investment in associated companies maintained at the Company's registered office; provided that if the Company seal is affixed unto any such document or instrument, the same shall be executed on behalf of the Company by the Managing Director.

FURTHER RESOLVED THAT the MD&CEO, Company Secretary and Chief Financial Officer of the Company be and are hereby authorized to delegate, in writing, by power of attorney or otherwise, all or any of the above powers in respect of the foregoing to any other officials of the Company as deemed appropriate.

6. To pass the following resolutions as Special Resolutions with or without any amendments, modifications or alterations:

"RESOLVED THAT the Company be and is hereby authorized to pay the amount of:

(i) PKR 10,499,232 (Rupees Ten Million, Four Hundred Ninety Nine Thousand, Two Hundred and Thirty Two) to Fauji Foundation, which amount represents the Company's share of the total commission payable on the Standby Letter of Credit amounting to PKR 1.97 Billion, issued by BOP to the lenders of Foundation Wind Energy I Limited and Foundation Wind Energy II Limited; and

(ii) PKR 4,100,600 (Rupees Four Million, One Hundred Thousand and Six Hundred) to Fauji Foundation, which amount represents the Company's share of the total commission payable on the Standby Letter of Credit amounting to PKR 2.02 Billion, issued by JS Bank to the lenders of Foundation Wind Energy I Limited and Foundation Wind Energy II Limited.

FURTHER RESOLVED THAT the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary and/or expedient for the aforesaid purposes or in furtherance thereof including, without limitation, to enter into and deliver and implement any and all contracts, instruments, powers of attorney, notices, certificates, documents (of whatever nature and description), as may be necessary or expedient for the purpose.

FURTHER RESOLVED THAT any two of the MD&CEO, Company Secretary and Chief Financial Officer be and are hereby jointly authorised to take any and all necessary steps and actions for implementing the above resolution, including, without limitation, to seek any and all consents and approvals, to execute all necessary documents, declarations, certificates and undertakings and to appear and make representations before any regulatory or other authority, as may be necessary or conducive for and in connection with any of the foregoing matters and to sign, issue and dispatch all such documents and notices and do such acts as may be necessary for carrying out the aforesaid purposes and giving full effect to the above resolutions, including entering the details of any investments made by the Company in its associated companies in the register of investment in associated companies maintained at the Company's registered office; provided that if the Company seal is affixed unto any such document or instrument, the same shall be executed on behalf of the Company by the Managing Director.

FURTHER RESOLVED THAT the MD&CEO, Company Secretary and Chief Financial Officer of the Company be and are hereby authorized to delegate, in writing, by power of attorney or otherwise, all or any of the above powers in respect of the foregoing to any other officials of the Company as deemed appropriate.

OTHER BUSINESS:

7. To transact any other business with the permission of the Chair.

By Order of the Board
Fauji Fertilizer Bin Qasim Limited

Brig Aamir Hussain Mirza, (Retd)
Company Secretary

Islamabad
March 05, 2021

Notice of Annual General Meeting

Statement of Material Facts under Section 134 of the Companies Act, 2017

Extension of Repayment of Sponsor Support Loan of PKR 2.5 Billion

In the Annual General Meeting of the Company held on March 30, 2020, the shareholders of the Company approved sponsor support to Fauji Foods Limited ("FFL") in the total amount not exceeding PKR 4,500,000,000/- (Rupees Four Billion and Five Hundred Million Only) through either, or a combination of, a subordinated shareholder loan (not exceeding the amount of PKR 2.5 Billion) or collateral support for a period not exceeding one (1) year.

Subsequently, out of the total approved investment of PKR 4.5 Billion, the Company granted a subordinated loan of PKR 2.5 Billion to FFL (the "Sponsor Support Loan"). The Sponsor Support Loan shall become repayable by FFL to the Company after one year from date of disbursement of respective tranche. Keeping in view the limited financial resources of FFL, the management of the Company has decided to roll-over and extend the repayment period of the Sponsor Support Loan by one year, i.e., by March 30, 2022. The Sponsor Support Loan shall be repaid on the same terms and conditions and the Company shall have all such rights in respect of the Sponsor Support Loan as were approved by the shareholders of the Company through the special resolution dated March 30, 2020, except that the conversion of the Sponsor Support Loan into shares of the equivalent value of FFL will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert.

It is expected that the proposed extension will help improve the financial condition of FFL. Being the majority shareholder of FFL, the improvement in the financial condition of FFL will have a positive impact on the Company.

The Directors of the Company have no interest other than that Fauji Foundation and the Company are, respectively, an associated undertaking and a holding company, of FFL.

Information pursuant to Regulation 3(a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of associated company along with criteria based on which the associated relationship is established	Fauji Foods Limited (FFL) Fauji Fertilizer Bin Qasim Limited (the "Company") holds 67.5% of the issued and paid-up capital of FFL.
Earnings per share for the last three years	**Year** / **EPS** 2020: -4.62 2019: -10.74 2018: -5.39
Break-up value per share, based on latest audited financial statements	PKR -4.97/- Per Share.

Year	EPS
2020	-4.62
2019	-10.74
2018	-5.39

Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Long Term Loans PPE Short Term Borrowings Sales Cost of Sales Loss	PKR 6,168 Million PKR 7,550 Million PKR 1,875 Million PKR 7,373 Million PKR 7,311 Million PKR 3,058 Million
In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely, i) description of the project and its history since conceptualization ii) starting date and expected date of completion of work iii) time by which such project shall become commercially operational iv) expected time by which the project shall start paying return on investment v) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not Applicable.	
General Disclosures:		
Maximum amount of investment to be made	The Sponsor Support Loan is for PKR 2.5 Billion.	
Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The Sponsor Support Loan was granted to meet the working capital and operational expenses requirements of FFL, whose financial position does not allow it to meet such requirements out of its own, limited cash resources. It is expected that the extension of the repayment date of the Sponsor Support Loan will result in improvement in the financial condition of FFL. Being the majority shareholder of FFL, the improvement in the financial condition of FFL will have a positive impact on the Company.	
Sources of funds to be utilized for investment where the investment is intended to be made using borrowed funds, (i) justification for investment through borrowings; (ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) cost benefit analysis	Companies' own resources/Internal Cash Generations.	

Notice of Annual General Meeting

Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The Company and FFL have entered into a Sponsor Support Agreement dated March 30, 2020 (the "Sponsor Support Agreement"), which specifies the nature, purpose and period (not exceeding one (1) year) of the subordinated loan of PKR 2.5 Billion or sponsor support to be furnished by the Company to FFL. Upon receipt of the shareholder approval, amendments will be made to the Sponsor Support Agreement to allow FFL an extension of one (1) year to repay the Sponsor Support Loan, with the right to convert the Sponsor Support Loan into shares of the equivalent value of FFL at a price to be determined by the Board at the time the Company decides to exercise its right to convert.. The key provisions of the existing Sponsor Support Agreement in respect of the Sponsor Support Loan are reproduced below: 1.1.1 ***Subordinated Shareholder Loan*** (a) *Subject to and in accordance with the terms of this Agreement, FFBL shall disburse the subordinated shareholder loan to FFL in one or more tranches (each, a "Tranche") over a period of one (1) year against written utilisation request by FFL to be issued within the said period and for an aggregate amount not exceeding Rs. 2,500,000,000/- (Rupees Two Billion and Five Hundred Million Only). The subordinated shareholder loan shall be unsecured.* (b) *FFBL shall charge interest or mark-up on quarterly basis on the outstanding principal amount of each Tranche at a rate which shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case. Mark-up will be repaid by FFL in the manner set out in Clause 1.1.1(e).*

	(c) *It is agreed that the subordinated shareholder loan shall constitute unsecured indebtedness of FFL, ranking in payment and upon liquidation subordinate to FFL's secured debt obligations but senior to any dividend or other distributions. Without limiting the generality of the foregoing, the Parties agree to comply with the terms of subordination and other conditions prescribed by FFL's secured lenders as a condition of allowing FFL to avail of this subordinated shareholder loan.* *(d)* *FFL shall at all times indemnify and hold FFBL harmless on demand from and against any loss suffered by FFBL due to non-payment or delayed payment of any Tranche of the subordinated shareholder loan by FFL.* (e) *FFBL shall at all times have the option to Convert, as and when it deems fit, the subordinated shareholder loan together with all interest or mark-up that has accrued thereon into fully paid-up ordinary shares (of Rs.10 per share i.e. at par value) of FFL of the corresponding value, to be issued by FFL to the Company.*
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Nothing other than as a shareholder.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs	The Company has determined recoverable amount of FFL, based on value-in-use calculation, which was lower than the carrying amount of investment in the Company's financial statement, accordingly an impairment of PKR 400 Million has been recognized in the financial statements, due to challenging trading and economic conditions affecting food sector in Pakistan.
Any other important details necessary for the members to understand the transaction	The subordinated shareholder loan constitutes unsecured indebtedness of FFL, ranking in payment and upon liquidation subordinate to FFL's secured debt obligations but senior to any dividend or other distributions.

Notice of Annual General Meeting

Information pursuant to Regulation 3(c) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Information Required	Information Provided
Category wise amount of investment	The Company will, subject to shareholder approval, extend the time period for repayment of the Sponsor Support Loan of PKR 2.5 Billion granted to FFL by one (1) year, i.e., the Sponsor Support Loan shall be payable by March 30, 2022.
Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	KIBOR for the relevant period + 150 Basis Points.
Rate of interest, mark up, profit, fees or commission etc. to be charged	Interest will be charged on each tranche of the Sponsor Support Loan at a rate which shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.
Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No security over assets of FFL will be obtained but the Sponsor Support Agreement between the Company and FFL includes a commitment and indemnity by FFL to the Company to pay the loan along with any interest that has accrued at the times and in the amount mentioned therein, subject to the terms of subordination.
If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	FFBL shall have the option to convert the Sponsor Support Loan of PKR 2.5 Billion together with all interest or mark-up that has accrued thereon, as and when the Company deems fit, in to fully paid-up ordinary shares of FFL of the corresponding value, at a price to be determined by the Board at the time the Company decides to exercise its right to convert.
Repayment schedule and terms of loans or advances to be given to the investee company	Repayment of of the Sponsor Support Loan, subject to the terms of subordination and approval of FFL's lenders as required, shall be by March 30, 2022, with the option to prepay all or part of such tranche at any time without repayment penalty.

Information pursuant to Regulation 4 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

The following sponsors and directors of the Company are also members of FFL:

- Fauji Foundation
- Lt Gen Tariq Khan, (Retd)
- Mr Sarfaraz Ahmed Rehman
- Syed Bakhtiyar Kazmi
- Dr Nadeem Inayat
- Mr Mohammad Munir Malik

Declaration pursuant to Section 199(2) of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

The Directors certify to the members of the Company that they have carried out necessary due diligence for the proposed extension of the repayment period of the Sponsor Support Loan before recommending the same for members' approval.

The duly signed recommendations of the due diligence report together with the latest audited financial statements of FFL shall be made available to the members for inspection in the Annual General Meeting.

Statement of Material Facts under Section 134 of the Companies Act, 2017

Extension of Investment of PKR 3 Billion in Fauji Meat Limited (FML)

In the Annual General Meeting of the Company held on March 30, 2020, the shareholders of the Company approved sponsor support to Fauji Meat Limited ("FML") in the total amount not exceeding PKR 3 Billion (Rupees Three Billion Only) through either, or a combination of, a subordinated shareholder loan or collateral support for a period not exceeding one (1) year.

Subsequently, out of the total approved investment of PKR 3 Billion, the Company provided collateral support in the form of a corporate guarantee of PKR 1,000,000,000/- (Rupees One Billion Only) as security for working capital facilities extended to FML by financial institutions and provided a subordinated shareholder loan to FML. The amount of the subordinated shareholder loan disbursed to FML is PKR 621,994,133/- (Rupees Six Hundred Twenty One Million, Nine Hundred Ninety Four Thousand, One Hundred and Thirty Three Only), however, further amounts may be disbursed to FML by the date of the upcoming Annual General Meeting (the "Sponsor Support Loan"). Keeping in view the limited financial resources of FML, the management of the Company has decided to roll-over and extend, for a further period of one (1) year, i.e., until March 30, 2022, the sponsor support (approved in the Annual General Meeting held on March 30, 2020) of PKR 3,000,000,000/- (Rupees Three Billion Only) to FML, by extending, by one (1) year as aforesaid, the portion of sponsor support already provided to FML in the form of collateral support and subordinated shareholder loan (the "Sponsor Support Loan"), on or before the date of the upcoming Annual General Meeting (out of the total sponsor support amount of PKR 3,000,000,000/-), and by providing the remaining unutilised amount of sponsor support in each case, on the same terms and conditions as were approved by the shareholders on March 30, 2020 except that the conversion of any sponsor support loan into shares of the equivalent value of FML will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert and with the additional right of FML to use the unutilised

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amount of sponsor support for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) availed by FML.

It is expected that the proposed extension will help improve the financial condition of FML. Being the majority shareholder of FML, the improvement in the financial condition of FML will have a positive impact on the Company.

The Directors of the Company have no interest other than that Fauji Foundation and the Company are, respectively, an associated undertaking and a holding company, of FML.

Information pursuant to Regulation 3(a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

<table>
<tr><td>Name of associated company along with criteria based on which the associated relationship is established</td><td colspan="2">Fauji Meat Limited (FML)

Fauji Fertilizer Bin Qasim Limited (the "Company or FFBL") holds 90.18% of the issued and paid-up capital of FML.</td></tr>
<tr><td>Earnings per share for the last three years</td><td colspan="2"><table><tr><th>Year</th><th>EPS</th></tr><tr><td>2020</td><td>-2.00</td></tr><tr><td>2019</td><td>-2.48</td></tr><tr><td>2018</td><td>-2.93</td></tr></table></td></tr>
<tr><td>Break-up value per share, based on latest audited financial statements</td><td colspan="2">PKR 0.74/- Per Share.</td></tr>
<tr><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td>Long Term Loans

PPE

Short Term Borrowings

Sales

Cost of Sales

Loss</td><td>2,210 Million

5,978 Million

3,550 Million

428 Million

898 Million

1,530 Million</td></tr>
<tr><td>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,

i. description of the project and its history since conceptualization

ii. starting date and expected date of completion of work

iii. time by which such project shall become commercially operational

iv. expected time by which the project shall start paying return on investment</td><td colspan="2">Not Applicable.</td></tr>
</table>

v. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	
General Disclosures:	
Maximum amount of investment to be made	Maximum amount of investment is PKR 3 Billion, out of which the Company has provided collateral support in the form of a corporate guarantee of PKR 1 Billion to FML and has granted a Sponsor Support Loan of PKR 621.9 Million to FML. Further amounts may be disbursed to FML, as sponsor support loan, on or before the date of the upcoming Annual General Meeting and the remaining unutilised amount of sponsor support, will be provided to FML either in the form of subordinated shareholder loan or as collateral support, in each case, on the same terms and conditions as were approved by the shareholders on March 30, 2020, except that the conversion of any sponsor support loan into shares of the equivalent value of FML will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert and with the additional right of FML to use the unutilised amount of sponsor support for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) availed by FML.
Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The purpose of the proposed extension of the investment (including the extension of the corporate guarantee of PKR 1 Billion and repayment of the Sponsor Support Loan) is to meet the working capital and operational expenses requirements of FML, whose financial position does not allow it to meet such requirements out of its own, limited cash resources and to provide security (for finance facilities availed by FML). Further, following the extension / roll-over of the unutilised amount of the sponsor support, FML shall have the right to use the unutilised amount of sponsor support for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) availed by FML. It is expected that the investment will result in improvement in the financial condition of FML. Being the majority shareholder of FML, the improvement in the financial condition of FML will have a positive impact on the Company.

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Sources of funds to be utilized for investment where the investment is intended to be made using borrowed funds, i. justification for investment through borrowings; ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds; and iii. cost benefit analysis	Companies' own resources/Internal Cash Generations.
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The Company and FML have entered into a Sponsor Support Agreement dated March 30, 2020 for the provision of the sponsor support of PKR 3 Billion by the Company to FML. Upon receipt of the approval of the shareholders of the Company, the parties shall amend the Sponsor Support Agreement by extending, by one (1) year: the portion of sponsor support already provided to FML in the form of collateral support and Sponsor Support Loan by the date of the upcoming Annual General Meeting (out of the total sponsor support amount of PKR 3,000,000,000/-); and the right to provide the remaining unutilised amount to FML as sponsor support, in each case, on the same terms and conditions as were approved by the shareholders on March 30,2020, except that the conversion of any sponsor support loan into shares of the equivalent value of FML will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert and with the additional right of FML to use the unutilised amount of sponsor support for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) availed by FML. In line with the shareholder approval granted on March 30, 2020, the existing Sponsor Support Agreement allows the Company to invest in, and provide sponsor support to, FML in the total amount not exceeding PKR 3,000,000,000/- (Rupees Three Billion Only) through either, or a combination of, a subordinated shareholder loan or collateral support for a period not exceeding one (1) year (including, without limitation, by way of providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien) as security for working capital facilities extended or to be extended by financial institutions to FML, or in any other form. The existing Sponsor Support Agreement, inter alia, authorises the Company to:

	i. Provide a subordinated shareholder loan to FML, to be disbursed in one or more tranches over a period of one (1) year, with each such tranche to be repaid by FML, subject to the terms of subordination and to approval of FML's lenders as required, within a period of one (1) year from the date of disbursement of the respective tranche, with the option to prepay all or part of such tranche at any time without any pre-payment penalty. ii. Charge interest or mark up on each such tranche of the subordinated shareholder loan from the date of disbursement to the date of repayment at a rate which shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case. Markup to be charged on quarterly basis. iii. Convert, as and when the Company deems fit, the subordinated shareholder loan together with all interest or mark-up that has accrued thereon into fully paid-up ordinary shares of FML of the corresponding value, to be issued by FML to the Company. iv. Provide collateral support including, without limitation, by way of providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien. v. Charge and recover from FML a fee (the "Collateral Fee") on quarterly basis, equal to a maximum of 1.5% per annum, from the date on which such cash deposit is made, or any guarantee or letter of credit is furnished, until the date when the lien over the relevant deposit, or the relevant guarantee or letter of credit, is released, provided that if and to the extent that such deposit is forfeited as a result of enforcement of the lien, or the relevant guarantee or letter of credit is drawn on, then from that date onwards until the Company recovers from FML the full principal amount of the cash deposit so forfeited, or of the guarantee or letter of credit so drawn on, and without prejudice to the Company's right to recover from FML the said principal amount, the Collateral Fee shall be equal to the higher of (a) the borrowing cost

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	of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Nothing other than as a shareholder.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs	The Company has determined recoverable amount of FML, based on value-in-use calculation, which was lower than the carrying amount of investment in the Company's financial statement, accordingly an impairment of PKR 3,682 Million has been recognized in the financial statements, due to challenging trading and economic conditions affecting food sector in Pakistan.
Any other important details necessary for the members to understand the transaction	The subordinated shareholder loan constitutes unsecured indebtedness of FML, ranking in payment and upon liquidation subordinate to FML's secured debt obligations but senior to any dividend or other distributions.

Information pursuant to Regulation 3(c) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Information Required	Information Provided
Category wise amount of investment	The Company will roll-over and extend the sponsor support of PKR 3 Billion, including the repayment of the portion of sponsor support already provided to FML in the form of collateral support and subordinated shareholder loan (the "Sponsor Support Loan"), by the date of the upcoming Annual General Meeting, by one year, i.e., until March 30, 2022 and the remaining amount of sponsor support will be provided to FML either in the form of a subordinated shareholder loan or through collateral support, in each case, on the same terms and conditions as were approved by the shareholders on March 30, 2020, except that the conversion of any sponsor support loan into shares of the equivalent value of FML will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert and with the additional right of FML to use the unutilised amount of sponsor support for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) availed by FML.

Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for *Shariah* compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	KIBOR for the relevant period + 150 Basis Points.
Rate of interest, mark up, profit, fees or commission etc. to be charged	Interest has been and will be charged on each tranche of the subordinated loan at a rate which shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis. In respect of collateral and other sponsor support, the Company has been charging (for the corporate guarantee) and will charge and recover from FML the collateral fee (the “Collateral Fee”), equal to a maximum of 1.5% per annum, from the date on which such cash deposit is made, or any guarantee or letter of credit is furnished, until the date when the lien over the relevant deposit, or the relevant guarantee or letter of credit, is released, provided that if and to the extent that such deposit is forfeited as a result of enforcement of the lien, or the relevant guarantee or letter of credit is drawn on, then from that date onwards until the Company recovers from FML the full principal amount of the cash deposit so forfeited, or of the guarantee or letter of credit so drawn on, and without prejudice to the Company’s right to recover from FML the said principal amount, the Collateral Fee shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.
Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No security over assets of FML has been or will be obtained but the agreement between the Company and FML includes a commitment and indemnity by FML to the Company to pay the loan along with any interest that has accrued at the times and in the amount mentioned therein, subject to the terms of subordination. Further, in respect of collateral or other sponsor support provided by FFBL to FML (including the corporate guarantee of PKR 1 Billion) the Company has been charging and will charge and recover from FML the Collateral Fee in the manner set out above.

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If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	The investment allows the Company to convert the entire subordinated shareholder loan (including the portion of sponsor support loan already disbursed by the date of the upcoming Annual General Meeting) together with all interest or mark-up that has accrued thereon, as and when the Company deems fit, in to fully paid-up ordinary shares of FML of the corresponding value. The shares will be issued at a price to be determined by the Board of the Company at the time the Company decides to exercise its right to convert its debt into equity.
Repayment schedule and terms of loans or advances to be given to the investee company	Repayment of the Sponsor Support Loan, subject to the terms of subordination, shall be by March 30, 2022, with the option to prepay all or part of such tranche at any time without repayment penalty. Repayment of each tranche of the subordinated loan, granted out of the remaining unutilized sponsor support amount, subject to the terms of subordination and approval of FML's lenders as required, shall be within a period of one (1) year from the date of disbursement of the respective tranche, with the option to prepay all or part of such tranche at any time without repayment penalty. Likewise, any collateral or other sponsor support (including the corporate guarantee of PKR 1 Billion) provided by the Company shall be for a period of one (1) year only.

Additional Investment of PKR 3.5 Billion in FML

The purpose of the proposed investment is to: (i) meet the working capital and operational expenses requirements of FML, whose financial position does not allow it to meet such requirements out of its own, limited cash resources; and (ii) allow FML to use the proposed investment for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended to FML by financial institutions.

To this end, the Company intends to provide sponsor support to FML in the total amount not exceeding PKR 3,500,000,000/- (Rupees Three Billion and five Hundred Million Only) through either, or a combination of, a subordinated shareholder loan (to meet the working capital and operational expenses requirements of FML and to allow FML to use the proposed subordinated shareholder loan for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended to FML by financial institutions) or collateral support for a period not exceeding one (1) year (including, without limitation, by way of providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien) as security for working capital facilities or loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended by financial institutions to FML, or in any other form. Without limiting the generality of the foregoing, the Company intends to:

(i) Provide a subordinated shareholder loan to FML, to be disbursed in one or more tranches over a period of one (1) year, with each such tranche to be repaid by FML, subject to the terms of subordination and to approval of FML's lenders as required, within a period of one (1) year from the date of disbursement of the respective tranche, with the option to prepay all or part of such tranche at any time without any pre-payment penalty.

(ii) Charge interest or mark-up on each such tranche of the subordinated shareholder loan from the date of disbursement to the date of repayment at a rate which shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.

(iii) Convert the subordinated shareholder loan together with all interest or mark-up that has accrued thereon, as and when the Company deems fit, into fully paid-up ordinary shares of FML of the corresponding value, to be issued by FML to the Company at a price to be determined by the Board at the time the Company decides to exercise its right to convert.

(iv) Provide collateral support including, without limitation, by way of providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien.

(v) Charge and recover from FML a fee (the "Collateral Fee") on quarterly basis, equal to a maximum of 1.5% per annum, from the date on which such cash deposit is made, or any guarantee or letter of credit is furnished, until the date when the lien over the relevant deposit, or the relevant guarantee or letter of credit, is released, provided that if and to the extent that such deposit is forfeited as a result of enforcement of the lien, or the relevant guarantee or letter of credit is drawn on, then from that date onwards until the Company recovers from FML the full principal amount of the cash deposit so forfeited, or of the guarantee or letter of credit so drawn on, and without prejudice to the Company's right to recover from FML the said principal amount, the Collateral Fee shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.

It is expected that the investment will result in improvement in the financial condition of FML. Being the majority shareholder of FML, the improvement in the financial condition of FML will have a positive impact on the Company.

The Directors of the Company have no interest other than that Fauji Foundation and the Company are, respectively, an associated undertaking and a holding company, of FML.

Information pursuant to Regulation 3(a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

<table>
<tr><td>Name of associated company along with criteria based on which the associated relationship is established</td><td>Fauji Meat Limited (FML)

Fauji Fertilizer Bin Qasim Limited (the "Company or FFBL") holds 90.18% of the issued and paid-up capital of FML.</td></tr>
<tr><td>Earnings per share for the last three years</td><td><table><tr><th>Year</th><th>EPS</th></tr><tr><td>2020</td><td>-2.00</td></tr><tr><td>2019</td><td>-2.48</td></tr><tr><td>2018</td><td>-2.93</td></tr></table></td></tr>
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<tr><td>Break-up value per share, based on latest audited financial statements</td><td colspan="2">PKR 0.74/ - Per Share.</td></tr>
<tr><td rowspan="6">Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td>Long Term Loans</td><td>2,210 Million</td></tr>
<tr><td>PPE</td><td>5,978 Million</td></tr>
<tr><td>Short Term Borrowings</td><td>3,550 Million</td></tr>
<tr><td>Sales</td><td>428 Million</td></tr>
<tr><td>Cost of Sales</td><td>898 Million</td></tr>
<tr><td>Loss</td><td>1,530 Million</td></tr>
<tr><td>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,
i. description of the project and its history since conceptualization
ii. starting date and expected date of completion of work
iii. time by which such project shall become commercially operational
iv. expected time by which the project shall start paying return on investment
v. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts</td><td colspan="2">Not Applicable.</td></tr>
<tr><td>General Disclosures:</td><td colspan="2"></td></tr>
<tr><td>Maximum amount of investment to be made</td><td colspan="2">Maximum amount of investment is PKR 3.5 Billion.</td></tr>
<tr><td>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment</td><td colspan="2">The purpose of the proposed investment is: (i) to meet the working capital and operational expenses requirements of FML, whose financial position does not allow it to meet such requirements out of its own, limited cash resources; and (ii) to allow FML to use the proposed investment for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended to FML by financial institutions.

It is expected that the investment will result in improvement in the financial condition of FML. Being the majority shareholder of FML, the improvement in the financial condition of FML will have a positive impact on the Company.</td></tr>
</table>

Sources of funds to be utilized for investment where the investment is intended to be made using borrowed funds, i. justification for investment through borrowings; ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds; and iii. cost benefit analysis	Companies' own resources/Internal Cash Generations.
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The Company and FML will enter into a sponsor support and counter-indemnity, or subordinated shareholder loan agreement, which shall specify the nature, purpose and period (not exceeding one (1) year) of the subordinated loan or sponsor support to be furnished by the Company to FML; the amount and due dates for repayment of the loan; the terms of subordination of the loan (which will be subordinated to FML's indebtedness to secured lenders); a commitment and indemnity by FML to the Company to repay the loan (subject to the terms of subordination) on the due dates; as well as the terms on which the Company will provide collateral support to FML. FFBL will also have the option to convert the subordinated debt into shares of the corresponding value of FML at a price to be determined by the Board at the time the Company decides to exercise its right to convert. The key commercial terms that will be covered in the agreement will be as follows: The Company will invest in, and provide sponsor support to, FML in the total amount not exceeding PKR 3.5 Billion through either, or a combination of, a subordinated shareholder loan (to meet the working capital and operational expenses requirements of FML and to allow FML to use the proposed subordinated shareholder loan for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended to FML by financial institutions) or collateral support for a period not exceeding one (1) year (including, without limitation, by way of providing or arranging

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	corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien) as security for working capital facilities or loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended by financial institutions to FML, or in any other form. Without limiting the generality of the foregoing, the Company will: i. Provide a subordinated shareholder loan to FML, to be disbursed in one or more tranches over a period of one (1) year, with each such tranche to be repaid by FML, subject to the terms of subordination and to approval of FML's lenders as required, within a period of one (1) year from the date of disbursement of the respective tranche, with the option to prepay all or part of such tranche at any time without any pre-payment penalty. ii. Charge interest or mark-up on each such tranche of the subordinated shareholder loan from the date of disbursement to the date of repayment at a rate which shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case. Mark-up to be charged on quarterly basis. iii. Convert, as and when the Company deems fit, the subordinated shareholder loan together with all interest or mark-up that has accrued thereon into fully paid-up ordinary shares of FML of the corresponding value, to be issued by FML to the Company at a price to be determined by the Board at the time the Company decides to exercise its right to convert. iv. Provide collateral support including, without limitation, by way of providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien.

	v. Charge and recover from FML a fee (the "Collateral Fee") on quarterly basis, equal to a maximum of 1.5% per annum, from the date on which such cash deposit is made, or any guarantee or letter of credit is furnished, until the date when the lien over the relevant deposit, or the relevant guarantee or letter of credit, is released, provided that if and to the extent that such deposit is forfeited as a result of enforcement of the lien, or the relevant guarantee or letter of credit is drawn on, then from that date onwards until the Company recovers from FML the full principal amount of the cash deposit so forfeited, or of the guarantee or letter of credit so drawn on, and without prejudice to the Company's right to recover from FML the said principal amount, the Collateral Fee shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Nothing other than as a shareholder.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs	The Company has determined recoverable amount of FML, based on value-in-use calculation, which was lower than the carrying amount of investment in the Company's financial statement, accordingly an impairment of PKR 3,682 Million has been recognized in the financial statements, due to challenging trading and economic conditions affecting food sector in Pakistan.
Any other important details necessary for the members to understand the transaction	The terms of subordination will be finalized with the lenders, which may affect the interest rate to be charged by the Company to FML and the repayment of the loan. However, it is expected that the rate of mark-up charged will not be less than the borrowing cost of the Company. Repayment of both the principal and mark-up payable by FML will be subordinated to principal/mark-up/interest and other payments due to FML's secured lenders under the terms of FML's senior debt.

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	The subordinated shareholder loan shall constitute unsecured indebtedness of FML, ranking in payment and upon liquidation subordinate to FML's secured debt obligations but senior to any dividend or other distributions. The Company and FML will have to comply with the terms of subordination and other conditions prescribed by FML's and the Company's secured lenders as a condition of allowing FML to avail of the subordinated shareholder loan.

Information pursuant to Regulation 3(c) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Information Required	Information Provided
Category wise amount of investment	The Company will grant a subordinated shareholder loan and / or other sponsor support not exceeding PKR 3.5 Billion to FML.
Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for *Shariah* compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	KIBOR for the relevant period + 150 Basis Points.
Rate of interest, mark up, profit, fees or commission etc. to be charged	Interest will be charged on each tranche of the subordinated loan at a rate which shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis. In respect of collateral and other sponsor support, FFBL will charge and recover from FML the collateral fee, equal to a maximum of 1.5% per annum, from the date on which such cash deposit is made, or any guarantee or letter of credit is furnished, until the date when the lien over the relevant deposit, or the relevant guarantee or letter of credit, is released, provided that if and to the extent that such deposit is forfeited as a result of enforcement of the lien, or the relevant guarantee or letter of credit is drawn on, then from that date onwards until the Company recovers from FML the full principal amount of the cash deposit so forfeited, or of the guarantee or letter of credit so drawn on, and without prejudice to the Company's right to recover from FML the said principal amount, the Collateral Fee shall be equal to the higher of (a) the borrowing cost of the Company and (b) 3 Months KIBOR plus a spread of 150 bps in each case, such mark-up to be charged on quarterly basis.

Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	No security over assets of FML will be obtained but the agreement between the Company and FML will include a commitment and indemnity by FML to the Company to pay the loan along with any interest that has accrued at the times and in the amount mentioned therein, subject to the terms of subordination. Further, in respect of collateral or other sponsor support provided by the Company to FML the Company will charge and recover from FML the collateral fee in the manner set out above.
If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	The investment will allow FFBL to convert the subordinated shareholder loan together with all interest or mark-up that has accrued thereon, as and when the Company deems fit, in to fully paid-up ordinary shares of FML of the corresponding value. The shares will be issued at a price to be determined by the Board at the time the Company decides to exercise its right to convert.
Repayment schedule and terms of loans or advances to be given to the investee company	Repayment of each tranche of the subordinated loan, subject to the terms of subordination and approval of FML's lenders as required, shall be within a period of one (1) year from the date of disbursement of the respective tranche, with the option to prepay all or part of such tranche at any time without repayment penalty. Likewise, any collateral or other sponsor support provided by the Company shall be for a period of one (1) year only.

Information pursuant to Regulation 4 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

The following sponsors and directors of the Company are also members of FML:

- Fauji Foundation
- Lt Gen Tariq Khan, (Retd)
- Mr Sarfaraz Ahmed Rehman
- Dr Nadeem Inayat
- Mr Mohammad Munir Malik

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Declaration pursuant to Section 199(2) of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

The Directors certify to the members of the Company that they have carried out necessary due diligence for the proposed investment of PKR 3.5 Billion in FML and the roll-over and extension of the sponsor support of PKR 3 Billion to FML for one year, before recommending the same for members' approval.

The duly signed recommendations of the due diligence report together with the latest audited financial statements of FML shall be made available to the members for inspection in the Annual General Meeting.

Statement of Material Facts under Section 134 of the Companies Act, 2017

Payment of Standby Letter of Credit (SBLC) Commission to Fauji Foundation

Under the financing agreements of Foundation Wind Energy – I Limited and Foundation Wind Energy – II Limited (the "Foundation Wind Companies"), the Foundation Wind Companies were required to maintain a Debt Service Reserve Account Balance in cash form equivalent to one instalment of the loan. However, this requirement was later waived by the lenders subject to the sponsors providing Standby Letters of Credit (SBLCs) to the lenders. Further, distribution of dividends to the shareholders of the Foundation Wind Companies, which include the Company, is conditional upon the sponsors submitting the SBLCs.

Fauji Foundation, as a sponsor of the Foundation Wind Companies has furnished SBLCs for PKR 1.97 Billion and PKR 2.202 Billion to the lenders, for and on behalf of the sponsors of the Foundation Wind Companies on the understanding that the sponsors, which include the Company, shall reimburse the charges incurred by Fauji Foundation for furnishing the SBLCs in proportion to their shareholding in the Foundation Wind Companies. Accordingly, the Company is required to pay its share of the SBLC charges.

Information pursuant to Regulation 3(a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

<table>
<tr><td>Name of associated company along with criteria based on which the associated relationship is established</td><td>Fauji Foundation (FFBL's Parent Organization).

Foundation Wind Energy I Limited and Foundation Wind Energy II Limited (FFBL's Associated Companies).</td></tr>
<tr><td>Earnings per share for the last three years</td><td><table>
<tr><th>Year</th><th>FWEL – I EPS</th><th>FWEL – II EPS</th></tr>
<tr><td>2020</td><td>7.17</td><td>6.93</td></tr>
<tr><td>2019</td><td>3.45</td><td>3.46</td></tr>
<tr><td>2018</td><td>2.68</td><td>26.68</td></tr>
</table></td></tr>
<tr><td>Break-up value per share, based on latest audited financial statements</td><td>FWEL – I = 27.39

FWEL – II = 26.95</td></tr>
</table>

Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements		**FWEL – I**	**FWEL – I**
	Long Term Loans	PKR 5,914 Million	PKR 5,781 Million
	PPE	PKR 11,439 Million	PKR 11,184 Million
	Sales	PKR 4,294 Million	PKR 4,212 Million
	Cost of Sales	PKR 1,116 Million	PKR 1,124 Million
	Profit	PKR 2,510 Million	PKR 2,445 Million
In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely, i. description of the project and its history since conceptualization ii. starting date and expected date of completion of work iii. time by which such project shall become commercially operational iv. expected time by which the project shall start paying return on investment v. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not Applicable.		
General Disclosures:			
Maximum amount of investment to be made	The Company will pay to Fauji Foundation: (i) PKR 10,499,232/- (Rupees Ten Million, Four Hundred Ninety Nine Thousand, Two Hundred and Thirty Two), which amount represents the Company's share of the total commission payable and paid on the Standby Letter of Credit dated 2 January 2019 amounting to PKR 1.97 Billion, issued by BOP to the lenders of Foundation Wind Energy I Limited and Foundation Wind Energy II Limited; and (ii) PKR 4,100,600/- (Rupees Four Million, One Hundred Thousand and Six Hundred), which amount represents the Company's share of the total commission payable and paid on the Standby Letter of Credit amounting to PKR 2.02 Billion, issued by JS Bank to the lenders of Foundation Wind Energy I Limited and Foundation Wind Energy II Limited.		

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Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	Under the financing agreements of Foundation Wind Energy – I Limited and Foundation Wind Energy – II Limited (the "Foundation Wind Companies"), the Foundation Wind Companies were required to maintain a Debt Service Reserve Account Balance in cash form equivalent to one instalment of the loan. However, this requirement was later waived by the lenders subject to the sponsors providing Standby Letters of Credit (SBLCs) to the Lenders. Further, distribution of dividends to the shareholders of the Foundation Wind Companies, which include the Company, is conditional upon the sponsors submitting the SBLCs. Fauji Foundation, as a sponsor of the Foundation Wind Companies has furnished SBLCs for PKR 1.97 Billion and PKR 2.202 Billion to the lenders, for and on behalf of the sponsors of the Foundation Wind Companies, on the understanding that the sponsors, which include the Company, shall reimburse the charges incurred by Fauji Foundation for furnishing the SBLCs in proportion to their shareholding in the Foundation Wind Companies. Accordingly, the Company is required to pay its share of the SBLC charges.
Sources of funds to be utilized for investment where the investment is intended to be made using borrowed funds, i. justification for investment through borrowings; ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds; and iii. cost benefit analysis	FFBL's own sources / funds.
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Not applicable.
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Nothing other than as shareholder.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs	Not applicable.
Any other important details necessary for the members to understand the transaction	No.

Information pursuant to Regulation 4 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Fauji Foundation holds 18.29% shares of FFBL.

FFBL holds 35% shares in both FWEL-I and FWEL-II.

Declaration pursuant to Section 199(2) of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

The directors have reviewed the matter and are of view that payment of the SBLC charges by the Company is necessary, as the declaration and payment of dividends of the Foundation Wind Companies is conditional upon the sponsors of the Foundation Wind Companies furnishing the SBLC to the lenders.

CLOSURE OF SHARE TRANSFER BOOKS:-

Share transfer books of the Company will remain closed from March 22, 2021 to March 29, 2021 (both days inclusive) for the purpose of holding the Annual General Meeting.

NOTES: -

1. A member of the Company entitled to attend and vote at the General Meeting may appoint a person/ representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at Company's registered office duly stamped and signed not later than 48 hours before the time of holding meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's CNIC must be attached with the proxy form.

2. The CDC/sub account holders are required to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan contained in Circular No. 1 of 2000 dated January 26, 2000: -

    (a) For attending the meeting

    i. In case of individuals, the account holder or sub-account holder shall authenticate his/ her identity by showing his / her original national identity card or original passport at the time of attending the meeting.

    ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

    (b) For appointing proxies

    i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.

    ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers 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.

Notice of Annual General Meeting

iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the Company along with proxy form.

3. Members are requested to promptly notify any change in their addresses.

4. Shareholders who have not yet submitted photocopies of their Computerized National Identity Cards (CNIC) are requested to send the same at the earliest.

5. Shareholders who wish to receive annual reports and notice of the General Meeting through e-mail are requested to provide, through a letter duly signed by them, their particulars, i.e. Name, Folio/ CDC A/C No., E-mail Address, Contact Number, CNIC Number (attach copy). Shareholders are also requested to notify immediately any change in their e-mail address to the Share Registrar of the Company M/s Corplink (Pvt) Limited, Wings Arcade,1-K, Commercial, Model Town, Lahore .

6. <u>Consent for Video Conference Facility</u>

Members can also avail video conference facility in Karachi and Lahore. In this regard please fill the following and submit to registerred address of the Company 10 days before holding the general meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting alongwith complete information necessary to enable them to access such facility.

I/We,____ of _______________________, being a member of Fauji Fertilizer Bin Qasim Limited, holder of ___________________ Ordinary Share(s) as per Register Folio / CDC Account No _________________ hereby opt for video conference facility at _________________.

____

Signature of member

7. <u>E-Voting</u>

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.

8. <u>Participation in AGM through electronic means:</u>

As per directions issued by SECP through Circular No EMD/MISC/82/2012-77 dated February 15, 2021 in the light of the threat posed by evolving COVID-19 situation (Corona Virus) pandemic and to protect the wellbeing of the shareholders, members are also requested to participate in the Annual General Meeting through following means:

1.	WhatsApp No	0300 8713326
2.	Email ID	shares@ffbl.com
3.	Video Link	member who wish to participate through video link should intimate through above WhatsApp number / Email ID on or before March 25, 2021.

Members who are intended to participate physically should consolidate their attendance through proxies. Shareholders are requested to mention Name, CNIC No, Folio / CDC A/c No & Number of shares for identification

1- واٹس ایپ نمبر	03008713326	
2- ای میل ایڈریس	shares@ffbl.com	
3- ویڈیو لنک	جو ممبر ویڈیو لنک کے ذریعے شرکت کرنا چاہتا ہے وہ درج بالا واٹس ایپ نمبر / ای میل ایڈریس پر 25 مارچ 2021 تک مطلع کرے۔	

جو ممبران ذاتی طور پر اجلاس میں شرکت کرنا چاہتے ہیں ان سے گزارش ہے کہ پراکسی کے ذریعے اپنی حاضری کم سے کم ممکن بنائیں۔ ممبران اپنی شناخت کیلئے نام، کمپیوٹرائزڈ شناختی کارڈ نمبر، فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر اور شیئرز کی تعداد ضرور بتائیں۔

نوٹ: اردو اور انگریزی عبارت میں تضاد کی صورت میں انگریزی عبارت کو درست تسلیم کیا جائے۔

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iii) انفرادی اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ فراہم کرنا ہونگی۔

iv) اجلاس کے وقت پراکسی اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا/گی۔

v) کارپوریٹ ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نامزد کیے گئے شخص کے دستخط پراکسی فارم کے ہمراہ کمپنی میں جمع کرانا ہونگے۔

3۔ ممبران سے التماس ہے کہ اپنے پتہ میں کسی تبدیلی سے فی الفور مطلع فرمائیں۔

4۔ ایسے تمام شیئر ہولڈرز جنہوں نے ابھی تک اپنے شناختی کارڈ کی کاپی مہیا نہیں کی ہے، ان سے ایک بار پھر گزارش کی جاتی ہے کہ اپنے مستند شناختی کارڈ کی کاپی جلد از جلد کمپنی کے شیئرز رجسٹرار کو مہیا کریں۔

5۔ ایسے شیئر ہولڈر جو سالانہ رپورٹ اور اجلاس عام کا نوٹس بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے گذارش ہے کہ اپنے کوائف یعنی نام، سی ڈی سی اکاؤنٹ رفالیو نمبر، ای میل ایڈریس، فون نمبر اور شناختی کارڈ کی کاپی کے ساتھ دستخط شدہ درخواست مہیا کریں۔ شیئر ہولڈرز سے مزید التماس ہے کہ ای میل ایڈریس کی تبدیلی کی صورت میں فوری طور پر مطلع کریں۔

6- **ویڈیو کانفرنس کی سہولت کیلئے رضامندی**

ممبران کراچی اور لاہور میں ویڈیو کانفرنس سہولت سے بھی استفادہ کر سکتے ہیں۔ اس سلسلہ میں برائے مہربانی درج ذیل کو پُر کریں اور سالانہ اجلاس عام کے منعقد ہونے سے کم از کم 10 یوم قبل کمپنی کے رجسٹرڈ آفس میں جمع کرائیں۔ اگر کمپنی کو ایسی جغرافیائی لوکیشن جہاں مجموعی طور پر دس فیصد (10%) یا زائد شیئرز کے حامل ممبران رہتے ہوں سے سالانہ اجلاس کی تاریخ سے کم از کم 10 یوم قبل بذریعہ ویڈیو کانفرنس اجلاس میں شریک ہونے کیلئے رضامندی موصول ہوتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس سہولت کا اہتمام کریگی بشرطیکہ اس شہر میں یہ سہولت دستیاب ہو۔ کمپنی سالانہ اجلاس عام کی تاریخ سے کم از کم 5 یوم قبل ممبران کو ویڈیو کانفرنس سہولت کے مقام سے متعلق مطلع کریگی، ساتھ ساتھ ایسی سہولت تک رسائی کیلئے ضروری مکمل معلومات فراہم کریگی۔

میں/ہم .... ، بابت .... فوجی فرٹیلائزر بن قاسم لمیٹڈ کے ممبر ہونے کی حیثیت سے .... شیئرز بمطابق رجسٹرڈ فولیو نمبر .... ، زیر قبضہ رکھتا ہوں/رکھتے ہیں، ذریعہ ہذا ویڈیو کانفرنس سہولت بمقام .... کا/کے خواہشمند ہیں۔

دستخط ممبر

7۔ **ای۔ووٹنگ**

کمپنیز ایکٹ 2017 کے سیکشن 143۔145 کے تقاضوں اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی قابل عمل شقوں کے تحت ممبران، اجلاس کی ضرورت کے مطابق، اپنے ووٹ کا حق استعمال کر سکتے ہیں۔

8- **الیکٹرانک ذرائع کے تحت اجلاس میں شرکت**

ایس ای سی پی کے سرکلر نمبر EMD/MISC/82/2012-77 بتاریخ 15 فروری 2021 کے تحت جاری کردہ ہدایات کے مطابق وبائی مرض COVID-19 (کروناوائرس) کے پھیلاؤ کے خطرے اور شیئر ہولڈرز کی فلاح و بہبود کے تحفظ کے پیش نظر، ممبران درج ذیل ذرائع سے بھی سالانہ اجلاس عام میں شرکت کر سکتے ہیں:

مزید طے کیا جاتا ہے کہ مینیجنگ ڈائریکٹر، کمپنی سیکرٹری اور چیف فنانشل آفیسر تحریری طور پر پاور آف اٹارنی کے ذریعے یا بصورت دیگر کمپنی کے کسی بھی دوسرے افسر سے foregoing کے ضمن میں، جیسا بھی مناسب سمجھا جائے، مذکورہ بالا تمام یا کوئی اختیار سونپنے کے مجاز ہوں اور انھیں اس کا اختیار دیا جاتا ہے۔

دیگر کاروباری اُمور

7۔ چیئرمین کی منظوری کے ساتھ دیگر کسی بھی معاملے کو زیرِ بحث لایا جاسکتا ہے۔

بحکم بورڈ

فوجی فرٹیلائزر بن قاسم لمیٹڈ

بریگیڈیئر عامر حسین مرزا (ریٹائرڈ)

کمپنی سیکرٹری

اسلام آباد

5 مارچ 2021ء

شیئرز ٹرانسفر بکس کی بندش

کمپنی کی شیئرز ٹرانسفر بکس 22 مارچ 2021 سے 29 مارچ 2021 تک (بشمول دونوں ایام) بند رہیں گی۔

نوٹس:

1۔ کمپنی کا کوئی ممبر جو سالانہ اجلاس میں شریک ہونے اور ووٹ دینے کا حق رکھتا ہو، کسی شخص/نمائندہ کو اجلاس میں ممبر کی جگہ شریک ہونے اور ووٹ دینے کیلئے بطور پراکسی مقرر کرسکتا ہے۔ پراکسیاں موثر ہونے کیلئے لازم ہے کہ اجلاس منعقد ہونے کے وقت سے کم سے کم 48 گھنٹے قبل باضابطہ مہر شدہ اور دستخط شدہ کمپنی کے رجسٹرڈ آفس میں موصول ہو جائیں۔ کوئی ممبر ایک سے زیادہ پراکسی مقرر نہیں کرسکتا ہے۔ شیئر ہولڈر کے مصدقہ قومی شناختی کارڈ کی نقل کا پراکسی فارم کے ساتھ منسلک ہونا لازمی ہے۔

2۔ سی ڈی سی/سب اکاؤنٹ ہولڈرز سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1/2000 بتاریخ جنوری 26 کی وضع کردہ درج ذیل ہدایات کی پیروی کریں۔

الف)۔ اجلاس میں شرکت کیلئے:

i) اشخاص کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اپنی شناخت کی تصدیق کیلئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ اجلاس میں شریک ہونے کے وقت دکھائے گا۔

ii) کارپوریٹ ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نامزد کیے گئے شخص کے دستخط کے ساتھ اجلاس کے وقت پیش کرنا ہوں گے۔

ب)۔ پراکسیوں کی تقرری کیلئے:

i) اشخاص کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر درج بالا ہدایات کے مطابق پراکسی فارم جمع کرائے گا۔

ii) پراکسی فارم پر دو اشخاص کی گواہی دینا ہوگی جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں گے۔

اطلاع برائے سالانہ اجلاس عام

مزید طے کیا جاتا ہے کہ مینیجنگ ڈائریکٹر، کمپنی سیکرٹری اور چیف فنانشل آفیسر تحریری طور پر پاور آف اٹارنی کے ذریعے یا بصورت دیگر کمپنی کے کسی بھی دوسرے افسر سے foregoing کے ضمن میں، جیسا بھی مناسب سمجھا جائے، مذکورہ بالا تمام یا کوئی اختیار سونپنے کے مجاز ہوں اور انھیں اس کا اختیار دیا جاتا ہے

6- درج ذیل قراردادوں کو کسی ترمیم، تبدیلی یا ردوبدل کے ساتھ یا بغیر خصوصی قراردادوں کی حیثیت سے منظور کرنے کے لیے:

طے کیا جاتا ہے کہ کمپنی مندرجہ ذیل رقم ادا کرے گی اور اسے یہ ادا کرنے کا اختیار دیا جاتا ہے:

(i) فوجی فاؤنڈیشن کو 10,499,232/- پاکستانی روپے (دس ملین، چار سو ننانوے ہزار دو سو بتیس روپے)، یہ اماؤنٹ BOP کی جانب سے فاؤنڈیشن ونڈ انرجی I لمیٹڈ اور فاؤنڈیشن ونڈ انرجی II لمیٹڈ کے لینڈرز کو جاری کیے جانے والے 1.97 بلین پاکستانی روپے کے سٹینڈ بائی لیٹر آف کریڈٹ پر کل قابل ادا کمیشن سے کمپنی کے شیئر کی نمائندگی کرتی ہے؛ اور

(ii) فوجی فاؤنڈیشن کو PKR 4,100,600/- (چار ملین، ایک سو ہزار اور چھ سو روپے صرف)، یہ رقم جے ایس بینک کی طرف سے فاؤنڈیشن ونڈ انرجی I لمیٹڈ اور فاؤنڈیشن ونڈ انرجی II لمیٹڈ کے لینڈرز کو جاری کیے جانے والے PKR 2.02 بلین مالیت کے سٹینڈ بائی لیٹر آف کریڈٹ پر کل قابل ادا کمیشن میں کمپنی کے شیئر کی نمائندگی کرتی ہے۔

مزید طے کیا جاتا ہے کہ کمپنی کو ایسے تمام اقدامات، افعال، اور امور انجام دینے کا اختیار ہو اور اختیار دیا جاتا ہے جو مذکورہ بالا مقاصد کے لیے ضروری اور یا ناگزیر ہوں یا ان کو آگے بڑھانے کے لیے ہوں، بشمول کسی حد کے بغیر کسی اور تمام معاہدات، انسٹرومینٹس، پاور آف اٹارنی، نوٹسز، سرٹیفکیٹس، دستاویزات (کسی بھی نوعیت اور صراحت کی) جیسا بھی اس مقصد کے لیے ضروری اور ناگزیر ہو۔

مزید طے کیا جاتا ہے کہ مینجنگ ڈائریکٹر، کمپنی سیکرٹری اور چیف فنانشل آفیسر میں سے کوئی بھی دو، مذکورہ بالا قراردادں بشمول کسی حد کے بغیر روبہ عمل لانے کے لیے اور (جہاں ضرورت ہو) متعلقہ معاہدات اور دوسری تمام دستاویزات، ڈیکلریشنز، سرٹیفکیٹس، انڈرٹیکنگز پر عمل درآمد، اور کسی بھی ریگولیٹری یا دوسری اتھارٹی کے سامنے پیش ہونے اور نمائندگی کرنے، جیسا بھی ضروری ہو یا کسی جاری معاملے کے ساتھ تعلق کے لیے موافق ہو اور ایسی تمام دستاویزات اور نوٹسز پر دستخط کرنے، انھیں جاری اور ڈسپیچ کرنے اور قدم اٹھانے جو مذکورہ بالا مقاصد کو انجام دینے اور مذکورہ بالا قراردادوں کو مکمل موثر بنانے کے لیے کوئی اور تمام ضروری اقدامات اٹھانے کے لیے مشترکہ طور پر مجاز ہوں اور انھیں اس کا اختیار دیا جاتا ہے، بشمول کمپنی کی طرف سے کی جانے والی کسی سرمایہ کاری کی تفصیلات کو کمپنی کے رجسٹرڈ دفتر میں مینٹین کیے جانے والے ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری کے رجسٹر میں اندراج، بشرطیکہ اگر کسی بھی ایسی دستاویز یا انسٹرومینٹ پر کمپنی کی مہر ثبت ہو اور یہ کمپنی کے مینجنگ ڈائریکٹر کی طرف سے روبہ عمل لائے جائیں گے۔

iv. کارپوریٹ گارنٹی، بینک گارنٹی، سٹینڈ بائی لیٹر آف کریڈٹ یا lien کے تحت کیش ڈیپازٹ فراہم کرنے یا انتظام کرنے کے طریقے سے کولیٹرل سپورٹ بشمول کسی حد کے بغیر فراہم کرے گی۔

v. FML سے سہ ماہی بنیاد پر فیس ("Collateral Fee") چارج اور وصول کرے گی، جو اس تاریخ سے جس پر اس قسم کا کیش ڈیپازٹ ہوا ہو گا یا کوئی گارنٹی یا لیٹر آف کریڈٹ دیا گیا ہوگا، اس تاریخ تک جب اس ڈیپازٹ پر lien، یا متعلقہ گارنٹی یا لیٹر آف کریڈٹ ریلیز ہو جائے جو زیادہ سے زیادہ 1.5% کے مساوی ہوگی، بشرطیکہ اگر اور اس حد تک کہ lien، یا متعلقہ گارنٹی یا لیٹر آف کریڈٹ کی enforcement کے نتیجہ میں اس قسم کا ڈیپازٹ ضبط نہ ہو جائے، اور FML سے وصولی کے کمپنی کے حق سے قطع نظر مذکورہ پرنسپل اماؤنٹ، کولیٹرل فیس (a) کمپنی کی borrowing cost (b) تین ماہ کے KIBOR پلس ہر کیس میں 150 bps کا spread) میں سے زیادہ کے برابر ہوگی۔ یہ مارک اپ سہ ماہی بنیاد پر چارج کیا جائے گا۔

مزید طے کیا جاتا ہے کہ کمپنی کو ایسے تمام اقدامات، افعال، اور امور انجام دینے کا اختیار ہو اور اختیار دیا جاتا ہے جو مذکورہ بالا مقاصد کے لیے ضروری اور یا ناگزیر ہوں یا ان کو آگے بڑھانے کے لیے ہوں، بشمول کسی حد کے بغیر کسی یا تمام معاہدات، انسٹرومینٹس، پاور آف اٹارنی، نوٹسز، سرٹیفکیٹس، دستاویزات (کسی بھی نوعیت اور صراحت کی)، بشمول بغیر کسی قدغن کے سپانسر سپورٹ یا سب آرڈینیٹڈ شیئر ہولڈر لون ایگریمنٹس جو کمپنی اور FML کے درمیان کیے جائیں گے Existing Sponsor Support Agreement سے متعلق کوئی اور تمام ترامیم اور FML کے ساتھ اور متعلقہ مالیاتی ادارے (اداروں) کے ساتھ کوئی دوسرے کاؤنٹر انڈیمنٹی ایگریمنٹس ("collectively, "Relevant Contracts) ، جیسا بھی مقصد کے لیے ضروری اور ناگزیر ہو۔

مزید طے کیا جاتا ہے کہ مینیجنگ ڈائریکٹر، کمپنی سیکرٹری اور چیف فنانشل آفیسر میں سے کوئی بھی دو، مذکورہ بالا قراردادوں بشمول کسی حد کے بغیر روبہ عمل لانے کے لیے اور (جہاں ضرورت ہو) متعلقہ معاہدات اور دوسری تمام دستاویزات، ڈیکلریشنز، سرٹیفکیٹس، انڈرٹیکنگز پر عمل درآمد، اور کسی بھی ریگولیٹری یا دوسری اتھارٹی کے سامنے پیش ہونے اور نمائندگی کرنے، جیسا بھی ضروری ہو یا کسی جاری معاملے کے ساتھ تعلق کے لیے موافق ہو اور ایسی تمام دستاویزات اور نوٹسز پر دستخط کرنے، انھیں جاری اور ڈسپیچ کرنے اور قدم اٹھانے جو مذکورہ بالا مقاصد کو انجام دینے اور مذکورہ بالا قراردادوں کو مکمل موثر بنانے کے لیے کوئی اور تمام ضروری اقدامات اٹھانے کے لیے مشترکہ طور پر مجاز ہوں اور انھیں اس کا اختیار دیا جاتا ہے، بشمول کمپنی کی طرف سے FML میں کی جانے والی کسی سرمایہ کاری کی تفصیلات کو کمپنی کے رجسٹرڈ دفتر میں مینٹین کیے جانے والے ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری کے رجسٹر میں اندراج، بشرطیکہ اگر کسی بھی ایسی دستاویز یا انسٹرومینٹ پر کمپنی کی مہر ثبت ہو اور یہ کمپنی کے مینیجنگ ڈائریکٹر کی طرف سے روبہ عمل لائے جائیں گے۔

اطلاع برائے سالانہ اجلاس عام

مزید طے کیا جاتا ہے کہ کمپنی، کمپنی اور FML کے درمیان مورخہ 30 مارچ، 2020 کے اسپانسر سپورٹ اگریمنٹ ("Existing Sponsor Support Agreement") میں تمام ایسی ترامیم کرنے کی مجاز ہو اور اسے اختیار دیا جاتا جو اسپانسر سپورٹ کو 30 مارچ، 2022 تک بڑھانے اور مذکورہ بالا قراردادوں کو موثر بنانے کے لیے ضروری ہیں۔

مزید طے کیا جاتا ہے کہ کمپنی، FML میں سرمایہ کاری اسپانسر سپورٹ فراہم کرنے کے لیے جس کی کل مالیت مجموعی طور پر -/3,500,000,000 پاکستانی روپے (مبلغ تین بلین اور پانچ سو ملین روپے صرف) سے متجاوز نہ ہو، سب آرڈینیٹڈ شیئر ہولڈر لون (FML کے کاروباری سرمایہ اور آپریشنل اخراجات کی ضروریات پوری کرنے اور FML کو مجوزہ سب آرڈینیٹڈ شیئر ہولڈر لون قرضوں / فنانسنگ فسلیٹیز (کسی بھی نوعیت کی یا ان کی کوئی بھی صراحت کی گئی ہو) FML کو مالیاتی اداروں کی طرف سے دیے گئے یا دیے جانے والے (پرنسپل اور مارک اپ اماؤنٹ دونوں) یا ایک ایسی مدت کے لیے جو ایک (1) سال سے زیادہ نہ ہو کولیٹرل سپورٹ (بشمول بغیر حد کے کارپوریٹ گارنٹی، بینک گارنٹی، سٹینڈ بائی لیٹر آف کریڈٹ یا lien کے تحت کیش ڈیپازٹ) ورکنگ کیپیٹل فسلیٹیز یا لونز / فنانسنگ فسلیٹیز (کوئی بھی نوعیت ہو یا جس طرح سے بھی صراحت کی گئی ہو) جو مالیاتی اداروں کی طرف سے FML کو دی گئیں، یا کسی بھی شکل میں، کی واپسی کے لیے استعمال کرنے کا موقع دیے کے لیے مجاز ہو اور اسے یہ اختیار دیا جاتا ہے۔ foregoing کی عمومیت کی حد کے بغیر کمپنی مندرجہ ذیل کی مجاز ہو اور اسے یہ اختیار دیا جاتا ہے۔

i. FML کو سب آرڈینیٹڈ شیئر ہولڈر لون فراہم کرے گی جو ایک (1) سال کی مدت میں ایک یا زیادہ قسطوں میں تقسیم کیا جائے گا، ایسی ہر قسط کی ادائیگی سب آرڈینیشن کی شرائط سے اور FML کے لینڈرز کی منظوری، جیسا کہ ضروری ہے کے مطابق ہوگی، FML کی طرف سے، متعلقہ قسط کی ادائیگی کی تاریخ سے ایک (1) سال کی مدت کے اندر کی جائیگی، یہ آپشن بھی موجود ہے کہ کوئی بھی قسط یا اسکا کچھ حصہ وقت سے پہلے بغیر جرمانے کے ادا کیا جا سکتا ہے۔

ii. تقسیم کی تاریخ سے واپس ادائیگی کی تاریخ تک ایسی شرح سے جو [(a) کمپنی کی borrowing cost (b) تین ماہ کے KIBOR پلس ہر کیس میں 150 bps کا spread] میں سے زیادہ کے برابر ہوگی، سب آرڈینیٹڈ شیئر ہولڈر لون کی ایسی ہر قسط پر انٹریسٹ یا مارک اپ چارج کرے گی۔ یہ مارک اپ سہ ماہی بنیاد پر چارج کیا جائے گا۔

iii. کمپنی جیسے اور جب بھی مناسب سمجھے گی سب آرڈینیٹڈ لون کو اس تمام انٹریسٹ اور مارک اپ کے ساتھ جو اکٹھا ہو چکا ہو گا FML کے کلی ادا شدہ آرڈنری شیئرز میں تبدیل کرے گی، جو FML کی طرف سے کمپنی کو اس قیمت پر جاری کیے جائیں گے جس کا تعین اس وقت بورڈ کی طرف سے کیا جائے گا جب کمپنی اپنے قرضے کو ایکوئٹی میں تبدیل کرنے کے حق کو استعمال کرنے کا فیصلہ کرے گی۔

کسی حد کے بغیر اسپانسر سپورٹ ایگریمنٹ جو کمپنی اور FFL کے درمیان ہوتا ہے Existing Sponsor Support Agreement سے متعلق کسی یا تمام ترامیم اور کاؤنٹر انڈیمنٹی ایگریمنٹس (اجتماعی طور پر "Related Contracts") متعلقہ مالیاتی ادارے (اداروں) اور FFL کے ساتھ، جیسا بھی اس مقصد کے لیے ضروری اور ناگزیر ہو۔

مزید طے کیا جاتا ہے کہ مینیجنگ ڈائریکٹر، کمپنی سیکرٹری اور چیف فنانشل آفیسر میں سے کوئی سے دو کو مشترکہ طور پر اختیار حاصل ہے کہ وہ تمام مندرجہ بالا قراردادوں پر عمل درآمد کرنے کیلئے کوئی ایک یا تمام اقدامات کرنے، بشمول بغیر کسی حد تک، کوئی ایک یا تمام رضامندیاں حاصل کرنے، متعلقہ معاہدات اور دوسری تمام دستاویزات، ڈیکلریشنز، سرٹیفکیٹس، انڈرٹیکنگز پر عمل درآمد کرنے اور (جہاں ضروری ہو) فائل کرنے، اور کسی بھی ریگولیٹری یا دوسری اتھارٹی کے سامنے پیش ہونے اور نمائندگی کرنے، جیسا بھی ضروری ہو یا کسی جاری معاملے کے ساتھ تعلق کے لیے موافق ہو اور ایسی تمام دستاویزات اور نوٹسز پر دستخط کرنے، انھیں جاری اور ڈسپیچ کرنے اور قدم اٹھانے جو مذکورہ بالا مقاصد کو انجام دینے اور مذکورہ بالا قراردادوں کو مکمل موثر بنانے کے لیے ضروری ہوں، بشمول کمپنی کی طرف سے FFL میں کی جانے والی کسی سرمایہ کاری کی تفصیلات کو کمپنی کے رجسٹرڈ دفتر میں مینٹین کیے جانے والے ایسوسی ایٹڈ کمپنیوں میں سرمایہ کاری کے رجسٹر میں اندراج کرے، بشرطیکہ اگر کسی بھی ایسی دستاویز یا انسٹرومینٹ پر کمپنی کی مہر ثبت ہو تو کمپنی کی جانب سے مینیجنگ ڈائریکٹر اس پر عمل درآمد کرائے گا۔

مزید طے کیا جاتا ہے کہ مینیجنگ ڈائریکٹر، کمپنی سیکرٹری اور چیف فنانشل آفیسر تحریری طور پر پاور آف اٹارنی کے ذریعے یا بصورت دیگر کمپنی کے کسی بھی دوسرے افسر سے foregoing کے ضمن میں، جیسا بھی مناسب سمجھا جائے، مذکورہ بالا تمام یا کوئی اختیار سونپنے کے مجاز ہوں اور انھیں اس کا اختیار دیا جاتا ہے۔

5- درج ذیل قراردادوں کو کسی ترمیم، تبدیلی یا ردوبدل کے ساتھ یا بغیر خصوصی قراردادوں کی حیثیت سے منظور کرنے کے لیے:

طے کیا جاتا ہے کہ کمپنی فوجی میٹ لمیٹڈ ("FML") کو -/3,000,000,000 پاکستانی روپے (تین بلین روپے صرف) کی اسپانسر سپورٹ (جس کی منظوری 30 مارچ، 2020 کو سالانہ اجلاس عام میں دی گئی تھی) کو مزید ایک (1) سال کی مدت کے لیے roll-over اور توسیع دینے کی مجاز ہو اور اسے یہ اختیار دیا جاتا ہے، ایک (1) سال تک توسیع سے جیسا کہ اوپر بیان کیا گیا ہے، FML کو کولیٹرل سپورٹ کی شکل میں پہلے ہی فراہم کردہ اسپانسر سپورٹ اور اس سالانہ اجلاس عام کی تاریخ تک سب آرڈینیٹڈ شیئر ہولڈر لون (-/3,000,000,000 بلین پاکستانی روپے کی کل اسپانسر سپورٹ مالیت میں سے) اور اسپانسر سپورٹ کی باقی غیر استعمال شدہ رقم فراہم کرتے ہوئے، ہر کیس میں انہی شرائط وضوابط پر جیسا کہ شیئر ہولڈرز نے 30 مارچ 2020 کو منظوری دی تھی، ماسوائے یہ کہ کسی بھی اسپانسر سپورٹ لون کی FML کی ویلیو کے برابر شیئرز میں تبدیلی اس قیمت پر ہوگی جس کا تعین بورڈ کی طرف سے اس وقت کیا جائے گا جب کمپنی FML کی طرف سے استعمال کیے جانے والے لونز/فنانسنگ فسلٹیز (کسی بھی نوعیت کی ہوں یا ان کی کوئی بھی صراحت کی گئی ہو) کی واپسی (پرنسپل اور مارک اپ رقم دونوں) کے لیے تبدیل کرنے کے اپنے حق اور FML کے ایڈیشنل رائٹ کو استعمال کرنے کا فیصلہ کرے گی۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ فوجی فرٹیلائزر بن قاسم لمیٹڈ کے شیئر ہولڈرز کا ستائیسواں سالانہ اجلاس عام مورخہ 29 مارچ 2021 کو دن 11 بجے ایف ایف بی ایل ٹاور، سی 1/ سی 2، سیکٹر B، جناح بلیوارڈ، فیز-II، ڈی ایچ اے، اسلام آباد میں منعقد ہوگا جس میں درج ذیل اُمور طے کیے جائیں گے:

عمومی اُمور

1۔ غیر معمولی اجلاس عام منعقدہ 25 نومبر 2020 کی کارروائی کی توثیق و تصدیق کرنا۔

2۔ 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز رپورٹس کے ساتھ کمپنی کے آڈٹ شدہ اکاؤنٹس (علیحدہ اور اکٹھے) کی وصولی، ان پر غور اور منظور کرنا۔

3۔ موجودہ اجلاس عام سے اگلے اجلاس عام تک کمپنی کے آڈیٹرز کی تعیناتی اور ان کے معاوضے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز اے وائے فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

خصوصی اُمور

4۔ کسی ترمیم، تبدیلی یا ردوبدل کے ساتھ یا اسکے بغیر مندرجہ ذیل قراردادوں کو خصوصی قراردادوں کی حیثیت سے منظور کرنا:

"طے کیا جاتا ہے کہ کمپنی 2.5 بلین پاکستانی روپے کے سب آرڈینیٹڈ اسپانسر سپورٹ لون ("Sponsor Support Loan") جو کمپنی کی طرف سے اس کی ایسوسی ایٹڈ کمپنی فوجی فوڈز لمیٹڈ ("FFL") کو دیا گیا تھا، کے roll-over اور اس کی واپس ادائیگی کے وقت کو ایک (1) سال کی مدت، یعنی 30 مارچ، 2022 تک بڑھا سکے، شرائط وضوابط کو متاثر کیے بغیر، جن کی منظوری شیئر ہولڈرز کی طرف سے 30 مارچ، 2020 کو منظور کی جانے والی خصوصی قرارداد کے ذریعے دی گئی تھی، ماسوائے یہ کہ اسپانسر سپورٹ لون کی FFL کے مساوی ویلیو کے شیئرز میں تبدیلی اس قیمت پر ہوگی جس کا تعین بورڈ کی طرف سے اُس وقت کیا جائے گا جب کمپنی تبدیلی کے اپنے حق کو استعمال کرنے کا فیصلہ کرے گی۔

مزید طے کیا جاتا ہے کہ کمپنی، کمپنی اور FFL کے درمیان مورخہ 30 مارچ، 2020 کے اسپانسر سپورٹ ایگریمنٹ ("Existing Sponsor Support Agreement") میں ایسی تمام ترامیم کرنے کی مجاز ہو اور اسے ایسا کرنے کا اختیار دیا جاتا ہے، جو اسپانسر سپورٹ لون کی واپس ادائیگی 30 مارچ، 2022 تک بڑھانے اور مذکورہ بالا قراردادوں کو موثر بنانے کے لیے ضروری ہیں۔

مزید طے کیا جاتا ہے کہ کمپنی ایسے تمام اقدامات، افعال، اور امور انجام دینے کا اختیار ہو اور اختیار دیا جاتا ہے جو مذکورہ بالا مقاصد کے لیے ضروری یا ناگزیر ہوں یا ان کو آگے بڑھانے کے لیے ہوں میں داخل ہو سکے، فراہم کر سکے یا عمل درآمد کر سکے، بشمول کسی حد کے بغیر کسی یا تمام معاہدات، انسٹرومینٹس، پاور آف اٹارنی، نوٹسز، سرٹیفکیٹس، دستاویزات میں شامل ہونا، ڈلیور اور عمل درآمد (خواہ وہ کسی بھی نوعیت اور صراحت کی ہوں، بشمول

Financial Highlights

FINANCIAL PERFORMANCE		2020	2019	2018	2017	2016	2015
Profitability Ratios							
Gross profit ratio	(%)	**15.11**	8.80	13.30	11.43	2.71	13.83
EBITDA margin to sales	(%)	**12.33**	4.48	9.21	9.45	11.70	16.58
Operating leverage ratio	Ratio	**0.49**	0.09	0.17	0.28	0.27	0.18
Net profit to sales	(%)	**2.63**	(8.86)	2.34	1.90	2.97	7.78
Return on equity	(%)	**15.71**	(86.64)	10.34	7.64	10.49	28.44
Return on capital employed	(%)	**7.46**	(28.71)	4.79	3.52	4.57	17.17
Liquidity Ratios							
Current ratio	(Times)	**1.04**	0.74	0.88	0.84	0.98	0.89
Quick / Acid test ratio	(Times)	**0.92**	0.49	0.71	0.71	0.82	0.67
Cash and cash equivalent to current liabilities	(Times)	**0.53**	0.09	0.30	0.48	0.48	0.41
Cash flow from operating activities to sales	(Times)	**0.30**	(0.25)	(0.11)	0.23	(0.01)	(0.12)
Activity / Turnover Ratios							
Inventory turnover	(Times)	**8.02**	5.97	14.20	21.82	12.55	14.73
Inventory turnover	(Days)	**46**	61	26	17	29	25
Debtors turnover	(Times)	**16.22**	9.33	18.30	23.29	19.79	41.90
Debtors turnover	(Days)	**23**	39	20	16	18	9
Creditors turnover	(Times)	**2.50**	1.88	2.57	3.66	4.88	5.27
Creditors turnover	(Days)	**146**	194	142	100	75	69
Total assets turnover	(Times)	**0.91**	0.73	0.77	0.80	0.71	0.88
Fixed assets turnover	(Times)	**8.17**	6.41	6.31	5.06	3.98	4.30
Operating cycle	(Days)	**(78)**	(94)	(96)	(67)	(27)	(36)
Investment / Market Ratios							
Earnings per share (pre-tax)	(Rs)	**4.73**	(3.74)	1.94	1.54	1.71	5.76
Earnings per share (after-tax)	(Rs)	**2.12**	(5.72)	1.54	1.08	1.43	4.35
Price earning ratio	(Times)	**11.94**	(3.41)	24.19	32.91	35.74	12.12
Dividend yield ratio	(%)	**-**	-	2.68	2.39	0.98	7.21
Dividend payout ratio	(%)	**-**	-	64.89	78.70	34.90	87.39
Dividend cover ratio	(%)	**-**	-	154.10	127.06	286.54	114.42
Dividend per share - Interim	(Rs)	**-**	-	-	0.10	-	0.75
Dividend per share - Final	(Rs)	**-**	-	1.00	0.75	0.50	3.05
Market price per share							
- Year end	(Rs)	**25.32**	19.52	37.27	35.54	51.21	52.68
- High during the year	(Rs)	**27.45**	44.20	45.65	59.60	57.98	66.52
- Low during the year	(Rs)	**11.56**	14.35	30.62	31.55	45.51	43.79
Break-up value	(Rs)	**13.49**	7.32	14.88	14.08	13.66	15.29
Price to book ratio	(%)	**0.18**	0.29	0.27	0.27	0.40	0.37
Capital Structure Ratios							
Financial leverage ratio	Ratio	**2.73**	6.82	2.53	2.17	2.80	2.05
Weighted average cost of debt	(%)	**10.54**	12.45	7.48	6.61	6.43	6.88
Debt : Equity	Ratio	**61:39**	73:27	60:40	59:41	60:40	41:59
Interest cover ratio	(Times)	**2.10**	0.26	1.81	1.74	1.74	3.88

FINANCIAL PERFORMANCE	2020	2019	2018	2017	2016	2015
				(Rupees in million)		
Summary of Statement of Financial Position						
Shareholders' equity	**13,959**	6,834	13,897	13,151	12,757	14,281
Capital employed	**29,384**	20,626	29,981	28,484	29,299	23,656
Property, plant & equipment	**10,193**	10,428	9,748	10,405	11,298	12,126
Total non-current assets	**41,811**	39,835	36,893	34,892	31,480	30,099
Working capital	**2,103**	(17,630)	(5,963)	(5,884)	(696)	(3,709)
Non-current liabilities	**29,955**	15,370	17,032	15,858	18,027	12,109
Summary of Profit or Loss						
Sales - net	**83,234**	66,839	61,511	52,733	45,011	52,182
Gross profit	**12,579**	5,885	8,183	6,028	1,219	7,214
Profit / (loss) before taxation	**4,893**	(3,869)	1,809	1,441	1,601	5,384
EBITDA	**10,263**	2,997	5,666	4,983	5,265	8,650
Profit / (loss) for the year	**2,192**	(5,921)	1,437	1,004	1,338	4,062
Summary of Cash Flows						
Net cash flow from Operating activities	**25,386**	(16,843)	(6,549)	12,009	(460)	(6,072)
Net cash flow from Investing activities	**(2,995)**	3,327	(3,832)	(3,719)	(3,445)	1,854
Net cash flow from Financing activities	**267**	4,167	1,400	(8,873)	4,574	8,341
Changes in cash and cash equivalents	**22,659**	(9,349)	(8,982)	(582)	670	4,123
Cash and cash equivalents - year end	**13,676**	(8,983)	366	9,348	9,930	9,260
Quantitative Data				(Thousand Tonnes)		
Sona Urea (G) Production	**559**	508	562	543	434	302
Sona Urea (G) Sales	**559**	508	562	546	443	290
Sona DAP Production	**740**	831	730	809	791	768
Sona DAP Sales	**926**	688	687	831	791	748

Ratio Analysis

The profitability ratios are improved due to increase in margins and record highest annual sales volume of Sona DAP 926 Kt, 35% higher than 2019.

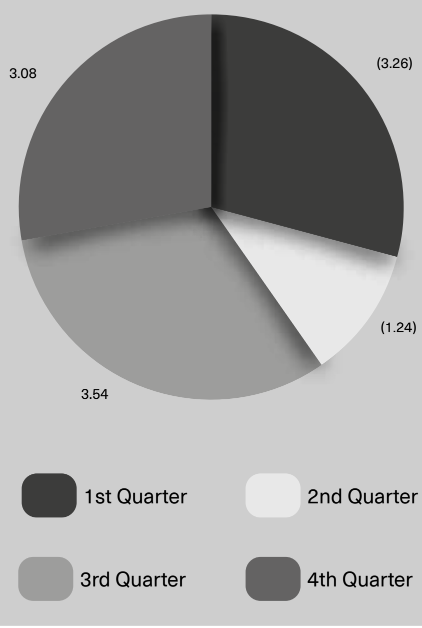
Return on equity has also shown increase in comparison from negative 86.84% last year to positive 15.71% in 2020.

Earnings per share of Rs. 2.12 for 2020 with comparison to loss per share of Rs. 5.72 in 2019.

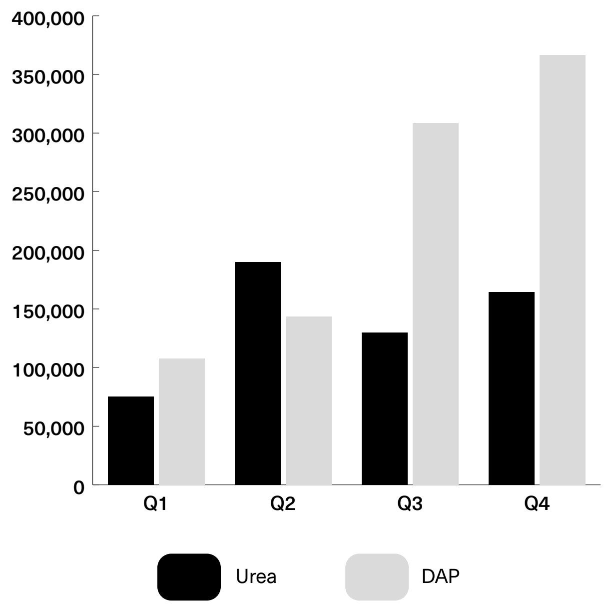
Quarterly Analysis - 2020

	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual
	Rupees in million				
Sales - net	9,558	15,224	25,180	33,272	83,234
Cost of sales	(10,116)	(13,293)	(21,232)	(26,014)	(70,655)
GROSS (LOSS) / PROFIT	(558)	1,931	3,948	7,258	12,579
Selling and distribution expenses	(714)	(1,248)	(1,572)	(1,984)	(5,518)
Administrative expenses	(287)	(301)	(319)	(348)	(1,255)
Finance cost	(1,519)	(1,208)	(811)	(906)	(4,444)
Other expenses	(193)	(1,391)	134	(2,944)	(4,394)
Other income	316	1,372	2,544	3,693	7,925
(LOSS) / PROFIT BEFORE TAXATION	(2,955)	(845)	3,924	4,769	4,893
Taxation	(94)	(314)	(617)	(1,676)	(2,701)
(LOSS) / PROFIT FOR THE YEAR	(3,049)	(1,159)	3,307	3,093	2,192
(Loss) / earning per share - basic and diluted (Rupees)	(3.26)	(1.24)	3.54	3.08	2.12
Production (MT)					
- Urea	95,592	169,917	140,474	152,949	558,932
- DAP	104,383	188,744	221,282	225,559	739,968
Sales (MT)					
- Urea	75,393	190,050	129,651	164,238	559,332
- DAP	107,801	143,458	308,443	366,571	926,273

Quarterly EPS/LPS



Sales Volume (MT)



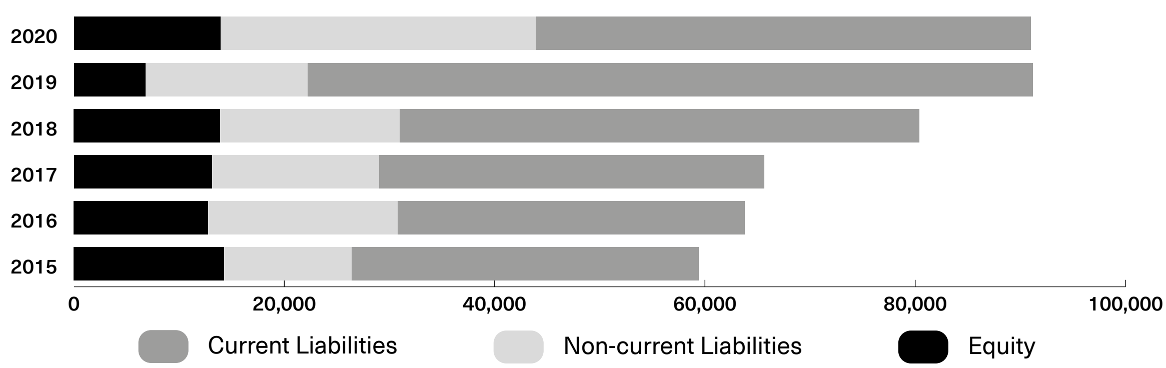
Horizontal Analysis

Statement of Financial Position

Rupees in millions

	2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17	2017	17 Vs. 16	2016	16 Vs. 15	2015
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs
EQUITY AND LIABILITIES											
Equity											
Share capital	9,341	-	9,341	-	9,341	-	9,341	-	9,341	-	9,341
Advance against issue of shares	4,886	100.00	-	-	-	-	-	-	-	-	-
Reserves	228	-	228	-	228	-	228	-	228	-	228
Accumulated (loss) / profit	(496)	81.87	(2,735)	(163.20)	4,329	20.85	3,581	12.33	3,188	(32.34)	4,712
	13,959	104.26	6,834	(50.83)	13,898	5.68	13,151	3.09	12,757	(10.67)	14,281
Non-Current liabilities											
Long-term loans	15,425	11.84	13,792	(14.25)	16,083	4.89	15,333	(7.31)	16,542	76.45	9,375
Deferred liabilities	14,530	820.41	1,579	66.36	949	80.99	524	(64.69)	1,485	(45.68)	2,734
	29,955	94.88	15,371	(9.76)	17,032	7.41	15,858	(12.03)	18,027	48.87	12,109
Current liabilities											
Trade creditors, other payables, & Current portion of long-term loan	30,787	(22.59)	39,773	13.38	35,079	32.19	26,536	63.66	16,214	20.52	13,453
Accrued interest	445	(53.75)	962	117.61	442	155.89	173	(59.44)	426	52.14	280
Short-term borrowings	15,822	(43.95)	28,227	102.88	13,913	40.06	9,934	(36.82)	15,724	(12.59)	17,988
Current portion of deferred Government assistance	-	-	-	-	-	-	-	(100.00)	648	(50.00)	1,296
	47,054	(31.77)	68,962	39.50	49,434	34.91	36,644	11.00	33,012	(0.02)	33,017
	90,968	(0.22)	91,167	13.44	80,364	22.41	65,652	2.91	63,796	7.39	59,407
ASSETS											
Non-Current Assets											
Property, plant and equipment	10,196	(2.39)	10,446	6.06	9,850	(5.54)	10,427	(7.71)	11,298	(6.83)	12,126
Long-term loans	6,990	123.32	3,130	30.42	2,400	-	-	(100.00)	23	-	-
Deferred tax asset - net	-	-	-	-	-	-	1,322	-	-	-	-
Long-term investments	24,546	(6.24)	26,180	6.58	24,565	6.50	23,065	14.86	20,081	12.22	17,895
Long-term deposits & advances	79	-	79	-	79	-	79	-	79	1.28	78
	41,811	4.96	39,835	7.97	36,893	5.73	34,892	10.84	31,481	4.59	30,099
Current assets											
Stores and spares	2,894	(3.18)	2,989	9.83	2,722	(0.86)	2,745	1.86	2,695	8.98	2,473
Stock-in-trade	2,862	(80.60)	14,756	160.95	5,655	204.94	1,854	(23.60)	2,427	(46.65)	4,549
Trade debts	1,656	(80.76)	8,607	50.49	5,719	469.33	1,005	(71.49)	3,524	243.80	1,025
Loans and advances	1,247	6.49	1,171	(22.64)	1,514	23.28	1,228	7.51	1,142	34.51	849
Deposits and prepayments	100	(24.81)	133	174.27	48	(21.79)	62	16.99	53	29.27	41
Other receivables	15,350	(11.64)	17,373	31.73	13,188	115.35	6,124	(8.62)	6,702	(1.77)	6,823
Short-term investments	-	(100.00)	1,009	(90.77)	10,936	(22.96)	14,194	42.67	9,949	115.91	4,608
Cash and bank balances	25,048	373.14	5,294	43.48	3,690	4.01	3,547	(39.08)	5,823	(34.87)	8,940
	49,157	(4.24)	51,332	18.08	43,471	41.33	30,760	(4.81)	32,315	10.26	29,308
	90,968	(0.22)	91,167	13.44	80,364	22.41	65,652	2.91	63,796	7.39	59,407

Balance Sheet Analysis (Equity and Liabilities)
(Rupees in million)



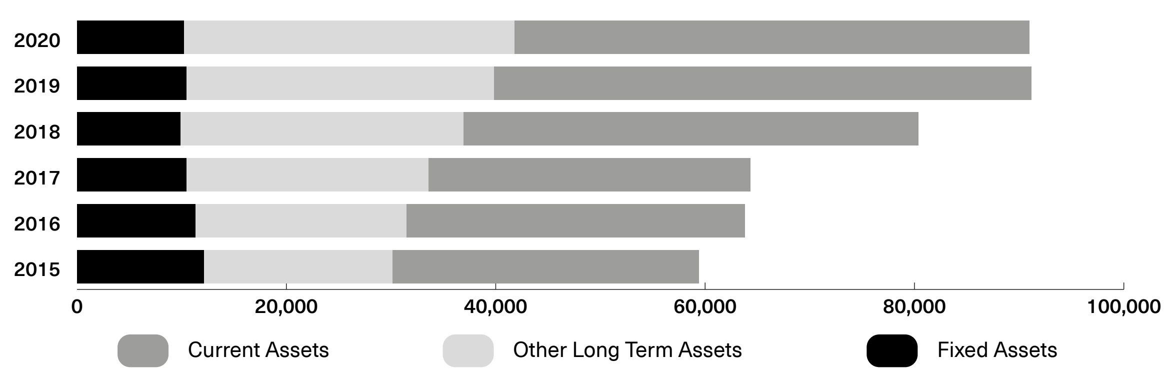
Vertical Analysis

Statement of Financial Position

Rupees in millions

	2020		2019		2018		2017		2016		2015	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
EQUITY AND LIABILITIES												
Equity												
Share capital	9,341	10.27	9,341	10.25	9,341	11.62	9,341	14.23	9,341	14.64	9,341	15.72
Advance against issue of shares	4,886	5.37	-	-	-	-	-	-	-	-	-	-
Reserves	228	0.25	228	0.25	228	0.28	228	0.35	228	0.36	228	0.38
Accumulated (loss) / profit	(496)	(0.55)	(2,735)	(3.00)	4,329	5.39	3,581	5.45	3,188	5.00	4,712	7.93
	13,959	15.34	6,834	7.50	13,898	17.29	13,151	20.03	12,757	20.00	14,281	24.04
Non-Current liabilities												
Long-term liabilities	15,425	16.96	13,792	15.13	16,083	20.01	15,333	23.36	16,542	25.93	9,375	15.78
Deferred liabilities	14,530	15.97	1,579	1.73	949	1.18	524	0.80	1,485	2.33	2,734	4.60
	29,955	32.93	15,371	16.86	17,032	21.19	15,858	24.15	18,027	28.26	12,109	20.38
Current liabilities												
Trade creditors, other payables & current portion of long-term loans	30,787	33.84	39,773	43.63	35,079	43.65	26,536	40.42	16,214	25.4154	13,453	22.65
Accrued interest	445	0.49	962	1.06	442	0.55	173	0.26	426	0.6678	280	0.47
Short-term borrowings	15,822	17.39	28,227	30.96	13,913	17.31	9,934	15.13	15,724	24.6473	17,988	30.28
Current portion of deferred Government assistance	-	-	-	-	-	-	-	-	648	1.0157	1,296	2.18
	47,054	51.73	68,962	75.64	49,434	61.513	36,644	55.81	33,012	51.7462	33,017	55.58
	90,968	100.00	91,167	100.00	80,364	100.00	65,652	100.00	63,796	100.00	59,407	100.00
ASSETS												
Non-Current Assets												
Property, plant and equipment	10,196	11.21	10,446	11.46	9,850	12.26	10,427	15.88	11,298	17.71	12,126	20.41
Long-term loans	6,990	7.68	3,130	3.43	2,400	2.99	-	-	23	0.04	-	-
Deferred tax asset - net	-	-	-	-	-	-	1,322	2.01	-	-	-	-
Long-term investments	24,546	26.98	26,180	28.72	24,565	30.57	23,065	35.13	20,081	31.48	17,895	30.12
Long-term deposits & advances	79	0.09	79	0.09	79	0.10	79	0.12	79	0.12	78	0.13
	41,811	45.96	39,835	43.69	36,893	45.91	34,892	53.15	31,481	49.35	30,099	50.67
Current assets												
Stores and spares	2,894	3.18	2,989	3.28	2,722	3.39	2,745	4.18	2,695	4.22	2,473	4.16
Stock-in-trade	2,862	3.15	14,756	16.19	5,655	7.04	1,854	2.82	2,427	3.80	4,549	7.66
Trade debts	1,656	1.82	8,607	9.44	5,719	7.12	1,005	1.53	3,524	5.52	1,025	1.73
Loans and advances	1,247	1.37	1,171	1.28	1,514	1.88	1,228	1.87	1,142	1.79	849	1.43
Deposits and prepayments	100	0.11	133	0.15	48	0.06	62	0.09	53	0.08	41	0.07
Other receivables	15,350	16.87	17,373	19.06	13,188	16.41	6,124	9.33	6,702	10.51	6,823	11.49
Short-term investments	-	-	1,009	1.11	10,936	13.61	14,194	21.62	9,949	15.60	4,608	7.76
Cash and bank balances	25,048	27.53	5,294	5.81	3,690	4.59	3,547	5.40	5,823	9.13	8,940	15.05
	49,157	54.04	51,332	56.31	43,471	54.09	30,760	46.85	32,315	50.65	29,308	49.33
	90,968	100.00	91,167	100.00	80,364	100.00	65,652	100.00	63,796	100.00	59,407	100.00

Balance Sheet Analysis (Assets)
(Rupees in million)



Horizontal & Vertical Analysis

Statement of Profit or Loss

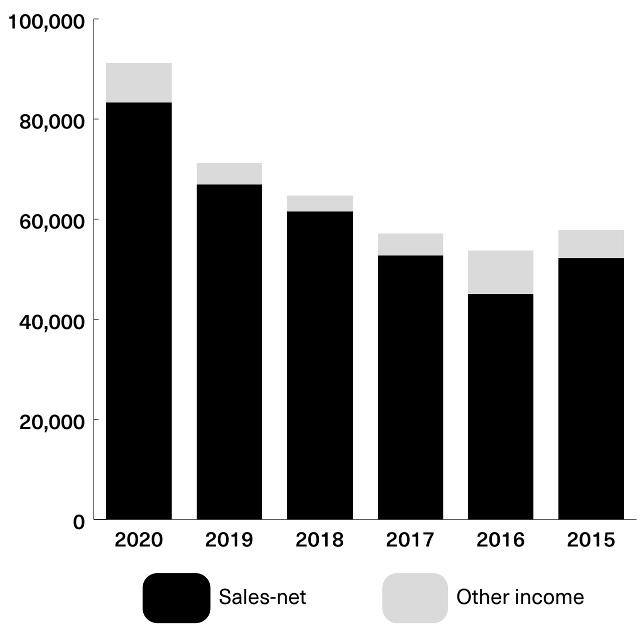
Rupees in millions

Horizontal Analysis	2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17	2017	17 Vs. 16	2016	16 Vs. 15	2015	15 Vs. 14
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
Sales - net	83,234	24.53	66,839	8.66	61,511	16.65	52,733	17.15	45,011	(13.74)	52,182	5.54
Cost of Sales	70,655	15.91	60,955	14.30	53,327	14.18	46,705	6.65	43,792	(2.61)	44,968	17.25
Gross profit	12,579	113.77	5,884	(28.09)	8,184	35.77	6,028	394.48	1,219	(83.10)	7,214	(34.96)
Selling & distribution expenses	5,518	3.25	5,344	18.09	4,525	(7.11)	4,872	11.45	4,371	14.46	3,819	15.24
Administrative expenses	1,255	(11.73)	1,422	(8.19)	1,549	(10.34)	1,727	5.27	1,641	14.99	1,427	8.30
	5,806	758.62	(882)	(141.79)	2,110	469.11	(571)	88.08	(4,793)	(343.55)	1,968	(69.54)
Finance cost	4,444	(14.52)	5,199	133.89	2,223	14.46	1,942	(9.93)	2,156	15.43	1,868	42.28
Other expenses	4,394	103.61	2,158	71.40	1,259	197.64	423	140.07	176	(55.84)	399	(7.17)
	(3,032)	63.20	(8,239)	(500.25)	(1,372)	53.26	(2,936)	58.79	(7,125)	(2,283.10)	(299)	(106.34)
Other income	7,925	81.34	4,370	37.35	3,182	(27.31)	4,377	(49.84)	8,726	53.55	5,683	434.73
Profit / (loss) before taxation	4,893	226.48	(3,869)	(313.84)	1,810	25.56	1,441	(9.98)	1,601	(70.27)	5,384	(6.85)
Taxation	2,701	31.63	2,052	450.76	373	(14.75)	437	66.61	262	(80.16)	1,322	(25.05)
Profit / (loss) for the year	2,192	137.03	(5,921)	(512.14)	1,437	43.11	1,004	(25.00)	1,338	(67.05)	4,062	1.14

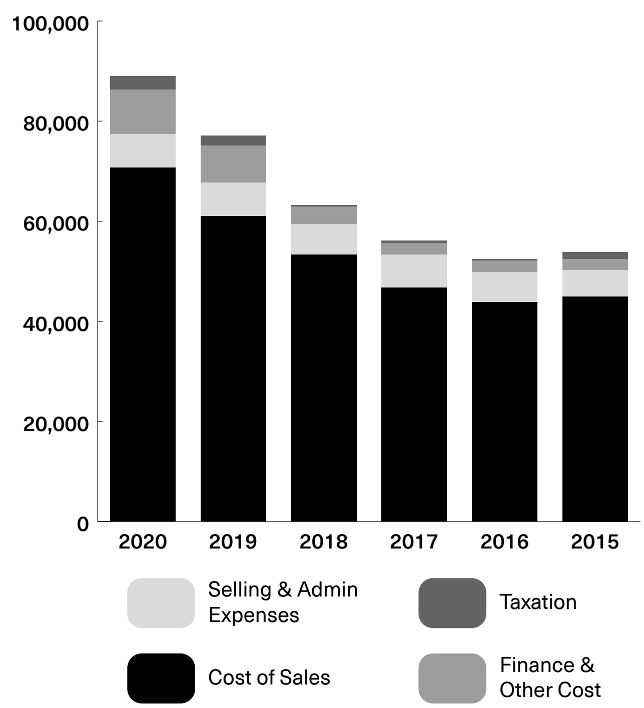
Rupees in millions

Vertical Analysis	2020		2019		2018		2017		2016		2015	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
Sales - net	83,234	100.00	66,839	100.00	61,511	100.00	52,733	100.00	45,011	100.00	52,182	100.00
Cost of Sales	70,655	84.89	60,955	91.20	53,327	86.70	46,705	88.57	43,792	97.29	44,968	86.18
Gross profit	12,579	15.11	5,884	8.80	8,184	13.30	6,028	11.43	1,219	2.71	7,214	13.82
Selling & distribution expenses	5,518	6.63	5,344	8.00	4,525	7.35	4,872	9.24	4,371	9.71	3,819	7.32
Administrative expenses	1,255	1.51	1,422	2.13	1,549	2.52	1,727	3.28	1,641	3.65	1,427	2.73
	5,806	6.97	(882)	(1.32)	2,110	3.43	(571)	(1.08)	(4,793)	(10.65)	1,968	3.77
Finance cost	4,444	5.34	5,199	7.78	2,223	3.61	1,941	3.68	2,156	4.79	1,868	3.58
Other expenses	4,394	5.28	2,158	3.23	1,259	2.05	423	0.80	176	0.39	399	0.76
	(3,032)	(3.65)	(8,239)	(12.33)	(1,372)	(2.23)	(2,936)	(5.57)	(7,125)	(15.83)	(299)	(0.57)
Other income	7,925	9.52	4,370	6.54	3,182	5.17	4,377	8.30	8,726	19.39	5,683	10.89
Profit / (loss) before taxation	4,893	5.87	(3,869)	(5.79)	1,810	2.94	1,441	2.73	1,601	3.56	5,384	10.32
Taxation	2,701	3.25	2,052	3.07	373	0.61	437	0.83	262	0.58	1,322	2.53
Profit / (loss) for the year	2,192	2.63	(5,921)	(8.86)	1,437	2.33	1,004	1.90	1,338	2.97	4,062	7.78

Profit or Loss Analysis (Income)
(Rupees in million)



Profit or Loss Analysis (Expenses)
(Rupees in million)



Chairman's Review

On behalf of the Board of Directors, I present the Company's annual report and performance for the year ended December 31, 2020.

FFBL has instituted a strong governance and legal framework that ensures compliance with applicable laws and regulations and is instrumental in achieving long-term sustainability and growth. In this regard, the Board continues to provide guidance to the management on business strategy and on matters of significance in strengthening good governance, optimizing operational efficiency, enhancing profitability and maximizing shareholders' value. The Board also ensures that business affairs are managed in accordance with the Company's Vision and Mission Statement to maintain market leadership in the segments that it operates in.

After a dismal run in 2019, the Company has been able to turn the tide and fared considerably well in 2020. By the grace of Almighty Allah, the management has been able to execute the strategic plans in letter and spirit and everyone, down to the bottom, stuck to their task to achieve the desired results.

The year commenced with almost all factors working to our dis-advantage, in terms of lending rates, carryover of all-time high DAP inventory, shrinking margins, unfavourable input-output tax regime, subsidiaries performance issues, macro-micro economic downtrends, etc. Further, the COVID-19 phenomena challenged the basic assumptions of the world economies including Pakistan, besides posing tremendous challenges for entire health care systems world over. However, the Company, with appropriate planning, has so far been able to minimize the adverse impacts.

Every threat presents an opportunity that needs able minds to grab it with both hands. It needed tremendous effort and execution of plans to turn the course to the right direction. The Company had to take some tough decisions which were strategically essential for sustainability in the long run that include capital structure correction, revisiting core business strategy, ensuring operational excellence, essential cost cutting measures, change management, etc.

In my role as Chairman, I continue to ensure that the Board is prioritizing and effectively setting tasks to deliver the strategic direction of the Company. Directors actively participate, especially in governance related areas, and valuable inputs from Independent Directors who are subject matter experts, are considered prior to concluding critical decisions.

The Board has setup several Committees who are entrusted with advisory and oversight functions. Their recommendations are shared with the Board for further deliberation and decision making. Committees are entrusted with the following tasks:

- strategic framework recommendation and strengthen governance
- guidance to management so as to maximize resource utilization
- execution of key initiatives including assessment of investments and improving capital structure
- monitor progress and recommend backup plans so as to achieve strategic goals

FFBL has a distinctive place in fertilizer industry, having the only Di-Ammonium Phosphate (DAP) fertilizer plant in Pakistan. Its dynamics are quite different from rest of the plants as it depends heavily on imported raw material for its manufacturing facility. FFBL covers around one-third of the total market for DAP in Pakistan which was approximately 2,255 Kt in 2020, 11% higher than 2019. The higher sales can be attributed to significant improvement in the farm economics owing to a general rise in international commodity prices and better support pricing by the government to facilitate the farmers. Urea Industry sales volumes were 2% higher than last three years average sales and 3% lower than 2019 sales.

In agriculture, all major crops, except cotton, surpassed their production targets during the Kharif season. The favorable overall outcome was mainly attributed to an increase in the cultivated area of rice and sugarcane compared to last year, as well as the government's agriculture package, with its particular emphasis on fertilizer subsidy. However, the cotton output was significantly lower than the target; area dedicated to the crop was at its lowest since 1981-82, and exceptionally heavy monsoon rains (especially in some cotton-growing districts of Sindh) and pest attacks played a part in depressing the cotton yield.

In 2020, your Company has improved its financial position from its operations. Further, the Company is actively monitoring changes in the regulatory framework and engages with government and other stakeholders to explain dynamics and issues impacting the industry to enforce sustainable and progressive policy initiatives. There are encouraging indications that Pakistan's economy is regaining its pre-COVID trajectory. The recovery in economic activities is evident across the agriculture, industry, and services sectors. Timely and well-calibrated economic policy response to the COVID crisis from the government and the SBP helped to prevent a deeper fallout from the crisis and lay the foundations for economic recovery.

I take this opportunity to express my sincere gratitude to my fellow Board members and management of the Company for their commitment and contribution. They need our appreciation having remained focused and steadfast to safeguard the interests of all the stakeholders in these testing times. I also appreciate and acknowledge the contribution of GoP, SSGC, our valuable customers and all other stakeholders for their continued support and look forward to their continuous confidence and trust in the Company to achieve a greater success in 2021.

For and on behalf of the Board
Fauji Fertilizer Bin Qasim Limited

Waqar Ahmed Malik
Chairman

چیئرمین کا جائزہ

میں بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور کارکردگی پیش کر رہا ہوں۔

FFBL ایک مضبوط گورننس اور قانونی ڈھانچے پر قائم کمپنی ہے جو قابل اطلاق قوانین اور ضابطوں کی تعمیل کو یقینی بناتا ہے اور طویل مدتی پائیدار ترقی کے حصول میں کلیدی اہمیت رکھتا ہے۔ اس ضمن میں بورڈ، کاروباری حکمت عملی اور گورننس کو مستحکم بنانے، آپریشنل صلاحیت کو بڑھانے، منافع میں اضافے اور حصص داران کی قدر کو زیادہ سے زیادہ کرنے کے لیے اہمیت کے حامل معاملات کے بارے میں انتظامیہ کو مسلسل رہنمائی فراہم کر رہا ہے۔ بورڈ اس امر کو بھی یقینی بناتا ہے کہ کاروبار میں قیادت برقرار رکھنے کے لیے کاروباری امور کو کمپنی کے ویژن اور مشن سٹیٹمنٹ کے مطابق چلایا جائے۔

2019 میں مایوس کن کارکردگی کے بعد کمپنی حالات کا رخ موڑنے کے قابل ہو گئی اور 2020 میں اس نے خاطر خواہ بہتری دکھائی۔ اللہ تعالیٰ کے فضل و کرم سے انتظامیہ دوررس منصوبوں پر دل و جان سے عمل کرنے میں کامیاب رہی ہے اور تمام متعلقہ افراد مطلوبہ نتائج حاصل کرنے کے لیے بھرپور محنت کر رہے ہیں۔

نئے سال کی شروعات میں قرضوں کی شرح سود، بلند ترین DAP انوینٹری، بکھرتے ہوئے مارجنز، ناموافق ان پٹ - آؤٹ پٹ ٹیکس نظام، ذیلی اداروں کی کارکردگی کے مسائل، جکڑ و مسائل، معاشی زبوں حالی کے رجحانات وغیرہ کے حوالے سے تقریباً تمام ہی محرکات ہمارے مخالف تھے۔ مزید برآں، COVID-19 کی وبا نے دنیا بھر میں صحت عامہ کے پورے نظام کے لیے زبردست چیلنج پیدا کرنے کے علاوہ پاکستان سمیت عالمی معیشتوں کے بنیادی تصورات کو چیلنج کیا۔ تاہم، مناسب منصوبہ بندی کے ساتھ کمپنی اب تک منفی اثرات کو کم سے کم کرنے کے قابل رہی ہے۔

ہر خطرہ ایک موقع بھی مہیا کرتا ہے جسے دونوں ہاتھوں سے تھامنے کے لیے بردباری کی ضرورت ہوتی ہے۔ اپنی سمت صحیح رخ پر موڑنے کے لیے بھرپور کوشش اور منصوبوں پر عمل کرنے کی ضرورت ہوتی ہے۔ کمپنی کو اس سلسلے میں بعض سخت فیصلے کرنے پڑے جو طویل مدتی حکمت عملی کے اعتبار سے لازمی تھے۔ ان میں سرمائے کے بنیادی ڈھانچے کی درستی، بنیادی کاروباری حکمت عملی کا از سر نو جائزہ، نظام میں مہارت کو یقینی بنانا، لاگت میں کمی کے لازمی اقدامات اور انتظامیہ میں تبدیلی وغیرہ شامل ہیں۔

میں چیئرمین کی حیثیت سے یقین دلاتا ہوں کہ یہ امر بورڈ کی ترجیح ہے کہ کمپنی کی طویل مدتی حکمت عملی درست سمت میں رہے۔ اس سلسلے میں بورڈ، ڈائریکٹرز کی یقین دہانی کرتا ہے۔ ڈائریکٹرز، گورننس سے متعلق معاملات میں خاص طور پر فعال طریقے سے شرکت کرتے ہیں۔ اہم فیصلے کرنے سے قبل غیر جانب دار ڈائریکٹرز، جو اپنے پیشے سے منسلک معاملات کے ماہر ہیں، کی گراں قدر آرا پر بھی غور کیا جاتا ہے۔

بورڈ نے متعدد کمیٹیاں قائم کی ہیں جنھیں مشاورت اور نگرانی کے فرائض سونپے گئے ہیں۔ مزید کارروائی اور فیصلہ سازی کے لیے ان کی سفارشات بورڈ کے سامنے رکھی جاتی ہیں۔ ان کمیٹیوں کو مندرجہ ذیل کام تفویض کیے گئے ہیں:

- طویل مدتی ڈھانچہ جاتی سفارشات اور گورننس میں استحکام
- دستیاب وسائل کے موثر استعمال کے لیے انتظامیہ کی رہنمائی
- اہم فیصلوں اور سرمایہ کاری کے منصوبوں پر پیش رفت اور سرمائے کے ڈھانچے کی بہتری کے اقدامات
- پیش رفت پر نظر رکھنے اور ہنگامی حالات میں حکمت عملی کی سفارش تاکہ کمپنی کے طویل مدتی مقاصد حاصل ہو سکیں۔

FFBL پاکستان میں واحد Di-Ammonium Phosphate (DAP) فرٹیلائزر فیکٹری کے ساتھ فرٹیلائزر انڈسٹری میں ایک امتیازی مقام کا حامل ہے۔ اس کے معاملات باقی فیکٹریوں سے یکسر مختلف ہیں کیونکہ یہ اپنی پیداواری سہولت کے لیے درآمدی خام مال پر بہت زیادہ انحصار کرتا ہے۔ FFBL پاکستان میں DAP کی کل مارکیٹ کا لگ بھگ ایک تہائی حصے کا احاطہ کرتا ہے۔ 2020 میں DAP کی کل مارکیٹ (اندازاً 2,255 Kt) رہی، جو کہ 2019 کے مقابلے میں 11% زیادہ ہے۔ فروخت میں اس بڑھوتری کو اجناس کی بین الاقوامی قیمتوں میں عمومی اضافے اور کاشتکاروں کو سہولت دینے کے لیے حکومت کی طرف سے بہتر امدادی قیمتوں کے تعین کی بدولت زرعی معاشیات میں خاطر خواہ بہتری سے منسوب کیا جا سکتا ہے۔ یوریا انڈسٹری کی فروخت کا حجم پچھلے تین سالوں کی اوسط فروخت سے 2% زیادہ اور 2019 کی فروخت کے مقابلے میں 3% کم رہا۔

زراعت کے شعبے میں خریف سیزن کے دوران کپاس کے سوا تمام بڑی فصلوں نے اہداف سے زیادہ پیداوار حاصل کی۔ ان مجموعی مثبت نتائج کی بڑی وجہ پچھلے سال کے مقابلے میں چاول اور گنے کی کاشت کے رقبے میں اضافہ اور حکومت کا زرعی پیکیج ہے، جس میں کھادوں کی سبسڈی پر خاص طور سے توجہ دی گئی۔ تاہم، کپاس کی پیداوار ہدف سے بڑی حد تک کم رہی۔ اس فصل کے لیے جو رقبہ رکھا گیا وہ 82-1981 کے بعد کم ترین رقبہ تھا۔ مون سون کی غیر معمولی طور پر زیادہ بارشوں (خاص طور پر سندھ کے کپاس کاشت کرنے والے بعض اضلاع میں) اور ٹڈی دل کے حملوں نے بھی کپاس کی پیداوار کو نقصان پہنچانے میں کردار ادا کیا۔

آپ کی کمپنی نے 2020 میں آپریشنز کے ذریعے اپنی مالی حالت کو بہتر بنایا ہے۔ اس کے علاوہ، کمپنی انضباطی ڈھانچے میں تبدیلیوں کا بغور جائزہ لے رہی ہے اور معاملات اور مسائل کی وضاحت کے لیے حکومت اور دوسرے متعلقین کے ساتھ بات چیت کر رہی ہے۔ اس کا مقصد یہ ہے کہ انہیں ان معاملات سے جڑے اثرات سے آگاہ کیا جائے تاکہ پائیدار اور طویل مدتی مثبت پالیسیوں کے اقدامات کو فروغ ملے۔ ایسے حوصلہ افزا اشارے موجود ہیں کہ پاکستان کی معیشت COVID-19 سے پہلے کی سمت پر واپس آ رہی ہے۔ معاشی سرگرمیوں میں یہ بحالی زراعت، پیداوار اور خدمات کے شعبوں میں نظر آ رہی ہے۔ حکومت اور SBP کی طرف سے COVID-19 بحران کے تناظر میں بروقت اور سوچی سمجھی معاشی پالیسی نے کسی بڑے نقصان سے بچا لیا اور معاشی بحالی کی بنیاد رکھ دی۔

میں اس موقع پر بورڈ میں اپنے ساتھیوں اور کمپنی کی انتظامیہ کا ان کی لگن اور خدمات پر تہہ دل سے شکریہ ادا کرتا ہوں۔ آزمائش کے ان لمحات میں اپنی توجہ مرکوز رکھنے اور تمام متعلقین کے مفادات کے تحفظ میں ثابت قدم رہنے پر یہ ہماری تعریف کے مستحق ہیں۔ میں مسلسل حمایت پر حکومت پاکستان، SSGC، اپنے گراں قدر صارفین اور دوسرے تمام متعلقین کا بھی شکر گزار ہوں اور 2021 میں مزید کامیابی کے لیے کمپنی پر ان کے مسلسل اعتماد اور بھروسے کی امید رکھتا ہوں۔

برائے اور از طرف بورڈ

فوجی فرٹیلائزر بن قاسم لمیٹڈ

وقار احمد ملک

چیئرمین

A Word From The Chief Executive

I take this opportunity to present to our worthy shareholders, the financial results of the Company for the year ended December 31, 2020.

The year 2020, has been a challenging year, but at the same time one of overcoming those challenges. After reporting a loss of Rs (5.72) per share for the year ended December 31, 2019, the year 2020 started with significant turbulence, further impacted by COVID-19, which took a heavy toll on the economy. Water shortage and increasing input cost brought down the yield of the agriculture sector. Decreased supply resulted in inflated prices of agricultural produce. However, policy changes have lately checked the downward progression and reduced the twin deficit to some extent. The rupee has been stable for a while now and stock market is re-emerging with investor confidence. Going forward, a slow but sure recovery is expected.

Fertilizer industry despite being a vital part of our agriculture dependent economy, operated on reduced margins in first half of the year. Cash flows remained under pressure owing to non-payment of subsidy and GST refund by the Government of Pakistan (GoP). Higher utilization of working capital lines and credit sales, resulted in an increased cash crunch.

Despite all the challenges, the team with the guidance and support from our Board, delivered significantly improved results. We take this opportunity to thank Almighty Allah, as we produced 740Kt of DAP and 559 Kt of Urea with no safety incident. This is a recognition of our ongoing commitment to safety as our top most priority.

The Company managed to turnaround the results in 2020 and has posted net profit of Rs 2,192 million with Earning per share of Rs 2.12. Gross profit and operating profit for the year stood at Rs 12,579 million and Rs 5,806 million, as compared to gross profit of Rs 5,885 million and operating loss of Rs 883 million respectively for the preceding year. The improved results are mainly due to improved margins and record highest annual sales volume of Sona DAP 926 Kt, 35% higher than 2019, with an estimated market share of 41% as compared to 34% in 2019 and Sona Urea sales of 559 Kt, 10 % higher than 2019, with a domestic market share of 9% as compared to 8% in 2019. Urea and DAP closing inventory is almost zero which happens to be the first ever nil inventory level achieved since inception.

During the year, the Company received total dividend of Rs 3,523 million (2019: Rs 2,832 million) comprising Rs.1,996 million from its subsidiary FPCL, Rs.1,119 million from Company`s joint venture, Pakistan Maroc Phosphore (PMP), Rs. 408 million from its associate Askari Bank Limited. The Company expects significant returns from these investments in future as well.

However, the results of the Company has significantly been impacted due to the impairment recorded on investments in FML and FFL amounting to Rs 4,082 million, as compared to Rs 1,520 million recorded last year on investments in FML and FFL. Tax charge for the year has increased to Rs 2,700 from Rs 2,052 million mainly on account of increased turnover for the year.

I would also like to shed light on some noteworthy developments during the year:

1. Issuance of Right shares amounting of Rs 4,999,999,998 divided into 357,142,857 ordinary shares of Rs 14/- each to reduce current debt levels, manage working capital and to support subsidiaries.
2. Supreme Court of Pakistan has issued the much awaited GIDC judgement during the year whereby the Company is required to make the payment of outstanding GIDC in 48 equally instalments. The Company has currently obtained stay from Sindh High Court against the payment until the GIDC liability is correctly ascertained. The Company has recorded a notional income of Rs 2,741 million by recognizing the present value of GIDC in accordance with IFRS 9 and IFRS 13.
3. Successfully completed an organizational restructuring, which will be critical in resetting our culture and in developing into a lean and result oriented organization.
4. Gas Supply Agreement (GSA) with SSGC has expired on December 31, 2020. GoP has renewed the gas allocation for the five years and the GSA will be signed with SSGC in due course.
5. During the year, the company successfully gave sponsor support to FFL, as a result of which they were able to restructure their long-term loans of Rs 8 billion.

I assure all stakeholders that the management of the Company shall make utmost endeavour for even better results in the years to come.

I wish to appreciate the continued support of our sponsors and our dedicated and professional employees, who contribute immensely towards sustainability of the Company and to make it a premier organization.

Last but not the least, I wish to acknowledge valuable contributions by our customers, GoP, shareholders and all strategic stakeholders who have stood firm with the Company in these testing times. We look forward for their continued support for enabling us to achieve success in future.

For and on behalf of the Board

Fauji Fertilizer Bin Qasim Limited

Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer

چیف ایگزیکٹو کی معروضات

میں اس موقع پر اپنے محترم حصص داران کی خدمت میں 31 دسمبر 2020 کو ختم ہونے سال کے لیے کمپنی کے مالی نتائج پیش کر رہا ہوں۔

2020 ایک مشکل سال رہا مگر اس کے ساتھ ان مشکلات پر قابو پانے کا سال بھی رہا۔ 31 دسمبر 2019 کو ختم ہونے والے سال میں (5.72) روپے فی حصص نقصان اٹھانے کے بعد سال 2020 انتہائی غیر یقینی کی صورتحال کے ساتھ شروع ہوا جو COVID-19 سے مزید متاثر ہوا اور اس سے معیشت کو بھاری نقصان پہنچا۔ پانی کی قلت اور بڑھتی ہوئی لاگت نے زرعی شعبے کی پیداوار کو کم کر دیا۔ کم رسد کا نتیجہ زرعی پیداوار کی زیادہ قیمت کی صورت میں نکلا۔ تاہم بعد از اں پالیسی میں تبدیلیوں نے منفی پیش رفت کو روک دیا اور دوہرے خسارے کو کسی حد تک کم کر دیا۔ کچھ عرصے سے روپیہ مستحکم ہے اور حصص مارکیٹ سرمایہ کار کے اعتماد کے ساتھ دوبارہ ابھر رہی ہے۔ آگے بڑھنے کی رفتار اگرچہ سست ہے مگر بحالی کی امید بندھی ہے۔

زراعت پر منحصر ہماری معیشت کا ایک اہم حصہ ہونے کے باوجود فرٹیلائزر کی صنعت نے سال کی پہلی ششماہی میں کم منافع پر کام کیا۔ حکومت پاکستان (GoP) کی طرف سے سبسڈی اور GST ریفنڈ کی عدم ادائیگی کے باعث ترسیلات زر کی صورت حال دباؤ میں رہی۔ ورکنگ کیپٹل سہولت کے زیادہ استعمال اور ادھار پر فروخت کا نتیجہ بڑھتے ہوئے مالی بحران کی شکل میں نکلا۔

ان تمام مشکلات کے باوجود ہم نے بورڈ کی رہنمائی اور مدد کے ساتھ کافی بہتر نتائج دیے۔ ہم اللہ تعالیٰ کے شکر گزار ہیں کہ کوئی حادثہ رونما ہوئے بغیر ہم نے DAP کی 740Kt اور یوریا کی 559Kt پیداوار حاصل کی۔ یہ ہمارے اس مسلسل عہد کا اعتراف ہے کہ محفوظ سرگرمی ہماری اہم ترین ترجیح ہے۔

2020 میں کمپنی بہتر نتائج حاصل کرنے میں کامیاب ہوئی اور اس نے 2.12 روپے کی فی حصص آمدنی کے ساتھ 2,192 ملین روپے کا خالص منافع کمایا۔ پچھلے سال کے 5,885 ملین روپے کے مجموعی منافع اور 883 ملین روپے کے آپریٹنگ خسارے کے مقابلے میں اس سال کمپنی نے بالترتیب 12,579 ملین روپے کا مجموعی منافع اور 5,806 ملین روپے کا آپریٹنگ منافع حاصل کیا۔ اچھے نتائج کی بڑی وجہ بہتر مارجنز اور سوا DAP کا ریکارڈ بلند ترین فروخت کا حجم ہے۔ 926 Kt کی فروخت 2019 کے مقابلے میں 35% زیادہ ہے اور اس کے ساتھ 2019 میں 34% کے مقابلے میں 2020 میں مارکیٹ میں حصہ 41% ہے۔ سوا یوریا کی 559 Kt کی فروخت 2019 کے مقابلے میں 10% زیادہ ہے اور اس کے ساتھ 2019 میں 8% کے مقابلے میں 2020 میں مارکیٹ میں حصہ 9% ہے۔ یوریا اور DAP کا اضافی انوینٹری تقریباً صفر ہے جو کمپنی کے قیام کے بعد سے حاصل کی جانے والی اپنی نوعیت کی پہلی صفر انوینٹری کی سطح ہے۔

سال کے دوران کمپنی کو کل 3,523 ملین روپے کا ڈیویڈنڈ وصول ہوا (2019: 2,832 ملین روپے) جو کہ اس کی ذیلی کمپنی FPCL سے 1,996 ملین روپے، کمپنی کے مشترکہ منصوبے Pakistan Maroc Phosphore (PMP) سے 1,119 ملین روپے، اور اس کی منسلک کمپنی عسکری بینک لمیٹڈ سے 408 ملین روپے پر مشتمل ہے۔ کمپنی کو مستقبل میں بھی ان سرمایہ کاریوں سے خاطر خواہ منافع کی امید ہے۔

تاہم، FML اور FFL میں سرمایہ کاریوں پر ریکارڈ کی جانے والی 4,082 ملین روپے کی impairment کی وجہ سے کمپنی کے نتائج پر بہت زیادہ اثر پڑا۔ پچھلے سال ان سرمایہ کاریوں میں 1,520 ملین روپے کی impairment ریکارڈ کی گئی تھی۔ سال کے دوران ٹیکس اخراجات 2,052 ملین روپے سے بڑھ کر 2,700 ملین روپے ہو گئے جس کی بڑی وجہ اس سال مصنوعات کی زیادہ فروخت ہے۔

میں سال کے دوران پیش آنے والے بعض اہم واقعات پر بھی روشنی ڈالنا چاہوں گا:

1۔ قرضوں کی موجودہ سطح کو کم کرنے، کاروباری سرمایہ کے انتظام اور ذیلی کمپنیوں کی مدد کے لیے 14 روپے فی حصص کے حساب سے 357,142,857 عام حصص میں تقسیم 4,999,999,998 روپے مالیت کے رائٹ حصص کا اجرا۔

2۔ سال کے دوران سپریم کورٹ آف پاکستان نے بہت انتظار کے بعد GIDC پر فیصلہ جاری کیا۔ اس فیصلے کی رو سے کمپنی کو 48 مساوی اقساط میں واجب الادا GIDC کی ادائیگی کرنا ہوگی۔ کمپنی نے اس ادائیگی کے خلاف سندھ ہائیکورٹ سے اس وقت تک حکم امتناعی حاصل کر رکھا ہے، جب تک کہ فی الحال GIDC کا حکم طریقے سے تعین نہیں کیا جاتا۔ کمپنی نے IFRS 13 اور IFRS 9 کے مطابق GIDC کی موجودہ قدر کے مطابق 2,741 ملین روپے کی کل آمدنی ریکارڈ کی ہے۔

3۔ کامیابی کے ساتھ کمپنی کی تنظیم نو کی گئی ہے جو ہمارے گروپ کو ایک نئی جہت اور نتیجے پر توجہ مرکوز رکھنے والا ادارہ بنانے میں انتہائی اہم ثابت ہوگی۔

4۔ SSGC کے ساتھ گیس سپلائی ایگریمنٹ 31 دسمبر 2020 کو ختم ہو گیا۔ حکومت نے کمپنی کے لیے اگلے پانچ سال کے لیے گیس مختص کر دی ہے۔ اس سلسلے میں جلد ہی SSGC کے ساتھ گیس سپلائی ایگریمنٹ پر دستخط ہو جائیں گے۔

5۔ سال کے دوران کمپنی نے کامیابی کے ساتھ FFL کو سپانسر سپورٹ دی جس کے نتیجے میں وہ اپنے 8 ملین روپے کے طویل المدت قرضوں کی تنظیم نو کرنے کے قابل ہوئی۔

میں تمام متعلقین کو یقین دلاتا ہوں کہ کمپنی آنے والے سالوں میں اس سے زیادہ بہتر نتائج دینے کے لیے بھرپور کوشش کرے گی۔

میں سپانسرز اور مخلص پیشہ ور ملازمین کی مسلسل معاونت کی تعریف کرتا ہوں جو کمپنی کو مستحکم اور بہترین ادارہ بنانے کے لیے ہمہ وقت کوشاں ہیں۔

آخر میں، میں کمپنی کے صارفین، GoP، حصص داران اور ان تمام اہم متعلقین کی گراں قدر خدمات کا اعتراف کرنا چاہتا ہوں جو آزمائش کے لمحات میں مضبوطی سے کمپنی کے ساتھ کھڑے رہے۔ ہم مستقبل میں کامیابیوں کے لیے ان کی مسلسل معاونت کے خواہاں ہیں۔

برائے اور از طرف بورڈ

فوجی فرٹیلائزر بن قاسم لمیٹڈ

Sarfaraz Ahmed Rehman

سرفراز احمد رحمان

مینجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

Directors' Report

Directors' Report

The Directors are pleased to present the 27th Annual Report along with audited Financial Statements of the Company, for the year ended December 31, 2020.

The Economy

Pakistan`s Economic growth has been characterized by boom and bust cycles, and the country has not been successful in sustaining its episodes of high growth. This has partly been due to the lack of macroeconomic policy continuity. A narrow production and export base have made the economy less resilient to economic shocks, restricted trade, and resulted in a binding balance-of-payments constraint to growth.

Pakistan's economy was on course towards steady recovery by February 2020 following moderation in the twin deficits. However, the nascent recovery was abruptly disrupted by the domestic onset of COVID-19. With the outbreak of the pandemic, GDP contracted 0.4 percent in FY2020, compared with a pre-pandemic target of 3 percent growth. Manufacturing, retail, hospitality, transport and trade-related activities were disrupted, causing a severe contraction in real GDP growth.

Despite COVID-19, the Pakistani economy is showing encouraging signs of a promising recovery with improved economic indicators. The country's economic experts believed that the national economy is heading towards the right direction as the government's extensive measures have helped it move progressively on the adjustment path in a stabilization process. Pakistan's economy is recovering, particularly in the manufacturing and construction sectors, supported by the various measures taken by the government.

Pakistan's total current account surplus during the first half of the current fiscal year from July to December rose to 1.13 billion U.S. dollars against a deficit of 2 billion U.S. dollars during the same period last year. Resultantly, the Pakistani rupee strengthened against the dollar due to less demand from importers and considerable inflows of the green back into the country.

Agriculture Sector

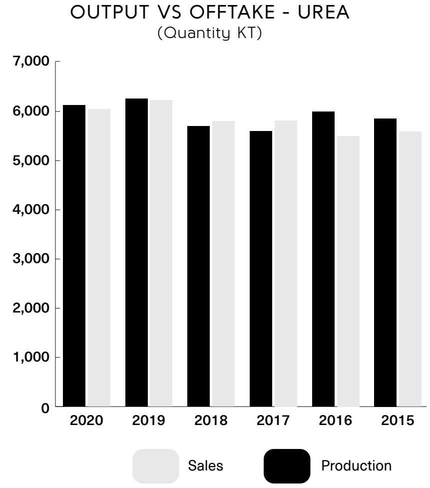
The agriculture sector grew by 2.7 percent during FY20, which was an improvement compared to its growth of 0.6 percent last year. Important crops posted a welcome turnaround overall, as wheat and rice output rose compared to a year earlier, mainly on the back of increased area dedicated to these two crops. Fortunately, agriculture remained somewhat insulated from the adverse impacts of COVID-19, as most of the important crops had nearly been harvested before the disruptions began.

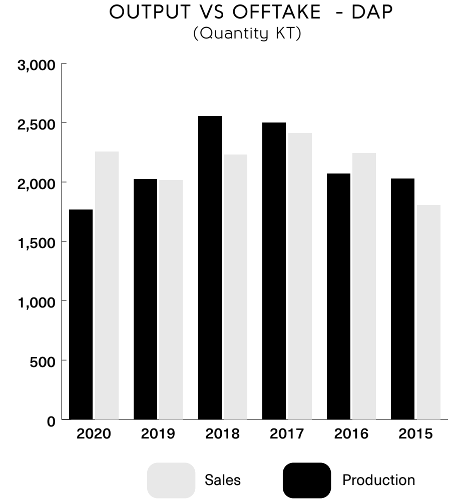
Water availability was higher during FY20 as compared to last year. Specifically, surface water availability grew by around 9 percent in Kharif and 18 percent during the Rabi season compared to FY19. This may be explained by an increase in rainfall, which was notably higher during Q2 and Q3-FY20 compared to the average level observed during these periods in the past.

Total fertilizer offtake during FY20 was marginally higher as compared to last year; specifically, total urea offtake declined by 3 percent and total DAP offtake increased by 11 percent.

International Economy

A year like no other and a crisis like no other. The global economy is facing a deep recession with





the ongoing impact of COVID-19. To tackle the health emergency, countries had to bring economic life to a standstill during the Great Lockdown. This created the worst recession since the Great Depression. The baseline forecast envisions a 5.2 percent contraction in global GDP in 2020, the deepest global recession in eight decades, despite unprecedented policy support. All major economies have experienced COVID-19 outbreaks, of varying intensity. Output in advanced economies has contracted sharply in 2020, as domestic demand and supply, trade, and finance have all been severely disrupted, per capita incomes in the vast majority of Emerging Markets and Developing Economies have shrunk this year.

Uncertainty remains around the outlook, alongside long-term forces that shape and influence countries' response to the virus and the recovery. People all over the world have seen profound changes in their lives. Economic recession, unemployment, climate change, technology and the automation of jobs, the rise of digital currencies, lower returns on their savings, and rising inequality and debt. These ongoing global forces and the current crisis can offer opportunities to build a better future for everyone. Assuming that the pandemic does not lead to lasting damage to financial systems, growth is expected to rebound in 2021, aided by unprecedented support from fiscal, monetary, and financial sector policies. In China, output appears to be recovering from the large drop at the start of the year, but the strength of the expected rebound is uncertain.

International Fertilizer

Trade in agricultural goods has been less disrupted than trade in other commodities. Categorizing agriculture and fertilizers as essential, major jurisdictions have moved swiftly to support their agriculture and fertilizer sectors. In 2020-21, a 2% increase is anticipated in global fertilizer use to 193.5 Mt despite the COVID-19 pandemic. Phosphorus (P2O5) consumption is expected to increase by 3%, with 1.6% for nitrogen (N) and 1.4% for potassium (K2O). Global supply of primary raw materials (ammonia, phosphate rock and potash) for all uses in 2021 would grow by 2% to 259 Mt.

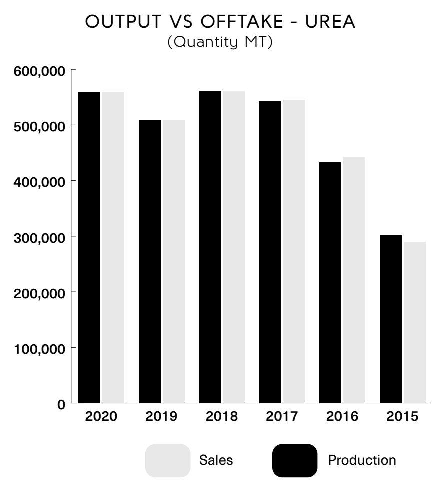
International Urea prices remained flat during first quarter of 2020 and declined during 2nd quarter. However, strong demand for Kharif season emerging from India, supported international price and gradual price hike was noticed till end of the year. Market witnessed slight firmness at the end of 2020. In the case of DAP, a continuous increasing trend was noticed throughout the year. DAP prices (CFR Pakistan) increased from around US $ 300/ton during start of the year to US $ 376/ton towards end of the year. Increasing pattern in DAP price was slow and gradual during 1st half of the year but from July onwards, a bullish trend was observed.

Directors' Report

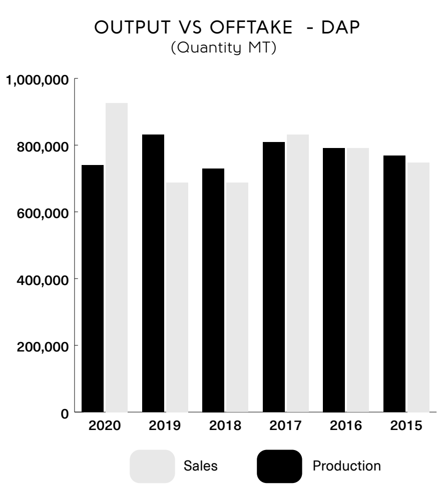
Operations Summary

By the grace of Almighty, the overall performance of the plants remained satisfactory and safe during the year. Gas supply remained slightly higher than the previous year.

The Company achieved urea production of 559 Kt as against 508 Kt of 2019, 10 percent increase year on year.



DAP production at 740 Kt in 2020 is 11 percent lower as compared to 831 Kt achieved in 2019. Available gas was diverted to produce more urea in 2020, due to carry over of excessive inventory of DAP from the previous year.



Turnaround 2020

Regular maintenance of plant and equipment is the key to efficient utilisation of production resources. FFBL successfully completed annual turnaround during 1st quarter of 2020 with satisfactory inspection and maintenance of equipment and machines. Prior to turnaround, safety orientation and awareness trainings were imparted to employees and contracted personnel, who participated in the turnaround.

More than 2,400 jobs of different nature were successfully completed within 28 days against stipulated time of 30 days. Equipment replacement with improved material and major overhauling of machines and modification jobs were executed, which complimented smooth and efficient plant operations. Majority of the jobs were accomplished by utilising in-house / local resources. A few foreign consultants also participated in the turnaround.

Natural Gas – The Backbone of Fertilizer Industry

Pakistan is an energy starved country and its energy needs would further increase to fulfil its appetite for growth. The country is heavily dependent on Natural Gas (NG), which constitutes about 35% of primary energy mix. Country's indigenous gas sources are depleting at an average rate of 6% on annual basis, producing 3.94 BCFD and facing a shortfall of 1.5 BCFD.

The performance of fertilizer sector of the country remained satisfactory with regards to production statistics owing to mixed (Indigenous & LNG) gas supplies during 2020. Imported LNG supplies at subsidized tariff have resolved fertilizer shortage crisis in the country. The demand for fertilizer products remained largely intact, as the agriculture sector's economic activities remained immune to strict mobility restrictions observed mainly in urban centres.

During 2020, FFBL's gas supplies were 19,727 MMSCF, 3.6% higher as against 19,042 MMSCF received from SSGC in 2019. FFBL's ammonia and urea plants remained shut down for 28 & 38 days respectively during the year, due to non-availability of gas and shutdown for annual maintenance.

FFBL's Gas Supply Agreement (GSA) expired on December 31, 2020. The new GSA is expected to be inked soon.

Gas Infrastructure Development Cess (GIDC)

Imposition of GIDC since January 1, 2012 resulted in additional financial burden on the manufacturers, the impact of which could not be passed on due to price interventions by the Government. Fertilizer sector was paying maximum amount of Cess levied, which is Rs 300 per MMBTU at feed gas and Rs 150 per MMBTU at fuel gas. The imposition of GIDC was challenged in Supreme Court of Pakistan (SCP).

During the year, much awaited GIDC case was decided. The Honourable SCP had ordered to

recover pending GIDC amounts in 24 equal monthly installments. Fertilizer industry filed review petition before SCP on following grounds;

- No further amount to be recovered till all collected amount is spent.
- The fact that GIDC has not been passed on to consumers prior to GIDC Act, 2015 to be determined.
- The amount of subsidy and sales tax receivable to be first adjusted against the GIDC payable.
- Any amount found payable to be recovered in 10 years installments.

Honourable SCP has allowed consumers to pay outstanding GIDC amount in 48 equal installments instead of 24 which was accepted by SSGC and revised GIDC bills were issued.

FFBL has currently obtained stay from Sindh High Court against the payment until the GIDC liability is correctly ascertained. The Company has recorded a notional income of Rs 2,741 million by recognizing the present value of GIDC in accordance with IFRS 9 and IFRS 13. This income will be reversed in the years to come, in the form of a notional expense.

Directors' Report

Review of Marketing Operations

Domestic Fertilizer Market Situation

Agriculture remained comparatively less affected from COVID-19 lockdown which had a massive impact on other sectors of economy. Nevertheless, cash crunch created due to closure of markets adversely affected farmer's buying power resulting in lower fertilizer sales during March-May 2020. Locust attack in southern and western areas of the country affected crops in late Rabi 2019-20 and early Kharif 2020. With timely efforts by government agencies, its net impact was lower than initially anticipated.

Subsidy for phosphatic and potassic fertilizers was announced by GOP in April, however, its implementation lingered on for six months. Final decision on subsidy was made in October and provincial governments were authorized to make arrangements for subsidy disbursement to farmers. By year end, subsidy mechanism was yet to be fully operational in any of the provinces.

Urea production was over 6.1 million tonnes as a result of consistent supply of subsidized gas to Fatima Fert and Agritech plant from August to first week of December. Urea industry carried reasonable inventories of 285 Kt at the close of year. On the demand side, 2020 was a positive year for urea as offtake surpassed 6 million tonne mark, in spite of high channel inventories at the beginning of the year. Consequent to Rs. 397/bag downward price revision after GIDC adjustment by GOP, urea prices became much economical for the consumer. Industry sales volumes were 2% higher than last three years average sales and 3% lower than 2019 sales.

Sona DAP production by FFBL during 2020 was 740 Kt against 831 Kt in 2019, covering 33% of total domestic demand. On the back of high DAP opening inventories and unusual price movement, importers remained cautious with import lineup, keeping inventories at controlled level. Industry DAP import volumes were 1,025 Kt against 1,200 Kt of 2019. DAP industry offtake is estimated at 2,255 Kt, 11% higher than 2019 sales. Economical prices, improved farm economics and supply concerns helped in enhanced demand for DAP. Annual industry DAP closing inventory was 40 Kt, 93% lower than 550 Kt closing inventory of 2019.

FFBL Sales Performance

Sona Urea (G) sales during the year were 559 Kt, 10% higher than previous year sales of 508 Kt. FFBL`s market share in urea industry is estimated as 9%, against 8% in 2019. Sona Urea (G) closing inventory is ZERO, first ever nil inventory level achieved since start of its production.

Sona DAP sales were recorded as 926 Kt, 35% higher than 2019 sales of 688 Kt. It is the highest ever annual sales volume, previous highest being 831 Kt achieved in 2017. Sona DAP market share in DAP industry is estimated as 41%, against 34% in 2019. By the year end, all available inventories were disposed-off. Sona DAP sales in August 2020 109 Kt and in December 2020 79Kt are the highest ever sales achieved in these respective months.

Financial Highlights

The summary of key financial numbers showing the Company's performance:

	2020	2019
	Rs (million)	
Sales – net	83,234	66,839
Gross profit	12,579	5,885
Other income	5,184	4,370
Profit/(loss) before tax	4,893	(3,869)
Net profit/(loss) after tax	2,192	(5,921)
Earnings/(loss) per share (Rs)	2.12	(5.72)
Re-measurement gain on GIDC - net	2,741	-
Impairment of equity investment	(4,082)	(1,520)
Profit/(loss) after tax but before impairment and GIDC adjustment	3,533	(4,401)
EBITDA	10,263	2,997
Net equity	13,959	6,834

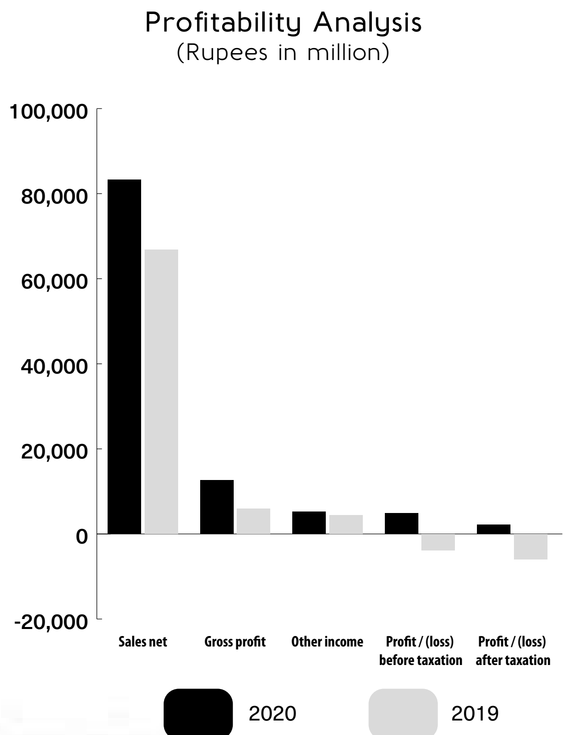
	Ratio	Ratio
Debt Equity	61:39	73:27
Current ratio	1.04	0.74

Financial Review

The Company earned gross profit of Rs 12,579 million in 2020 as compared to Rs 5,885 million earned in the corresponding year. Increase is attributable to record sales which compared to previous year increased by 25%.

Reduction in interest rates and lower utilization of loans and working capital lines, attributed to increased cash generation. This has resulted in reduction of finance cost to Rs 4,444 million as compared to Rs 5,199 million in 2019.

Impairment loss of Rs 3,682 million (2019: Rs 1,100 million) and Rs 400 million (2019: Rs 420 million) has also been provided for against Company`s investment in Fauji Meat Ltd (FML) and Fauji Foods Ltd (FFL) respectively which have been adversely affected by slowdown of the economy and impacted their profitability for the year.



Directors' Report

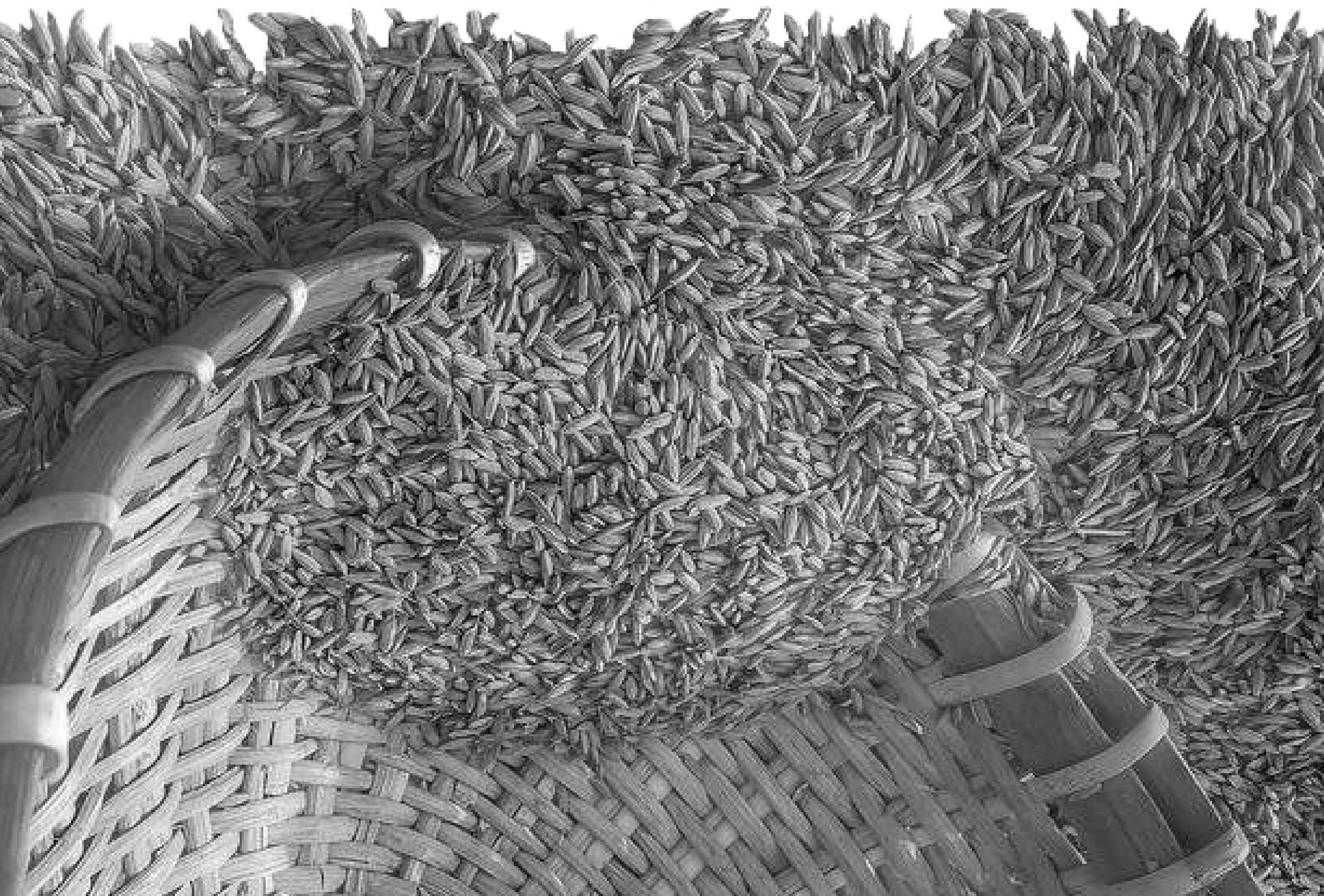
Dividend from investments in FPCL, AKBL, PMP, alongwith income from treasury operations increased to Rs 5,184 million as against Rs 4,370 million earned in 2019.

Tax charges were of Rs 2,700 million as compared to Rs 2,052 million in 2019 due to higher sales and dividend income. The Company earned net profit of Rs 2,192 million in 2020 against a net loss of Rs 5,921 million suffered in 2019. Earnings Per Share for 2020 is Rs 2.12 as against Loss Per Share of Rs 5.72 recorded in 2019.

FFBL Performance at a Glance

The summary of FFBL performance for the last 6 years is given below:

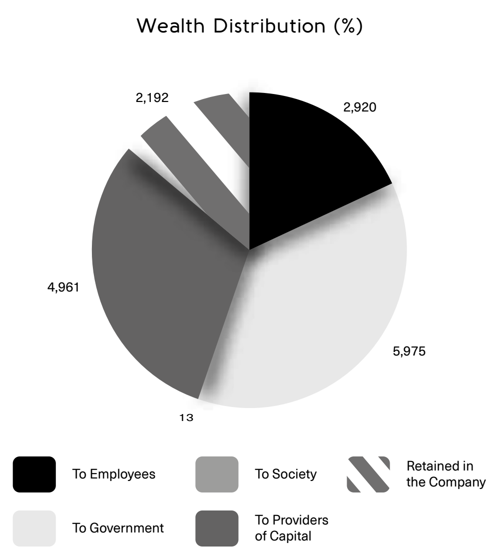
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Annual	
	EPS/(LPS)	DPS	EPS/(LPS)	DPS	EPS/(LPS)	DPS	EPS/(LPS)	DPS	EPS/(LPS)	DPS
2020	(3.26)	-	(1.24)	-	3.54	-	3.08	-	2.12	-
2019	(2.00)	-	(0.09)	-	(0.50)	-	(3.13)	-	(5.72)	-
2018	(0.48)	-	(0.58)	-	0.84	-	1.76	1.00	1.54	1.00
2017	(0.14)	-	(0.27)	0.10	0.11	-	1.38	0.75	1.08	0.85
2016	(0.55)	-	(0.41)	-	(0.17)	-	2.56	0.50	1.43	0.50
2015	0.11	-	0.70	0.75	0.20	-	3.34	3.05	4.35	3.80

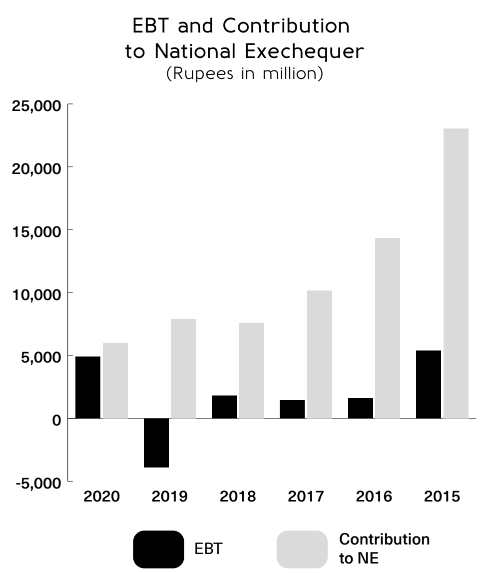


Contribution to National Exchequer and Value Addition

During the year, the Company has contributed an amount of Rs 5,975 million as against Rs 7,901 million in 2019, towards the National Exchequer on account of GoP levies, taxes and import duties etc. Value addition in terms of net foreign exchange savings worked out to US$ 202 million through import substitution by manufacturing 559Kt of Urea and 740Kt of DAP during 2020. Rs 4,249 million on account of charges to providers of capital in the form of mark-up and interest, while employees' remuneration and benefits stood at Rs 2,920 million.

	2020	%	2019	%
	Rs in million		Rs in million	
WEALTH GENERATED				
Total revenue inclusive of sales tax, other income and subsidy	90,269	562.04	73,176	759.43
Purchases - material and services	(74,208)	(462.04)	(63,540)	(659.43)
	16,061	100.00	9,636	100.00
WEALTH DISTRIBUTION				
To Employees				
Salaries, wages and other benefits	2,920	18.18	2,030	21.07
To Government				
Income tax, sales tax, custom and excise duty	5,975	37.20	7,902	82.00
To Society				
Donations and welfare activities	13	0.08	14	0.14
To Providers of Capital				
Dividend to shareholders	-	-	934	9.69
Finance cost of borrowed funds	4,961	30.89	4,679	48.56
Retained in the Company	2,192	13.65	(5,923)	(61.46)
	16,061	100.00	9,636	100.00





Directors' Report

Cash Flow Management

An effective cash flow management system is in place whereby cash inflows and outflows are projected on a regular basis and repayments of all long term and short-term loans have been catered for. Working capital requirements are planned to be financed through internal cash generations and short-term borrowings from external sources, where necessary.

Capital Management

The Company is not subject to any externally imposed capital requirements. In order to achieve Company goals and to contribute towards the economy of Pakistan, the Company shall continue to explore and tap opportunities and mitigate challenges wherever confronted. However, government policies, global & domestic economic forces and money market would play a vital role in Company's decisions and ability to meet the business objectives.

Right Shares

The Board of Directors of the Company in their meeting held on October 06, 2020 has approved a right issue of shares amounting to PKR 4,999,999,998 (Rs four billion nine hundred ninety-nine million nine hundred ninety-nine thousand nine hundred ninety-eight) divided into 357,142,857 ordinary shares of PKR 14/- each.

The company has successfully received the full subscription amount by January 8, 2021 and thereafter obtained No Objection Certificate for release of subscription amount of right issue from PSX on January 11, 2021.

As at December 31, 2020, the Company has received an amount of PKR 4,885,787,494 which is disclosed in Statement of Financial Position under Advance against issue of shares.

Repayment of Loan

During the year, FFBL has successfully complied with the repayment obligations of all outstanding loans and liabilities.

Financial Reporting

The Managing Director & Chief Executive Officer (MD&CEO) and Chief Financial Officer (CFO) affirmed the Board that financial statements for the year under review present a true and fair view, in all material aspects of the Company's financial position and operational results and are in accordance with the relevant applicable reporting framework.

Safeguarding of Financial Transactions and Records

Organizations record their transactions to determine their performance and keep the records for future reference. This entails requirement for ensuring backup and security of data with modern IT enabled tools.

After implementation of SAP - ERP system in the Company, existing financial and supporting records have been archived using Database Management System (DMS) enabling timely and efficient retrieval. After completion of archiving, paper based documentations are properly secured for legal requirements. A comprehensive password protected authorization matrix in SAP - ERP Systems is in place to ensure access to electronic documentation to authorized personnel only.

Corporate Governance and Compliance

Corporate Governance is a system of structuring, operating and controlling the Company, with a view to achieving long term strategic goals, aimed at fulfilling the needs of shareholders, creditors, employees, customers and suppliers. Compliance with applicable legal and regulatory requirements, in a manner that is environment friendly and supports local community needs.

For FFBL, Corporate Governance is of prime importance, made possible by an informed and active Board of Directors, through adoption of a set of processes, customs and policies, to help, direct and control the activities with a sense of accountability and integrity.

How the Board Operates

The Board's primary role is to protect and enhance long term shareholders' value. Simultaneously, it is responsible for the overall corporate governance of the Company, which includes giving strategic governance direction, approving and monitoring the capital expenditure, appointing, removing and creating succession policies for senior management, defining and monitoring the achievement of management's goals, ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reports. The Board has formally delegated responsibility for administration and operation of the Company to the MD&CEO.

Following committees have also been constituted, which work under the guidance of the Board of Directors:-

- Audit Committee.
- Human Resource & Remuneration Committee.
- Investment Committee.
- System and Technical Committee (terminated during the year).

Best Corporate Practices

FFBL pursues perfection by encouraging adherence to the proficient corporate and ethical practices, as a model corporate citizen. The Board fully adheres to the international and local principles of best corporate governance. All periodic financial statements of the Company were circulated to the Directors duly endorsed by the MD & CEO and CFO (when required) for approval before publication. Quarterly unaudited financial statements along with Directors' Review were published and circulated to the regulators within one month. Half-yearly financial statements reviewed by the external auditors were circulated within two months of the end of the stipulated period.

Code of Conduct

FFBL adheres to the best practiced ethical standards in the conduct of business. Accordingly, Code of Conduct of the Company has been approved by the Board of Directors and has also been placed on the website of the Company.

Internal Control

An internal control system is designed to provide reasonable assurance that the Company fulfils the compliance with policies, plans and laws, efficient use of resources and accomplishment of goals, besides availability and integrity of financial and management information. The internal control system of FFBL is very comprehensive and is effectively implemented and monitored regularly.

The Company has prioritised its emphasis on control procedures of each business unit to confirm that corporate policies are executed and corrective actions, when necessary, are taken.

Whistle Blowing Policy

FFBL has placed in a whistle blowing policy that deals with suspected wrong-doing in the workplace that causes material harm (internally:criminal offence, monetary loss, compromising health & safety of employees etc.) as well as organization's reputation (externally: money laundering or bribery, violation of laws, direct threat to public interest etc.).

The purpose of FFBL's whistle blowing policy is to achieve the highest possible standards of transparency, honesty, integrity,

Directors' Report

fairness and accountability by fearlessly participating in the process. This policy is designed to create a healthy culture that is in the greater interest of both the Company and its employees.

FFBL's whistle blowing policy also provides an internal procedure to resolve work-related issues professionally. These issues may be related to situations where an employee feels that established organizational policies and practices have been violated or have not been consistently applied, or if there is another matter which is of serious concern to the employees.

During the year, the whistle blowing policy was revisited and revised for strengthening the speak up culture, maintaining confidentiality and independence in incident investigation. All concerns reported are investigated by the Internal Audit Department which are also presented to the Board Audit Committee (BAC). Three whistle, blowing incidents were reported, investigated and presented to the BAC. Appropriate actions and measures are being taken for avoidance of such incidents in future.

Insider Trading

The Board of directors of FFBL during the year have approved the insider trading policy for the Company. As per the policy, if an insider has material, unpublished price sensitive information relating to the Company, it is the Company's policy that the insider will not buy or sell securities of the Company or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to material, unpublished price sensitive information relating to any other company, especially FFBL group companies, with publicly-traded securities.

The Company expects that Insiders will maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated. Unauthorized disclosure or use of Company information, including improper trading in the Company's securities, is prohibited, as insider trading is both unethical and illegal.

Investor Grievances Policy

Investor grievances are the complaints or resentments raised by investors against a listed Company. The purpose is to provide a process for the effective management and resolution of concerns, disagreements or complaints that may arise between the investor and the Company. Further, it exists to facilitate an environment where all stakeholders can voice their concerns so that these can be dealt with fairly and expeditiously using a transparent and consistent process. Complaints can be reported through e-mail and regular mail. A designated e-mail ID “secretary@ffbl.com” has been created and the same is displayed on our website.

Date of Authorization of Financial Statements by the Board

Duly audited annual financial statements along with consolidated financial statements were approved by the Board within one month after the closing date and shall be presented to the shareholders in the Annual General Meeting on March 29, 2021, for approval.

These financial statements are made available on the Company's website and all important information considered sensitive for share price fluctuation, were transmitted to stakeholders and regulators immediately.

Board's Evaluation and Involvement of External Consultant

Pursuant to Code of Corporate Governance Regulations, 2019, the Board recognizes that it continually needs to monitor and improve its performance. This is achieved through the annual performance evaluation and ongoing Board development activities. For Annual Evaluation 2020, HR&R Committee of Board has outsourced evaluation to consultants i.e., Pakistan Institute of Corporate Governance (PICG) which has prepared comprehensive questionnaire for the evaluation of Board, its Committees and individual directors.

Brief role of Chairman

The Chairman leads the Board of Directors, represents the Company and acts as the overall custodian of the Company and the stakeholders. He is responsible for: -

- Ensuring the Board's effectiveness.
- Empowers the Board as a whole to play a constructive part in the development and determination of the Company's strategy and overall objectives.
- Ensuring the development of businesses, to protect the reputation of the Company and its subsidiaries.
- To issue letter to directors setting out their role, obligations, powers and responsibilities at the beginning of term of each director.
- Set the agenda of the meeting of the Board and ensure that reasonable time is available for discussion of the same.
- Ensure that the minutes of meetings of the board of directors are kept in accordance with the requirements of Section 178 of the Companies Act, 2017.

MD&CEO's Performance Review

The Managing Director & Chief Executive Officer (MD&CEO) is appointed by the Board of Directors for a period of three years. Each year, the Board establishes a list of goals, performance objectives and priorities that are the strategies deemed necessary in achieving overall milestones of the Company. The primary purpose of MD&CEO's evaluation is to bring the MD & CEO and Board together to discuss how their performance and priorities contribute towards the growth of the Company. MD&CEO's performance is based on the following checklist:

- Ability to achieve mission and specific board objectives.
- Achieving medium-long term goals and key strategies.
- Development and management of resources, policies and systems.
- Statutory reporting and compliance.
- Ensure long term profit and commercial viability.
- Active communication with all Board members.
- Effective management of key responsibilities.
- Delegation of authority.
- Putting in place adequate operational planning and financial control systems.

Role of MD&CEO

The MD&CEO is responsible for execution of Company's long-term strategy with a view to create shareholder value. The leadership role also entails being ultimately responsible for all day-to-day management decisions and for

Directors' Report

implementing the Company's long and short- term plans. The MD&CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management. He also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

Typically, the MD&CEO acts as a director, decision maker, leader, manager and executor. The communicator role involves interaction with the outside world, as well as the organization's management and employees; the decision-making role involves high-level decisions in respect of execution of policy and strategy. As a leader of the Company, the MD&CEO motivates employees and drives change within the organization.

Steps to Encourage the Shareholders to Attend the General Meetings

Notices of Annual General Meetings (AGM) and any Extra Ordinary General Meetings (EoGM) are sent to all Shareholders of the Company well in advance i.e. more than 21 days before general meetings. Notices of these meetings are also published in two leading newspapers in English as well as in Urdu.

All such meetings are arranged at FFBL Head Office, which is convenient for all shareholders to attend and members are also allowed to avail video conference facility. However, ongoing pandemic has been a hurdle in increasing the member's participation.

Stakeholders' Engagement

FFBL stakeholders include the investment community, employees, contractors, national/regional/ local governments, regulators, communities associated with our operations, business and jointly controlled entities, non-governmental and development organizations, suppliers, customers and media. Engagement takes many forms. At the corporate level, our stakeholder`s engagement is focused on shareholders, capital market participants, government (usually at the national level) and civil society.

Issues Raised in the Last AGM, Decisions Taken and their Implementation

The clarifications made by the management to issues raised are as under: -

Challenges Faced by FFL and FML

Shareholders were informed that the Board of Directors, Management and sponsors of both the companies (FML and FFL) are already paying due / extraordinary attention to the challenges faced by both the entities. On the direction of the Board of Directors of both companies, external consultants were hired who after conducting their comprehensive studies have made recommendations. Numerous initiatives have been taken based on the said recommendations. Chairman also highlighted that previous year was tough for dairy segment and entire sector was under stress due to various factors. He concluded that Management and Board of both the companies are quite sensitive on the issues and all efforts are being made to overcome these challenges.

Donations and Legal Charges

As regards donations and professional legal service charges, shareholders were informed that extreme care is being given to all types of expenses. It was also added that only essential activities are being executed keeping in view the compliance and corporate social responsibility perspective.

Auditors

Present auditors, Messrs EY Ford Rhodes, Chartered Accountants, have retired and offered themselves for re-appointment. The Board has recommended their reappointment to the shareholders for the year ending December 31, 2021.

Board of Directors and Board Committees

The Board exercises the powers conferred to it by the Code of Corporate Governance Regulations 2019, the Companies Act 2017 and the Memorandum and Articles of Association of the Company, through Board Meetings, which are held at least once in every quarter for reviewing and approving the Company's financial statements, coupled with review and adoption of Business Plan.

During the year, eight meetings of Board of Directors were held with the attendance as under:-

Name	Remarks		Total Meeting During Tenure	Attended Meetings During Tenure
Lt Gen Tariq Nadeem Gilani (Retd)	Resigned:	20 Mar 2020	1	1
Mr Waqar Ahmed Malik	Joined:	6 Apr 2020	7	7
Lt Gen Javed Iqbal (Retd)	Resigned:	10 Jun 2020	2	2
Mr Sarfaraz Ahmed Rehman	Joined:	10 Jun 2020	6	6
Lt Gen Tariq Khan (Retd)			8	8
Dr Nadeem Inayat			8	8
Maj Gen Abid Rafiq (Retd)	Resigned:	6 Aug 2020	4	4
Mr Rehan Laiq	Resigned:	7 Sep 2020	4	4
Mr Imran Moid	Joined: Resigned:	21 Sep 2020 11 Nov 2020	2	2
Syed Bakhtiyar Kazmi	Joined:	26 Nov 2020	2	2
Mr Mohammad Munir Malik	Joined:	6 Aug 2020	4	4
Mr Rehan Ahmed	Joined:	6 Aug 2020	4	4
Brig Hammad Qadir (Retd)	Resigned:	6 Aug 2020	4	4
Syed Iqtidar Saeed	Resigned:	23 Apr 2020	2	1
Mr Moeez Ur Rehman			8	8
Syed Khalid Siraj Subhani			8	8
Ms Naz Khan	Resigned:	4 Sep 2020	4	4
Ms Pouruchisty Sidhwa			8	7
Ms Saira Nasir	Joined:	23 Sep 2020	4	4
Mr Qamar Haris Manzoor	Joined:	10 Jun 2020	6	6

Audit Committee

Terms of Reference

The Committee comprises of four members, including its Chairman, all of whom are non-executive directors, while two are independent directors. As per revised Code of Corporate Governance Regulations 2019, Chairman of the Audit Committee should be an independent director. The Company already complied with the above requirement as Mr Moeez ur Rehman, the Chairman of the Audit Committee, is an independent director.

The Committee meets at least once every quarter of the financial year. It reviews Company's interim and annual financial results, business plans and internal audit reports, prior to the approval by Board of Directors. It also recommends to the Board the appointment of external auditors and advises on the establishment and maintenance of the framework of internal control and appropriate ethical standards for the management of the

Directors' Report

Company. Terms of reference of the Audit Committee are in accordance with the Code of Corporate Governance Regulation 2019.

During the year, five meetings of the Audit Committee were held. Attendance by the members was as follows:-

Name	Remarks		Total Meeting During Tenure	Attended Meetings During Tenure
Mr Moeez Ur Rehman – Chairman			5	5
Dr Nadeem Inayat			5	3
Mr Rehan Laiq	Resigned:	7 Sep 2020	3	3
Mr Imran Moid	Joined: Resigned:	21 Sep 2020 11 Nov 2020	1	1
Syed Bakhtiyar Kazmi	Joined:	26 Nov 2020	1	1
Ms Naz Khan	Resigned:	4 Sep 2020	3	2
Ms Saira Nasir	Joined:	23 Sep 2020	2	2

Human Resource and Remuneration Committee

Terms of Reference

Human Resource and Remuneration (HR&R) Committee comprises of four members including its Chairman. All members are non-executive directors, while two are independent directors. It reviews all HR related matters of the Company. Terms of reference of the Human Resource and Remuneration Committee are in accordance with the Code of Corporate Governance Regulation 2019.

During the year, six meetings of the Committee were held. Attendance by the members was as follows:-

Name	Remarks		Total Meeting During Tenure	Attended Meetings During Tenure
Ms Pouruchisty Sidhwa – Chairperson			6	6
Maj Gen Abid Rafiq (Retd)	Resigned:	6 Aug 2020	2	2
Mr Qamar Haris Mazoor	Joined:	10 Jun 2020	4	4
Syed Khalid Siraj Subhani			6	6
Brig Hammad Qadir (Retd)	Resigned:	6 Aug 2020	3	3
Mr Mohammad Munir Malik	Joined:	6 Aug 2020	3	3

Investment Committee

Terms of Reference

The Board has constituted Investment Committee to facilitate the Board in making decision pertaining to new investments / divestments and diversifications. The committee also review the progress of investment portfolio of the Company. The committee consists of five members out of which one is independent, three non-executive Directors including Chairman of the meeting and one executive Director.

During the year two meetings of the committee were held. Attendance by the members was as follows:-

Name	Remarks		Total Meeting During Tenure	Attended Meetings During Tenure
Dr Nadeem Inayat – Chairman			2	2
Mr Rehan Laiq	Resigned:	7 Sep 2020	1	1
Mr Imran Moid	Joined: Resigned:	21 Sep 2020 11 Nov 2020	1	1
Mr Sarfaraz Ahmed Rehman	Joined:	10 Jun 2020	2	2
Mr Qamar Haris Manzooor	Joined:	10 Jun 2020	2	2
Ms Naz Khan	Resigned:	4 Sep 2020	1	1
Ms Saira Nasir	Joined:	23 Sep 2020	1	1

Training of the Board

FFBL's Directors are well versed with and have the requisite knowledge of Code of Corporate Governance (CCG) and all applicable laws. They are aware of their duties and responsibilities in the best interest of stakeholders. The directors of the board have rich experience of business and financial management, reporting, ethical obligation and legal compliances. In line with the guidelines of Securities and Exchange Commission of Pakistan (SECP), all directors except one have already achieved certification of directorship from recognised institutions as per criteria set out by SECP.

In addition, following management of the Company are now also certified for the said course through SECP's recognised institutions i.e., PICG/ICAP during the Year 2020:-

- Mr Muhammad Masoom, Head CS & TD
- Mr Muhammad Javed Akhtar, CFO
- Brig Aamir Hussain Mirza (Retd), Company Secretary
- Brig Muhammad Waheed Khan (Retd), Head ICT
- Mr Wasim Ejaz, Head Internal Audit
- Mr Muhammad Rehan Rao, Manager
- Ms Tahira Parveen, Section Manager

Orientation Session for Directors

FFBL conducted an orientation session for its new directors in September 2020 to equip them with the affairs of FFBL for and on behalf of shareholders.

Directors' Remuneration Policy

As per Board's approved Directors' Remuneration Policy, each Director, other than the regularly paid Chief Executive and full time working Director, is entitled to be paid as remuneration for his services, a fixed fee for meetings attended by them. Moreover, out-stationed Directors are also entitled to reimbursement of travelling and accommodation expenses as per the actual expenses incurred in consequence of his/her attendance of Board / Committee meetings. In case of international travel, the Directors are authorized for daily allowance instead of accommodation charges.

Directors' Report

Directors' Statement

Directors are pleased to state that:

- The financial statement, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Books of account of the Company have been maintained properly.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statement. Any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts regarding the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Information regarding outstanding taxes and levies, as required by listing regulations, is disclosed in the notes to the financial statements; and
- Statement of value of investments in respect of employees' retirement plan has been given in note to the financial statements for employee gratuity fund and note for employees' provident fund.

Innovation Through Technology

FFBL has a well-established, state-of-the-art and efficient IT infrastructure that augments Company`s operations at all levels. The IT department is governed through an Information Technology Governance (ITG) Policy which lays down the scope, role and responsibilities for efficient management, maintenance and upgradation of IT infrastructure. The department provides variety of services to a wide range of users. International Standards lay a foundation for a compliant setup that meets business requirements at FFBL.

The Information & Communication Technology (ICT) portfolio comprises of ICT Services ranging from internal consultancy, development and implementation of customized applications down to operating ICT systems that are located in Karachi and Islamabad data centers.

Business Process Continuity in Response to the Outbreak of COVID-19

In January 2020, the World Health Organization (WHO) declared the outbreak of a new coronavirus disease. COVID-19 has impacted workers and workplace across the globe. Employees presence at the workplace was minimized and work from home policy was adopted to keep the business running. Businesses have, over the years, become very much dependent on ICT Services.

FFBL, right from the start of Smart Lockdown, facilitated business users to continue working from home and activated services like Video Conference, VPN, Email-Cloud and Business Application (ERP) without any interruption. ICT teams responded to the challenge in pro-active manner and worked round the clock to facilitate our Business users without any service disruption.

Disaster Recovery Plan

To ensure continuity of critical business processes and safeguard stakeholder value, comprehensive business continuity strategy plays a vital role for the overall business objectives. Business Continuity plan was prepared and a mock drill was carried out between our two Data Centers, Karachi and Islamabad. This drill helped in checking the response time by our respective team members, sequence of service restoration and verification of Recovery Time Objective (RTO) and Recovery Point Objective (RPO).

Information Security

Information security policies are important for every organization. These policies are designed to mitigate the risk by understanding the data protection obligations in various scenarios. In present scenario of COVID-19, the risk of data breaches has increased, and organizations need to be more stringent to address these issues.

We, at FFBL and its subsidiaries, have conducted Data Classification activity with all our Business Unit Heads to classify and segregate data on the criteria of Confidential, Private and Public and accordingly implemented Data Loss Prevention (DLP) solution to have better administrative and technical control.

Directors' Report

Organisational Risk and Opportunity Management

Statement by the Board of Directors

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

Efforts by the Board for Risk Management

The Board of Directors are responsible for the governance of risk and for determining the Company's level of risk tolerance. Accordingly, due to the importance of risk management and to further strengthen the function, the Board of Directors have approved a risk management policy. The management of the Company is responsible for implementation of the risk management policy by establishing the risk management procedures.

Internal and external auditors also play their roles with respect to risk management. Risk management is the process of identifying, quantifying and managing the risks that an organization faces. These risks include operational and financial hazards, compliance and ethical risks. The compliance risks cover both environmental and regulatory violations.

Significant Risks, Sources, Likelihood, Magnitude and Mitigating Factors

Although risks can never be fully mitigated, it is important that management understands, prioritize and manage the risks that they are willing to accept in the context of the overall corporate strategy.

Risk Category	Risk	Source	Likelihood	Magnitude	Mitigating Factors
Operational	Non-availability of Natural Gas for Process	External	Could happen & has occurred before	Major	- Pursue GoP for Supply of indigenous or subsidized RLNG for country's food security - Common gas Supply policy for all fertilizer plants to provide level playing field
Hazard	COVID-19	External	Has happened	Moderate	- Manage Transport & safe inventory of raw materials - Arrange supply of alternate source - Monitor employee health and isolate in case of positive lab results - Employees to adopt "New Normal"
Financial	Performance of FFBL investments	Internal	Could happen easily	Major	- Evaluating different options for investment - Restructuring of financing obtained by FFL & FML - Sale of investment in FCCL
	Liquidity Risk	Internal	Could happen & has occurred before	Major	- Restructuring of financing obtained by FFL & FML - All efforts are made to arrange funds/OD lines to cater for payments - Additional funding lines are negotiated to manage Business Plan shortfalls
	Interest Rate Risk	External	Could happen & has occurred before	Moderate	- Reduction of debt level through equity injection, evaluation of major investments in subsidiaries - KIBOR fluctuations are closely monitored to manage upside impact of interest rates
Environmental	Environmental Risk	External	Hasn't happened yet, but could	Severe	- Since inception, FFBL is extremely conscious of environmental safety and has never compromised on environment & safety standards

In the year 2020, an extensive risk assessment exercise was conducted by Risk Management Department to re-evaluate risks and work out their mitigation plans. Summarized below are the risks assessment and outcome:

Assessment of Effectiveness of Risk Management

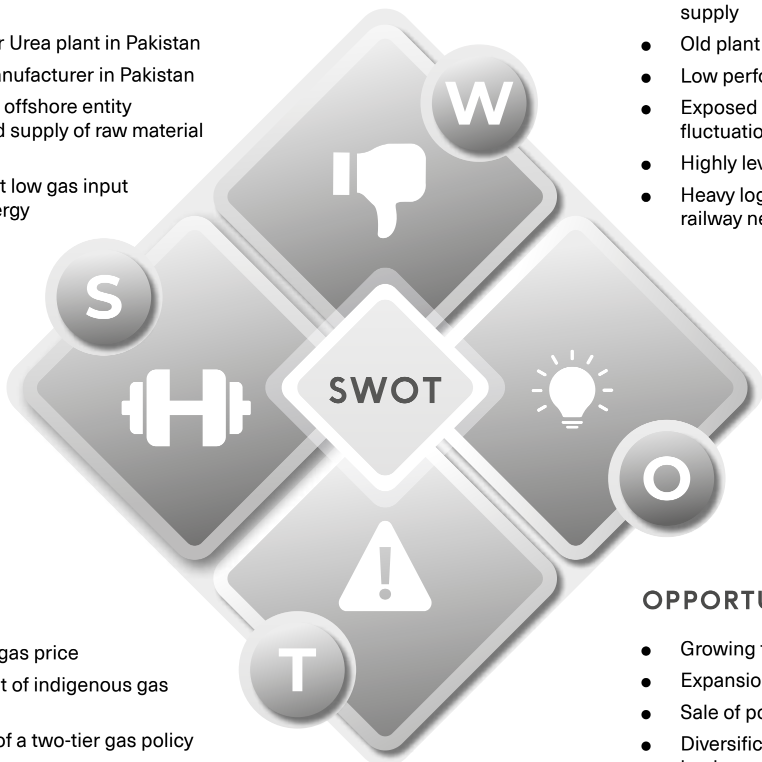
The Board's policy on risk management encompasses all significant business risks to the Company including operational and financial hazards, compliance and ethical risks. The Board also receives assurance from the Audit Committee, on the basis of its information, in part, from regular internal and external audit reports on risk and internal controls. To ensure that internal auditors carry out their responsibilities, the audit committee approves and periodically reviews its program. The head of internal audit reports directly to the audit committee.

STRENGTH

- The only granular Urea plant in Pakistan
- The only DAP manufacturer in Pakistan
- Jointly controlled offshore entity ensuring secured supply of raw material (P2O5)
- Plant operating at low gas input due to use of energy from FPCL

WEAKNESSES

- Dependency on single source of gas supply
- Old plant with high energy usage
- Low performing investments
- Exposed to foreign currency parity fluctuation for imported raw material
- Highly leveraged
- Heavy logistics cost in the absence of railway network



THREATS

- Upward trend of gas price
- Likely curtailment of indigenous gas supply in future
- Implementation of a two-tier gas policy
- Decreasing international fertilizer prices, while increasing domestic production cost
- Fluctuation in Phosphoric Acid and DAP price spread/margin
- High energy cost
- Further sponsor support to subsidiaries.
- Climate change and growing unpredictability around Government policies

OPPORTUNITIES

- Growing fertilizer demand in the country
- Expansion in DAP production
- Sale of power to external customers
- Diversification in petrochemical business

Key Risks and Opportunities Effecting Availability, Quality and Affordability of Capital

Due to cyclical business nature, FFBL has managed to arrange short term facilities at competitive pricing from different financial institutions to support the production process of the Company. Short Term lines are readily available for use and are timely renewed on annual basis. Due to lower risk on the lenders part, short term facilities are cheaper as compared to the medium and long-term facilities.

Directors' Report

Corporate Social Responsibility

FFBL's CSR strategy is an integral part of Company's culture and reflects its core values including contribution towards society for development of the country. We are committed to conducting our business with a genuine concern for the world around us, in particular where our business has a potential direct impact.

Sustainable and responsible development has remained our primary concern since inception. We have worked hard to be a good employer, a catalyst for the social and economic development of the communities in which we operate, while concerted efforts to minimize environmental impact remains a top priority.

Philanthropic Donations

FFBL has regularly donated for the promotion of education, sports, basic health facilities for the under privileged and for national cause/welfare activities. CSR remains an ever evolving and continuous process at the heart of FFBL management, striving to accommodate the local needs on priority basis, involving the community and local government.

We are aware of participative relationship that we share with society, persistently investing in the interventions related to education, health, sports and sponsorships. Contributions amounting to Rs 12.9 million were made during the year including the following:

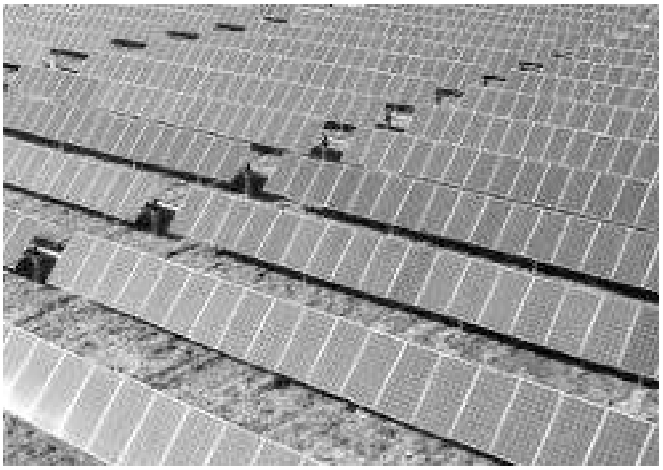
- Amirunnisa Rashid Khanum Charitable Medical Foundation
- Karachi City Sports Association on behalf of Karachi Water & Sewerage Board
- Pakistan Taekwondo Federation
- Read Foundation
- Koohi Goth Hospital
- Al Madad Welfare Society
- HELP
- Bin Qutab Foundation
- Muslim Taekwondo Martial Arts Club
- National Defence University
- Al Mujtaba Educational Trust (AMET)
- Armed Forces Institute of Cardiology

FFBL Energy Management Policy

As a company in an energy intensive business, FFBL considers that reducing energy intensity of its product is in best interest of the Company and a corporate social responsibility. In pursuit of its interests and corporate social responsibility of preserving energy, FFBL has taken several steps towards Energy Conservation and Energy efficiency improvement. These include ammonia plant BMR, DAP revamp, commissioning of Hydrogen Recovery and Reverse Osmosis unit.

FFBL management believes that protecting the environment is not only an ethical and legal obligation but also a mechanism for success. The policy states:

"Fauji Fertilizer Bin Qasim Limited is committed to improve its energy performance and optimize energy cost by implementing best practices for energy management within all facilities including its subsidiaries."



FFBL has installed 125 KW solar system, which is meeting 10% of the HO building's total load. Besides reduction in monthly electrical cost, it also adds to the step taken towards go green strategy and ultimately reduces harmful emissions and contributes towards environment friendly systems.

Environmental Protection Measures

FFBL recognizes its responsibility towards protecting, preserving and improving the environment since commissioning of plants. In order to streamline and strengthen its efforts towards the prevention of pollution in air, water and soil, FFBL achieved ISO certification of Environmental Management System in 2006. At present FFBL is certified according to latest version of EMS i.e. ISO 14001:2015. FFBL is also the forerunner fertilizer manufacturer in the country which opted for environment friendly Phosphate based cooling water treatment program. Addition of the latest equipment / instruments to enhance environmental monitoring is a regular feature at FFBL. In pursuit to maintain flora and fauna, we focus on tree plantation both in and outside the plant premises and run awareness programs for our young engineers and operators.

Occupational Health and Safety

The safety of employees, maintenance / sustainability of pollution free environment in and around plants and contributing in country's economy by excelling in all local and international standards of Quality, Health, Safety and Environment are the cornerstones of FFBL's operating strategy. The Company has maintained a proud record of human safety, health and environmental standards. We are committed to maintain an incident free environment by giving safety the highest priority.

To achieve the goal of incident free atmosphere, a robust system of checks and balances is in vogue which includes series of activities i.e. safety audits, weekly safety talks, emergency mock drills, safety slogans/housekeeping competitions, HAZOP study of plant's operating units and safety trainings.

Plant completed 21.04 million safe man-hours and 146 months of safe operations on December 31, 2020 since last "Loss Time Injury" in Feb 2009. FFBL is also a member of National Safety Council, USA since 2001.

DuPont STOP™ Training

FFBL has successfully implemented DuPont Behaviour Based Safety Training and Observation Program (STOP) which resulted in positive reinforcement of Employee`s behaviour. DuPont STOP® program also helped in improving our safety culture and HSE excellence.

STOP™
GET SAFETY GOING™

Directors' Report

Shareholders' Information

To update shareholders about the operations, growth and state of affairs of the Company, the management promptly disseminates all material information including announcement of interim and final results to Pakistan Stock Exchange (PSX). Quarterly, half yearly and annual financial statements are accordingly circulated within stipulated timeframe to all concerned. Similarly, notices and announcements of dividend, if any, are transmitted to all stakeholders and regulators within the time laid down in the Code of Corporate Governance Regulations 2019, Companies Act 2017 and listing regulations of PSX. The same are also uploaded immediately on Company's website (www.ffbl.com).

Shares Market Information

Company shares are quoted on PSX. A total of 1,002 billion Company shares were traded at Stock Exchange during the year and the free float stood at 31.38%. The market capitalization of the Company stock was recorded at Rs 23.65 billion at the close of 2020. FFBL shares were subject to a wide range of trading from a high of Rs 27.45 per share to a low of Rs 11.56 per share, closing the year at Rs 25.32 per share.

There were 15,262 shareholders of the Company's equity at the close of 2020. About 83.29% of total shares outstanding were closely held by the sponsors, investment companies, financial institutions and other corporate bodies. About 0.66 % shares were held by foreign shareholders. Company executives do not hold any shares.

Corporate Briefing

FFBL has conducted a Corporate Briefing Session (CBS) for shareholders and analysts at its Head Office in Islamabad on February 18, 2020 and the participants were briefed about the financial health of the Company.

The idea of briefing is to keep the shareholders, investors, fund managers, research analysts and shareholders informed about the Company's performance, industry analysis as well as future business outlook.

The briefing also covers performance and future development of FFBL subsidiaries, joint venture and other investments.

Awards and Recognitions

Health, Safety & Environment Performance Award 2020

FFBL has been awarded the “Health, Safety & Environment Performance Award 2020”, in recognition of Company`s commitment and implementation level achieved towards HSE. This is the 5th consecutive award won by FFBL in this category.

The Award and Certificate were awarded during the “6th International Environment, Health & Safety Conference 2020”, organized by The Professional Network, at PIM, Karachi on 20 August 2020.

WWF – Green Office Certification

During the year ended December 31, 2020, FFBL has received a Green Office Certification from WWF for its HO building for maintaining WWF standard to conserve nature and ecological processes.

Fire Safety Award 2020

FFBL has been awarded the “Fire Safety Award 2020” which is a glimpse of dedication and painstaking devotion in the field of Fire & Safety. The decision is also ratified by the Governing Body of National Forum for Environment & Health (NFEH). The Award & the Certificate were awarded during the “10th Fire Safety and Security Convention 2020”, held in Karachi on 17 December 2020. This is another achievement which speaks of continuous dedication and professionalism of each and every employee involved in the efficient operation at plant site within his domain.

Directors' Report

Human Capital Development

Organization Restructuring

Comprehensive organization restructuring exercise has been successfully carried out this year to align organization structure with Company's business plan. This will serve as foundation in resetting our culture and in developing into a lean and result oriented organization.

Compensation Alignment

Compensation positioning of FFBL has been realigned through a market survey to attract, recruit and retain the best and brightest talent. Our compensation structure offers equitable, competitive salaries and map out employees' path to growth.

HCM Process and Policies Review

Our policies provide frameworks within which consistent decisions are made and promote equity in the way people are treated. Systematic review of the policies and process is carried out on regular intervals to ensure that the policies and procedures are in line with the best market practices.

Work from home policy

To safeguard employees during the current pandemic, flexible work from home policy was introduced and physical presence was kept to minimum. Online platforms were used to conduct meetings. Adherence to these measures and implementation of SOPs has resulted in minimal cases in FFBL. This enabled continuous business operations, both at Plant Site and Head Office.

Employees Retirement Benefits

Value of investments of Provident and Gratuity Fund as on December 31, 2020 (un-audited) is as under: -

	2020	2019
	Rs (millions)	
Provident Fund	1,325	1,200
Employees Gratuity Fund	660	617

Our Investments

Pakistan Maroc Phosphore, SA (PMP)

Pakistan Maroc Phosphore S.A. Morocco (PMP) is a joint venture between the Company, Fauji Foundation, Fauji Fertilizer Company Limited and Office Cherifien Des Phosphates, Morocco to manufacture phosphoric acid primarily for the Company, and to market additional production. Total capacity of PMP is 375KT per year. Total Cost of the project is 250 million USD with FFBL's share of 25%.

PMP produced 352 Kt of P2O5 during the year and sold 355 Kt as against production of 422 Kt and sale of 404 Kt respectively in the corresponding period.

First nine months of 2020 financial statements, drawn in accordance with Moroccan Standards of Financial Reporting, closed with a net profit of Moroccan Dirhams (MAD) 161 million (US$ 16.74 million) against MAD 227 million (US$ 23.60 million) for the same period of 2019. At the end of September 2020, accumulated profit was MAD 339 million (US$ 36.77 million).

Production decreased during the year due to extended cold shutdown and lower primary margins. This resulted in lower sales volume and reduced profit in 2020 as compared to the previous year.

An Interim Dividend of MAD 150 million (US$ 15.48 million) for 2019 was approved in Ordinary General Meeting held on June 30, 2020 which was paid to the shareholders in August 2020. Second dividend of 100 million MAD (US$ 11.14 million) for the Year 2019 was approved in Extra Ordinary General Meeting held on December 22, 2020, which shall be paid to the shareholders in February 2021.

Wind Power Projects

The Company has investment of Rs 2,461 million in two Wind Power Plants, Foundation Wind Energy- I Limited (FWE-I) and Foundation Wind Energy- II Limited (FWE-II) of 49.5 MW each. Total project cost of FWE-I was US$ 125 million and for FWE-II US$ 124 million with a debt to equity ratio of 75:25. FFBL holds 35 percent shares in each project.

FWE-I and FWE-II continue to efficiently supply electricity to the national grid. The companies are also leaders in the region for their Corporate Social Responsibility initiatives. FFBL's consolidated other income includes share of profit of Rs 658 million from FWE-I and Rs 612 million from FWE-II.

Askari Bank Limited (AKBL)

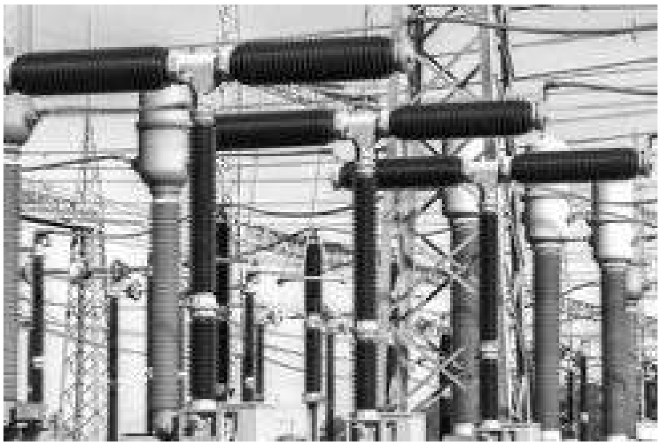
Askari Bank's branch footprint comprises 537 branches, including 95 Islamic Banking Branches, 49 sub-branches, a Wholesale Banking Branch in Bahrain and a representative office in Beijing, China.

The Bank's entity rating assigned by Pakistan Credit Rating Agency Limited (PACRA) stands at AA+ reflecting sustainability of the Bank's relative positioning and continuous improvement in capital adequacy driven by AKBL's strong sponsors and brand, continued growth trajectory, improvement in net spreads and increase in earning assets. The short-term rating was maintained at 'A1+'.

askaribank LIMITED

During 2020, the Bank continued to implement measures to minimize exposure and impact of COVID-19 through effective customer communication on social distancing and precautions, on regulatory changes, apprising them on the suite of digital offerings, ensuring all service levels adapt to changing preferences and customer experience is maintained with care and concern. FFBL's consolidated other income includes share of profit of Rs 2,342 million from AKBL.

Directors' Report



FFBL Power Company Limited (FPCL)

FPCL was incorporated to overcome the country`s energy crisis by installing coal power plant with gross power generation capacity of 118 MW within FFBL fertilizer complex as a substitute of natural gas fuel based system.

FPCL achieved commercial operations (COD) on May 19, 2017. The total cost of the project is around US$ 291 million with debt to equity ratio of 72:28. FFBL holds 75 percent shareholding in the project. The power generated is used for existing fertilizer complex as well as for export to K-Electric.

Fauji Meat Limited (FML)

FML, built with the aim and capacity to provide 100 percent certified halal meat, was incorporated in 2013 as a subsidiary of the Company. FFBL holds 90.18 percent shares of FML.

It is the largest and most technologically advanced meat processing plant in South East Asia, which is located near Port Qasim, Karachi with daily production capacity of 100 tons of meat (85 tons beef and 15 tons mutton), in both frozen and chilled categories, adhering to international standards. FML is catering to domestic demand under the brand name Zabeeha operating with 10 retail outlets in Karachi, Lahore and Islamabad.

With a network of more than 300 sourcing partners, which provide healthy and farm raised animals, through traceable state of the art processing processes, FML is committed to deliver the distinctly flavoursome halal meat of Pakistan to the world. FML is a certified facility for ISO 9001:2015, Halal PS 3733:2016, JAKIM Halal, MS-1500, Halal 993, HACCP and FSSC 22000:2018.

The main product offerings include chilled, frozen, bone-in and deboned/ boneless categories. FML is committed towards hygienic excellence and is doing justice to its vision by offering vacuum packed products. It is also playing its part in environmental safety by introducing rendering and waste water treatment plant (WWTP) facility within the complex.

Fauji Foods Limited (FFL)

FFL, a majority owned company of FFBL (67.50 percent shareholding) is engaged in the processing, marketing and sale of brands in the Dairy, Tea Creaming and Fruit Drinks segments.

With heritage and years of value, Nurpur stands as one of the oldest and a highly recognized brand of Pakistan. The flagship brand of Fauji Foods - House of Nurpur, houses some of the most well-known dairy products of Pakistan including the most consumed and iconic Nurpur Butter.

Despite the external challenges faced by the dairy industry, FFL grew both in terms of volume and sales value verses same period last year. The operational results of FFL grew positively by improved milk processing, optimal production planning, enhanced product distribution and brand market presence.

The road has taken an exciting turn with an extension in the Butter line with Nurpur unsalted butter launch. Nurpur Cheese has also been rejuvenated with repackaging and product quality upgrade.

FFL continued to fulfil its promise by delivering quality standard dairy products and complimenting sales through International Chain Accounts. Despite COVID-19 challenges, the organization as a whole worked with resilience, positivity and unity for a sustainable business practices.

During the year, FFL has reported net sales of PKR 7.4 billion and gross profit PKR 62 million as compared to net sales of PKR 5.7 billion and gross loss of PKR 679 million last year.

FFBL - Going Forward

A strong fertilizer industry is pivotal for sustainable agricultural sector warranting food security for the rising population. Provision of fertilizer at affordable rates, facilitates robust agricultural produce to cater for the growing food requirements.

The Company looks forward to further improve the financial and operational results for 2021. The Board, the management and employees of the Company are prepared and steadfast to face challenges ahead and put in their best effort to lift the Company to safer shores and prosper going forward.

Much of it will largely depend upon availability of feed gas, local and global price trends of Urea and DAP, ability of the Company to transfer additional cost to end user, dividends from investments and subsidiaries, cash calls from subsidiaries, and above all, fiscal and monetary policies of GoP.

The Board remains focused on making available quality products to ensure growth of the agricultural sector through sustainable farming solutions as part of its commitment to serve the Nation.

Directors' Report

Information of Subsidiaries Required to be Disclosed u/s 226(3) of The Companies Act, 2017

FFBL Power Company Limited

The principal activity of FPCL is to operate a coal based power generation facility at Port Qasim Karachi with a net capacity of 103 MW (Gross Capacity of 118 MW). FPCL commenced its commercial operations (COD) on 19 May 2017.

Financial Results

During the year ended December 31, 2020 FPCL has recorded Revenue amounting to Rs 16,644 million (2019: 17,100 million) against Cost of Sales of Rs 10,278 million (2019: 10,142 million). Profit for the year amounted to Rs 3,804 million as compared to Profit of Rs 3,891 million earned during the last financial year resulting in Earnings per share (EPS) of Rs 4.43 (2019: Rs. 4.53).

During the year FPCL has declared and paid dividend of Rs 3.10 per share amounting to Rs 2,662 million.

Current assets mainly comprise of Stock-in-Trade amounting to Rs 908 million, Trade Debt amounting to Rs 2,216 million and Advances & Deposits of Rs 417 million.

Current Liabilities comprise of Trade Creditors (mainly payable to coal suppliers) amounting to Rs 1,494 million, Worker's Profit Participation Fund (WPPF) payable amounting to Rs 20.77 million and Rs 2,123 million being the current portion of Long Term Finance Facilities.

Total principal repayments under the Long Term Finance Facilities amounting to Rs 1,860 million have been paid during the year ended December 31, 2020. Outstanding Long Term Finance Facilities as at December 31, 2020 amounted to Rs 15,802 million.

Operational Results

During the year ended December 31, 2020 FPCL delivered Electricity of 153,179 MWh (2019: 151,172 MWh) to FFBL and 437,010 MWh (2019: 426,385 MWh) to K-Electric Ltd. FPCL has also delivered 1,475,256 Metric Tons (2019: 1,532,131 MT) of Steam to FFBL.

Principle Risks and Uncertainties Facing FPCL

Following are the principle risks and uncertainties facing FPCL:

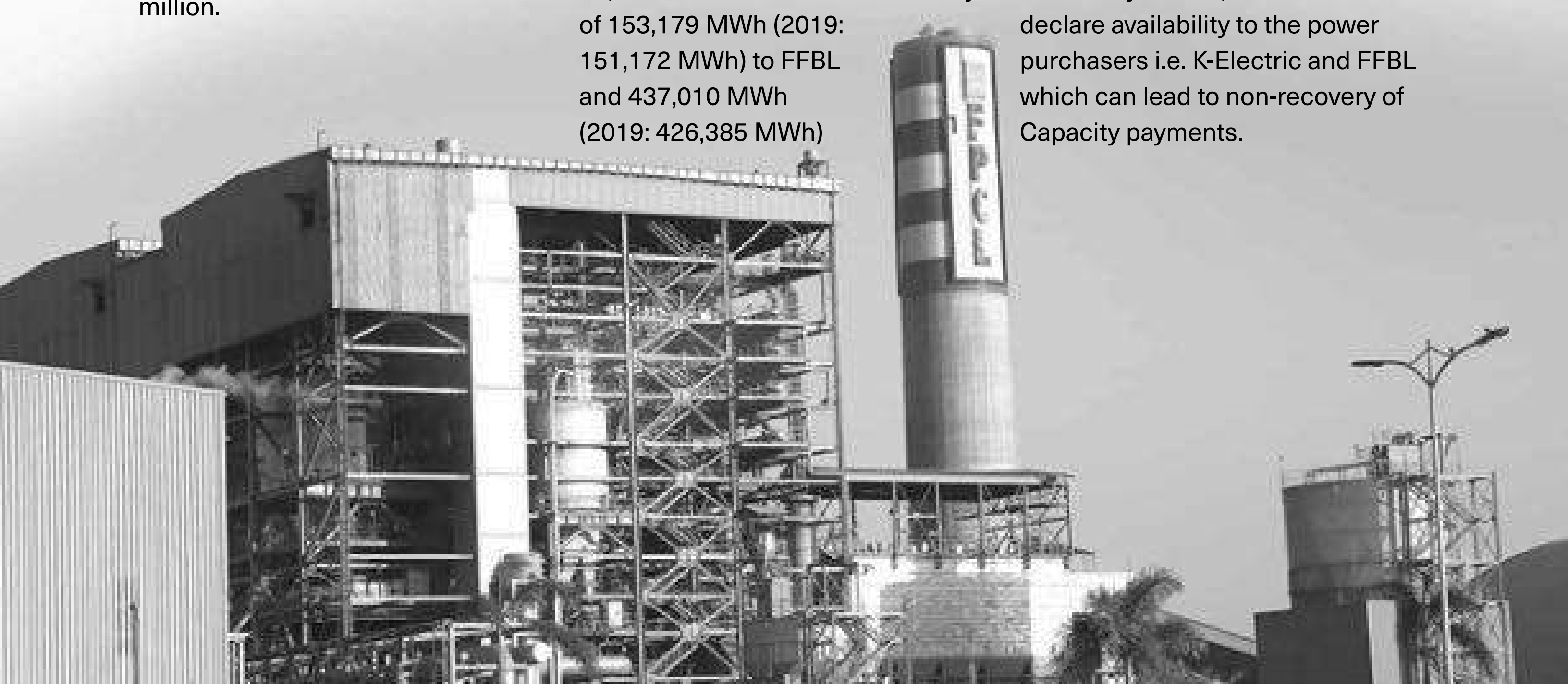
Merit Order Risk

The dispatch of electricity by FPCL to K-Electric is subject to Merit Order Criteria as per NEPRA's decision. There is a risk that FPCL may not fall under merit order for K-Electric and is therefore unable to dispatch electricity to K-Electric system.

At present, FPCL is on a high rank in Merit Order list of K-Electric network and accordingly there is no immediate or short-term risk.

Uncertainty Over Fuel Supply

In case of shortage / non-availability of coal, FPCL cannot declare availability to the power purchasers i.e. K-Electric and FFBL which can lead to non-recovery of Capacity payments.



FPCL has placed sufficient controls to mitigate against the aforesaid risks.

Board of Directors

The Board exercises the power conferred to it by the Companies Act, 2017 and the Memorandum and Articles of Association of the Company, through Board meetings, which are held at least once in every Quarter for reviewing and approving the adoption of Company's Financial Statements and business plans.

Following is the list of the Directors of the Company who served on the Board during the financial year 2020:

1.	Mr Waqar Ahmed Malik	Joined:	Apr 09, 2020
2.	Lt Gen Tariq Khan, HI (M), (Retd)		
3.	Mr Sarfaraz Ahmed Rehman	Joined:	Jun 10, 2020
4.	Mr Qamar Haris Manzoor	Joined:	Jun 10, 2020
5.	Mr Mohammad Munir Malik	Joined:	Aug 03, 2020
6.	Dr Nadeem Inayat	Joined:	Apr 22, 2020
7.	Mr Aziz Ikram	Joined:	Nov 18, 2020
8.	Mr Shakeel Haider	Joined:	Nov 20, 2020
9.	Mr Masoom Hussain	Joined:	Jan 13, 2020
10.	Maj Gen Abid Rafique (Retd)	Joined: Resigned:	Jan 01, 2020 Jun 10, 2020
11.	Mr Tassawor Ishaque	Joined: Resigned:	Jun 10, 2020 Aug 03, 2020
12.	Mr Imran Moid	Joined: Resigned:	Sep 07, 2020 Nov 18, 2020
13.	Mr Khurram Shahzad Khan	Joined: Resigned:	Jun 11, 2020 Nov 20, 2020
14.	Lt Gen Syed Tariq Nadeem Gilani, HI (M), (Retd)	Resigned:	Mar 27, 2020
15.	Lt Gen Javed Iqbal, HI (M), (Retd)	Resigned:	Jun 10, 2020
16.	Maj Gen Tahir Ashraf Khan, HI (M), (Retd)	Resigned:	Jan 01, 2020
17.	Brig Hammad Qadir (Retd)	Resigned:	Jun 10, 2020
18.	Brig Asif Ali (Retd)	Resigned:	Jun 11, 2020
19.	Col Dr Muhammad Rashid Hussain (Retd)	Resigned:	Apr 22, 2020
20.	Syed Aamir Ahsan	Resigned:	Jan 13, 2020
21.	Mr Rehan Laiq	Resigned:	Sep 07, 2020

Fauji Meat Limited

Fauji Meat Limited (FML), built with the aim and capacity to provide 100 percent certified halal meat, was incorporated in 2013 as a subsidiary of the Company. COD was achieved on April 2, 2016. FFBL holds 90.18 percent shares of FML.

Production & Sales Highlights

During the year ended December 31, 2020, FML achieved production of meat of 3,409 Tons from its Plant. The Company exported 94 Tons of meat to UAE.

The retail stream of the company, under the brand name “Zabeeha“, was launched in year 2018. During the year under review, some retail outlets are in process of relocation and retail outlets are decreased from 13 outlets and 3 franchises in 2019 to 7 outlets and 3 franchises till December 31, 2020. Domestic presence through

Directors' Report

retail network has earned recognition among market participants, enhancing consumer base. Zabeeha has cumulatively achieved sales of 393 tons during the year.

During the 3rd quarter FML successfully carried out "Qurbani Project", which performed well compared to 2019. It was undertaken during Eid ul Azha event and generated substantial revenues with 232 tons in 2020 compared to 96 Tons in 2019.

Financial Highlights

During the year ended on December 31, 2020, the Company recorded sales revenue of Rs 428 million (2019: Rs 2,264 million). FML suffered gross loss of Rs 470 million (2019: Rs 468 million) and net loss after tax of Rs 1,530 million (LPS: Rs 2) for the year ended December 31, 2020 (2019: Rs 1,892 million, LPS: Rs 2.48).

Main reasons for the loss include mark-up cost, high unabsorbed fixed cost and provision against trade debts.

Outlook

FML aims to expand domestic market through franchise/ owned outlets. FML has set its goal to deliver quality products in untapped target markets in addition to the existing market.

The Company is hopeful that 2021will be a much better year than 2020 in terms of production volumes, in which they will not only improve their efficiency but also achieve better results through higher fixed cost absorption.

Principle Risks and Uncertainties Facing FML

Following are the major risks and uncertainties faced by FML:

Sourcing of animals with required specification and at competitive prices is a challenge faced by the Company, further enhanced due to COVID-19 pandemic outbreak in current year. The Company is making all efforts to stream line the procurement process by diversifying procurement by including live animal procurement.

Sales revenue and profitability of FML is highly sensitive to prices of products in different countries. FML is in direct competition with countries like India, Brazil, Australia etc.

FML is a state-of-the-art plant with advanced processing processes. Management is making all out efforts to secure new markets with major focus on taking remedial measures to reduce gaps with import regulatory conditions for direct export to China.

Board of Directors

Following are the Directors of FML who served on the Board during the financial year 2020:

1.	Lt Gen Syed Tariq Nadeem Gilani, HI(M), (Retd)	Resigned:	March 27, 2020
2.	Lt Gen Javed Iqbal, HI(M), (Retd)	Resigned:	June 10, 2020
3.	Lt Gen Tariq Khan, HI (M), (Retd)	Joined:	October 01, 2020
4.	Dr Nadeem Inayat	Joined:	October 01, 2020
5.	Mr Tassawor Ishaque	Resigned:	March 01, 2020
6.	Mr Rehan Laiq	Resigned:	October 01, 2020
7.	Maj Gen Abid Rafique, (Retd)	Resigned:	October 01, 2020
8.	Mr Muhammad Ali Gulfaraz	Resigned:	July 01, 2020
9.	Maj Gen Wasim Sadiq, (Retd)	Resigned:	June 01, 2020
10.	Mr Sheikh Adil Hussain	Resigned:	July 23, 2020
11.	Mr Masoom Hussain	Resigned:	October 01, 2020
12.	Mr Sarfaraz Ahmed Rehman	Joined:	October 02, 2020
13.	Mr Khurram Shahzad Khan	Joined: Resigned:	August 03, 2020 October 01, 2020
14.	Mr Mohammad Munir Malik	Joined:	October 01, 2020

Fauji Foods Limited FFL

Fauji Foods Limited, a majority owned Company of FFBL (67.50 percent shareholding) is engaged in processing, marketing and sale of brands in the Dairy, Tea Whitener and Fruit Drinks Segments. The Company's brand 'Nurpur' is one of the oldest and highly recognizable brand in Pakistan.

Operations during the Year

FFL achieved a strong 28% growth in net sales, reaching PKR 7.4 billion in 2020 compared with PKR 5.7 billion in 2019.

Growth momentum built up strongly during H2 and the trajectory is very encouraging. In H2, FFL achieved PKR 4.2 billion net sales compared with PKR 3.2 billion in H1. This growth provides a good foundation to build upon.

FFL is now also building a good trajectory on contribution margin which is enabling a fundamental positive shift in improving the gross profit trend. A gross profit of PKR 172 million in H2 2020 compared with a gross loss of PKR (109) million in H1 2020 shows how the P&L structure is positively shifting with improvement and reshaping the business model.

Moreover, it is satisfactory to note that the above growth momentum has been achieved despite the extraordinary business challenges and lockdowns caused by the COVID pandemic.

Growth and profit recovery trend are being achieved through fundamental business model improvements. These improvements are enabled by a culture of consumer and customer centricity, value chain improvements that are

Directors' Report

driving effectiveness and operational efficiency across the FFL, and a focused and key buildup of capabilities in the leadership team and across functions at various levels of FFL.

Financial Performance

The FFL returned to posting a gross profit of PKR 62.26 million in 2020 compared with a gross loss of PKR 678.83 million in 2019. These positive changes are attributable to innovation/renovation, product and channel mix improvement, pricing, cost optimization and efficient expansion in sales/distribution.

Raw milk cost remained somewhat challenging, however, our strategy to strengthen our milk collection is already starting to provide benefits. The loss after tax for the year 2020 has reduced by 47.17% and stood at PKR 3,058 million compared to PKR 5,789 in year 2019.

During the year, FFBL subordinated loan amounting to PKR 2,748 million (including PKR 2,630 million principal and mark up of PKR 118.86 million outstanding as at December 31 2019) was converted to equity at par value of Rs. 10/- per share. The process of conversion and issuance of shares has strengthened FFL equity.

FFL achieved a financial close of the restructuring transaction involving overall financial debt of PKR 8,068 million under a syndicate finance arrangement. The transaction has provided liquidity relief through extension in the debt servicing period, along with a mark-up and principal re-payment grace period of 1 and 2.5 years respectively.

Further, FFBL approved a support loan of PKR 6,000 million during the year that also helped in improving the working capital of FFL.

Future Outlook

FFL is on the path of recovery from operating losses, as evident from the results for the year 2020. Growth and operational efficiency are being driven through focused multipronged strategy.

Principle Risks and Uncertainties Facing FFL

Risks faced by FFL are not significantly different from risks posed to other companies operating in the dairy sector. Risks are reviewed by the management through a robust business and risk management process. Appropriate strategies and contingency plans are regularly reviewed to minimize potential risk impacts. There are no significant risk and uncertainties posed to the business and operations of FFL, except as disclosed in the Contingencies and Commitment notes to the financial statements.

Board of Directors

Following are the Directors of FFL, who served on the Board during the financial year 2020:

1.	Lt Gen Syed Tariq Nadeem Gilani, HI(M), (Retd)	Resigned:	March 20, 2020
2.	Lt Gen Javed Iqbal, HI(M), (Retd)	Resigned:	June 10, 2020
3.	Lt Gen Tariq Khan, HI(M), (Retd), Chairman		
4.	Dr Nadeem Inayat		
5.	Mr Rehan Laiq	Resigned:	September 07, 2020
6.	Lt Col Abdul Khaliq Khan (Retd)		
7.	Mr Iltifat Rasul Khan	Resigned:	January 31, 2020
8.	Mr Basharat Ahmad Bhatti		
9.	Ms Aminah Zahid Zaheer		

10.	Syed Iqtidar Saeed	Resigned:	April 23, 2020
11.	Mr Muhammad Ali Gulfaraz	Resigned:	May 18, 2020
12.	Mr Ali Asrar Hossain Aga	Joined:	April 21, 2020
13.	Mr Muhammad Haseeb Aslam, CEO	Joined as director on April 06, 2020 and as CEO on July 01, 2020	
14.	Mr Sarfaraz Ahmed Rehman	Joined as CEO and director on June 10, 2020, and resigned as CEO on July 01, 2020	
15.	Mr Khurram Shahzad Khan	Resigned:	August 03, 2020
16.	Mr Imran Husain	Joined:	June 25, 2020
17.	Mr Javed Kureishi	Joined:	June 25, 2020
18.	Mr Mohammad Munir Malik	Joined:	August 03, 2020
19.	Mr Imran Moid	Joined: Resigned:	September 09, 2020 November 16, 2020
20.	Syed Bakhtiyar Kazmi	Joined:	November 25, 2020

Adequacy of Internal Financial Controls of Subsidiaries

Respective boards of subsidiary companies have an effective system of internal controls. The independent Internal Audit function, which reports directly to respective Audit Committees, monitors compliance with the internal controls besides providing suggestions on improvement. Audit Committees of the respective companies, review the effectiveness and adequacy of the internal control frameworks and financial statements of the respective companies on a quarterly basis.

Acknowledgment

The Board of Directors would like to express its appreciation for the efforts and dedication of all employees of FFBL which enabled the management to run the Company efficiently during this pandemic effected year. The Board also wishes to recognize the extraordinary contribution of our customers, suppliers, bankers, SSGCL and Government of Pakistan, in supporting the Company throughout and looks forward to their continued assistance in the future.

Last and most importantly, on behalf of the Board, we would like to express sincere thanks to our shareholders for their confidence and trust in the Company.

For and on behalf of the Board
Fauji Fertilizer Bin Qasim Limited

Waqar Ahmed Malik
Chairman

Sarfaraz Ahmed Rehman
Managing Director & Chief Executive Officer

Place: Islamabad
Date: January 26, 2021

ذیلی اداروں کے اندرونی مالیاتی کنٹرول کی افادیت:

ذیلی اداروں کے متعلقہ بورڈ کے ذریعے داخلی کنٹرول کا موثر نظام موجود ہے۔ آزاد انٹرنل آڈٹ فنکشن، جو آڈٹ کمیٹیوں کو براہ راست رپورٹ کرتا ہے، اندرونی کنٹرول کی تعمیل پر نظر رکھتا ہے اور اس کے علاوہ بہتری سے متعلق تجاویز بھی فراہم کرتا ہے۔ متعلقہ کمپنیوں کی آڈٹ کمیٹیاں، سہ ماہی کی بنیاد پر متعلقہ کمپنیوں کے اندرونی کنٹرول کے لائحہ عمل اور مالی حسابات کا جائزہ لیتی ہیں۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز:

کمپنی کے ڈائریکٹرز کی فہرست جنہوں نے مالی سال 2020 کے دوران بورڈ میں خدمات انجام دیں درج ذیل ہے:

1	لیفٹیننٹ جنرل سید طارق ندیم گیلانی، ایچ آئی (ایم)، (ریٹائرڈ)	مستعفی: 20 مارچ 2020
2	لیفٹیننٹ جنرل جاوید اقبال، ایچ آئی (ایم)، (ریٹائرڈ)	مستعفی: 10 جون 2020
3	لیفٹیننٹ جنرل طارق خان، ایچ آئی (ایم) (ریٹائرڈ)، چیئرمین	
4	ڈاکٹر ندیم عنایت	
5	جناب ریحان لئیق	مستعفی: 7 ستمبر 2020
6	لیفٹیننٹ کرنل عبدالخالق خان (ریٹائرڈ)	
7	جناب التفات رسول خان	مستعفی: 31 جنوری 2020
8	جناب بشارت احمد بھٹی	
9	محترمہ عائشہ زاہد ظہیر	
10	سید اقتدار سعید	مستعفی: 23 اپریل 2020
11	جناب محمد علی گلفراز	مستعفی: 18 مئی 2020
12	جناب علی اسرار حسین آغا	شمولیت: 21 اپریل 2020
13	جناب محمد حبیب اسلم، سی ای او	بطور ڈائریکٹر شمولیت مورخہ 6 اپریل 2020 اور بطور CEO تقرری مورخہ 1 جولائی 2020۔
14	جناب سرفراز احمد رحمان	(بطور CEO اور ڈائریکٹر شمولیت 10 جون 2020 اور مورخہ 1 جولائی 2020 کو بطور CEO مستعفی ہوئے
15	جناب خرم شہزاد خان	مستعفی: 3 اگست 2020
16	جناب عمران حسین	شمولیت: 25 جون 2020
17	جناب جاوید قریشی	شمولیت: 25 جون 2020
18	جناب محمد منیر ملک	شمولیت: 3 اگست 2020
19	جناب عمران موئید	شمولیت: 9 ستمبر 2020 مستعفی: 16 نومبر 2020
20	سید بختیار کاظمی	شمولیت: 25 نومبر 2020

مالیاتی کارکردگی:
ایف ایف ایل نے گزشتہ سال 2019 میں 678.83 ملین پاکستانی روپے کے مجموعی خسارے کے مقابلے میں سال 2020 میں 62.26 ملین پاکستانی روپے کا مجموعی منافع حاصل کیا۔ یہ مثبت تبدیلیاں جدت/تزئین و آرائش، مصنوعات اور چینل مکس میں بہتری، قیمتوں کے تعین، لاگت میں کمی اور فروخت/تقسیم میں موثر توسیع سے منسوب ہیں۔

دودھ کی قیمت کسی حد تک چیلنج رہی، تاہم دودھ کی کلیکشن کو مستحکم کرنے کی ہماری حکمت عملی فوائد دینا شروع کر رہی ہے۔ سال 2020 میں بعد از ٹیکس خسارے میں 47.17 فیصد کی کمی ہوئی جو کہ مبلغ 3,058 ملین پاکستانی روپے رہا۔ سال 2019 میں یہ خسارہ 5,789 ملین پاکستانی روپے تھا۔

دوران سال ایف ایف بی ایل نے ایف ایف ایل کو دیئے گئے 2,748 ملین پاکستانی روپے (بشمول 31 دسمبر 2019 کو 2,630 ملین پرنسپل اور 118.86 ملین پاکستانی روپے مارک اپ) قرضے کو 10 روپے فی حصص پر ایکویٹی میں تبدیل کیا۔ اس ایکویٹی اور حصص کے اجراء کے عمل نے ایف ایف ایل کی ایکویٹی کو تقویت بخشی۔

ایف ایف ایل نے سنڈیکیٹ فنانس انتظامات کے تحت 8,068 ملین پاکستانی روپے کے مجموعی مالیاتی قرض کی تنظیم نو کی۔ اس سے قرض کے دورانیے میں توسیع کے ذریعہ لیکویڈیٹی کی سہولت حاصل ہوئی۔ اس کے ساتھ ساتھ مارک اپ اور پرنسپل ادائیگی میں بالترتیب ایک اور ڈھائی سال کی تاخیر کی سہولت بھی شامل ہے۔

مزید براں، ایف ایف بی ایل نے دوران سال 6,000 ملین پاکستانی روپے کے سپورٹ لون کی منظوری دی جس سے ایف ایف ایل کے ورکنگ کیپٹل کو بہتر بنانے میں بھی مدد ملی۔

مستقبل کا منظر نامہ:
ایف ایف ایل آپریٹنگ خسارے سے بحالی کی راہ پر گامزن ہے، جیسا کہ سال 2020 کے نتائج سے ظاہر ہوتا ہے۔ کثیر جہتی حکمت عملی کے ذریعے ترقی اور آپریشنل کارکردگی میں بہتری عیاں ہے۔

ایف ایف ایل کو درپیش خطرات اور غیر یقینی صورتحال:
ایف ایف ایل کو درپیش خطرات ڈیری سیکٹر میں کام کرنے والی دیگر کمپنیوں کے لئے لاحق خطرات سے مختلف نہیں ہیں۔ کمپنی ایک مضبوط طریقہ کار کے تحت درپیش خطرات کا جائزہ لیتی ہے۔ مناسب حکمت عملی اور ہنگامی ضروریات کا باقاعدگی سے جائزہ لیا جاتا ہے تاکہ ایف ایف ایل کے کاروبار اور کاموں کو درپیش امکانی خطرات کو کم سے کم کیا جا سکے۔ کمپنی کو فی الحال کاروبار اور آپریشنز کے ضمن میں کوئی قابل ذکر خطرہ درپیش نہیں، سوائے ان خطرات کے جن کا ذکر Contingencies and Commitments کے نوٹ میں کیا گیا ہے۔

ڈائریکٹرز رپورٹ

12	جناب خرم شہزاد خان	شمولیت: 3 اگست 2020 مستعفی: 1 اکتوبر 2020
13	جناب محمد منیر ملک	شمولیت: 1 اکتوبر 2020
14	لیفٹیننٹ جنرل طارق خان، ایچ آئی (ایم)، (ریٹائرڈ)	شمولیت: 1 اکتوبر 2020

فوجی فوڈز لمیٹڈ (ایف ایف ایل):

فوجی فوڈز لمیٹڈ، ایف ایف بی ایل کی (67.50 فیصد حصص کی حامل) اکثریتی ملکیتی کمپنی ہے جو کہ ڈیری، ٹی وائٹنر اور فروٹ ڈرنکس کے شعبوں میں ان برانڈز کی پروسیسنگ، مارکیٹنگ اور فروخت میں مصروف ہے۔ کمپنی کا برانڈ 'نور پور' پاکستان کا ایک سب سے پرانا اور تسلیم شدہ برانڈ ہے۔

دوران سال سرگرمیاں:

ایف ایف ایل نے خالص فروخت میں 28 فیصد اضافہ حاصل کیا، جو کہ سال 2019 میں 5.7 بلین پاکستانی روپے کے مقابلے میں سال 2020 میں 7.4 بلین پاکستانی روپے تک پہنچ گئی۔

دوسری ششماہی کے دوران تیز رفتار اضافہ حوصلہ افزا ہے۔ ایف ایف ایل نے پہلی ششماہی میں 3.2 بلین کے مقابلے میں دوسری ششماہی کے دوران 4.2 بلین خالص فروخت حاصل کی۔ یہ اضافہ مستقبل کے لئے ایک اچھی بنیاد فراہم کرتا ہے۔

ایف ایف ایل اب اپنی مصنوعات کی فروخت سے خالص منافع حاصل کرنے کی سمت میں رواں دواں ہے جو مجموعی منافع کو بہتر بنانے میں ایک بنیادی اور مثبت حیثیت کا حامل ہے۔ سال 2020 کی پہلی ششماہی میں 109 ملین پاکستانی روپے کے مجموعی نقصان کے مقابلے میں دوسری ششماہی میں 172 ملین پاکستانی روپے کا مجموعی منافع ظاہر کرتا ہے کہ پی اینڈ ایل کی ہیئت مثبت طور پر بہتری کے ساتھ تبدیل ہو رہی ہے اور کاروباری ماڈل کی تشکیل نو ہو رہی ہے۔

یہ بات اطمینان بخش ہے کہ کورونا وبا کی وجہ سے پیدا شدہ غیر معمولی کاروباری مشکلات اور لاک ڈاؤن کے باوجود مذکورہ بالا بہتر نتائج حاصل ہوئے ہیں۔

بنیادی کاروباری ماڈل میں بہتری کے ذریعے ترقی اور منافع بخش کاروبار کا رجحان حاصل کیا جا رہا ہے۔ صارف اور صارف کی ترجیحات کی مرکزیت اور ویلیو چین میں بہتری ایف ایف ایل میں موثر آپریشنل کارکردگی کو متحرک کر رہی ہیں، اور ایف ایف ایل ٹیم کی قیادت اور مختلف سطحوں پر کام کرنے والے لوگوں کی قابلیت کو بڑھانے میں معاون ثابت ہو رہی ہیں۔

جاری خرچوں کی وصولی کے ذریعے بہتر نتائج بھی حاصل کریں گے۔

FML کو درپیش خطرات اور غیر یقینی صورتحال:

ایف ایم ایل کو درپیش اہم خطرات اور غیر یقینی صورتحال درج ذیل ہیں:

مطلوبہ معیار کے ساتھ اور مسابقتی قیمتوں پر جانوروں کا حصول کمپنی کو درپیش ایک چیلنج ہے، جو رواں سال میں COVID-19 کے سبب مزید سخت ہوا۔ کمپنی خریداری کے عمل کو ہموار بنانے کے لئے تمام کوششیں کر رہی ہے جس میں زندہ جانوروں کی خریداری بھی شامل ہے۔

ایف ایم ایل کی فروخت سے حاصل آمدنی اور منافع مختلف ممالک میں مصنوعات کی قیمتوں سے منسلک اور انتہائی حساس ہے۔ ایف ایم ایل کا براہ راست مقابلہ ہندوستان، برازیل، آسٹریلیا جیسے ممالک سے ہے۔

ایف ایم ایل کے پاس بہترین پروسیسنگ کا حامل ایک جدید ترین پلانٹ ہے۔ مینجمنٹ نئی منڈیوں کو محفوظ بنانے کی پوری کوشش کر رہی ہے جس میں چین کو براہ راست برآمد کے لئے درآمدی ریگولیٹری شرائط کی پابندیوں کو ہٹانے پر توجہ مرکوز ہے۔

بورڈ آف ڈائریکٹرز:

کمپنی کے ڈائریکٹرز کی فہرست جنہوں نے مالی سال 2020 کے دوران بورڈ میں خدمات انجام دیں:

1	لیفٹیننٹ جنرل سید طارق ندیم گیلانی، ایچ آئی (ایم)، (ریٹائرڈ)	مستعفی: 27 مارچ 2020
2	لیفٹیننٹ جنرل جاوید اقبال (ریٹائرڈ)	مستعفی: 10 جون 2020
3	ڈاکٹر ندیم عنایت	شمولیت: 1 اکتوبر 2020
4	جناب تصور اسحاق	مستعفی: 1 مارچ 2020
5	جناب ریحان لئیق	مستعفی: 1 اکتوبر 2020
6	میجر جنرل عابد رفیق (ریٹائرڈ)	مستعفی: 1 اکتوبر 2020
7	جناب محمد علی گلفراز	مستعفی: 1 جولائی 2020
8	میجر جنرل وسیم صادق (ریٹائرڈ)	مستعفی: 1 جون 2020
9	جناب شیخ عادل حسین	مستعفی: 23 جولائی 2020
10	جناب معصوم حسین	مستعفی: 1 اکتوبر 2020
11	جناب سرفراز احمد رحمان	شمولیت: 2 اکتوبر 2020

ڈائریکٹرز رپورٹ

فوجی میٹ لمیٹڈ (ایف ایم ایل):

فوجی میٹ لمیٹڈ کا بنیادی مقصد 100 فیصد مصدقہ حلال گوشت فراہم کرنا ہے اور اسے سال 2013 میں ایف ایف بی ایل کے ایک ذیلی ادارہ کے طور پر رجسٹر کیا گیا تھا۔ کمپنی کا COD مورخہ 2 اپریل 2016 کو حاصل کیا گیا۔ ایف ایف بی ایل ایف ایم ایل کے 90.18 فیصد حصص کا مالک ہے۔

پیداوار اور فروخت کے اہم نکات:

31 دسمبر، 2020 کو ختم ہونے والے سال کے دوران، ایف ایم ایل نے اپنے پلانٹ سے 3,409 ٹن گوشت کی پیداوار حاصل کی۔ کمپنی نے متحدہ عرب امارات کو 94 ٹن گوشت برآمد کیا۔

سال 2018 میں "زبیحہ" کے نام سے کمپنی کے ریٹیل برانڈ کا آغاز ہوا۔ زیر جائزہ سال کے دوران، کچھ ریٹیل آؤٹ لیٹس کے مقام میں تبدیلی کے ساتھ ریٹیل آؤٹ لیٹس کو 2019 میں 13 آؤٹ لیٹس اور 3 فرنچائزز سے کم کر کے 31 دسمبر 2020 تک 7 آؤٹ لیٹس اور 3 فرنچائزز تک محدود کر دیا گیا ہے۔ کمپنی نے ریٹیل نیٹ ورک کے ذریعہ ملک میں صارفین میں اضافے کے ساتھ مارکیٹ میں اپنی پہچان بنائی ہے۔ زبیحہ نے مجموعی طور پر 393 ٹن کی فروخت حاصل کی۔

تیسری سہ ماہی کے دوران ایف ایم ایل نے "قربانی پروجیکٹ" کو کامیابی سے سرانجام دیا، جس نے 2019 کے مقابلہ میں عمدہ کارکردگی کا مظاہرہ کیا۔ اس کا آغاز عیدالاضحیٰ کے دوران کیا گیا اور اس نے 2019 میں 96 ٹن کے مقابلہ میں 2020 میں 232 ٹن فروخت کے ساتھ خاطر خواہ آمدنی حاصل کی۔

مالیاتی کارکردگی:

31 دسمبر، 2020 کو ختم ہونے والے سال کے دوران، کمپنی نے 428 ملین روپے (2019: 2,264 ملین روپے) کی فروخت کی۔ ایف ایم ایل کو 31 دسمبر 2020 میں 470 ملین روپے (2019: 468 ملین روپے) کا مجموعی خسارہ ہوا اور 31 دسمبر 2020 کو ختم ہونے والے سال کے دوران بعد از ٹیکس خالص خسارہ 1,530 ملین روپے (LPS: 2 روپے) رہا۔ سال 2019 میں بعد از ٹیکس خالص خسارہ 1,892 ملین روپے (LPS: 2.48 روپے) ریکارڈ کیا گیا۔

نقصان کی اہم وجوہات میں مارک اپ کی لاگت، جاری طے شدہ خرچوں اور فرخت کی مد میں نا قابل وصول رقم بھی شامل ہے۔

مستقبل کا منظر نامہ:

ایف ایم ایل فرنچائز/ملکیتی آؤٹ لیٹس کے ذریعہ مقامی مارکیٹ میں اپنے حصے کو وسیع کرنے کا ارادہ رکھتی ہے۔ ایف ایم ایل نے موجودہ مارکیٹ کے علاوہ ایسی ٹارگٹ مارکیٹس میں بھی معیاری مصنوعات کی فراہمی کا ہدف مقرر کیا ہے جہاں پہلے کمپنی اپنی مصنوعات فراہم نہیں کر سکی۔

کمپنی کو امید ہے کہ پیداوار کے حجم کے لحاظ سے 2020 کے مقابلے میں 2021 ایک بہتر سال ثابت ہوگا، جس میں وہ نہ صرف اپنی کارکردگی کو بہتر بنائیں گے بلکہ

کمپنی کے ڈائریکٹرز کی فہرست جنہوں نے مالی سال 2020 کے دوران بورڈ میں خدمات انجام دیں:

1	جناب وقار احمد ملک	شمولیت: 9 اپریل 2020
2	لیفٹیننٹ جنرل طارق خان، ایچ آئی (ایم)، (ریٹائرڈ)	
3	جناب سرفراز احمد رحمان	شمولیت: 10 جون 2020
4	جناب قمر حارث منظور	شمولیت: 10 جون 2020
5	جناب محمد منیر ملک	شمولیت: 3 اگست 2020
6	ڈاکٹر ندیم عنایت	شمولیت: 22 اپریل 2020
7	جناب عزیز اکرام	شمولیت: 18 نومبر 2020
8	جناب شکیل حیدر	شمولیت: 20 نومبر 2020
9	جناب معصوم حسین	شمولیت: 13 جنوری 2020
10	میجر جنرل عابد رفیق (ریٹائرڈ)	شمولیت: 01 جنوری 2020 مستعفی: 10 جون 2020
11	جناب تصور اسحاق	شمولیت: 10 جون 2020 مستعفی: 03 اگست 2020
12	جناب عمران موئید	شمولیت: 07 ستمبر 2020 مستعفی: 18 نومبر 2020
13	جناب خرم شہزاد خان	شمولیت: 11 جون 2020 مستعفی: 20 نومبر 2020
14	لیفٹیننٹ جنرل سید طارق ندیم گیلانی، ایچ آئی (ایم)، (ریٹائرڈ)	مستعفی: 27 مارچ 2020
15	لیفٹیننٹ جنرل جاوید اقبال، ایچ آئی (ایم)، (ریٹائرڈ)	مستعفی: 10 جون 2020
16	میجر جنرل طاہر اشرف خان، ایچ آئی (ایم)، (ریٹائرڈ)	مستعفی: 1 جنوری 2020
17	بریگیڈیئر حماد قادر (ریٹائرڈ)	مستعفی: 10 جون 2020
18	بریگیڈیئر آصف علی (ریٹائرڈ)	مستعفی: 11 جون 2020
19	کرنل ڈاکٹر محمد راشد حسین (ریٹائرڈ)	مستعفی: 22 اپریل 2020
20	سید عامر احسن	مستعفی: 13 جنوری 2020
21	جناب ریحان لئیق	مستعفی: 7 ستمبر 2020

ڈائریکٹرز رپورٹ

طویل مدتی مالیاتی سہولیات کی بقایا رقم 15,802 ملین روپے تھی۔

کارکردگی کے نتائج:

31 دسمبر 2020 کو ختم ہونے والے سال کے دوران ایف پی سی ایل نے ایف ایف بی ایل کو 153,179 میگاواٹ (2019: 151,172 میگاواٹ) اور کے الیکٹرک کو 437,010 میگاواٹ (2019: 426,385 میگاواٹ) بجلی فراہم کی۔ ایف پی سی ایل نے سال 2020 کے دوران ایف ایف بی ایل کو 1,475,256 میٹرک ٹن بھاپ (2019: 1,532,131 میٹرک ٹن) بھی فراہم کی ہے۔

ایف پی سی ایل کو درپیش اہم خطرات اور غیر یقینی صورتحال:

ایف پی سی ایل کو درپیش اہم خطرات اور غیر یقینی صورتحال مندرج ذیل ہیں:

میرٹ آرڈر کا خطرہ:

نیپرا کے فیصلے کے مطابق ایف پی سی ایل کی جانب سے کے الیکٹرک کو بجلی کی ترسیل میرٹ آرڈر کے معیار کے تحت ہے۔ یہاں اس بات کا خطرہ موجود ہے کہ ایف پی سی ایل کے الیکٹرک کے میرٹ آرڈر پر پورا نہ اترے اور اس وجہ سے کے الیکٹرک نظام کو بجلی کی ترسیل میں ناکام رہے۔

فی الحال کے الیکٹرک نیٹ ورک کی میرٹ آرڈر لسٹ میں ایف پی سی ایل بلند درجے پر ہے اور اس کے مطابق فوری یا قلیل مدتی خطرہ موجود نہیں ہے۔

ایندھن کی فراہمی میں غیر یقینی صورتحال:

کوئلے کی کمی / عدم فراہمی کی صورت میں، ایف پی سی ایل بجلی کے خریداروں یعنی کے الیکٹرک اور ایف ایف بی ایل کو بجلی فراہم نہیں کر سکتا جس کی وجہ سے Capacity Payment کی عدم وصولی ہو سکتی ہے۔

ایف پی سی ایل نے مذکورہ خطرات سے نمٹنے کے لئے مناسب کنٹرول وضع کر رکھے ہیں۔

بورڈ آف ڈائریکٹرز:

بورڈ، بورڈ میٹنگ کے ذریعے اور کمپنیز ایکٹ 2017 اور کمپنی کے میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن کے تحت دیئے گئے اختیارات کا استعمال کرتا ہے۔ یہ میٹنگ ہر سہ ماہی میں کم از کم ایک بار منعقد ہوتی ہے تاکہ کمپنی کے مالیاتی معاملات اور کاروباری منصوبوں کا جائزہ لیا جائے اور ان کی منظوری دی جائے۔

نام	ریمارکس	دوران مدت کل میٹنگ	دوران مدت میٹنگ میں حاضری
سید افتدر سعید	23 اپریل 2020 کو مستعفی ہوئے	2	1
جناب معیز الرحمٰن		8	8
سید خالد سراج سبحانی		8	8
محترمہ ناز خان	4 ستمبر 2020 کو مستعفی ہوئیں	4	4
محترمہ پورو چستی سدھوا		8	7
محترمہ سائرہ ناصر	23 ستمبر 2020 کو شامل ہوئیں	4	4
جناب قمر حارث منظور	10 جون 2020 کو شامل ہوئے	6	6

ایف ایف بی ایل کے ذیلی اداروں کی معلومات کمپنیز ایکٹ، 2017 کی شق (3)226 کے تحت فراہم کی جاتی ہیں:

FFBL پاور کمپنی لمیٹڈ (ایف پی سی ایل):

ایف پی سی ایل کی بنیادی سرگرمی پورٹ قاسم کراچی میں کوئلہ کی بنیاد پر قائم کارخانے سے بجلی پیدا کرنا ہے جس کی خالص گنجائش 103 میگاواٹ (مجموعی صلاحیت 118 میگاواٹ) ہے۔ ایف پی سی ایل نے اپنی تجارتی سرگرمیوں کا آغاز 19 مئی 2017 کو کیا۔

مالیاتی نتائج:

31 دسمبر 2020 کو ختم ہونے والے سال کے دوران ایف پی سی ایل نے فروخت کی لاگت 10,278 ملین روپے (10,142:2019 ملین روپے) کے مقابلے میں 16,644 ملین روپے (2019: 17,100 ملین روپے) کی فروخت حاصل کی۔ گزشتہ سال کے 3,891 ملین روپے کے منافع کے مقابلے میں سال 2020 کے دوران کمپنی نے 3,804 ملین روپے کا بعد از ٹیکس منافع حاصل کیا۔ اس کے نتیجے میں فی حصص آمدنی (EPS) 4.43 روپے (4.53:2019 روپے) رہی۔

دوران سال ایف پی سی ایل نے فی حصص 3.10 روپے کے حساب سے 2,662 ملین روپے کے ڈیویڈنڈ کا اعلان اور ادائیگی کی۔

موجودہ اثاثوں میں بنیادی طور پر اسٹاک ان ٹریڈ 908 ملین روپے، تجارتی قرض 2,216 ملین روپے اور ایڈوانسز اینڈ ڈپازٹس 417 ملین روپے شامل ہیں۔

موجودہ واجبات میں تجارتی قرض (بنیادی طور پر کوئلہ سپلائی کرنے والوں کو قابل ادائیگی معاوضہ)، جس کی مالیت 1,494 ملین روپے ہے، قابل ادا ورکرز پرافٹ پارٹیسپیشن فنڈ (WPPF) جس کی مالیت 20.77 ملین روپے ہے اور 2,123 ملین روپے طویل مدتی مالیاتی سہولیات کا موجودہ حصہ شامل ہے۔
31 دسمبر 2020 کو ختم ہونے والے سال کے دوران 1,860 ملین روپے کی طویل مدتی مالیاتی سہولیات کے تحت اصل رقم کی ادائیگی کی گئی۔ 31 دسمبر 2020 کو

ڈائریکٹرز رپورٹ

کمپنی نے ہر کاروباری یونٹ کے کنٹرول کے طریقہ کار کو مربوط بنایا ہے تاکہ اس بات کی تصدیق کی جاسکے کہ کاروباری پالیسیوں پر عملدرآمد کیا جارہا ہے اور جب ضروری ہو تو اصلاحی اقدامات کئے جائیں۔

بورڈ آف ڈائریکٹرز:

بورڈ، بورڈ میٹنگ کے ذریعے اور کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019، کمپنیز ایکٹ 2017 اور کمپنی کے میمورنڈم اینڈ آرٹیکلز آف ایسوی ایشن کے تحت دیئے گئے اختیارات کا استعمال کرتا ہے۔ یہ میٹنگ ہر سہ ماہی میں کم از کم ایک بار منعقد کی جاتی ہے تاکہ کمپنی کے مالیاتی معاملات اور کاروباری منصوبوں کا جائزہ لیا جائے اور ان کی منظوری دی جائے۔

سال کے دوران بورڈ آف ڈائریکٹرز کے آٹھ اجلاس ہوئے جن میں شرکت کی تفصیل درج ذیل ہے:

نام	ریمارکس	دوران مدت کُل میٹنگ	دوران مدت میٹنگ میں حاضری
لیفٹیننٹ جنرل طارق ندیم گیلانی (ریٹائرڈ)	20 مارچ 2020 کو مستعفی ہوئے	1	1
جناب وقار احمد ملک	6 اپریل 2020 کو شامل ہوئے	7	7
لیفٹیننٹ جنرل جاوید اقبال (ریٹائرڈ)	10 جون 2020 کو مستعفی ہوئے	2	2
جناب سرفراز احمد رحمان	10 جون 2020 کو شامل ہوئے	6	6
لیفٹیننٹ جنرل طارق خان (ریٹائرڈ)		8	8
ڈاکٹر ندیم عنایت		8	8
میجر جنرل عابد رفیق (ریٹائرڈ)	6 اگست 2020 کو مستعفی ہوئے	4	4
جناب ریحان لئیق	7 ستمبر 2020 کو مستعفی ہوئے	4	4
جناب عمران موئید	21 ستمبر 2020 کو شامل ہوئے 11 نومبر 2020 کو مستعفی ہوئے	2	2
سید بختیار کاظمی	26 نومبر 2020 کو شامل ہوئے	2	2
جناب محمد منیر ملک	6 اگست 2020 کو شامل ہوئے	4	4
جناب ریحان احمد	6 اگست 2020 کو شامل ہوئے	4	4
بریگیڈیئر حماد قادر (ریٹائرڈ)	6 اگست 2020 کو مستعفی ہوئے	4	4

خطرہ کی درجہ بندی	خطرہ	ذرائع	امکان	نوعیت	تخفیفی عوامل
ہیزرڈ	COVID-19	خارجی	ہوا ہے	درمیانہ	۔ خام مال کی نقل وحمل اور محفوظ انوینٹری کا مناسب نظام۔ ۔ متبادل ذریعہ سے فراہمی کا بندوبست۔ ۔ ملازمین کی صحت کی دیکھ بھال۔ لیبارٹری کے مثبت نتیجے کے بعد دوسروں سے الگ رہنا۔ ۔ملازمین "نیو نارمل" اپنائیں۔
مالی	FFBL کی سرمایہ کاری کی کارکردگی	داخلی	آسانی سے ہوسکتا ہے	بڑا	۔ سرمایہ کاری کے لئے مختلف منصوبوں کو پرکھنا۔ ۔ FFL اور FML کے لئے حاصل کردہ مالی اعانت کی تنظیم نو۔ ۔ ایف سی سی ایل میں سرمایہ کاری کی فروخت۔
	نقد رقم کی عدم دستیابی کا مسئلہ	داخلی	ہوسکتا ہے اور اس سے پہلے بھی ہو چکا ہے	بڑا	۔ FFL اور FML کے لئے حاصل کردہ مالی اعانت کی تنظیم نو۔ ۔ ادائیگیوں کے لئے فنڈز/OD لائنوں کا بندوبست کرنے کے لئے کوششیں۔ ۔ کاروباری منصوبہ بندی کی ضروریات پوری کرنے کے لئے اضافی سرمائے کا بندوبست۔
	شرح سود کا خطرہ	خارجی	ہوسکتا ہے اور اس سے پہلے بھی ہو چکا ہے	درمیانہ	ا۔ ایکویٹی کے ذریعے قرض میں کمی۔ ۔ ذیلی اداروں میں بڑی سرمایہ کاری کے امکانات کا جائزہ۔ ۔ سود کی شرح کے ناموافق اثر سے نمٹنے کے لئے KIBOR کے اتار چڑھاؤ پر گہری نظر۔
ماحولیاتی	ماحولیاتی خطرہ	خارجی	نہیں ہوا لیکن ہوسکتا ہے	شدید	۔ ابتداء سے ہی ایف ایف بی ایل نے ماحولیاتی تحفظ کے بارے میں انتہائی احتیاط برتی ہے اور کبھی بھی ماحولیات اور حفاظت کے معیار پر سمجھوتہ نہیں کیا۔

داخلی کنٹرول کا نظام:

داخلی کنٹرول کے نظام کو معقول یقین دہانی فراہم کرنے کے لئے ڈیزائن کیا گیا ہے تا کہ کمپنی مالی اور انتظامی معلومات کی دستیابی اور سالمیت کے علاوہ پالیسیوں، منصوبوں اور قوانین، وسائل کا موثر استعمال اور اہداف کی تکمیل کے ساتھ تعمیل کرتی رہے۔ ایف ایف بی ایل کا داخلی کنٹرول کا نظام بہت جامع ہے اور اس کے نفاذ کی باقاعدگی سے نگرانی کی جاتی ہے۔

ڈائریکٹرز رپورٹ

فوجی میٹ لمیٹڈ (ایف ایم ایل) اور فوجی فوڈز لمیٹڈ (ایف ایف ایل) میں کمپنی کی سرمایہ کاری کے ضمن میں بالترتیب 3,682 ملین (2019: 1,100 ملین روپے) اور 400 ملین (2019: 420 ملین روپے) کا نقصان اٹھانا پڑا۔ معاشی سست روی کی وجہ سے یہ کمپنیاں بری طرح متاثر ہوئیں جس نے سال کے لئے اس کے نتائج کو متاثر کیا۔

ایف پی سی ایل، اے کے بی ایل، پی ایم پی میں سرمایہ کاری سے حاصل ہونے والے منافع کے ساتھ ساتھ، مالیاتی آپریشنز سے حاصل ہونے والی آمدنی 5,184 ملین روپے رہی جو کہ سال 2019 میں 4,370 ملین روپے تھی۔

ٹیکس اخراجات 2700 ملین روپے رہے جو کہ سال 2019 میں 2,052 ملین روپے تھے۔ زیادہ فروخت اور ڈیویڈنڈ سے آمدنی کی بدولت سال 2020 میں کمپنی نے 2,192 ملین روپے کا خالص منافع حاصل کیا جبکہ سال 2019 میں خالص خسارہ 5,921 ملین روپے تھا۔ سال 2020 میں فی حصص آمدنی 2.12 روپے رہی جبکہ سال 2019 میں (5.72) روپے فی حصص خسارہ تھا۔

نمایاں خطرات، ذرائع، امکانات، نوعیت اور تخفیفی عوامل:

اگرچہ خطرات کو کبھی بھی پوری طرح سے ختم نہیں کیا جاسکتا لیکن یہ ضروری ہے کہ انتظامیہ ایسے خطرات کو سمجھے، ترجیحات طے کرے اور ان کے سد باب کا انتظام کرے جو وہ کاروباری حکمت عملی کے تناظر میں قبول کرنے پر راضی ہیں۔

سال 2020 میں، رسک مینجمنٹ ڈیپارٹمنٹ کی طرف سے خطرات کی تشخیص اور اس کی تخفیف کے لئے ایک وسیع تشخیصی مشق کی گئی۔ درپیش خطرات کا اندازہ اور ردعمل ذیل میں دیا گیا ہے:

خطرہ کی درجہ بندی	خطرہ	ذرائع	امکان	نوعیت	تخفیفی عوامل
آپریشنل	پیداوار کیلئے قدرتی گیس کی عدم فراہمی	خارجی	ہوسکتا ہے اور اس سے پہلے بھی ہوا ہے	بڑا	۔ ملکی غذائی تحفظ کے لئے مقامی یا سبسڈی والی RLNG کی فراہمی کے لئے GOP سے روابط۔ ۔ تمام کھاد پلانٹس کے لئے گیس کی فراہمی کی ایسی پالیسی جو سب کو مقابلے کی ایک جیسی فضا فراہم کرے۔

اہم مالیاتی نکات:

اہم مالیاتی اعداد و شمار جو کہ کمپنی کی کارکردگی ظاہر کرتے ہیں:

	2020	2019
	(روپے ملین میں)	(روپے ملین میں)
فروخت۔ خالص	83,234	66,839
مجموعی منافع	12,579	5,885
دیگر آمدن	5,184	4,370
قبل از ٹیکس منافع/(خسارہ)	4,893	(3,869)
بعد از ٹیکس خالص منافع/(خسارہ)	2,192	(5,921)
فی حصص آمدن/(خسارہ)(روپوں میں)	2.12	(5.72)
جی آئی ڈی سی پر نئے تخمینے سے حاصل منافع	2,741	-
ایکویٹی سرمایہ کاری سے خسارہ	(4,082)	(1,520)
بعد از ٹیکس مگر جی آئی ڈی سی اور سرمایہ کاری نقصان سے پہلے منافع/(خسارہ)	3,533	(4,401)
EBITDA	10,263	2,997
خالص ایکویٹی	13,959	6,834
	تناسب	تناسب
Debt Equity	61:39	73:27
Current Ratio	1.04	0.74

مالیاتی جائزہ:

کمپنی نے سال 2020 میں 12,579 ملین روپے کا مجموعی منافع حاصل کیا جو کہ گذشتہ سال 5,885 ملین روپے تھا۔ یہ اضافہ ریکارڈ فروخت سے منسوب ہے جو کہ گذشتہ سال کے مقابلے میں 25 فیصد زیادہ ہے۔

شرح سود میں کمی، قرضہ جات اور ورکنگ کیپٹل لائنز کا کم استعمال، نقد سرمائے میں اضافے کا سبب بنا۔ اس کے نتیجے میں مالیاتی لاگت میں کمی واقع ہوئی جو کہ سال 2019 میں 5,199 ملین روپے کے مقابلے میں 4,444 ملین روپے رہی۔

ڈائریکٹرز رپورٹ

ڈی اے پی:

سال 2020 کے دوران FFBL کی Sona DAP کی پیداوار 740 Kt رہی جبکہ سال 2019 میں یہ مقدار 831 Kt تھی، اس طرح 2020 کی پیداوار کل مقامی طلب کا 33 فیصد رہی۔ DAP کی سال کے آغاز کی بلند انوینٹری اور قیمتوں میں غیر معمولی ردوبدل کی وجہ سے درآمد کنندگان درآمد کرنے میں محتاط رہے جس سے انوینٹری مناسب مقدار میں دستیاب رہی۔ DAP کی صنعت کی درآمدات کا حجم 1,025 Kt رہا جبکہ سال 2019 میں یہ حجم 1,200 Kt تھا۔ DAP کی صنعت کی فروخت کا تخمینہ 2,255 Kt ہے، جو کہ سال 2019 کی فروخت سے 11 فیصد زیادہ ہے۔ مناسب قیمتیں، کسانوں کی معیشت میں بہتری اور رسد کے خدشات نے DAP کی مانگ میں اضافہ کیا۔ DAP کی صنعت کی اختتامی انوینٹری 40 Kt تھی، جو کہ سال 2019 کی 550 Kt اختتامی انوینٹری سے 93 فیصد کم ہے۔

FFBL۔ فروخت کی کارکردگی:

دوران سال Sona Urea(G) کی فروخت 559 Kt تھی جو کہ گزشتہ سال کی فروخت 508 Kt سے 10 فیصد زیادہ ہے۔ Urea کی صنعت میں ایف ایف بی ایل کے مارکیٹ میں حصے کا تخمینہ 9 فیصد ہے جبکہ سال 2019 میں 8 فیصد تھا۔ Sona Urea(G) اختتامی انوینٹری صفر رہی، جو کہ اس کی پیداوار شروع ہونے کے بعد سے لے کر آج تک کی پہلی صفر انوینٹری ہے۔

Sona DAP کی فروخت 926 Kt ریکارڈ کی گئی، جو کہ سال 2019 کی 688 Kt کی فروخت سے 35 فیصد زیادہ ہے۔ یہ سالانہ فروخت کا اب تک کا سب سے زیادہ حجم ہے، جبکہ اس سے پہلے سب سے زیادہ حجم 831 Kt سال 2017 میں حاصل کیا گیا تھا۔ DAP کی صنعت میں Sona DAP کا مارکیٹ میں حصے کا تخمینہ 41 فیصد ہے، جو کہ سال 2019 میں 34 فیصد تھا۔ سال کے آخر تک تمام دستیاب مال فروخت ہو گیا۔ اگست 2020 میں Sona DAP کی فروخت 109 Kt اور دسمبر 2020 میں 79 Kt تھی جو کہ ان مہینوں میں اب تک کی سب سے زیادہ فروخت ہے۔

ٹرن اراؤنڈ 2020:

پلانٹ اور آلات کی باقاعدگی سے دیکھ بھال پیداواری وسائل کے موثر استعمال کے لئے کلیدی اہمیت کی حامل ہے۔ ایف ایف بی ایل نے 2020 کی پہلی سہ ماہی کے دوران آلات اور مشینوں کے اطمینان بخش معائنے اور بحالی کا کام کامیابی سے مکمل کیا۔ سالانہ معائنے سے پہلے اس سرگرمی میں شرکت کرنے والے ملازمین اور ٹھیکیدار کے عملے کو حفاظتی پہلوؤں اور آگاہی کی تربیت بھی دی گئی۔

مختلف نوعیت کے 2,400 سے زیادہ کام 30 دن کے مقررہ وقت کے مقابلہ میں 28 دن کے اندر کامیابی کے ساتھ مکمل کیے گئے۔ بہتر سامان اور اہم مشینوں کی مرمت کے ساتھ آلات کی تبدیلی کو عمل میں لایا گیا، جس کی تصدیق پلانٹ کی موثر کارکردگی سے ہوتی ہے۔ زیادہ تر کام ملکی/ مقامی وسائل کو بروئے کار لا کر انجام دیے گئے۔ اس سرگرمی میں کچھ غیر ملکی ماہرین نے بھی حصہ لیا۔

مارکیٹنگ سرگرمیوں کا جائزہ:

اندرون ملک فرٹیلائزر مارکیٹ کی صورتحال:

COVID-19 لاک ڈاؤن سے زراعت کی صنعت نسبتاً کم متاثر ہوئی، معیشت کے دیگر شعبوں پر بڑے پیمانے پر اثر ہوا۔ کاروبار کی بندش کی وجہ سے نقد سرمائے کا بحران پیدا ہوا جس سے کسانوں کی قوت خرید بری طرح متاثر ہوئی۔ اس کے نتیجے میں مارچ تا مئی 2020 کے دوران کھاد کی فروخت کم رہی۔ ملک کے جنوبی اور مغربی علاقوں میں ٹڈی دل کے حملے نے ربیع 20-2019 کے آخر اور خریف 2020 کے اوائل میں فصلوں کو متاثر کیا۔ حکومتی ایجنسیوں کی بروقت کوششوں سے اس کا اثر توقع سے کم رہا۔

اپریل میں GOP نے فاسفورس اور پوٹاش کھادوں کے لئے سبسڈی دینے کا اعلان کیا، تاہم، اس پر عمل درآمد میں چھ ماہ کی تاخیر ہوئی۔ سبسڈی کے بارے میں حتمی فیصلہ اکتوبر میں کیا گیا اور صوبائی حکومتوں کو کاشتکاروں کو سبسڈی کی فراہمی کے انتظامات کرنے کا اختیار دیا گیا۔ سال کے آخر تک، کسی بھی صوبے میں سبسڈی کی فراہمی کا طریقہ کار طے نہیں ہو سکا۔

یوریا:

اگست سے دسمبر کے پہلے ہفتے تک Fatima Fertilizer اور Agritech پلانٹس کو نسبتاً سستی گیس کی مسلسل فراہمی کے نتیجے میں Urea کی پیداوار 6.1 ملین ٹن سے زیادہ رہی۔ سال کے اختتام پر یوریا کی صنعت میں 285 Kt کی مناسب انوینٹری تھی۔ طلب کے لحاظ سے، سال 2020 Urea کے لئے ایک مثبت سال تھا کیونکہ سال کے آغاز میں زائد انوینٹری کے باوجود فروخت نے 6 ملین ٹن کا ہدف عبور کیا۔ GOP کی جانب سے GIDC میں ایڈجسٹمنٹ کے بعد Urea بیگ میں 397 روپے فی بیگ کی آئی جس کے نتیجے میں صارفین کے لئے Urea کی قیمتیں کافی حد تک مناسب ہو گئیں۔ صنعت کی فروخت کا حجم پچھلے تین سالوں کی اوسط فروخت سے 2 فیصد زیادہ جبکہ 2019 کی فروخت سے 3 فیصد کم تھا۔

ڈائریکٹرز رپورٹ

معیشت:

پاکستان کی معیشت کی خصوصیت ہے کہ یہ عروج وزوال کا شکار رہی ہے اور ہمارا ملک ایک مستحکم نمو کے تسلسل کو برقرار رکھنے میں کامیاب نہیں رہ سکا۔ اس کی جزوی وجہ ملک کی معاشی پالیسیوں میں عدم تسلسل بھی ہے۔ محدود پیداواری اور برآمد کی صلاحیت کی وجہ سے معیشت اتار چڑھاؤ برداشت کرنے کی بھی نسبتاً کم استطاعت رکھتی ہے جو کہ محدود کاروباری سرگرمیوں کا باعث ہے۔ نتیجتاً ادائیگیوں میں عدم توازن معاشی نمو میں رکاوٹ پیدا کر رہی ہے۔

دہرے خسارے میں اعتدال کے بعد فروری 2020 تک پاکستان کی معیشت بحالی کی طرف گامزن تھی، تاہم یہ ابتدائی بحالی کورونا وباء کی اچانک آمد سے بری طرح متاثر ہوئی۔ کورونا وباء کے پھیلاؤ کی وجہ سے مالیاتی سال 2020 میں جی ڈی پی 0.4 فیصد تک سکڑ گئی، جبکہ اس وباء کی آمد سے پہلے ترقی کا ہدف 3 فیصد تھا۔ پیداوار، ریٹیل، ہاسپٹیلیٹی، ٹرانسپورٹ اور تجارت سے وابستہ سرگرمیاں متاثر ہوئیں جس کی وجہ سے جی ڈی پی کی حقیقی نمو میں شدید کمی دیکھنے میں آئی۔

کورونا وباء کے باوجود، پاکستانی معیشت بہتر معاشی اعشاریوں کے ساتھ امید افزا بحالی کے اشارے دے رہی ہے۔ ملک کے معاشی ماہرین کا خیال ہے کہ قومی معیشت صحیح سمت کی طرف گامزن ہے کیونکہ حکومت کے وسیع اقدامات نے معاشی استحکام کے راستے پر ترقی کے ساتھ آگے بڑھنے میں مدد کی ہے۔ حکومت کی طرف سے اٹھائے گئے مختلف اقدامات کی مدد سے پاکستان کی معیشت خاص طور پر پیداواری اور تعمیراتی شعبوں میں بہتری ہو رہی ہے۔

مالی سال کی پہلی ششماہی کے دوران پاکستان کا مجموعی کرنٹ اکاؤنٹ گذشتہ سال کی اسی مدت کے دوران 2 بلین امریکی ڈالر کے خسارے کے مقابلہ میں بڑھ کر 1.13 بلین امریکی ڈالر رہا۔ نتیجتاً درآمد کنندگان کی کم مانگ اور ملک میں ڈالر کی خاطر خواہ ترسیل کی وجہ سے پاکستانی روپیہ ڈالر کے مقابلے میں مضبوط ہوا۔

سرگرمیوں کا خلاصہ:

اللہ تعالیٰ کے فضل وکرم سے، دوران سال پلانٹ کی مجموعی کارکردگی تسلی بخش اور محفوظ رہی۔ گیس کی فراہمی پچھلے سال کے مقابلے میں قدرے زیادہ رہی۔

کمپنی نے سال 2019 کے 508 Kt کے مقابلے میں رواں سال 559 Kt یوریا کی پیداوار حاصل کی جو کہ گذشتہ سال کے مقابلے میں 10 فیصد اضافہ ہے۔ سال 2020 میں DAP کی پیداوار 740 Kt رہی جو کہ سال 2019 میں حاصل کی گئی 831 Kt کی پیداوار سے 11 فیصد کم رہی۔ گذشتہ سال DAP کی خاطر خواہ انوینٹری کی وجہ سے سال 2020 میں دستیاب گیس کو یوریا کی زیادہ پیداوار حاصل کرنے کیلئے استعمال کیا گیا۔

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

Name of Company: **Fauji Fertilizer Bin Qasim Limited**
Year ended: **December 31, 2020**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 12 as per the following:

a.	Male:	10
b.	Female:	02

2. The composition of the Board is as follows:

a.	Independent male Directors	2
b.	Independent female Directors	2
c.	Non-Executive Directors	7
d.	Executive Director	1

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 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 Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. All Directors of the Board are certified under “Directors’ Training Programme” except one.

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:

i) Audit Committee

- Mr Moeez ur Rehman, Chairman (Independent Director)
- Dr Nadeem Inayat, Member (Non-Executive Director)
- Ms Saira Nasir, Member (Independent Female Director)
- Syed Bakhtiyar Kamzi, Member (Non-Executive Director)

ii) HR and Remuneration Committee

• Ms Pouruchisty Sidhwa - Chairperson	(Independent Female Director)
• Mr Qamar Haris Manzoor, Member	(Non-Executive Director)
• Mr Mohammad Munir Malik, Member	(Non-Executive Director)
• Syed Khalid Siraj Subhani, Member	(Independent Director)

iii) Investment Committee

• Dr Nadeem Inayat , Chairman	(Non-Executive Director)
• Mr Sarfaraz Ahmed Rehman, Member	(Executive Director)
• Mr Qamar Haris Manzoor, Member	(Non-Executive Director)
• Ms Saira Nasir, Member	(Independent Female Director)
• Syed Bakhtiyar Kazmi, Member	(Non-Executive Director)

13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per follows:

a.	Audit Committee	-	Quarterly
b.	HR and Remuneration Committee	-	On required basis
c.	Investment Committee	-	On required basis

15. The Board has set up an effective internal audit function staffed with persons who are suitably qualified and experienced for the purpose and are well 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 have been complied with.

Mr Waqar Ahmed Malik
Chairman

Mr Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Date: January 26, 2021
Place: Islamabad

INDEPENDENT **AUDITORS' REVIEW REPORT**

TO THE MEMBERS OF THE FAUJI FERTILIZER BIN QASIM LIMITED

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 Bin Qasim Limited** (the Company) for the year ended **31 December 2020** 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 31 December 2020.

EY Ford Rhodes

Chartered Accountants
Place: Islamabad
Date: 19 February 2021

FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF THE FAUJI FERTILIZER BIN QASIM LIMITED

Opinion

We have audited the annexed financial statements of Fauji Fertilizer Bin Qasim Limited (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of 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 31 December 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountant's *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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Investments in Fauji Meat Limited and Fauji Foods Limited – subsidiary companies	
The Company has gross equity investment in Fauji Meat Limited (FML) and Fauji Foods Limited (FFL) amounting to Rs. 6,885 million and Rs. 7,422 million (including Rs. 2,749 million invested in FFL during the year), respectively, as at 31 December 2020. This represents 90.18% (2019: 90.18%) and 67.5% (2019: 50.59%) shareholding in FML and FFL, respectively. As of 31 December 2020, the Company has recognised allowance for impairment amounting to Rs. 4,782 million (2019: Rs. 1,100 million) and Rs. 820 million (Rs. 420 million), respectively. Furthermore, sub-ordinated long-term loan amounting to Rs. 1,065 million and Rs. 5,925 million, respectively to FML and FFL are outstanding at 31 December 2020.	The following procedures were performed: ● Understood the Company's process for identification of indicators of impairment and, selection and application of methods/models to determine recoverable values of its equity investments. ● Assessed whether the respective value in use models were in accordance with the requirements of IAS 36 "Impairment of assets". ● Assessed the cash flow forecasts, approved by the Board of Directors of FML and FFL, taking into account our knowledge of the businesses and comparing the cash flow forecasts to externally available industry, economic and financial data.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF THE FAUJI FERTILIZER BIN QASIM LIMITED

Key audit matters	How the matter was addressed in our audit
The Company has also issued standby letter of credit amounting to Rs. 934 million and Rs. 1,000 million in favor of FML and FFL under the Diminishing Musharaka Agreement and Master Facility Agreement. The Company has also agreed to provide further financial support to FFL, up to Rs. 3,500 million in the form of sub-ordinated loan and collateral support. The Company has also agreed to provide a financial revolving guarantee, on behalf of FFL, amounting to Rs. 6,067 million. FML has consistently incurred losses since inception in 2016. As at 31 December 2020, the accumulated losses of FML, as disclosed in its financial statements, amounts to Rs. 7,074 million. FFL, a company listed with Pakistan Stock Exchange, wherein the Company made its initial investment in 2015, has also been consistently incurring losses, since 2013. As at 31 December 2020, the accumulated losses of FFL, as disclosed in its financial statements, amounted to Rs. 15,188 million. These factors, in addition to others indicate that the Company's investments in FML and FFL might be impaired. In accordance with the requirements of IAS 36, the Company has performed impairment assessments by comparing the carrying value of the Company's investment in FML and FFL to their recoverable amount to determine whether an impairment is required to be recognised. For this purpose, management has used discounted cash flow model to determine the value in use of FML and FFL. The assessment of Expected Credit Losses has also been carried out on the sub-ordinated loans. Following key assumptions have been used as basis to determine the value in use: ● Sales growth rate; ● Operating margin; ● Long-term market growth-rate; and ● Discount rate The changes in above mentioned assumptions can lead to significant changes in the assessment of the recoverable amounts.	● Involved our Valuation Specialists to assess the appropriateness of the management's assumptions. Analyzed the Company's sensitivity analysis in main areas being the sales growth, operating margin, discount rate and long-term market growth-rate assumptions. ● Obtained corroborating evidence regarding the cash flow forecasts by comparing the managements' forecasts for current year with actual results. ● Assessed the timing of re-payment/adjustment of sub-ordinated loans and utilization and repayment of collateral support/financial guarantee incorporated into the discounted cash flow models. ● Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Key audit matters	How the matter was addressed in our audit
Accordingly, we consider this as a key audit matter due to the significant judgment involved in estimating the recoverable amounts. Management concluded that the Company's equity investment in FML, as of 31 December 2020, was impaired and has accordingly recognised additional impairment charge amounting to Rs. 3,682 million. Any Expected Credit Loss (ECL) in respect of the Company's sub-ordinated loan and collateral support is insignificant. Management also concluded that the Company's equity investment in FFL, as of 31 December 2020, was impaired and has accordingly recognised additional impairment charge amounting to Rs. 400 million. Any Expected Credit Loss (ECL) in respect of the Company's sub-ordinated loan, financial guarantee and collateral support is insignificant. Refer to notes 14.3.1, 14.3.4, 15.1 and 15.2 of the accompanying financial statements, for a discussion on the matter by management.	
2. Accounting for Gas Infrastructure Development Cess	
As at 31 December 2020, the Company has recognised a liability of Rs. 19,593 million against Gas Infrastructure Development Cess (GIDC), under the Gas Infrastructure Development Cess Act, 2015, along with gain on restructuring and finance cost of Rs. 3,301 million and Rs. 560 million, respectively; pursuant to the Supreme Court of Pakistan's decision announced on 6 November 2020 which resulted in exchange of liabilities with significantly different terms. In the absence of any accounting standard that specifically applies to recognition, measurement and disclosure requirements for such a liability, the Company has used the guidance of paragraphs 10–11 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in developing and applying an accounting policy for the liability for recognition, measurement, presentation and disclosure, that would result in information that is relevant, to the economic decision-making needs of users of financial statements, and reliable. Due to the significance of the amount, the judgment involved in selection of accounting policies and impact of exchange of liabilities with significantly different terms, we have considered this to be a key audit matter. Refer to notes 2.4.10, 3.12 and 8.3 of the accompanying financial statements, for the selected accounting policy and a discussion on the matter by management.	The following procedures were performed: ● Understood the Company's process for assessment of whether recognition, measurement and disclosure requirements for GIDC payable is within the scope of any accounting Standard. ● Understood the Company's process for selection of accounting policies and impact of exchange of liabilities with significantly different terms. ● Obtained and reviewed the detailed judgement issued by the Supreme Court of Pakistan. ● Viewed the legal analysis carried out by one of the Company's external legal counsel to understand the nature and extent of the Company's obligation, under GIDC Act, 2015, as of reporting date. ● Involved our internal financial reporting specialists to assess the appropriateness of the accounting policy selected by management, that should result in information that is relevant, to the economic decision-making needs of users of financial statements, and reliable. ● Assessed the emerging local practice for selection and application of related accounting policies. ● Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF THE FAUJI FERTILIZER BIN QASIM LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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 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 Farooq Hameed.

Chartered Accountants

Place: Islamabad

Date: 19 February 2021

STATEMENT OF **FINANCIAL POSITION**
AS AT DECEMBER 31, 2020

	Note	2020	2019
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	**9,341,100**	9,341,100
Advance against issue of shares	5	**4,885,787**	-
Capital reserve	6	**228,350**	228,350
Revenue reserve			
Accumulated loss		**(495,832)**	(2,735,489)
		13,959,405	6,833,961
NON-CURRENT LIABILITIES			
Long-term loans	7	**15,425,006**	13,791,667
Deferred liabilities	8	**14,530,380**	1,578,651
		29,955,386	15,370,318
CURRENT LIABILITIES			
Trade and other payables	9	**21,637,647**	34,993,385
Advances from customers		**2,204,000**	83,309
Unpaid dividend		**10,954**	10,954
Unclaimed dividend		**117,007**	118,640
Accrued interest	10	**445,326**	962,251
Short-term borrowings	11	**15,822,065**	28,227,084
Current portion of long-term loans	7	**6,816,662**	4,566,667
		47,053,661	68,962,290
		90,968,452	91,166,569
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes, from 1 to 38, form an integral part of these financial statements.

	Note	2020	2019
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**13**	**10,192,781**	10,427,911
Long-term investments	**14**	**24,546,403**	26,179,751
Long-term loans	**15**	**6,990,318**	3,130,000
Long-term advances		**3,210**	18,385
Long-term deposits		**78,643**	78,643
		41,811,355	39,834,690
CURRENT ASSETS			
Stores and spares	**16**	**2,894,482**	2,988,584
Stock-in-trade	**17**	**2,861,568**	14,756,054
Trade debts	**18**	**1,656,387**	8,606,885
Advances	**19**	**772,702**	923,231
Trade deposits and short-term prepayments	**20**	**99,899**	132,688
Interest accrued		**473,503**	247,867
Other receivables	**21**	**5,170,133**	6,004,866
Income tax refundable - net		**1,744,650**	2,651,366
Sales tax refundable	**22**	**8,435,341**	8,716,968
Short-term investments	**23**	**-**	1,009,029
Cash and bank balances	**24**	**25,048,432**	5,294,341
		49,157,097	51,331,879
		90,968,452	91,166,569

CHAIRMAN **CHIEF EXECUTIVE** **DIRECTOR** **CHIEF FINANCIAL OFFICER**

STATEMENT OF **PROFIT OR LOSS**
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees '000)	
Sales - net	25	**83,234,360**	66,839,286
Cost of sales	26	**(70,655,385)**	(60,954,649)
GROSS PROFIT		**12,578,975**	5,884,637
Selling and distribution expenses	27	**(5,517,769)**	(5,345,447)
Administrative expenses	28	**(1,255,126)**	(1,421,843)
		(6,772,895)	(6,767,290)
		5,806,080	(882,653)
Finance cost	29	**(4,444,122)**	(5,198,681)
Other expenses	30	**(311,681)**	(637,818)
Other income	31	**5,183,896**	4,370,245
		6,234,173	(2,348,907)
Remeasurement gain on GIDC - net	8	**2,740,855**	-
Impairment of equity investment - FML and FFL	14	**(4,082,212)**	(1,520,000)
PROFIT / (LOSS) BEFORE TAXATION		**4,892,816**	(3,868,907)
Taxation	32	**(2,700,379)**	(2,051,838)
PROFIT / (LOSS) FOR THE YEAR		**2,192,437**	(5,920,745)
			Restated
Earnings / (loss) per share - basic and diluted (Rupees)	33	**2.12**	(5.72)

The annexed notes, from 1 to 38, form an integral part of these financial statements.

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF **COMPREHENSIVE INCOME**
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees '000)	
PROFIT / (LOSS) FOR THE YEAR		**2,192,437**	(5,920,745)
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefits obligation	**9.3.5**	**47,220**	(208,640)
TOTAL COMPREHENSIVE INCOME / (LOSS)		**2,239,657**	(6,129,385)

The annexed notes, from 1 to 38, 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, 2020

	Share capital	Advance against issue of shares	Capital reserve	Accumulated loss	Total
			(Rupees ' 000)		
Balance as at January 01, 2019	9,341,100	-	228,350	4,328,006	13,897,456
Total comprehensive loss					
Loss for the year	-	-	-	(5,920,745)	(5,920,745)
Other comprehensive loss	-	-	-	(208,640)	(208,640)
Total comprehensive loss for the year	-	-	-	(6,129,385)	(6,129,385)
Transactions with owners recorded directly in equity					
Distribution to owners					
Final dividend 2018 (Re. 1 per ordinary share)	-	-	-	(934,110)	(934,110)
Balance as at December 31, 2019	9,341,100	-	228,350	(2,735,489)	6,833,961
Balance as at January 01, 2020	**9,341,100**	**-**	**228,350**	**(2,735,489)**	**6,833,961**
Total comprehensive income					
Profit for the year	**-**	**-**	**-**	**2,192,437**	**2,192,437**
Other comprehensive income	**-**	**-**	**-**	**47,220**	**47,220**
Total comprehensive income for the year	**-**	**-**	**-**	**2,239,657**	**2,239,657**
Advance against issue of shares	**-**	**4,885,787**	**-**	**-**	**4,885,787**
Balance as at December 31, 2020	**9,341,100**	**4,885,787**	**228,350**	**(495,832)**	**13,959,405**

The annexed notes, from 1 to 38, 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, 2020

	Note	2020	2019
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operating activities	**34**	**31,433,747**	(10,907,995)
Finance cost paid		**(4,961,047)**	(4,678,613)
Taxes paid		**(910,756)**	(1,121,370)
Payment to gratuity fund	**9.3.5**	**(108,116)**	(77,489)
Compensated absences paid	**8.1**	**(67,463)**	(47,016)
Payment to Workers' (Profit) Participation Fund	**9.2**	**-**	(10,954)
Net cash generated from / (used in) operating activities		**25,386,365**	(16,843,437)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		**(711,315)**	(2,359,566)
Long-term advances		**15,175**	83,670
Proceed from sale of long-term investment	**14.2.1**	**384,253**	-
Proceeds from sale of property, plant and equipment	**13.3**	**131,552**	50,618
Dividend received from related parties		**3,075,710**	3,120,071
Long-term loan disbursed	**15**	**(6,490,318)**	(3,730,000)
Short-term investments		**9,212**	5,400,716
Cash dividend on mutual funds		**380**	-
Profit received on bank balances, term deposits, sub-ordinated loans and guarantee fee		**590,608**	761,923
Net cash (used in) / generated from investing activities		**(2,994,743)**	3,327,432
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans - received		**8,450,000**	4,275,000
Long-term loans - repaid		**(4,566,666)**	(7,125,000)
Advance against issue of shares		**4,885,787**	-
Short-term borrowings - net		**(8,500,006)**	7,949,993
Dividend paid		**(1,633)**	(932,830)
Net cash generated from financing activities		**267,482**	4,167,163
Net increase / (decrease) in cash and cash equivalents		**22,659,104**	(9,348,842)
Cash and cash equivalents at the beginning of the year		**(8,982,750)**	366,092
Cash and cash equivalents at the end of the year	**24.4**	**13,676,354**	(8,982,750)

The annexed notes, from 1 to 38, form an integral part of these financial statements.

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

1 STATUS AND NATURE OF BUSINESS

Fauji Fertilizer Bin Qasim Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 ("the Act") with effect from May 31, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA Phase II, Islamabad, Pakistan. The principal objective of the Company is manufacturing, purchasing and marketing of fertilizers. The Company commenced its commercial production effective January 1, 2000.

These financial statements are the separate financial statements of the Company in which investment in subsidiary companies, associates and joint venture is accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are presented separately.

Geographical location and addresses of business units including plants of the Company are as under:

Location	Purpose
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Karachi	
Plot No. EZ/I/P-1 Eastern Zone, Port Qasim, Karachi	Manufacturing Plant

1.1 The Company's Gas Supply Agreement (GSA) with Sui Southern Gas Company Limited (SSGCL) expired on December 31, 2020. The Company is in communication with all relevant stakeholders for renewal of GSA for further 5 years. Management is confident that the renewal will be on existing terms and conditions, including supply of gas at indigenous natural gas rates, without any significant disruption to operations of the Company. Consequently, the Company's profitability would not be significantly impacted as the Company is taking necessary measures to maintain its profitability. Management of the Company remains confident that the formal addendum to GSA will be signed within due course.

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 applicable in Pakistan comprise of:

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values and staff gratuity and compensated absences which are carried at present value of defined benefit obligation net of fair value of any related plan asset.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Staff retirement gratuity (note 9.3)

Defined benefit plan is provided for permanent employees of the Company. The plan is typically structured as a separate legal entity managed by trustees. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.4.2 Property, plant and equipment (note 13)

The Company reviews the useful lives 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.

2.4.3 Provision for inventory obsolescence (notes 16 and 17)

The Company reviews the carrying amount of stock-in-trade, stores and spares on an annual basis, and as appropriate, inventory is written down to its net realizable value, or a provision is made for obsolescence if there is any change in the usage pattern and physical form of related inventory. 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.

2.4.4 Provision for expected credit losses of trade debts and other receivable (notes 18 and 21)

The Company uses a provision matrix to calculate ECLs for trade debts. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade debts is disclosed in note 36.2.

The measurement of impairment losses under IFRS 9 for financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

Elements of the Company's calculation of ECL that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there is a significant increase in credit risk and allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment; and
- Selection of forward-looking multiple scenarios and their probability weightings, to calculate the amount of ECL.

It is the Company's policy to regularly review its basis of calculations in the context of actual loss experience and adjust when necessary.

2.4.5 Taxation (notes 8 and 32)

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 views taken by 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.

The Company recognises deferred tax assets, to the extent it is probable that taxable profits and tax liability, as applicable, will be available against which the deductible temporary differences and tax credits can be utilized, based on its assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies while also keeping in view the provisions of Income Tax Ordinance 2001 related to adjustment/carry forward of the underlying temporary differences and tax credits, in subsequent years.

2.4.6 Contingencies (note 12)

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

2.4.7 Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss, if any.

2.4.8 Impairment of long-term equity investments and loans (notes 14 and 15)

The carrying amount of the Company's long-term equity investments are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. At each reporting date, management also assesses the expected credit loss in respect of long-term loan to its subsidiaries.

The information about impairment charge on the Company's long-term equity investments is disclosed in note 14.

2.4.9 Disclosure related to IFRS 16 "Leases"

As discussed in note 3.4, the Securities and Exchange Commission of Pakistan (SECP) has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) - 16 "Leases" to all companies that have executed their power purchase agreement before 2019. Accordingly the Company does not apply lease accounting to it's agreements with FFBL Power Company Limited (FPCL). It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16. Accordingly, to estimate the impact, the Company has to determine the interest rate inherent in the arrangement, present value of lease obligation, the useful lives of the plants and the impact of any shortfall in the capacity made available to the Company, during the period, by FPCL.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

2.4.10 Selection of accounting policy for GIDC (note 9)

In the absence of any Standard that specifically applies to recognition, measurement and disclosure requirements for such a liability, the Company has used the guidance of paragraphs 10–11 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in developing and applying an accounting policy for the liability for recognition, measurement, presentation and disclosure, that would result in information that is relevant, to the economic decision-making needs of users of financial statements, and reliable; which align with accounting policy applied to a financial liability.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These polices have been applied consistently for all periods presented, unless otherwise stated.

3.1 Employees' benefits

The Company has established the following employees' benefit schemes for its employees:

Provident fund - Defined contribution scheme

The Company operates a defined contributory provident fund for all its permanent employees. The fund is administered by trustees. Monthly contributions are made to the fund both by the Company and employees at the rate of 10% of basic pay. The employees of the Company have an option to deposit extra contribution, of 5% or 10% of basic pay, to the fund. The Company's contribution is charged to income for the year.

Gratuity fund - Defined benefit scheme

The Company operates a funded gratuity scheme for all employees who complete the qualifying period of service and age. The Fund is administered by trustees. Contributions to the fund are made on the basis of actuarial valuations, using the Projected Unit Credit Method, related details of which are given in note 9.3. Amounts determined by the actuary as charge for the year are included in the income for the year. Expected gratuity cost for the next year is estimated to Rs. 47,346 thousand.

Remeasurement adjustments, including actuarial gains and losses arising from changes in demographic and financial assumptions and return on plan assets excluding amounts included in net interest on the net defined benefit liability, are charged or credited in other comprehensive income in the year in which they arise. Remeasurements are not reclassified to the statement of profit or loss in subsequent periods.

Compensated absences

The Company grants compensated absences to all its permanent employees in accordance with the rules of the Company. Under this unfunded scheme, regular employees are entitled maximum 30 days privilege leave for each completed year of service. Unutilized privilege leaves are accumulated up to a maximum of 120 days which are encashable at the time of separation from service on the basis of last drawn gross salary. 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 income in the year in which they arise.

3.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in other comprehensive income in which case it is recognised in statement of comprehensive income.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

Deferred

Deferred tax is calculated using balance sheet method in respect of all 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 recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences 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 recognised for the following temporary differences: 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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.

3.3 Fixed assets

Property, plant and equipment

Property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less allowance for impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 recognised net within "other income" in statement of profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised 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 derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of profit or loss as incurred.

Depreciation is calculated on the straight line method 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 13. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal. Freehold land is not depreciated.

3.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low-value asset.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Through S.R.O No. 986(I)/2019, dated September 02, 2019, the SECP, however, has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) - 16 "Leases" to all companies that have executed their power purchase agreement before 2019. Accordingly the Company does not apply lease accounting to it's agreements with FFBL Power Company Limited (FPCL). It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16.

In 2017, FFBL Power Company Limited (FPCL), a subsidiary company, achieved Commercial Operation Date (COD) on May 19, 2017. Under Power Purchase Agreement (PPA), dated April 15, 2016, FPCL has agreed to provide, on an exclusive basis, 48,000 kWh electricity, with an 85% dependable capacity, for 30 years to the Company, from its two Steam Turbine Generators (STG-1 and STG-2, with STG-3 remaining on standby) at 60Hz. As a consideration, the Company is liable to pay Capacity Price and Energy Price.

Under a separate Steam Purchase Agreement (SPA), dated April 15, 2016, FPCL has also agreed to provide, on an exclusive basis, 211.30 MTPH steam for 30 years, from two of its Steam Turbines. As a consideration, the Company is liable to pay Capacity Price and Steam Price. The Company has assessed that the exemption available to power purchase agreement under the above mentioned SRO is also applicable to its steam purchase agreement as the term "Power" includes steam.

PPA and SPA convey rights to the Company to use FPCL's specified Steam Turbine Generators and Steam Turbines, respectively. Under the waiver granted by SECP, however, the Company has elected to account for the transactions under PPA and SPA on executory contract basis, in accordance with the provisions of IAS 37 "Provisions, contingent liabilities and contingent assets.

Under IFRS - 16, the lease payments required to be made by lessee for the right-to-use the asset is to be accounted as right-of-use assets and lease obligation. Had the standard been applied, following adjustments to statement of profit or loss and statement of financial position would have been made:

	2020 (Rupees '000)
Decrease in cost of sales	**4,919,957**
Increase in depreciation	**(571,705)**
Increase in finance cost	**(4,794,082)**
Net increase in cost	**(445,830)**
Decrease in profit for the year	**(445,830)**
Increase in right-to-use of assets	**12,942,471**
Increase in lease obligation	**13,997,412**

During the year, the Company and FPCL have revised rates applicable to operation and maintenance component of energy price and capacity price w.e.f. January 01, 2020. Accordingly, above disclosures reflect these changes.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.5 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to profit or loss.

3.6 Investments

3.6.1 Investments in subsidiaries

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.

Investments in subsidiaries are initially recognised at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investments' recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there is a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in statement of profit or loss.

3.6.2 Investments in associates

Associates are those entities in which the Company has significant influence, but not control over the financial and operating policies.

Investments in associates are initially recognised at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE YEAR ENDED DECEMBER 31, 2020

the investments' recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there is a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in statement of profit or loss.

3.6.3 Investments in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint venture is initially recognised at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investments' recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there is a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of profit or loss.

3.7 Impairment of non-financial assets

Non-financial assets

The carrying amounts of non-financial assets other than stores and spares, stock-in-trade and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' 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 recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit or loss.

Impairment loss recognised 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 recognised.

3.8 Stores and spares

Stores and spares 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 and spares on regular basis and provision is made for obsolescence.

Net realizable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

3.9 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit which is valued at cost comprising invoice value and related expenses incurred thereon up to the reporting date less impairment, if any.

Cost is determined as follows:

- Raw materials	at weighted average purchase cost and directly attributable expenses.
- Work-in-process and finished goods	at weighted average cost of raw materials and related manufacturing expenses.

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.

3.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortized cost, which approximates the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.11 Contract Balances

Contract assets and Contract liabilities

A contract asset is the right to consideration in exchange for goods transferred to the customer, when the right is conditioned on something other than the passage of time. Contract asset are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in note 3.12.

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related good. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

Trade debt

A trade debt is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 3.12.

3.12 Financial instruments

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing

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component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 3.18 "Revenue recognition".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortized cost includes trade debts, deposits, loan to subsidiaries, interest accrued, loan and advances to employees, short-term investments and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling;

And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not carry debt instruments at fair value through OCI.

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Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any investment in equity instrument carried at fair value at OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Company's financial asset at fair value through profit or loss consists of its investment in mutual funds.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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(d) Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Company's policy to measure ECLs on investment at fair value through OCI on a 12-months basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit agencies, both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in note 36.2.

Financial liability

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, long-term financing, accrued mark-up, unpaid and unclaimed dividend payable and short-term borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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Financial liabilities at 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 at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any, entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance cost in the statement of profit or loss.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.13 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances, short-term highly liquid investments and short-term running finance.

3.14 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at originally recognised amount less subsequent repayments, while the difference between the original recognised amounts (as reduced by periodic payments) and redemption value is recognised in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.5.

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3.15 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.16 Dividends

Dividends are recognised as a liability in the period in which they declared.

3.17 Foreign currency

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Exchange differences are included in profit or loss for the year.

3.18 Revenue recognition

The entity is in the business of manufacturing of fertilizer products. Revenue from contract with customer is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled for those goods. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of fertilizer is recognised at a point in time, when the control of the asset is transferred to the customer, generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer. The Company's credit sales normally carry credit term of 30 days to 180 days and is secured against bank guarantee. The Company's remaining sales are against advance payment by its customers.

In determining the transaction price for the sale of fertilizer, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer, if any.

(i) Post-sales incentives

These post-sales incentives are based on monthly volume of purchases made by individual customers and is settled in cash, within 30 days of the month it relates to. Accordingly, no estimation uncertainty arises and the amount of payable is set off against the related trade debts.

(ii) Financing component

The Company allows credit period of 30 days to 180 days to its certain customers, for the sale of fertilizer, against a credit charge determined based upon volume of sales and period of credit. There is a financing component for these contracts considering the prevailing interest rate in the market.

Scrap sales and miscellaneous receipts are recognised when they are earned.

3.19 Basis of allocation of common expenses

Fauji Fertilizer Company Limited proportionately allocates common selling and distribution expenses, being the costs incurred and for services rendered on behalf of the Company, under an inter-company services agreement.

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3.20 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 period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

3.21 Finance income and finance cost

Finance income comprises interest income on funds invested and loans, dividend income, gain on disposal of available-for-sale financial assets and changes in the fair value of investments held for trading. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Gain on sale of investments is recognised on the completion of sales transaction.

Finance cost comprise interest expense on borrowings and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.22 AMMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

Standard and IFRIC		**Effective date (annual periods beginning on or after)**
IFRS 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 01, 2021
IFRS 3	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	January 01, 2022
IAS 16	Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	January 01, 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	January 01, 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

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The Company expects that the adoption of the above standards and amendments will have no material effect on the Company's financial statements.

In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
IFRS 16	Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.
IAS 41	Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		**Effective date (annual periods beginning on or after)**
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

3.23 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for new standards, interpretation and amendments to following standards as described below:

IFRS 3	Business Combinations - Definition of a Business (amendments)
IFRS 7 & IFRS 9	Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)
IFRS 9	Extension of temporary exemption for applying IFRS 9 in response to extension in effective date of IFRS 17 "Insurance Contracts".
IAS 1 & IAS 8	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)
IFRS 16	Covid-19-Related Rent Concessions (Amendment to IFRS 16)
IFRS 14	Regulatory Deferral Accounts - Original issue

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The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for the preparation of financial statements. The revised Conceptual Framework is not a standard and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help prepare and develop consistent accounting policies, if there is no applicable standard in place to assist all parties to understand and interpret the standards.

		2020	2019
		(Rupees '000)	
4	**SHARE CAPITAL**		
4.1	**AUTHORIZED SHARE CAPITAL**		
	1,500,000,000 (2019: 1,100,000,000) Ordinary shares of Rs. 10 each	**15,000,000**	11,000,000

4.2 Pursuant to Extraordinary General Meeting held on September 09, 2020, the authorized share capital of the Company has been increased from Rs. 11,000,000,000 (1,100,000,000 shares of Rs. 10 each) to Rs. 15,000,000,000 (1,500,000,000 shares of Rs. 10 each).

		2020	2019
		(Rupees '000)	
4.3	**ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**		
	934,110,000 (2019: 934,110,000) Ordinary shares of Rs. 10 each issued for cash	**9,341,100**	9,341,100

4.4 Fauji Fertilizer Company Limited (FFCL) and Fauji Foundation (FF) held 465,891,896 and 170,842,386 (2019: 465,891,896 and 170,842,386) Ordinary shares, respectively, of the Company at the year end.

Pursuant to an agreement dated October 16, 2016, FFCL has agreed to issue to FF, irrevocable proxies to allow FF to vote on behalf of FFCL in all general meetings. Further, FFCL has also given an undertaking that the representative of FF to be elected or co-opted or appointed on the Board of the Company, shall be nominated by FF.

5 ADVANCE AGAINST ISSUE OF SHARES

Pursuant to the decision of the Board of Directors in their meeting held on October 06, 2020, the Company commenced the process for a right issue of shares in the aggregate amount of Rs. 4,999,999,998 divided into 357,142,857 ordinary shares (i.e. 38.3325% of existing ordinary shares of Rs. 10 per share) at Rs. 14 per share. As at the reporting date, the Company has received amount of Rs. 4,885,787,494 (refer note 24.3), whilst the balance amount of Rs. 114,212,504 remained unsubscribed (i.e. amounting to 8,158,036 shares), which are to be allotted to the underwriters in equal proportion, pursuant to the Board of Directors decision in their meeting held on January 04, 2021. Subsequent to reporting date, the Company has allotted the right shares upon fulfilling certain regulatory requirements.

6 CAPITAL RESERVE

This represents share premium of Rs. 5 per share received on the public issue of 45,670 thousand ordinary shares in 1996. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017. Subsequent to reporting date, upon allotment of right shares an amount of Rs. 1,428,571 thousand has been transferred to capital reserve.

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		Note	2020	2019
			(Rupees '000)	
7	**LONG-TERM LOANS**			
	LOANS FROM BANKING COMPANIES - SECURED			
	Related party			
	Askari Bank Limited	7.1	**416,667**	500,000
	Others			
	Habib Bank Limited		**4,116,667**	1,333,334
	United Bank Limited		**666,667**	1,333,334
	National Bank of Pakistan		**1,333,334**	2,000,000
	MCB Bank Limited		**10,250,000**	8,750,000
	Allied Bank Limited		**5,125,000**	3,775,000
	Bank Al-Habib Limited		**333,333**	666,666
			21,825,001	17,858,334
			22,241,668	18,358,334
	Less: Current portion shown under current liabilities		**(6,816,662)**	(4,566,667)
			15,425,006	13,791,667

7.1 The Company has obtained a secured long-term facility from Askari Bank Limited, a related party, for the purpose of Balance Sheet reprofiling.

7.2 Terms and Conditions of these loans are as follows:

Lenders	Mark-up Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
Askari Bank Limited	6 Month KIBOR + 0.50	6 Half Yearly	September, 2020	March, 2023
Habib Bank Limited	3 Month KIBOR + 0.55	12 Quarterly	March, 2019	December, 2021
	0.50	8 Quarterly	January, 2021*	October, 2022
	3 Month KIBOR + 1.50	12 Quarterly	January, 2023	October, 2025
United Bank Limited	6 Month KIBOR + 0.55	6 Half Yearly	March, 2019	September, 2021
National Bank of Pakistan	3 Month KIBOR + 0.50	12 Quarterly	March, 2020	December, 2022
MCB Bank Limited	3 Month KIBOR + 0.55	12 Quarterly	December, 2018	September, 2021
	3 Month KIBOR + 0.55	12 Quarterly	July, 2020	April, 2023
	3 Month KIBOR + 0.85	12 Quarterly	June, 2021	March, 2024
	3 Month KIBOR + 1.50	16 Quarterly	January, 2024**	January, 2028

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Lenders	Mark-up Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
Allied Bank Limited	3 Month KIBOR + 0.50	12 Quarterly	December, 2018	September, 2021
	6 Month KIBOR + 0.60	6 Half Yearly	June, 2021	December, 2023
	3 Month KIBOR + 0.50	12 Quarterly	September 2020	June, 2023
	6 Month KIBOR + 0.85	6 Half Yearly	December 2022	June, 2025
Bank Al-Habib Limited	3 Month KIBOR + 0.50	12 Quarterly	February, 2019	November, 2021

These are secured against ranking charges over fixed and current assets of the Company and carry mark-up at rates ranging from 7.75% to 8.78% per annum (2019: 14.05 % to 14.45% per annum).

* This represents salary finance under SBP refinance scheme to support employment and prevent layoff of workers.

** Other terms and conditions are under negotiation.

		Note	2020	2019
			(Rupees '000)	
8	**DEFERRED LIABILITIES**			
	Compensated leave absences	8.1	**477,186**	556,737
	Deferred tax	8.2	**1,904,820**	1,021,914
	Payable against GIDC	8.3	**12,148,374**	-
			14,530,380	1,578,651
8.1	**Compensated leave absences**			
	The movement in the present value of compensated leave absences is as follows:			
	Balance at beginning of the year		**556,737**	554,969
	(Income) / expense for the year		**(12,088)**	48,784
	Benefits paid during the year		**(67,463)**	(47,016)
			477,186	556,737
	The main assumptions used for actuarial valuation are as follows:			
	Discount rate - per annum		**11.25%**	13.75%
	Expected rate of increase in salaries - per annum		**10.25%**	11.25%
	Mortality table		**SLIC-2001-2005**	SLIC-2001-2005
	Withdrawal factor		**Low**	Age-Based

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		Note	2020	2019
			(Rupees '000)	
8.2	**The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:**			
	Accelerated tax depreciation		**1,500,102**	1,511,560
	Remeasurement gain on GIDC		**794,848**	-
	Provision for inventory obsolescence		**(58,805)**	(38,003)
	Provision against doubtful other receivables		**(124,396)**	(57,116)
	Provision against allowance	**22**	**(206,929)**	-
	Unabsorbed depreciation		**-**	(394,527)
		8.2.2	**1,904,820**	1,021,914

8.2.1 As a matter of prudence, the Company has not recognised deferred tax asset against tax credit available for minimum tax u/s 113 of Income Tax Ordinance 2001, amounting to Rs. 2,640,639 thousand (2019: Rs. 1,986,343 thousand), business tax losses Rs. nil (2019: Rs. 3,161,693 thousand) and impairment of Rs. 5,602,212 thousand (2019: Rs. 1,520,000 thousand). The tax credit against minimum tax will expire in tax years 2022 to 2025, whereas capital tax losses will expire in year 2022 to 2026.

		Note	2020	2019
			(Rupees '000)	
8.2.2	**The movement of deferred tax during the current year is as follows:**			
	Balance at beginning of the year		**1,021,914**	393,948
	Charge for the year	**32**	**882,906**	627,966
			1,904,820	1,021,914
8.3	**Payable against GIDC**			
	Gas Infrastructure Cess	**8.3.1**	**22,333,844**	-
	Remeasurement gain on GIDC - net of finance cost		**(2,740,855)**	-
			19,592,989	-
	Current portion of GIDC	**9**	**(7,444,615)**	-
			12,148,374	-

8.3.1 This represents amount payable on account of Gas Infrastructure Development Cess (GIDC) under Gas Infrastructure Development Cess Act, 2015 (GIDC Act) up to July 31, 2020. The Company along with other industrial gas consumers had previously challenged the GIDC Act on constitutional grounds. The Honorable Supreme Court of Pakistan (SCP) in its judgement dated August 13, 2020 declared GIDC Act as valid legislation. A review petition for factual determination had been filed before the SCP, which upheld the original judgement. During the proceedings, the Attorney General of Pakistan submitted to SCP that the Government of Pakistan has agreed to grant concession to industrial gas consumers; by restructuring this on demand obligation into 48 equal monthly installments. Accordingly, the Company has recognised this liability at its level 3 fair value of Rs. 19,592,989 thousand, in accordance with accounting policy disclosed in note 3.12 applied by analogy; resulting in a remeasurement gain of Rs. 3,300,548 thousand, being the difference between previously recognised provision and fair value of restructured liability calculated by applying discount rate ranging between 7.19% to 8.93%, and related finance cost of Rs. 559,693 thousand, recognised in Statement of Profit or Loss. The carrying value of liability is approximates its fair value as of reporting date.

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The Company had previously obtained stay from the Honorable Sindh High Court (SHC) against payment of GIDC, on September 22, 2020. Management has determined, based on advice of the legal advisor, that this stay remains valid till its disposal by Sindh High Court; which is pending adjudication. Accordingly, the Company has not recognised any late payment surcharge in respect of non-payment of GIDC.

		Note	2020	2019
			(Rupees '000)	
9	**TRADE AND OTHER PAYABLES**			
	Creditors	**9.1**	**9,425,016**	8,786,824
	Payable / provision against GIDC	**8.3**	**7,444,615**	22,200,509
	Accrued liabilities		**3,287,426**	2,832,505
	Workers' (Profit) Participation Fund	**9.2**	**259,631**	-
	Payable to gratuity fund	**9.3**	**188,615**	278,413
	Payable to provident fund		**56**	77
	Workers' Welfare Fund		**601,799**	561,622
	Security deposits	**9.4**	**13,419**	20,902
	Other payables		**417,070**	312,533
			21,637,647	34,993,385

9.1 Creditors include payables to related parties amounting to Rs. 7,076,278 thousands (2019: Rs. 7,468,258 thousand) against purchase of raw material, steam and power. The Company purchases raw material for use in production of fertilizer from PMP at discounted price, with a credit limit of 75 days.

		Note	2020	2019
			(Rupees '000)	
9.2	**Workers' (Profit) Participation Fund**			
	Balance at beginning of the year		-	10,954
	Provision for the year	**30**	**259,631**	-
			259,631	10,954
	Payment made during the year		-	(10,954)
			259,631	-

9.3 **Gratuity Fund**

The Company operates a defined benefit plan comprising a funded gratuity scheme for its permanent employees. The fund for gratuity is administered by trustees.

		2020	2019
		(Rupees '000)	
9.3.1	**The amount recognised in the statement of financial position is as follow:**		
	Present value of defined benefit obligation	**860,194**	895,981
	Fair value of plan assets	**(671,579)**	(617,568)
	Deficit	**188,615**	278,413

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		2020	2019
		(Rupees '000)	
9.3.2	**The movement in the present value of defined benefit obligation is as follows:**		
	Defined benefit obligation at beginning of the year	**895,981**	859,021
	Current service cost	**53,288**	60,514
	Interest cost	**86,957**	109,222
	Curtailment gain	**(3,386)**	-
	Benefits paid during the year	**(75,319)**	(44,184)
	Actuarial gain	**(97,327)**	(88,592)
	Present value of defined benefit obligation at end of the year	**860,194**	895,981
9.3.3	**The movement in fair value of plan assets is as follows:**		
	Fair value of plan assets at beginning of the year	**617,568**	776,414
	Interest income	**71,321**	105,081
	Contributions	**108,116**	77,489
	Benefits paid during the year	**(75,319)**	(44,184)
	Return on plan assets excluding those included in interest income	**(50,107)**	(297,232)
	Fair value of plan assets at end of the year	**671,579**	617,568
9.3.4	**Plan assets comprise of:**		
	Investment in listed securities	**126,252**	328,874
	Investment in treasury bills	**85,214**	-
	Investment in Pakistan investment bonds	**347,448**	-
	Cash and bank balances	**112,665**	288,694
		671,579	617,568
	Actual return on plan assets	**71,321**	105,081
	Contributions expected to be paid to the plan during the next financial year	**47,346**	74,796
9.3.5	**Movement in liability recognised in the statement of financial position:**		
	Opening liability	**278,413**	82,607
	Expense for the year	**65,538**	64,655
	Other comprehensive (income) / loss	**(47,220)**	208,640
	Contributions	**(108,116)**	(77,489)
		188,615	278,413

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		2020	2019
		(Rupees '000)	
9.3.6	**Amount recognised in the profit or loss is as follows:**		
	Current service cost	**53,288**	60,514
	Net interest	**15,636**	4,141
	Curtailment gain	**(3,386)**	-
		65,538	64,655
9.3.7	**The expense is recognised in the following line items in the profit or loss:**		
	Cost of sales	**49,063**	49,095
	Administrative expenses	**16,361**	15,519
	Selling and distribution expenses	**114**	41
		65,538	64,655

9.3.8 Comparison of present value of defined benefit obligation, fair value of plan assets and deficit of gratuity fund for the last five years is as follows:

	2020	2019	2018	2017	2016
			(Rupees '000)		
Present value of defined benefit obligation	**860,194**	895,981	859,021	800,650	778,609
Fair value of plan assets	**(671,579)**	(617,568)	(776,414)	(723,161)	(642,738)
Deficit	**188,615**	278,413	82,607	77,489	135,871
Experience adjustments					
- Remeasurement gain / (loss) on obligation	**97,327**	88,592	2,326	10,959	(14,757)
- Remeasurement (loss) / gain on plan asset	**(50,107)**	(297,232)	8,543	(61,239)	1,536

9.3.9 Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2020 are as follows:

	2020	2019
Discount rate	**10.25%**	11.25%
Expected rate of salary growth	**10.25%**	11.25%
Mortality rate	**SLIC-2001-2005**	SLIC-2001-2005
Withdrawal factor	**Low**	Low
Average duration of defined benefit obligation	**10.31 years**	9.87 years

9.3.10 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises 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 the respective assumptions by one percent.

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		Defined benefit obligation 1 percent increase	Defined benefit obligation 1 percent decrease
9.3.11	**Effect in millions of Rupees**		
	Discount rate	**(8)**	9
	Rate of salary growth	**9**	(8)

As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the defined benefit obligation by Rs. nil.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last actuarial valuation at December 31, 2020 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

9.4 The security deposits are not for the purpose of goods / services to be delivered / provided and have not been utilized for the purpose of business.

		2020 (Rupees '000)	2019 (Rupees '000)
10	**ACCRUED INTEREST**		
	Long-term loans	**175,195**	283,630
	Short-term borrowings - demand finance	**50,891**	198,773
	Short-term borrowings - running finance	**219,240**	479,848
		445,326	962,251
11	**SHORT-TERM BORROWINGS**		
	From banking companies and financial institutions - secured:		
	Demand finance	**4,449,987**	12,949,993
	Running finance	**11,372,078**	15,277,091
		15,822,065	28,227,084

The Company has arranged short-term facilities from various banks on a mark-up basis with limits aggregating to Rs. 17,870,000 thousand (2019: Rs. 28,360,000 thousand). These facilities carry mark-up ranging from 7.45% to 8.80% per annum (2019: 13.74% to 14.86% per annum) and are secured by a hypothecation charge on fixed and current assets of the Company.

		2020 (Rupees '000)	2019 (Rupees '000)
12	**CONTINGENCIES AND COMMITMENTS**		
12.1	**Contingencies**		
12.1.1	Guarantees issued by banks on behalf of the Company	**89,706**	53,409

12.1.2 The Company was liable to repay loans originally obtained from Export Credit Agencies (ECA), amounting to Rs. 9,723,015 thousand to the Government of Pakistan (GoP), in 15 annual equal installments, with a 1 year grace period, at zero percent, effective November 30, 2001. As per the restructuring agreement, the final installment was paid in June 2017.

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These loans from ECA, which were assumed by the GoP, were initially secured with a guarantee issued by Habib Bank Limited (HBL) on behalf of a local syndicate of banks and financial institutions. The guarantee was secured by a first equitable mortgage created on all immovable properties of the Company, and by way of hypothecation of movable properties of the Company. The charge ranked pari passu with the charges to be created in favour of other foreign and local lenders. The local syndicate had requested the Company to obtain an indemnity from the GoP confirming that it is GoP's absolute obligation to indemnify and keep related banks and financial institutions harmless from any possible exposure on this account. Accordingly, on December 16, 2002, the GoP had conveyed its agreement by assuming the ECA loan liabilities by absolving related banks and financial institutions of their liabilities, for which they earlier issued guarantees to the ECA. As a result, three ECAs have released the guarantee of HBL and have returned the original documents.

Since one ECA is yet to release HBL from its responsibility as guarantor, therefore the charge related to the portion of the said guarantee on the assets of the Company, has not been vacated up to December 31, 2020. The Company is making efforts in getting this guarantee released.

		2020	**2019**
		(Rupees '000)	
12.2	**Commitments**		
	i) Capital expenditures - contracted	**227,111**	400,541
	ii) Letters of credit for purchase of raw materials and stores and spares	**797,643**	763,244

For further commitments refer note 37.

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13 PROPERTY, PLANT AND EQUIPMENT

	PROPERTY, PLANT AND EQUIPMENT												
	Leasehold land	Freehold land	Building on freehold land	Buildings on lease hold land	Plant and machinery	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work-in-progress	Total
	(Rupees, 000)												
COST													
Balance as at January 01, 2019	200,095	120,000	1,046,710	2,226,919	25,487,144	108,383	519,314	601,240	367,296	2,406	419,022	436,949	31,535,478
Additions during the year	-	-	711	342,457	1,594,895	13,729	91,986	198,369	15,250	-	-	102,169	2,359,566
Disposals	-	-	-	-	-	-	(122,336)	-	(256)	-	-	-	(122,592)
Transfers	-	-	-	71,541	267,244	-	-	13,182	-	-	-	(351,967)	-
Balance as December 31, 2019	200,095	120,000	1,047,421	2,640,917	27,349,283	122,112	488,964	812,791	382,290	2,406	419,022	187,151	33,772,452
Balance as at January 01, 2020	**200,095**	**120,000**	**1,047,421**	**2,640,917**	**27,349,283**	**122,112**	**488,964**	**812,791**	**382,290**	**2,406**	**419,022**	**187,151**	**33,772,452**
Additions during the year *	**-**	**-**	**-**	**30,951**	**47,911**	**3,109**	**73,986**	**20,398**	**25,263**	**-**	**66,984**	**442,713**	**711,315**
Disposals	**-**	**-**	**-**	**-**	**(336,354)**	**-**	**(169,263)**	**-**	**(1,207)**	**-**	**-**	**-**	**(506,824)**
Transfers	**-**	**-**	**-**	**14,029**	**307,594**	**-**	**108**	**(2,845)**	**5,265**	**-**	**4,039**	**(328,190)**	**-**
Balance as at December 31, 2020	**200,095**	**120,000**	**1,047,421**	**2,685,897**	**27,368,434**	**125,221**	**393,795**	**830,344**	**411,611**	**2,406**	**490,045**	**301,674**	**33,976,943**
DEPRECIATION													
Balance as at January 01, 2019	91,735	-	72,766	965,658	19,349,741	35,518	313,756	242,958	309,610	2,199	404,000	-	21,787,941
Charge for the year	3,640	-	31,532	67,880	1,306,852	10,740	93,295	98,811	39,642	81	15,022	-	1,667,495
Disposals	-	-	-	-	-	-	(110,721)	-	(174)	-	-	-	(110,895)
Balance as December 31, 2019	95,375	-	104,298	1,033,538	20,656,593	46,258	296,330	341,769	349,078	2,280	419,022	-	23,344,541
Balance as at January 01, 2020	**95,375**	**-**	**104,298**	**1,033,538**	**20,656,593**	**46,258**	**296,330**	**341,769**	**349,078**	**2,280**	**419,022**	**-**	**23,344,541**
Charge for the year**	**3,209**	**-**	**31,542**	**79,351**	**566,323**	**11,853**	**89,206**	**114,530**	**18,404**	**81**	**11,837**	**-**	**926,336**
Disposals	**-**	**-**	**-**	**-**	**(335,817)**	**-**	**(149,691)**	**-**	**(1,207)**	**-**	**-**	**-**	**(486,715)**
Balance as at December 31, 2020	**98,584**	**-**	**135,840**	**1,112,889**	**20,887,099**	**58,111**	**235,845**	**456,299**	**366,275**	**2,361**	**430,859**	**-**	**23,784,162**
Written down value - 2019	104,720	120,000	943,123	1,607,379	6,692,690	75,854	192,634	471,022	33,212	126	-	187,151	10,427,911
Written down value - 2020	**101,511**	**120,000**	**911,581**	**1,573,008**	**6,481,335**	**67,110**	**157,950**	**374,045**	**45,336**	**45**	**59,186**	**301,674**	**10,192,781**
Rate of depreciation	**2% to 4%**	**-**	**3%**	**3%**	**5%**	**10%**	**20% to 33%**	**15%**	**33% to 50%**	**30%**	**17% to 50%**	**-**	**-**

* Additons during the year includes borrowing cost of Rs. 22,225 thousand (2019: Rs. 101,394 thousand) in respect of qualifying plant and machinery at the capitalization rate of 13.44% (2019: 12.19%).

** As at reporting date, plant and machinery having cost of Rs. 16,123,483 thousand (2019: Rs. nil) have been fully depreciated but are still in use.

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		Note	2020	2019
			(Rupees '000)	
13.1	**Capital work-in-progress**			
	This is made up as follows:			
	Plant and machinery		**57,048**	83,865
	Catalyst		**231,955**	88,723
	Others		**12,671**	14,563
			301,674	187,151
13.2	**Depreciation charge has been allocated as follows:**			
	Cost of sales	**26**	**776,940**	1,485,966
	Administrative expenses	**28**	**149,396**	181,529
			926,336	1,667,495

13.3 Details of property, plant and equipment sold:

	Sold to	Cost	Book value	Sale proceeds	Gain / (loss)
			(Rupees '000)		
Vehicles - as per Company policy to employees					
Toyota Corolla GLI	Qasim Munir	**1,924**	**722**	**644**	**(78)**
Honda Civic	Syed Masoom Hussain Zaidi	**3,038**	**2,025**	**456**	**(1,569)**
Toyota Corolla Grande	Syed Aamir Ahsan	**3,404**	**2,695**	**2,761**	**66**
Toyota Corolla GLI	Muhammad Javed Akhtar	**2,049**	**982**	**307**	**(675)**
Toyota Corolla Altis	Brig Javaid Iqbal (Retd)	**2,626**	**584**	**256**	**(328)**
Suzuki Cultus	Raheel Maqsood Khan	**1,879**	**1,452**	**1,530**	**78**
Toyota Corolla GLI	Lt Col Syed Kashif Ali (Retd)	**2,179**	**544**	**213**	**(331)**
Toyota Corolla GLI	Ibrahim Dorego	**2,055**	**685**	**563**	**(122)**
Toyota Corolla XLI	Maj Zia Ur Rasool (Retd)	**2,035**	**762**	**720**	**(42)**
Toyota Corolla GLI	Lt Col Nabi Bux (Retd)	**2,156**	**719**	**253**	**(466)**
Honda Civic	Iftikhar Ahmed	**2,763**	**1,382**	**1,070**	**(312)**
Vehicles - as per Company policy through auction					
Toyota Corolla GLI	Maj Amir Qayum Khan	**2,457**	**1,638**	**2,352**	**714**
Daewoo Bus	Sultan Muhammad Khan Yousaf	**12,524**	**1,044**	**10,500**	**9,456**
Aggregate of vehicles through auction with individual book value below Rs. 500,000		**85,930**	**2,122**	**92,532**	**90,410**
Vehicles - at market rate to related parties					
Toyota Fortuner	Fauji Foundation	**4,982**	**-**	**5,750**	**5,750**
Toyota Fortuner	Fauji Foundation	**4,982**	**-**	**5,750**	**5,750**
Computer and ancillary equipments - Insurance claim		**1,645**	**-**	**1,624**	**1,624**
Aggregate of items of property, plant and equipment with individual book value below Rs. 500,000		**368,196**	**2,753**	**4,271**	**1,518**
	2020	**506,824**	**20,109**	**131,552**	**111,443**
	2019	122,592	11,697	50,618	38,921

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13.4 Particulars of immovable assets of the Company are as follows:

Location	Address	Covered area (acre)
Islamabad	C1/C2, Sector B, Jinnah Boulevard DHA Phase II	2
Karachi	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	250
Karachi	Tank Farm Area, Port Qasim	8
Karachi	Near Rangers Check Post, Opposite Naval Marine Base, National Highway.	202.2

		Note	2020	2019
			(Rupees '000)	
14	**LONG-TERM INVESTMENTS - AT COST**			
	Joint venture	**14.1**	**1,411,150**	1,411,150
	Associated companies	**14.2**	**7,691,556**	7,991,556
	Subsidiary companies	**14.3**	**15,443,697**	16,777,045
	Other long-term investment	**14.4**	**-**	-
			24,546,403	26,179,751
	Impairment recognised on subsidiaries during the year:			
	Fauji Meat Limited		**3,682,212**	1,100,000
	Fauji Foods Limited		**400,000**	420,000
			4,082,212	1,520,000

14.1 This represents a 25% interest in Pakistan Maroc Phosphore S.A. Morocco (PMP), a joint venture between the Company, Fauji Foundation, Fauji Fertilizer Company Limited and Office Cherifien Des Phosphates, Morocco. PMP is a private limited company having registered office located at Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco. The principal place of business is Jorf Lasfar, Morocco. The principal activity of PMP is to manufacture and market phosphoric acid, fertilizer and other related products in Morocco and abroad. The cost of investment in Moroccan Dirhams amounts to 200,000 thousands made in period from 2004 to 2006.

According to the shareholders' agreement, if any legal restrictions on repatriation of dividends by PMP, the dividend will be converted to an interest bearing loan. The Company has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

PMP has declared dividend amounting to Rs. 1,118,720 thousand (2019: Rs. 746,784 thousand), during the year.

14.2 Associated companies

2020	2019		Note	2020	2019
Number of Shares				(Rupees '000)	
		Quoted			
-	18,750,000	Fauji Cement Company Limited	**14.2.1**	**-**	300,000
271,884,009	271,884,009	Askari Bank Limited	**14.2.2**	**5,230,991**	5,230,991
		Unquoted			
122,587,323	122,587,323	Foundation Wind Energy-I Limited	**14.2.3**	**1,225,873**	1,225,873
123,461,690	123,461,690	Foundation Wind Energy-II Limited	**14.2.4**	**1,234,692**	1,234,692
517,933,022	536,683,022			**7,691,556**	7,991,556

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14.2.1 Pursuant to the approval by the Board of Directors in their meeting held on July 29, 2020, the Company disposed-off all of its shareholding in Fauji Cement Company Limited (FCCL) through open market at an average price of Rs. 20.49/share. This resulted in recognition of a gain of Rs. 84,253 thousand in the statement of profit or loss (refer to note 31).

14.2.2 This represents 21.57% share in the equity of Askari Bank Limited (AKBL) representing 271,884 thousand ordinary shares of Rs. 10 each acquired at an average price of Rs. 19.31 per share. The market value of the investment in AKBL as at December 31, 2020 was Rs. 6,359,367 thousand (2019: Rs. 5,040,730 thousand). The head office of AKBL is situated at AWT Plaza , P.O BOX 1084, Rawalpindi.

14.2.3 This represents an investment made in Foundation Wind Energy - I Limited (FWEL-I), a company established for setting up and operating a 49.5 MW wind power plant. Pursuant to a Share Holders Agreement, dated March 08, 2011, the Company holds 35% shareholding. The break-up value of shares based on unaudited financial information for the period ended September 30, 2020 is Rs. 30.66 per share (2019: Rs. 23.17 per share). FWEL-I achieved the Commercial Operation Date in April, 2015. The principal place of business of FWEL-I is Gharo, District Thatta, Sindh.

14.2.4 This represents an investment made in Foundation Wind Energy - II Limited (FWEL-II), a company established for setting up and operating a 49.5 MW wind power plant. Pursuant to a Share Holders Agreement, dated March 08, 2011, the Company holds 35% shareholding. The break-up value of shares based on unaudited financial information for the period ended September 30, 2020 is Rs. 30.17 per share (2019: Rs. 22.93 per share). FWEL-II achieved a Commercial Operation Date in December, 2014. The principal place of business of FWEL-II is Gharo, District Thatta, Sindh.

14.3 Subsidiary companies

2020	**2019**			**2020**	**2019**
Number of Shares			**Note**	**(Rupees '000)**	
		Unquoted			
		Fauji Meat Limited			
688,500,000	688,500,000	Gross value	**14.3.1**	**6,885,000**	6,885,000
		Impairment		**(4,782,212)**	(1,100,000)
				2,102,788	5,785,000
29,851,800	29,851,800	FFBL Foods Limited	**14.3.2**	**298,518**	298,518
644,062,500	644,062,500	FFBL Power Company Limited	**14.3.3**	**6,440,625**	6,440,625
		Quoted			
		Fauji Foods Limited			
542,201,286	267,314,886	Gross value	**14.3.4**	**7,421,766**	4,672,902
		Impairment		**(820,000)**	(420,000)
				6,601,766	4,252,902
1,904,615,586	1,629,729,186			**15,443,697**	16,777,045

14.3.1 This represents the Company's investment in 90.18% (2019: 90.18%) equity shares of Fauji Meat Limited (FML). The Company initially acquired 225,000,000 ordinary shares of Rs. 10 each in FML for a total consideration of Rs. 2,250 million, with the further investment of Rs. 1,500 million and Rs. 3,135 million in 2018 and in 2019, respectively, in the form of cash and conversion of sub-ordinated loan and related mark-up. The principal objectives of FML are to establish and operate a meat abattoir unit for Halal slaughtering of animals to obtain meat for local and export sale. FML has commenced its commercial operations during the first quarter of 2017.

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The Company has pledged 51% of shares of FML against a long term project finance facility. The principal place of business of FML is Deh Kohistan Chak No. 1 Tapo Gharo, Tehsil Mir Pur Sakhro, District Thatta.

As at the reporting date, the Company performed an impairment test for it's investment in FML. The Company has determined recoverable amount of FML, based on a value-in-use calculation, which was lower than the carrying amount of the investment in the Company's financial statements, accordingly an additional impairment charge of Rs. 3,682 million has been recognised in the statement of profit or loss, due to challenging trading and economic conditions affecting food sector in Pakistan and abroad. Value-in-use was estimated using cash flow projections approved by Board of Directors, covering a five-year period. The pre-tax risk adjusted discount rate and the long-term market growth-rate applied to cash flow projections is 14.74% (2019: 15.76%) and 3.25% (2019: 2.75%), respectively, both of which are inherently uncertain. The cash flow projections are sensitive to assumptions regarding the sales growth rate, operating margin, long-term market growth-rate and discount rate. These assumptions are based upon the Company's past experience and plans for the future periods, and are consistent with the external sources of information.

14.3.2 This represents the Company's investment in 100% equity shares of FFBL Foods Limited. The Company acquired 29,851,800 ordinary shares of Rs. 10 each in FFL for a total consideration of Rs. 298,518 thousand. The principal place of business of FFBL Foods Limited is FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA Phase II, Islamabad.

The Company has not commenced its commercial operations and has been dormant since its incorporation. The Board of Directors of FFBL Foods Limited has decided to auction of its only principal asset i.e. agricultural land, which is expected within 12 months of the reporting date. Management of the Company is confident that after completion of such a sale, FFBL Foods Limited will be merged within the Company. The net book value of the Company is Rs. 294 million (2019: Rs. 292 million).

14.3.3 This represents the Company's investment in 75% equity shares of FFBL Power Company Limited (FPCL). The Company acquired 644,063 thousand ordinary shares of Rs. 10 each in FPCL for a total consideration of Rs. 6,440,625 thousand. The principal objective of FPCL is to set up and operate a 118 MW power project. FPCL has commenced commercial production on May 19, 2017, refer to note 3.4 for the Company's arrangement with FPCL for purchase of power and steam. The principal place of business of FPCL is Eastern Industrial Zone of Port Qasim, Karachi.

14.3.4 During 2015, the Company jointly with Fauji Foundation, acquired a 51% shareholding of Fauji Foods Limited (Formerly Noon Pakistan Limited) (FFL), a listed company engaged in process and sale of toned milk, milk powder, fruit juices, allied dairy and food products with shares listed on the Pakistan Stock Exchange Limited. As per the agreement signed on May 18, 2015, the Company and Fauji Foundation acquired voting shares of 38.25% (4,500 thousand) and 12.75% (1,500 thousand) respectively. Management of the Company had assessed that control of FFL was obtained by the Company from the date of acquisition, i.e. September 04, 2015.

During 2016 and 2017, the Company acquired additional voting and non-voting shares of FFL through exercise of rights issues (including shares renounced by other shareholders), and from the open market, having a total cost of Rs. 2,184,067 thousand and Rs. 2,008,978 thousand, respectively.

Pursuant to approval in Annual General Meeting of the Fauji Foods Limited (FFL) held on March 26, 2018, voting and non-voting shares classes of FFL have been consolidated. There has been no change in the Company's effective holding after the consolidation of share classes. Accumulated shareholdings of the Company after consolidating the share classes was 50.59% (2019: 50.59%), representing 267,315 thousands shares (2019: 267,315 thousands shares).

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During the year, pursuant to approval in Annual General Meeting (AGM) of the Company, held on March 30, 2020, the Company has communicated their intention to exercise their option to convert sub-ordinated loan of Rs. 2,630 million along with related accrued mark-up as of December 31, 2019 amounting to Rs. 119 million to share capital, at face value. FFL, pursuant to their AGM held on April 2, 2020 has approved to issue 274,886,400 shares to the Company, which were allotted to the Company on July 15, 2020. Accumulated shareholdings of the Company after this conversion was 67.50% (2019: 50.59%), representing 542,201 thousands shares (2019: 267,315 thousands shares)

The market value of the investment in FFL, based upon share price of free float on PSX, as at December 31, 2020, was Rs. 9,418,036 thousand (2019: Rs. 3,868,046 thousand).

As at the reporting date, the Company performed an impairment test for it's investment in FFL. The Company has determined recoverable amount of FFL, based on a value-in-use calculation, which was lower than the carrying amount of the investment in the Company's financial statements, accordingly an additional impairment charge of Rs. 400 million (2019: Rs. 420 million) has been recognised in the statement of profit or loss due to challenging trading and economic conditions affecting food sector in Pakistan. Value-in-use was estimated using cash flow projections approved by Board of Directors of FFL, covering a five-year period. The pre-tax risk adjusted discount rate and the long-term market growth-rate applied to cash flow projections is 14.25% and 5% (2019: 15.74% and 5%), respectively, both of which are inherently uncertain. The cash flow projections are sensitive to assumptions regarding the sales growth rate, operating margin, long-term market growth-rate and discount rate.

14.4 The Company holds 300,000 ordinary shares of Rs. 10 each representing equity interest of 3.87% in Arabian Sea Country Club Limited. The break-up value based on audited accounts for the year ended June 30, 2018 was negative Rs. 10.67 per ordinary share. This investment is fully impaired.

		Note	2020	2019
			(Rupees '000)	
15	**LONG-TERM LOANS**			
	Related parties			
	Fauji Meat Limited - unsecured	**15.1**	**1,065,318**	500,000
	Fauji Foods Limited - unsecured	**15.2**	**5,925,000**	2,630,000
			6,990,318	3,130,000

Movement in balances is as follows:

	2020			2019
	FFL	FML	Total	Total
	(Rupees '000)			
Opening balance	**2,630,000**	**500,000**	**3,130,000**	2,400,000
Loan given during the year	**5,925,000**	**565,318**	**6,490,318**	3,730,000
Converted to equity	**(2,630,000)**	**-**	**(2,630,000)**	(3,000,000)
Closing balance	**5,925,000**	**1,065,318**	**6,990,318**	3,130,000

15.1 The outstanding amount of Subordinated loan consists of:

- Rs. 565 million disbursed during the period, payable within 1 year from date of disbursement of each respective tranche, commencing from June 22, 2021. The total limit of loan to FML, approved in the Company's Annual General Meeting, on March 30, 2020, is Rs. 3,000 million (unless otherwise utilized). The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 1.5%, per annum, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017; and

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- Rs. 500 million, payable within 5 year from date of disbursement of each respective tranche, commencing from March 20, 2024. The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 0.5%.

The Company has the right, as and when desired by the Board of Directors, to convert all or part of the outstanding loan (including mark-up accrued thereon) into the ordinary shares of FML by written notice to FML, subject to approval of Securities and Exchange Commission of Pakistan and fulfillment of other regulatory requirements. The Company expects to renew the sub-ordinated loan. Accordingly, loan has been classified as non-current.

Based on the results of impairment assessment of the Company's equity investment in FML, as disclosed in note 14.3.1, management has determined that there was no significant expected credit loss on the long-term loan to FML, as of reporting date.

15.2 The outstanding amount of Subordinated loan consists of:

- Rs. 2,500 million disbursed during the period, payable within 1 year from date of disbursement of each respective tranche, commencing from April 22, 2021. The total limit of cash loan to FFL, approved in the Company's Annual General Meeting, on March 30, 2020, is Rs. 2,500 million (unless otherwise utilized), out of total financial support of Rs. 4,500 million (see below). The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 1.5%, per annum, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017; and

- Rs. 3,425 million, payable within 1 year from date of disbursement of each respective tranche, commencing from November 25, 2021. The total limit of cash loan to FFL, approved in the Company's Extra Ordinary General Meeting, on November 25, 2020, is Rs. 3,500 million [including conversion of cash collateral,(see above)]. The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 1.5%, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017. The Company expects to renew the sub-ordinated loan. Accordingly, loan has been classified as non-current.

The Company has the right, as and when desired by the Board of Directors, to convert all or part of the outstanding loan (including mark-up accrued thereon) into the ordinary shares of FFL by written notice to FFL, subject to approval of Securities and Exchange Commission of Pakistan and fulfillment of other regulatory requirements.

Based on the results of impairment assessment of the Company's equity investment in FFL, as disclosed in note 14.3.4, management has determined that there was no significant expected credit loss on the long-term loan to FFL, as of reporting date.

		Note	2020	2019
			(Rupees '000)	
16	**STORES AND SPARES**			
	Stores		**444,396**	470,454
	Spares		**2,652,863**	2,649,174
	Provision for obsolescence	**16.1**	**(202,777)**	(131,044)
			2,894,482	2,988,584
16.1	**The movement in provision is as follows:**			
	Opening balance		**131,044**	165,448
	Provision recognised during the year	**26**	**78,985**	33,491
	Provision written-off against stores and spares		**(7,252)**	(67,895)
			202,777	131,044

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		Note	2020	2019
			(Rupees '000)	
17	**STOCK-IN-TRADE**			
	Packing materials		**70,783**	89,462
	Raw materials		**1,121,116**	1,071,306
	Raw materials in transit		**1,348,173**	1,688,190
	Work-in-process		**100,364**	194,733
	Finished goods	**17.1**	**221,132**	11,712,363
			2,861,568	14,756,054

17.1 As at December 31, 2020, finished goods stock amounting to Rs. 8,168 thousand (2019: Rs. 11,340,628) are held with Fauji Fertilizer Company Limited. It includes finished goods amounting to Rs. nil (2019: Rs. 57,793 thousand) in transit.

		Note	2020	2019
			(Rupees '000)	
18	**TRADE DEBTS**			
	Secured - considered good		**1,656,387**	8,606,885
19	**ADVANCES**			
	Advances to:			
	Executives, secured, considered good		**11,504**	11,844
	Other employees, secured, considered good		**58,642**	65,839
		19.1&19.2	**70,146**	77,683
	Advances to suppliers and contractors			
	Considered good		**702,556**	845,548
			772,702	923,231

19.1 **Movement of carrying amount of advances to executives and other employees:**

	2020	2019
	(Rupees '000)	
Balance at beginning of the year	**77,683**	86,566
Disbursements	**102,133**	214,455
Repayments	**(109,670)**	(223,338)
	70,146	77,683

19.2 These represent interest free advances given to employees, including executives, of the Company, in accordance with the Company's policy. These are repayable within one year. Maximum amount outstanding with key management personnel was Rs. nil (2019: Rs. 1,316 thousand), at any time during the year.

		2020	2019
		(Rupees '000)	
20	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**		
	Security deposits	**6,852**	16,343
	Prepayments	**93,047**	116,345
		99,899	132,688

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		Note	2020	2019
			(Rupees '000)	
21	**OTHER RECEIVABLES**			
	Due from Fauji Fertilizer Company Limited - unsecured, considered good	**21.1**	**1,827,496**	2,885,789
	Subsidy on DAP and Urea receivable from the Government of Pakistan	**21.2**	**3,160,992**	3,160,992
	Receivable from PMP	**21.3**	**453,052**	9,231
	Receivable from FPCL	**21.4**	**102,722**	108,781
	Receivable from FML	**21.5**	**33,682**	5,173
	Receivable from FFL	**21.6**	**1,527**	-
	Receivable from FFBL Foods Limited	**21.7**	**1,891**	-
	Others - Considered good		**17,723**	31,852
			5,599,085	6,201,818
	Less: Provision against doubtful other receivables	**21.8**	**(428,952)**	(196,952)
			5,170,133	6,004,866

21.1 This interest free balance represents amounts recovered by Fauji Fertilizer Company Limited, a related party, from customers on sale of the Company's products under an inter-company services agreement (refer to notes 25.2 and 27.1). The collection is transferred on a weekly basis. Maximum amount outstanding during the year was Rs. 10,534 million (2019: Rs. 14,401 million). It is neither past due nor impaired.

21.2 This includes a subsidy @ PKR 100 per 50 kg bag, on sale of Urea fertilizer, pursuant to notification No.15 (4) CFC / 2015 dated August 07, 2017, issued the Ministry of Finance, Government of Pakistan . Subsidy scheme has been discontinued w.e.f. 30 June 2018. This also includes a subsidy @ PKR 300 per 50 kg bag, on sale of Di-Ammonium Phosphate (DAP) fertilizer, and a subsidy @ PKR 156 per 50 kg bag of Urea fertilizer, pursuant to notification F. No. 1-11/2012/DFSC-II/Fertilizer dated June 25, 2016, issued by the Ministry of National Food Security and Research, Government of Pakistan.

21.3 This includes an amount of Rs. 447,430 thousand (2019: Rs. nil), receivable from Pakistan Maroc Phosphore (PMP), a joint venture of the Company, against dividend. Maximum amount outstanding during the year was Rs. 657 million (2019: Rs. 779 million). It is neither past due nor impaired.

21.4 This represents receivable from FPCL, a subsidiary of the Company against the material / services provided and use of common facility, during the year. The related invoice is issued on a monthly basis with a credit period of 30 days. Maximum amount outstanding during the year was Rs. 2,207 million (2019: Rs. 116 million). It is neither past due nor impaired.

21.5 This represents receivable from FML, a subsidiary of the Company against a charge under inter company agreement for use of common facility, during the year. The related invoice is issued on a monthly basis with a credit period of 30 days. Maximum amount outstanding during the year was Rs. 33.6 million (2019: Rs. 5 million). It is neither past due nor impaired.

21.6 This represents receivable from FFL, a subsidiary of the Company against a charge under inter company agreement for use of common facility, during the year. The related invoice is issued on a monthly basis with a credit period of 30 days. Maximum amount outstanding during the year was Rs. 9.5 million (2019: Rs. nil). It is neither past due nor impaired.

21.7 This represents receivable from FFBL Foods Limited, a subsidiary of the Company in respect of expenditure incurred on it's behalf, during the year. Maximum amount outstanding during the year was Rs. 1.9 million (2019: Rs. nil). It is neither past due nor impaired.

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		Note	2020	2019
			(Rupees '000)	
21.8	**Movement in provision during the year is as follows:**			
	Balance at beginning of the year		**196,952**	196,952
	Expected credit loss	**27**	**232,000**	-
			428,952	196,952
22	**SALES TAX REFUNDABLE**			
	Sales tax refundable		**9,148,890**	8,716,968
	Allowance for input tax	**22.1**	**(713,549)**	-
			8,435,341	8,716,968

22.1 This represents allowance for input tax charged to cost of sales under section 73(4) of Sales Tax Act,1990.

		Note	2020	2019
			(Rupees '000)	
23	**SHORT-TERM INVESTMENTS**			
	Amortized cost / Loans and receivables			
	Term deposits with banks and financial institutions	**23.1**	**-**	1,000,000
	Investments at fair value through profit or loss			
	Mutual funds	**23.2**	**-**	9,029
			-	1,009,029

23.1 These deposits carried interest at rate 12.80% per annum matured on February 21, 2020.

23.2 **Mutual funds**

	2020		
Nature of fund	**No. of units**	**Cost**	**Fair value**
		(Rupees '000)	
Income fund	-	-	-
Money market funds	-	-	-
		-	-

	2019		
Nature of fund	**No. of units**	**Cost**	**Fair value**
		(Rupees '000)	
Income fund	23,297	285	282
Money market funds	595,481	8,577	8,747
		8,862	9,029

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		Note	2020	2019
			(Rupees '000)	
24	**CASH AND BANK BALANCES**			
	Deposit accounts			
	in local currency	**24.1**	**20,026,816**	5,156,679
	in foreign currency		**2,042**	2,038
		24.2	**20,028,858**	5,158,717
	Current accounts	**24.3**	**5,018,594**	134,644
	Cash in hand		**980**	980
			25,048,432	5,294,341

24.1 This includes Rs. 2,256,824 thousand (2019: Rs. 1,001,074 thousand) held under lien by the commercial banks against various facilities.

24.2 These deposit accounts carry interest at rates ranging from 3.75% to 7.25% (2019: 5.98% to 13.70%) per annum.

24.3 This includes Rs. 4,885,787 thousand held in a separate bank account opened for the receipt of subscription against right shares (refer to note 5). These funds can be utilized upon allotment of shares subsequent to the reporting date.

		Note	2020	2019
			(Rupees '000)	
24.4	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents included in the statement of cash flows comprise the following:			
	Cash and bank balances	**24**	**25,048,432**	5,294,341
	Short-term highly liquid investments	**23**	**-**	1,000,000
	Short-term running finance	**11**	**(11,372,078)**	(15,277,091)
			13,676,354	(8,982,750)
25	**SALES - NET**			
	Urea		**18,120,322**	19,066,432
	DAP		**66,965,421**	49,739,376
	Total revenue from contracts with customers	**25.1**	**85,085,743**	68,805,808
	Less:			
	Sales tax		**1,707,021**	1,336,987
	Trade discount		**114,645**	605,614
	Commission to Fauji Fertilizer Company Limited	**25.2**	**29,717**	23,921
			1,851,383	1,966,522
		25.3	**83,234,360**	66,839,286

25.1 Revenue from sale of fertilizer is recognised at a point in time, when the control of the asset is transferred to the customer, generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer. For detail refer note 3.18.

25.2 Commission is paid at the rate of Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on an inter-company services agreement.

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		2020	2019
		(Rupees '000)	
25.3	**Disaggregated revenue information**		
	Type of goods or service		
	Urea	**17,652,010**	18,575,243
	DAP	**65,582,350**	48,264,043
	Total revenue from contracts with customers	**83,234,360**	66,839,286
25.4	**Contract Balances**		
	Trade debts	**1,656,387**	8,606,885
	Advances from customers	**2,204,000**	83,309

Owing to market conditions, credit sales decreased towards the end of the year and advances from customers increased from Rs. 83 million to Rs. 2,204 million as a result of increased demand. The transaction price allocated to unsatisfied performance obligations as at December 31, 2020 are expected to be recognised as revenue within 1 year.

	2020	2019
	(Rupees '000)	
Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the year	**83,309**	747,691
Performance obligations satisfied in previous years	**-**	-

		Note	2020	2019
			(Rupees '000)	
26	**COST OF SALES**			
	Raw materials consumed		**42,823,676**	52,419,540
	Packing materials consumed		**776,157**	834,736
	Fuel and power	**26.1**	**10,449,294**	11,523,707
	Chemicals and supplies consumed		**227,228**	208,390
	Salaries, wages and benefits	**26.2**	**2,297,123**	1,721,380
	Rent, rates and taxes		**109,082**	88,182
	Insurance		**178,639**	129,023
	Travel and conveyance		**103,175**	136,665
	Provision for obsolete stores and spares	**16.1**	**78,985**	33,491
	Repairs and maintenance		**1,021,556**	1,209,245
	Communication, establishment and other expenses		**227,930**	159,485
	Depreciation	**13.2**	**776,940**	1,485,966
	Opening stock - work-in-process		**194,733**	95,760
	Closing stock - work-in-process		**(100,364)**	(194,733)
	Cost of goods manufactured		**59,164,154**	69,850,837
	Opening stock - finished goods		**11,712,363**	2,816,175
	Closing stock - finished goods		**(221,132)**	(11,712,363)
	Cost of sales		**70,655,385**	60,954,649

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26.1 This includes cost recognised for use of power and steam, generated by FPCL, a subsidiary company, amounting to Rs. 5,616,395 thousand and Rs. 3,877,569 thousand (2019: Rs. 6,146,929 thousand and Rs. 4,280,344 thousand), respectively.

26.2 This includes a charge on account of employees' retirement benefits in respect of the gratuity, provident funds, and for compensated absences and termination benefits, amounting to Rs. 49,063 thousand, Rs. 50,106 thousand, Rs. (2,190) thousand and Rs. 212,362 thousand, respectively. (2019: Rs. 49,095 thousand, Rs. 50,738 thousand, Rs. 34,697 thousand and Rs. nil, respectively).

		Note	2020	2019
			(Rupees '000)	
27	**SELLING AND DISTRIBUTION EXPENSES**			
	Product transportation		**3,710,716**	4,110,526
	Expected credit loss for other receivables	**21.8**	**232,000**	-
	Salaries, wages and benefits		**29,155**	31,968
	Travel and conveyance		**940**	2,386
	Others		**519**	498
			3,973,330	4,145,378
	Expenses allocated by Fauji Fertilizer Company Limited			
	Salaries, wages and benefits		**1,082,385**	774,084
	Travel and conveyance		**62,353**	59,859
	Sales promotion and advertising		**43,283**	66,698
	Rent, rates and taxes		**128,101**	109,140
	Technical services		**10,673**	4,189
	Insurance expense		**19,633**	7,315
	Communication, establishment and other expenses		**63,578**	61,956
	Warehousing expenses		**126,913**	111,825
	Depreciation		**7,520**	5,003
		27.1	**1,544,439**	1,200,069
			5,517,769	5,345,447

27.1 This represents common expenses allocated by Fauji Fertilizer Company Limited on account of marketing of the Company's products based on an inter-company services agreement.

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		Note	2020	2019
			(Rupees '000)	
28	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	**28.1**	**594,481**	762,252
	Travel and conveyance		**33,244**	86,465
	Utilities		**26,711**	10,052
	Printing and stationery		**6,725**	4,473
	Repairs and maintenance		**136,705**	139,298
	Communication, advertisement and other expenses		**53,556**	9,422
	Rent, rates and taxes		**7,195**	12,971
	Listing fee		**12,271**	2,907
	Donation	**28.2**	**12,911**	13,773
	Cost charged by FF		**37,500**	-
	Legal and professional		**146,804**	147,769
	Depreciation	**13.2**	**149,396**	181,529
	Miscellaneous		**37,627**	50,932
			1,255,126	1,421,843

28.1 This includes charges on account of employees' retirement benefits in respect of the gratuity and provident funds, and for compensated absences and termination benefits, amounting to Rs. 16,475 thousand, Rs. 22,006 thousand, Rs. (9,898) thousand and Rs. 79,638 thousand (2019: Rs. 15,560 thousand, Rs. 22,018 thousand, Rs. 13,734 thousand and Rs. nil), respectively.

28.2 During the year, the Company has not paid donation to any organization, in which any director or his spouse has any interest.

Donation to following parties / organizations exceeded 10% of total donation expense or Rs. 1,000 thousand:

	2020	2019
	(Rupees '000)	
Fauji Foundation	**7,400**	6,000
Pakistan Taekwondo Federation	**650**	2,062
National Defence University	**1,000**	-
Al - Mujtaba Education Trust	**2,250**	-

		2020	2019
		(Rupees '000)	
29	**FINANCE COST**		
	Mark-up on short-term borrowings	**1,434,738**	1,484,004
	Mark-up on demand finance	**909,309**	1,111,308
	Mark-up on long-term finance	**1,904,998**	2,581,419
	Guarantee fee	**41,847**	16,354
	Interest on WPPF	**-**	122
	Other financial charges	**124,096**	-
	Bank charges	**29,134**	5,474
		4,444,122	5,198,681

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		Note	2020	2019
			(Rupees '000)	
30	**OTHER EXPENSES**			
	Workers' (Profit) Participation Fund	**9.2**	**259,631**	-
	Workers' Welfare Fund		**40,177**	-
	Exchange loss		**8,706**	634,828
	Auditor's remuneration			
	Fees - annual audit		**1,600**	1,400
	Fees - half yearly review		**300**	250
	Fees - review of Statement of Compliance with CCG		**100**	50
	Fees - reasonable assurance on Free float		**105**	95
	Other certification and services		**762**	1,015
	Out of pocket expenses		**300**	180
			3,167	2,990
			311,681	637,818
31	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank balances and term deposits		**559,467**	595,396
	Cash dividend on mutual funds		**380**	67,323
	Fair value gain on mutual fund investments		**-**	64,099
	Mark-up on sub-ordinated loans and guarantee fee		**375,824**	426,918
			935,671	1,153,736
	Income from assets other than financial assets			
	Scrap sales and miscellaneous receipts		**212,326**	276,809
	Income from subsidiaries	**31.1**	**317,063**	68,830
	Dividends income		**3,523,140**	2,831,949
	Gain on disposal of investment in associate	**14.2.1**	**84,253**	-
	Gain on sale of property, plant and equipment	**31.2**	**111,443**	38,921
			4,248,225	3,216,509
			5,183,896	4,370,245

31.1 This represent amounts charged to subsidiary companies against the use of common facilities under respective inter-company agreements.

31.2 This includes the gain on sale of fixed assets to related party, amounting to Rs. 11,500 thousand (2019: Rs. 7,589 thousand). The net book value of the fixed assets was Rs. nil (2019: Rs. nil).

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		2020	2019
		(Rupees '000)	
32	**TAXATION**		
	Current tax		
	For the year	**1,777,014**	1,423,872
	Prior years	**40,459**	-
		1,817,473	1,423,872
	Deferred tax		
	For the year	**882,906**	627,966
	Prior years	**-**	-
		882,906	627,966
		2,700,379	2,051,838
32.1	**Reconciliation of tax charge for the year:**		
	Profit / (loss) before tax	**4,892,816**	(3,868,907)
	Tax on profit / (loss)	**1,418,917**	(1,121,983)
	Tax effect of lower rate on certain income / expenses	**(493,265)**	(418,572)
	Tax effect of exempt income / permanent differences	**793,886**	3,994
	Minimum tax	**654,296**	1,002,589
	Tax effect of deferred tax not recognised on business loss	**286,640**	1,498,631
	Tax effect of prior year adjustment	**40,459**	983,754
	Tax effect of differences between applicable rate and enacted rate	**-**	102,052
	Others	**(554)**	1,373
		2,700,379	2,051,838

		Note	2020	2019
33	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit / (loss) after taxation (Rupees in thousand)		**2,192,437**	(5,920,745)
	Weighted average number of ordinary shares in issue during the year (thousand)	**33.1**	**1,035,480**	Restated 1,035,480
	Earnings / (loss) per share - basic and diluted (Rupees)		**2.12**	Restated (5.72)

There is no dilutive effect on the basic earnings per share of the Company for the year 2020.

33.1 As disclosed in note 5, subsequent to reporting date the Company has alloted, under a right issue, 357,142,857 ordinary shares (i.e. 38.3325% of existing ordinary shares of Rs. 10 per share) at Rs. 14 per share. In accordance with requirements of relevant accounting standard, the weighted average number of ordinary shares outstanding during the current and previous years have been adjusted for the bonus element in the right issue, by applying adjustment factor of 1.1085.

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		Note	2020	2019
			(Rupees '000)	
34	**CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES**			
	Profit / (loss) before taxation		**4,892,816**	(3,868,907)
	Adjustments for:			
	Provision for gratuity		**65,538**	64,654
	Exchange loss		**8,706**	634,828
	Provision for compensated absences		**(12,088)**	48,784
	Provision for Workers' Profit Participation Fund	**9.2**	**259,631**	-
	Provision for Workers' Welfare Fund		**40,177**	-
	Depreciation	**13.2**	**926,336**	1,667,495
	Recognition of provision for obsolete stores and spares	**16.1**	**78,985**	33,491
	Impairment charge on investments		**4,082,212**	1,520,000
	Remeasurement gain on GIDC - net		**(2,740,855)**	-
	Provision for other receivables		**232,000**	-
	Finance cost		**4,444,122**	5,198,681
	Mark-up on sub-ordinated loans and guarantee fee		**(375,824)**	(426,918)
	Dividend income		**(3,523,140)**	(2,831,949)
	Allowance for input tax	**22**	**713,549**	-
	Gain on disposal of investment		**(84,253)**	-
	Profit on bank balances and term deposits		**(559,467)**	(595,396)
	Fair value gain on mutual fund investments		**-**	(67,323)
	Cash dividend on mutual funds		**(380)**	(64,099)
	Gain on sale of property, plant and equipment		**(111,443)**	(38,921)
			8,336,622	1,274,420
	Working capital changes:			
	Decrease / (increase) in current assets			
	Stores and spares		**15,117**	(300,517)
	Stock-in-trade		**11,894,486**	(9,101,394)
	Trade debts		**6,950,498**	(2,887,461)
	Advances		**150,529**	535,243
	Trade deposits and short-term prepayments		**32,789**	(84,196)
	Other receivables		**1,050,163**	(596,254)
	Sales tax refundable		**(431,922)**	(4,179,568)
	Increase in current liabilities			
	Trade and other payables		**3,435,465**	4,431,732
			23,097,125	(12,182,415)
			31,433,747	(10,907,995)

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35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including benefits applicable to the Chief Executive and executives of the Company, are given below:

	2020		2019	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	**23,607**	**1,319,460**	12,474	900,042
Bonus paid	**2,290**	**-**	5,008	203,063
Contributory provident fund	**1,363**	**39,290**	635	39,889
Others	**6,013**	**191,389**	6,708	229,449
	33,273	**1,550,139**	24,825	1,372,443
No. of person (s)	**1**	**180**	1	177

The above are provided with medical facilities as well. The Chief Executive and certain executives are also provided with the Company's maintained vehicles and household equipment and other benefits in accordance with the Company's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment, while the contribution for executives in respect of gratuity is on the basis of an actuarial valuation. Leave encashment was paid to executives amounting to Rs. 67,463 thousand (2019: Rs. 47,016 thousand) on separation in accordance with the Company's policy.

Directors of the Company were paid meeting fees aggregating to Rs. 11,250 thousand (2019: Rs. 10,350 thousand). No other remuneration was paid to directors of the Company (2019: Rs. nil). The number of directors of the Company was 12 (2019: 12).

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

36 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company 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 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

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undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

36.1 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 trade debts, deposits, advances, loans, interest accrued, short-term investments, other receivables 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:

	2020	2019
	(Rupees '000)	
Long-term loans	**6,990,318**	3,130,000
Trade debts	**1,656,387**	8,606,885
Deposits	**85,495**	94,986
Advances	**70,146**	77,683
Interest accrued	**473,503**	247,867
Other receivables	**5,599,085**	6,201,818
Short-term investments	**-**	1,009,029
Bank balances	**25,047,452**	5,293,361
	39,922,386	24,661,629

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 has significant amount receivable from Fauji Fertilizer Company Limited which amounts to Rs. 1,827,496 thousand (2019: Rs. 2,885,789 thousand) and which is included in total carrying amount of other receivables as at reporting date. At the reporting date this receivable is neither overdue nor impaired. The Company has also advanced unsecured long-term loans of Rs. 1,065,318 thousand (2019: Rs. 500,000 thousand) and Rs. 5,925,000 thousand (2019: Rs. 2,630,000 thousand), to Fauji Meat Limited (FML) and Fauji Foods Limited (FFL), respectively, related parties (refer to note 15). Accrued interest of Rs. 180,417 thousand and Rs. 293,073 thousand (2019: Rs. 236,425 thousand and Rs. 118,864 thousand) is also outstanding from FML and FFL, respectively. The remaining amount includes receivable from the Government of Pakistan amounting to Rs. 3,160,992 thousand (2019: Rs. 3,160,992 thousand) on account of subsidy income, and Rs. 592,874 thousand (2019: Rs. 123,185) receivable from various related parties (refer to note 21), mainly in respect of dividend income and transactions in the normal course of business.

Trade debts 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 and advances to employees.

The Company limits its exposure to credit risk by investing only in liquid securities and placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Company only has placed funds in the banks with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

36.2 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.

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	Rating	2020	2019
		(Rupees '000)	
Trade Debts			
Counterparties without external credit ratings			
Existing customers with no default in the past	**unrated**	**1,656,387**	8,606,885
Deposits			
Counterparties without external credit ratings			
Others	**unrated**	**85,495**	94,986
Long-term loans			
Counterparties without external credit ratings			
Others	**unrated**	**6,990,318**	3,130,000
Advances			
Counterparties without external credit ratings			
Others	**unrated**	**70,146**	77,683
Interest accrued			
Counterparties with external credit ratings			
	AAA	**-**	2,964
	AA-	**-**	10,705
	A+	**-**	15,653
		-	29,322
Counterparties without external credit ratings			
Others	**unrated**	**473,503**	357,303
Other receivables			
Counterparties with external credit ratings			
Receivable from related party	**AA+**	**1,827,496**	2,885,789
Counterparties without external credit ratings			
Receivable from Government of Pakistan	**unrated**	**3,160,992**	3,160,992
Receivable from others including related parties	**unrated**	**610,597**	155,037

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	Rating	2020	2019
		(Rupees '000)	
Short-term investments			
Counterparties with external credit ratings	**AAA**	-	919
	AA+	-	921
	AA	-	6,469
	A+	-	1,000,720
		-	1,009,029
Bank balances			
Counterparties with external credit ratings	**AAA**	**10,956,068**	785,047
	AA+	**3,816,083**	444,205
	AA	**5,695,720**	918,759
	AA-	**2,061,555**	1,989,929
	A+	-	801,104
	A	**2,015,565**	152,218
	A-	**502,461**	202,099
		25,047,452	5,293,361

Impairment losses

As at the reporting date trade debts of Rs. 96,496 thousand (2019: Rs. 904,829 thousand) were overdue up to 30 days. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The probability of default (PD) rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability - weighted outcome, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions. Whereas, the loss given default is based upon external credit rating of banks who have issued the letter of guarantees to the customers. Accordingly, the Company assess that any ECL on trade debts will be minimal. This is supported by absence of any loss in prior periods and management is confident that this loss rate will be minimally affected by current conditions and, reasonable and supportable forecasts. Therefore, the Company has not recorded any ECL on trade debts.

As discussed in notes 14.3.1 and note 14.3.4, the Company has carried out impairment test of its investments in FML and FFL, wherein the Company has recognised impairment charge on its equity investment. As a part of this impairment test, the Company has assessed that FML and FFL will have cash flows from their operations to repay the loans along with related interest accrued, without any significant ECL.

As per historical pattern, the amount due from Fauji Fertilizer Company Limited is settled within a week. Accordingly, there is no significant risk of ECL in respect of this balance. Similarly, amounts from other related parties are settled in normal course of business and there is no significant risk of ECL.

The amount of subsidy receivable is linked to a sovereign entity, who can print the currency which is routinely held by Central Bank and other major local financial institutions, which qualitatively indicate that historical credit loss information should be minimally affected by current conditions, and reasonable and supportable forecasts. Therefore, the Company does not expect any significant additional ECL as at the reporting date.

Being low risk instruments, the Company has assessed an allowance on its balances with banks based on 12 months ECL. Based upon above mentioned high credit ratings, ECL rate on bank balances and short-term investments round to zero.

In the previous years, the Company has recorded an impairment loss of Rs. 3,000 thousand in respect of its long-term investment as explained in note 14.4.

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36.3 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 managing 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 management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 11 to the financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2020	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
			(Rupees '000)			
Long-term loans including mark-up	**22,416,863**	**26,403,265**	**2,485,694**	**3,468,073**	**7,633,167**	**12,816,331**
Trade and other payables	**32,863,937**	**35,605,192**	**18,389,521**	**2,791,730**	**5,583,461**	**8,840,480**
Short-term borrowings including mark-up	**16,092,196**	**16,092,196**	**16,092,196**	**-**	**-**	**-**
	71,372,996	**78,100,653**	**36,967,411**	**6,259,803**	**13,216,628**	**21,656,811**
2019						
Long-term loans including mark-up	18,641,964	23,404,897	3,208,613	3,797,492	7,856,753	8,542,039
Trade and other payables	34,282,944	34,282,944	34,282,944	-	-	-
Short-term borrowings including mark-up	28,905,705	28,905,705	28,905,705	-	-	-
	81,830,613	86,593,546	66,397,262	3,797,492	7,856,753	8,542,039

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The contractual cash flow relating to long-term borrowings and short-term borrowings have been determined on the basis of expected mark-up rates. The mark-up rates as at reporting date have been disclosed in note 7 and note 11 to these financial statements respectively.

36.4 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 currency and interest rate risk only.

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36.4.1 Currency risk

Exposure to Currency Risk

The Company is exposed to currency risk on certain liabilities and bank balances which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2020		2019	
	Rupees '000	US Dollar '000	Rupees '000	US Dollar '000
Bank balances	**2,042**	**13**	2,038	13
Creditors	**(5,963,390)**	**(36,857)**	(4,952,965)	(31,883)
Net exposure	**(5,961,348)**	**(36,844)**	(4,950,927)	(31,870)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rate (Bid-offer average)	
	2020	2019	2020	2019
US Dollars	**162.71**	151.30	**161.80**	155.35

Sensitivity analysis

A 10% strengthening of the functional currency against USD at 31 December would have increased profit and loss by Rs. 596,135 thousand (2019: Rs. 495,093 thousand). A 10% weakening of the functional currency against USD at 31 December would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

36.4.2 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 from banks and short-term deposits with banks. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

	2020	2019
	(Rupees '000)	
Fixed rate instruments		
Financial assets	**-**	1,000,000
Financial liabilities	**24,042,976**	12,949,993
Variable rate instruments		
Financial assets	**27,019,176**	8,288,717
Financial liabilities	**33,613,746**	33,635,425

Fair value sensitivity analysis for fixed rate instruments

The Company is not exposed to interest rate risk on its fixed rate instruments as all of these are of a short-term nature.

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Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased / (decreased) profit by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2019.

	Profit or loss	
	100 basis points increase	100 basis points decrease
	(Rupees '000)	
December 31, 2020		
Cash flow sensitivity-variable rate instruments	**(65,946)**	**65,946**
December 31, 2019		
Cash flow sensitivity-variable rate instruments	(253,467)	253,467

Market price risk

For investments at fair value through profit or loss, a 1 % increase / decrease in market price at reporting date would have increased / decreased profit for the year by Rs. nil (2019: Rs. 90 thousand).

36.5 Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		2020		2019	
		Carrying amount	Fair value	Carrying amount	Fair value
	Note	(Rupees '000)			
Assets carried at amortized cost					
Long-term loans	15	**6,990,318**	**6,990,318**	3,130,000	3,130,000
Trade debts	18	**1,656,387**	**1,656,387**	8,606,885	8,606,885
Deposits		**85,495**	**85,495**	94,986	94,986
Advances		**70,146**	**70,146**	77,683	77,683
Interest accrued		**473,503**	**473,503**	247,867	247,867
Other receivables - net of provision	21	**5,170,133**	**5,170,133**	6,004,866	6,004,866
Short-term investments	23	**-**	**-**	1,000,000	1,000,000
Cash and bank balances	24	**25,048,432**	**25,048,432**	5,294,341	5,294,341
		39,494,414	**39,494,414**	24,456,628	24,456,628
Assets carried at fair value					
Short-term investments - Investments at fair value through profit or loss	23	**-**	**-**	9,029	9,029

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		2020		2019	
		Carrying amount	Fair value	Carrying amount	Fair value
		(Rupees '000)			
Liabilities carried at amortized cost					
Long-term loans including accrued interest	**7 & 10**	**22,416,863**	**22,416,863**	18,641,964	18,641,964
Trade and other payables	**8 & 9**	**32,863,937**	**32,863,937**	34,282,944	34,282,944
Short-term borrowings including accrued interest	**10 & 11**	**16,092,196**	**16,092,196**	28,905,705	28,905,705
		71,372,996	**71,372,996**	81,830,613	81,830,613

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in the market rate and rate of the instruments and most of the fixed rate instruments, excluding payable against GIDC, are short-term in nature, therefore fair value significantly approximates to carrying value (refer to note 8.3 for discussion of fair value of payable against GIDC) as of reporting date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value and assets for which fair value are disclosed by level of fair value hierarchy for the year ended December 31, 2020. 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).

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes has occurred.

	Level 1	Level 2	Level 3
		(Rupees '000)	
December 31, 2020			
Assets carried at fair value			
Short-term investments - investment in mutual funds	-	-	-
December 31, 2019			
Assets carried at fair value			
Short-term investments - investment in mutual funds	9,029	-	-

The carrying value of financial assets and liabilities reflected in financial statements approximate their respective fair values.

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36.6 Fair value estimation

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 in fair value through profit or loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date and accordingly are at level 1 in fair value hierarchy.

Investment in subsidiaries and associates

The fair value of investment in quoted securities are determined by reference to their quoted closing bid price at the reporting date and accordingly are at level 1 in fair value hierarchy.

Non-derivative financial assets

The fair value of non-derivative financial assets is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

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.

36.7 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 total long-term loans to equity ratio as at 31 December, 2020 based on total long-term loans of Rs. 22,241,668 thousand and total equity of Rs. 13,959,403 thousand was 1.59 : 1 (2019: 2.69 : 1).

The Company finances its operations through equity, borrowings and management of working capital with view of maintaining an appropriate mix between various source of finance to minimize risk.

37 RELATED PARTY TRANSACTIONS

The Company has related parties which comprise of subsidiaries, a joint venture, entities under common directorship, directors, key management personnel, share holders and employees' funds. Fauji Fertilizer Company Limited (FFCL) has a 49.88% share holding in the Company (2019: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2019: 18.29%) in the Company. Transactions with related parties and the balances outstanding, other than those which have been disclosed elsewhere in these financial statements are given below. The carrying values of the investment in and loans to related parties are disclosed in notes 14 and 15, respectively, to the financial statements.

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	2020	2019
	(Rupees '000)	
Transactions with Fauji Foundation		
Dividend paid	**-**	170,842
Advance against issue of shares	**914,466**	-
Contribution paid for Youm-e-Shuhadaa and Defence day	**-**	6,000
Contribution for Institute of Cardiology (AFIC)	**7,400**	-
Services received	**58,600**	-
Proceed from sale of vehicle	**11,500**	-
Payment against services	**32,368**	5,912
Balance payable at year end	**33,632**	-
Transactions with the subsidiary companies		
Fauji Meat Limited		
Material / services provided	**29,419**	12,351
Receipt against material / services	**911**	7,178
Balance receivable at year end	**33,682**	5,173
Mark-up on sub-ordinated loan	**71,367**	270,638
Guarantee fee	**11,384**	-
Guarantee fee and mark-up receivable	**180,417**	97,667
Receipt against mark-up on sub-ordinated loan	**-**	62,129
FFBL Power Company Limited		
Material / services provided	**693,869**	560,200
Material / services received	**9,664,102**	10,422,458
Balance payable at year end	**1,185,407**	874,912
Balance receivable at year end	**102,722**	108,781
Fixed assets transferred	**-**	7,589
Receipt against material / services	**726,106**	565,911
Payment against material / services	**9,783,745**	12,634,197
Dividend received	**1,996,594**	1,610,156
Fauji Foods Limited		
Material / services provided	**7,602**	3,456
Material / services received	**4,177**	-
Receipt against material / services	**12,398**	3,456
Balance receivable at year end	**1,527**	-
Mark-up on sub-ordinated loan	**266,283**	156,280
Guarantee fee	**26,790**	-
Guarantee fee and mark-up receivable	**293,073**	118,864
Receipt against mark-up on sub-ordinated loan	**-**	37,417

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	(Rupees '000)	
FFBL Foods Limited		
Material / services provided	**2,748**	582
Non-Capex assets purchased	**-**	77
Balance receivable at year end	**1,891**	-
Receipt against material / services	**857**	506
Payment against material / services	**-**	21
Transactions with associated undertakings due to common directorship		
Fauji Fertilizer Company Limited		
Services and material acquired	**1,547,455**	1,203,177
Services and material provided	**1,814**	2,989
Advance against issue of shares	**2,493,774**	-
Receipts under consignment and current account	**94,139,337**	54,958,990
Commission charged to the Company	**29,717**	23,921
Dividend paid	**-**	465,892
Fauji Cement Company Limited		
Dividend received	**-**	28,125
Askari Bank Limited		
Balances at bank	**1,014,123**	337,116
Profit on bank balances	**293,196**	167,387
Long-term loans	**416,667**	500,000
Mark-up on long-term loans	**55,098**	58,509
Mark-up payable on long-term loans at the year end	**8,448**	18,740
Dividend received	**407,826**	271,884
Foundation Wind Energy-I Limited & Foundation Wind Energy-II Limited		
Dividend received	**-**	175,000
Transactions with joint venture		
Pakistan Maroc Phosphore S.A., Morocco		
Purchase of raw materials	**32,790,377**	40,809,746
Expenses incurred on behalf of joint venture	**-**	8,859
Dividend received	**671,290**	746,784
Dividend receivable	**447,430**	-
Balance payable at the year end - secured	**5,890,871**	6,593,346
Balance receivable at the year end - unsecured	**5,622**	9,231

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	(Rupees '000)	
Other related parties		
Contribution to provident fund	**70,777**	73,072
Payment to gratuity fund	**108,116**	77,489
Payment to Workers' (Profit) Participation Fund and Workers Welfare Fund	**-**	10,954
Balance payable - unsecured (WWF and WPPF)	**861,430**	561,622
Payable to gratuity fund	**188,615**	278,413
Meeting fee to directors	**11,250**	10,350
Remuneration of key management personnel		
Short-term benefits	**146,837**	169,939
Post employment benefits	**42,128**	43,191

In addition to the above:

- a ranking charge amounting to US$ 91,456,667 and Rs. 4,000 million (2019: US$ 91,456,667 and Rs. 4,000 million) has been registered on the assets of the Company, in respect of project financing arranged by Foundation Wind Energy-I Limited (FWEL-I).

- a ranking charge amounting to US$ 89,146,667 and Rs. 4,000 million (2019: US$ 89,146,667 and Rs. 4,000 million) has been registered on the assets of the Company, in respect of project financing arranged by Foundation Wind Energy-II Limited (FWEL-II).

- the Company has issued standby letter of credit amounting to Rs. 934 million in favour of the FML under the Diminishing Musharaka Agreement.

- the Company has provided sponsor support, to lenders of project financing arranged by FPCL, to fund any shortfall, to the extent FPCL is unable to fulfill its financial obligations:

(i) up to Rs. 29,150 million (2019: Rs. 29,150 million) and all cost over runs, till technical completion date; and

(ii) up to Rs. 8,000 million after project completion date.

- the Company has committed to provide collateral or other sponsor support to FML, the total limit of such facility approved in the Company’s annual general meeting, on March 30, 2020, is disclosed in note 15.1. During the period, the Company provided sponsor support in the form of corporate guarantee amounting to Rs. 1,000 million.

- the Company has issued standby letter of credit amounting to Rs. 1,000 million in favour of the FFL under the Master Facility Agreement. Also, refer to note 15.2.

- the Company has also approved to provide a revolving guarantee amounting to Rs. 6,067 million in favour of the FFL under the Master Facility Agreement.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE YEAR ENDED DECEMBER 31, 2020

37.1 Detail of related parties

Name of related party	Basis of relationship	Percentage holding
Fauji Foundation	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship	-
Pakistan Maroc Phosphore	Joint Venture / Common Directorship	25.00%
Fauji Meat Limited	Subsidiary / Common Directorship	90.18%
Fauji Foods Limited	Subsidiary / Common Directorship	67.50%
FFBL Power Company Limited	Subsidiary / Common Directorship	75.00%
FFBL Foods Limited	Subsidiary / Common Directorship	100.00%
Fauji Cement Company Limited	Associate Company / Common Directorship	-
Askari Bank Limited	Associate Company / Common Directorship	21.57%
Foundation Wind Energy-I Limited	Associate Company / Common Directorship	35.00%
Foundation Wind Energy-II Limited	Associate Company / Common Directorship	35.00%
FFBL Gratuity Fund	Employee benefit fund	-
FFBL Provident fund	Employee benefit fund	-
FFBL Workers' (Profit) Participation Fund	Employee benefit fund	-

38 GENERAL

		2020	2019
		(Tonnes)	
38.1	**Production capacity**		
	Design capacity		
	Urea	**551,100**	551,100
	DAP	**650,000**	650,000
	Actual production		
	Urea	**558,932**	508,404
	DAP	**739,968**	830,696

		2020	2019
		(Numbers)	
38.2	**Number of persons employed**		
	Employees at year end	**787**	950
	Average employees during the year	**900**	972

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

38.3 Impact of COVID-19

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency due to Corona virus. Because of the rapid increase in exposure globally, on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The Government of Pakistan imposed restrictions on movement temporarily. The Company had adopted the required regulations. The plant operations remained broadly unaffected and there has been no significant effect on sales. Accordingly, till date there has been no effects on Company's financial as well as operational results. Management is also not expecting any significant disruptions in the future. Management of the Company, however, continue to evaluate it's effect till the date of authorization of these financial statements for current and next year.

38.4 Employees Provident Fund

Investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

38.5 The Board of Directors of the Company in their meeting held on January 26, 2021 has recommended to:

(i) Roll-over and extend the time for repayment of the sub-ordinated shareholder loan of Rs. 2.5 billion ("Sponsor Support Loan") granted by the Company to its associated company Fauji Foods Limited (FFL), for a period of one (1) year, i.e., until March 30, 2022 without otherwise affecting the terms and conditions approved by the shareholders through the special resolution passed on March 30, 2020, except that the conversion of the Sponsor Support Loan into shares of the equivalent value of FFL will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert.

(ii) Roll-over and extend, for a further period of one (1) year, i.e., until March 30, 2022, the sponsor support (approved in the Annual General Meeting held on March 30, 2020) of Rs. 3 billion to Fauji Meat Limited (FML), by extending, by one (1) year as aforesaid, the portion of sponsor support already provided to FML in the form of collateral support and subordinated shareholder loan by the date of the upcoming Annual General Meeting (out of the total sponsor support amount of Rs. 3 billion), and by providing the remaining unutilized amount of the sponsor support, in each case, on the same terms and conditions as were approved by the shareholders on March 30, 2020, except that the conversion of any sponsor support loan into shares of the equivalent value of FML will be at a price to be determined by the Board at the time the Company decides to exercise its right to convert and with the additional right of FML to use the unutilized amount of sponsor support for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) availed by FML.

(iii) provide sponsor support, up to a maximum amount of Rs. 3.5 billion, to Fauji Meat Limited (FML), through either, or a combination of, a sub-ordinated shareholder loan (to meet the working capital and operational expenses requirements of FML and to allow FML to use the proposed sub-ordinated shareholder loan for repayment (of both the principal and mark-up amounts) of loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended to FML by financial institutions) or collateral support for a period not exceeding one (1) year (including, without limitation, by way of providing or arranging corporate guarantee, bank guarantee, standby letter of credit or cash deposit under lien) as security for working capital facilities or loans / financing facilities (of whatsoever nature or howsoever described) extended or to be extended by financial institutions to FML, or in any other form.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

38.6 The Board of Directors in their meeting held on January 26, 2021 have proposed a final dividend of Rs. nil per ordinary share.

38.7 Corresponding figures have been re-arranged and re-classified, where necessary, for more appropriate presentation of transactions and events, for the purposes of comparison.

Significant reclassification consists of following:

From	**To**	**(Rupees '000)**
Other expenses	Impairment of equity investment - FML and FFL	1,520,000

38.8 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on January 26, 2021.

CHAIRMAN **CHIEF EXECUTIVE** **DIRECTOR** **CHIEF FINANCIAL OFFICER**

CONSOLIDATED **FINANCIAL STATEMENTS**

For the Year Ended December 31, 2020

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF THE FAUJI FERTILIZER BIN QASIM LIMITED

Opinion

We have audited the annexed consolidated financial statements of Fauji Fertilizer Bin Qasim Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 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 the 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:

Key audit matters	How the matter was addressed in our audit
1. Going Concern of subsidiaries – Fauji Meat Limited and Fauji Foods Limited	
As of 31 December 2020, Fauji Fertilizer Bin Qasim Limited (the Holding Company) has ownership interest of 90.18% (2019: 90.18%) and 67.5% (2019: 50.59%), respectively, in Fauji Meat Limited (FML) and Fauji Foods Limited (FFL). Accordingly, FML and FFL, along with other subsidiaries of the Company are consolidated in the consolidated financial statements. FML has consistently incurred losses since inception in 2016. As at 31 December 2020, the accumulated losses of FML, as disclosed in its financial statements (un-audited), amounted to Rs. 7,074 million. FFL has also been consistently incurring losses, since its acquisition by the Holding Company in 2015. As at 31 December 2020, the accumulated losses of FFL, as disclosed in its financial statements (un-audited), amounted to Rs. 15,188 million. Both FML and FFL have majorly exhausted external sources of finance and are reliant on the Holding Company for support to continue operations.	The following procedures were performed: ● Updated our understanding of the Holding Company's plans to address the liquidity and profitability concerns in FML and FFL by reading the minutes of meetings of the Board of Directors and its committees. ● Inspected the unaudited financial statements of FML and FFL to identify whether any impairment has been recorded in the current year. ● Assessed the cash flow forecasts, approved by the Board of Directors of FML and FFL, taking into account our knowledge of the businesses and comparing the cash flow forecasts to externally available industry, economic and financial data. ● Involved our Valuation Specialists to assess the appropriateness of the management's assumptions. Analyzed the Holding Company's sensitivity analysis in main areas being the sales growth, operating margin, discount rate and long-term market growth-rate assumptions.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF THE FAUJI FERTILIZER BIN QASIM LIMITED

Key audit matters	How the matter was addressed in our audit
Management of the Holding Company has concluded that above mentioned conditions indicate existence of material uncertainty that may cast significant doubt regarding going concern of FML. In respect of FFL, the above-mentioned conditions and other matters indicate existence of significant doubt regarding going concern. Management has drawn up business plans for both FML and FFL and remains confident that both FML and FFL will continue to operate for foreseeable future, as going concerns. A significant degree of management judgement is involved in making these assessments and in forecasting the future cashflows of FML and FFL, which are inherently uncertain. Accordingly, we consider this as a key audit matter. Refer to note 1 of the accompanying consolidated financial statements, for the discussion on the matter by management.	● Obtained corroborating evidence regarding the cash flow forecasts by comparing the managements' forecasts for current year with actual results. ● Assessed the timing of re-payment/ adjustment of sub-ordinated loans and utilization and repayment of collateral support/ financial guarantee incorporated into the discounted cash flow models. ● Assessed the ability of Holding Company to provide the necessary financial support to FML and FFL, by assessing the availability of banking and other financial facilities. ● Assessed the adequacy of disclosures made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.
2. Group Audit	
The Group consists of the Holding Company and four (4) subsidiaries, organized into four (4) reportable segments. In addition, the Group holds a substantial equity investment portfolio, consisting of three (3) associates and one (1) joint venture, valued at Rs. 24,287 million (2019: 20,239 million), as at 31 December 2020. The disparate nature of the Group's business requires adequate monitoring activities from an internal control perspective. Further, in our role as group auditor, it is essential that we obtain an appropriate level of understanding of the components and the work performed by the component auditors, therefore, Group Audit has been considered as a Key Audit Matter as per the guidance of ISA 701. Refer to note 1 of the accompanying consolidated financial statements, for the discussion of the Group's structure.	The following procedures were performed: ● In our audit approach, we have focused on risks in relation to decentralized structure and we have been closely involved in the audits performed at significant components. Members of the group team performed the audit of FFBL and also reviewed reporting deliverables from the component audit teams. ● We also performed tests on consolidation adjustments and manual journal entries, both at group and component level to obtain an understanding of significant entries. ● We reconfirmed our understanding of the design and implementation of controls relating to equity accounting, and then for each material component, we recalculated the amount of the Group's share of comprehensive income, in accordance with the requirements of International Financial Reporting Standards.

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">3. Accounting for Gas Infrastructure Development Cess</td></tr>
<tr><td>As at 31 December 2020, the Holding Company has recognised a liability of Rs. 19,593 million against Gas Infrastructure Development Cess (GIDC), under the Gas Infrastructure Development Cess Act, 2015, along with gain on restructuring and finance cost of Rs. 3,301 million and Rs. 560 million, respectively; pursuant to the Supreme Court of Pakistan's decision announced on 6 November 2020 which resulted in exchange of liabilities with significantly different terms.

In the absence of any accounting standard that specifically applies to recognition, measurement and disclosure requirements for such a liability, the Holding Company has used the guidance of paragraphs 10–11 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in developing and applying an accounting policy for the liability for recognition, measurement, presentation and disclosure, that would result in information that is relevant, to the economic decision-making needs of users of financial statements, and reliable.

Due to the significance of the amount, the judgment involved in selection of accounting policies and impact of exchange of liabilities with significantly different terms, we have considered this to be a key audit matter.

Refer to notes 2.4.10, 3.12 and 10.3 of the accompanying financial statements, for the selected accounting policy and a discussion on the matter by management.</td><td>The following procedures were performed:
● Understood the Holding Company's process for assessment of whether recognition, measurement and disclosure requirements for GIDC payable is within the scope any accounting standard.
● Understood the Holding Company's process for selection of accounting policies and impact of exchange of liabilities with significantly different terms.
● Obtained and reviewed the detailed judgement issued by the Supreme Court of Pakistan.
● Viewed the legal analysis carried out by one of the Holding Company's external legal counsel to understand the nature and extent of the Company's obligation, under GIDC Act, 2015, as of reporting date.
● Involved our internal financial reporting specialists to assess the appropriateness of the accounting policy selected by management, that should result in information that is relevant, to the economic decision-making needs of users of financial statements, and reliable.
● Assessed the emerging local practice for selection and application of related accounting policies.
● Assessed the adequacy of disclosures made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.</td></tr>
</table>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF THE FAUJI FERTILIZER BIN QASIM LIMITED

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 accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Farooq Hameed.

Chartered Accountants
Place: Islamabad
Date: 19 February 2021

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT DECEMBER 31, 2020

	Note	2020	2019
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	**4**	**9,341,100**	9,341,100
Advance against issue of shares	**5**	**4,885,787**	-
Capital reserve	**6**	**228,350**	228,350
Statutory reserve		**1,880,710**	1,329,299
Revenue reserves			
Translation reserve		**3,575,458**	2,866,785
Revaluation reserve on available-for-sale investments, net of tax	**3.1**	**(32,845)**	(744,310)
Accumulated profit / (loss)		**208,226**	(3,875,066)
		20,086,786	9,146,158
NON-CONTROLLING INTEREST	**7**	**2,361,285**	1,582,983
		22,448,071	10,729,141
NON-CURRENT LIABILITIES			
Long-term loans	**8**	**35,085,279**	31,899,500
Lease liabilities	**9**	**379,289**	541,905
Deferred liabilities	**10**	**17,395,369**	3,641,252
		52,859,937	36,082,657
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	**11**	**23,797,774**	36,638,874
Advances from customers		**2,419,855**	193,815
Unpaid dividend		**10,954**	10,954
Unclaimed dividend		**117,973**	119,606
Accrued interest	**12**	**759,305**	1,520,388
Short-term borrowings	**13**	**22,682,389**	39,598,125
Current portion of long-term loans	**8**	**9,949,340**	8,951,344
Current portion of lease liabilities	**9**	**76,490**	183,998
		59,814,080	87,217,104
		135,122,088	134,028,902
CONTINGENCIES AND COMMITMENTS	**14**		

The annexed notes, from 1 to 43, form an integral part of these consolidated financial statements.

	Note	2020	2019
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**15**	**49,227,653**	50,960,138
Intangible assets	**16**	**443,202**	419,534
Long-term investments	**17**	**24,287,166**	20,238,869
Long-term advances		**3,210**	18,385
Long-term deposits		**85,249**	85,249
		74,046,480	71,722,175
CURRENT ASSETS			
Stores and spares	**18**	**3,684,073**	3,707,246
Stock-in-trade	**19**	**4,334,005**	17,137,919
Trade debts	**20**	**3,161,372**	10,411,213
Advances	**21**	**1,265,010**	1,265,006
Trade deposits and short-term prepayments	**22**	**273,873**	296,119
Interest accrued		**851**	42,428
Other receivables	**23**	**5,069,025**	6,089,123
Income tax refundable - net		**3,548,830**	4,360,559
Sales tax refundable	**24**	**9,561,645**	9,793,750
Short-term investments	**25**	**1,560,936**	1,409,029
Cash and bank balances	**26**	**28,345,266**	7,794,335
		60,804,886	62,306,727
Non-current assets held for sale	**27**	**270,722**	-
		135,122,088	134,028,902

CHAIRMAN **CHIEF EXECUTIVE** **DIRECTOR** **CHIEF FINANCIAL OFFICER**

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS**

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees '000)	
Sales - net	28	98,060,962	81,520,667
Cost of sales	29	(79,159,441)	(69,139,520)
GROSS PROFIT		18,901,521	12,381,147
Selling and distribution expenses	30	(6,441,218)	(7,103,557)
Administrative expenses	31	(2,005,635)	(2,412,601)
		(8,446,853)	(9,516,158)
		10,454,668	2,864,989
Finance cost	32	(8,344,459)	(9,909,862)
Other expenses	33	(555,196)	(807,238)
Allowance for expected credit losses	34	(505,040)	(391,459)
Other income	35	1,260,906	1,369,318
Share of profit of joint venture and associates - net		4,454,881	3,082,969
		6,765,760	(3,791,283)
Remeasurement gain on GIDC - net	10	2,740,855	-
PROFIT / (LOSS) BEFORE TAXATION		9,506,615	(3,791,283)
Taxation	36	(3,473,107)	(4,580,554)
PROFIT / (LOSS) FOR THE YEAR		6,033,508	(8,371,837)
Attributable to:			
-Equity holders of the Holding Company		6,455,337	(6,369,628)
-Non-controlling interest		(421,829)	(2,002,209)
		6,033,508	(8,371,837)
			Restated
Earnings / (loss) per share - basic and diluted (Rupees)	37	6.23	(6.15)

The annexed notes, from 1 to 43, form an integral part of these consolidated financial statements.

CHAIRMAN **CHIEF EXECUTIVE** **DIRECTOR** **CHIEF FINANCIAL OFFICER**

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		(Rupees '000)	
PROFIT / (LOSS) FOR THE YEAR		**6,033,508**	(8,371,837)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of a joint venture		**688,754**	1,163,906
Exchange difference on translation of an associate		**19,919**	14,663
		708,673	1,178,569
Surplus on revaluation of available-for-sale securities of an associate		**837,018**	(309,194)
Related deferred tax		**(125,553)**	46,379
Surplus on revaluation of available for sale securities - net of tax		**711,465**	(262,815)
		1,420,138	915,754
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation	**11.3**	**45,028**	(197,913)
Share of other comprehensive loss of an associate		**-**	-
		45,028	(197,913)
TOTAL COMPREHENSIVE INCOME / (LOSS)		**7,498,674**	(7,653,996)
Attributable to:			
-Equity holders of the Holding Company		**7,920,973**	(5,655,520)
-Non-controlling interest		**(422,299)**	(1,998,476)
		7,498,674	(7,653,996)

The annexed notes, from 1 to 43, 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, 2020

	Share capital	Advance against issue of shares	Reserves: Capital reserve	Reserves: Statutory reserve	Reserves: Translation reserve	Reserves: Revaluation reserve on available-for-sale investments	Reserves: Accumulated (loss) / profit	Non-controlling interest	Total
	(Rupees ' 000)								
Balance as at January 01, 2019	9,341,100	-	228,350	1,050,097	1,688,216	(481,495)	4,383,873	3,826,318	20,036,459
Allowance for expected credit loss							(152,071)	(30,422)	(182,493)
Adjusted balance as at January 01, 2019	9,341,100	-	228,350	1,050,097	1,688,216	(481,495)	4,231,802	3,795,896	19,853,966
Total comprehensive income									
Loss for the year	-	-	-	-	-	-	(6,369,628)	(2,002,209)	(8,371,837)
Other comprehensive income / (loss) for the year	-	-	-	-	1,178,569	(262,815)	(201,646)	3,733	717,841
Total comprehensive income / (loss) for the year	-	-	-	-	1,178,569	(262,815)	(6,571,274)	(1,998,476)	(7,653,996)
Transfer to statutory reserve	-	-	-	279,202	-	-	(279,202)	-	-
Transactions with owners recorded directly in equity									
Distributions to owners									
Final dividend 2018 (Re. 1 per ordinary share)	-	-	-	-	-	-	(934,110)	-	(934,110)
FPCL dividend 2019 (Rs. 2.25 per ordinary share)	-	-	-	-	-	-	-	(536,719)	(536,719)
	-	-	-	-	-	-	(934,110)	(536,719)	(1,470,829)
Change in ownership interest									
Acquisition of non-controlling interest	-	-	-	-	-	-	(322,282)	322,282	-
Balance as at December 31, 2019	9,341,100	-	228,350	1,329,299	2,866,785	(744,310)	(3,875,066)	1,582,983	10,729,141
Balance as at January 01, 2020	**9,341,100**	**-**	**228,350**	**1,329,299**	**2,866,785**	**(744,310)**	**(3,875,066)**	**1,582,983**	**10,729,141**
Total comprehensive income									
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**6,455,337**	**(421,829)**	**6,033,508**
Other comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**708,673**	**711,465**	**45,498**	**(470)**	**1,465,166**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**708,673**	**711,465**	**6,500,835**	**(422,299)**	**7,498,674**
Transfer to statutory reserve	**-**	**-**	**-**	**551,411**	**-**	**-**	**(551,411)**	**-**	**-**
Advance against issue of shares	**-**	**4,885,787**	**-**	**-**	**-**	**-**	**-**	**-**	**4,885,787**
Transactions with owners recorded directly in equity									
Distributions to owners									
FPCL dividend 2020 (Rs. 3.1 per ordinary share)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(665,531)**	**(665,531)**
Change in ownership interest									
Acquisition of non-controlling interest (note 3.1.1)	**-**	**-**	**-**	**-**	**-**	**-**	**(1,866,132)**	**1,866,132**	**-**
Balance as at December 31, 2020	**9,341,100**	**4,885,787**	**228,350**	**1,880,710**	**3,575,458**	**(32,845)**	**208,226**	**2,361,285**	**22,448,071**

The annexed notes, from 1 to 43, 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, 2020

	Note	2020	2019
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) from operating activities	**38**	**39,049,254**	(5,854,887)
Finance costs paid		**(8,979,546)**	(9,066,616)
Taxes paid		**(1,141,740)**	(1,360,656)
Payment to gratuity fund		**(118,062)**	(90,505)
Gratuity payment to employees		**(1,709)**	(5,685)
Compensated absences paid		**(85,997)**	(80,011)
Payment to Workers Welfare Fund		**(5,628)**	(4,755)
Payment to Workers' (Profit) Participation Fund		**(200,422)**	(324,503)
Net cash generated from / (used in) from operating activities		**28,516,150**	(16,787,618)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		**(1,483,793)**	(3,906,071)
Intangible assets		**(12,778)**	(3,270)
Recovery of promissory note		**-**	13,000
Long-term advances		**15,175**	83,670
Long-term deposits		**-**	(5,662)
Proceeds from sale of property, plant and equipment		**218,217**	147,157
Dividend received		**1,079,116**	1,509,915
Short-term investments		**9,409**	5,400,716
Receipt from disposal of investment		**384,253**	-
Cash dividend on mutual funds		**-**	67,323
Profit received on bank balances and term deposits		**749,158**	848,645
Net cash generated from investing activities		**958,757**	4,155,423
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans - received		**10,567,634**	4,275,000
Long-term loans - repaid		**(6,426,327)**	(10,478,239)
Lease liabilities		**(207,234)**	(184,155)
Advance against issue of shares		**4,885,787**	-
Short-term borrowings - net		**(10,050,004)**	9,149,992
Dividend paid		**(667,164)**	(1,469,549)
Net cash (used in) / generated from financing activities		**(1,897,308)**	1,293,049
Net increase / (decrease) in cash and cash equivalents		**27,577,599**	(11,339,146)
Cash and cash equivalents at the beginning of the year		**(15,903,799)**	(4,564,653)
Cash and cash equivalents at the end of the year	**26.4**	**11,673,800**	(15,903,799)

The annexed notes, from 1 to 43, form an integral part of these consolidated financial statements.

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

1 STATUS AND NATURE OF BUSINESS

Fauji Fertilizer Bin Qasim Limited group comprises of Fauji Fertilizer Bin Qasim Limited (FFBL / the Holding Company) and its subsidiaries, Fauji Meat Limited (FML), Fauji Foods Limited (FFL), FFBL Foods Limited and FFBL Power Company Limited (FPCL), collectively referred as "Group". The ultimate parent of FFBL is Fauji Foundation (FF).

FFBL is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 ("the Act") with effect from May 31, 2017). The shares of FFBL are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad, Pakistan. The principal objective of FFBL is manufacturing, purchasing and marketing of fertilizers. FFBL commenced its commercial production effective January 01, 2000.

Geographical location and addresses of major business units including plants of FFBL are as under:

Location	Purpose
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Karachi	
Plot No. EZ/I/P-1 Eastern Zone, Port Qasim, Karachi	Manufacturing Plant

1.1 The Holding Company's Gas Supply Agreement (GSA) with Sui Southern Gas Company Limited (SSGCL) expired on December 31, 2020. The Holding Company is in communication with all relevant stakeholders for renewal of GSA for further 5 years. Management is confident that the renewal will be on existing terms and conditions, including supply of gas at indigenous natural gas rates, without any significant disruption to operations of the Holding Company. Consequently, the Holding Company's profitability would not be significantly impacted as the Holding Company is taking necessary measures to maintain its profitability. Management of the Holding Company remains confident that the formal addendum to GSA will be signed within due course.

Set out below is a list of subsidiaries of the Group:

Name	Principal place of Business	Ownership in 2020	Ownership in 2019
Fauji Meat Limited (FML)	Pakistan	**90.18%**	90.18%
FFBL Power Company Limited (FPCL)	Pakistan	**75.00%**	75.00%
Fauji Foods Limited (FFL)	Pakistan	**67.50%**	50.59%
FFBL Foods Limited	Pakistan	**100.00%**	100.00%

Fauji Meat Limited (FML), is a public limited company incorporated on September 05, 2013 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The principal objective of FML is processing and marketing of meat products. FML commenced its operations with effect from April 02, 2016.

FML has incurred a net loss of Rs. 1,530,185 thousand during the year ended December 31, 2020 and accumulated loss as at the reporting date amounted to Rs. 7,074,134 thousand, which has diminished a substantial portion of total equity. Further, as at December 31, 2020, FML had net current liabilities of Rs. 4,724,444 thousand. The loss is mainly due to under utilization of plant's capacity and various other business reasons. Significant curtailment of operations due to cessation of export business also occurred during the year which management attributes to difficulty in respect of recovery of trade receivables. The management has prepared a revised business plan to achieve profitable operations by actively taking steps to improve operating cash flows by seeking to expand local and export sales and following up with outstanding trade debtors. Further, the business plan assumes that financing from the Holding Company upto an amount of Rs. 3,000,000 thousand will be available to meet

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**
FOR THE YEAR ENDED DECEMBER 31, 2020

cashflow requirements of FML. The business plan involves significant judgements in respect of increase in sales and utilization of plant's capacity, recoverability of defaulted trade debts and certain assumptions which are highly sensitive and unsupported by historical performance. Funding for operations as envisaged in the revised business plan has been committed by the Holding Company and the Holding Company has confirmed its intention for continued financial and operational support to FML as and when required to enable FML to achieve the revised business plan. Notwithstanding, the Board of Directors of FML considers it appropriate to prepare the financial statements on a going concern basis because of availability of adequate and sufficient financial and operational support of the Holding Company. Nevertheless, these conditions indicate that a material uncertainty exists that may cast significant doubt on the FML's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. As of reporting date, the related Meat segment of the Group has a carrying value of Rs. 1,626,183 thousand (excluding intra-group loans).

Geographical location and addresses of major business units including plants of FML are as under:

Location	**Purpose**
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Karachi	
Deh Kohistan Chak No.1 Tapo Gharo, Tehsil Mir Pur Sakhro, District Thatta	Plant Site

FFBL Power Company Limited (FPCL), is a public limited company incorporated on June 27, 2014 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). FPCL has been established to build, own and operate a 118 MW coal based power generation facility at Port Qasim Karachi. FPCL achieved its financial close in December 2015 and Commercial Operation Date on May 19, 2017.

Geographical location and addresses of major business units including plants of FPCL are as under:

Location	**Purpose**
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Karachi	
Port Qasim	Power Generation Facility

Fauji Foods Limited (FFL) was incorporated in Pakistan on September 26, 1966 as a public company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

Consequent to acquisition of FFL by Fauji Group in year 2015, the management has taken various operational measures towards transformation of FFL that includes curtailment of higher input costs, increasing production scales to optimum levels by BMR - balancing, modernization and replacement of production facility (during the last four years), strengthening of milk collection and sales and distribution structures. The management has also taken various financial initiatives towards improvement of liquidity that included time to time raising of equity finance through right issue, arrangement of long term and working capital facilities to support working capital and capital expenditure requirements. Further, the Holding Company has approved additional financial support of Rs. 6,000 million out of which Rs. 5,925 million has been disbursed during the year for meeting the working capital requirements and contractual obligations of FFL. Further, the Holding Company has provided standby letter of credit amounting to Rs. 1,000 million and revolving corporate guarantee as additional security against syndicate finance facility.

Due to continuous operational losses for the last few years, current liabilities exceed current assets by Rs. 5,184,370 thousand, equity eroded and stands at negative Rs. 3,989,910 thousand and with the operations being financed through sponsor support/equity injection/ bank borrowings, the total debt amounts to Rs. 14,501,510 thousand as on December 31, 2020.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**
FOR THE YEAR ENDED DECEMBER 31, 2020

However, in the year 2020, FFL has shown recovery compared to 2019 with a topline growth of 28.34% and reduction of loss after tax by 47.17%. The Board of the Directors ("BOD") of FFL has approved 10 year business plan that shows improvements in cash generation. FFL has also achieved financial restructuring of the overall financial debt of FFL. As per the terms of restructuring, FFL has secured a profit and principal grace period of one year and two and a half years respectively along with extension in the repayment period by 5 years.

The management and the Board consider that the measures as explained above would result in availability of adequate financial resources for FFL to sustain the continuity of its business operations for the foreseeable future and thus maintain its going concern status. Accordingly, FFL's financial statements have been prepared on a going concern basis which assumes that FFL will continue to operate its business, realize its assets, and discharge its liabilities, in the normal course of business. As of reporting date, the related food segment of the Group has a carrying value of Rs. 2,422,226 thousand (excluding intra-group loans), including goodwill of Rs. 377,778 thousand and net assets of amounting to Rs. 294,068 thousand held by FFBL Foods Limited .

Geographical location and addresses of major business units including plants of FFL are as under:

Location	Purpose
Lahore	
42 CCA, Ex Park View, DHA Phase – VIII	Head Office
Bhalwal	
District Sargodha	Processing Unit

FFBL Foods Limited, is a public limited company incorporated on July 04, 2013 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). It has not commenced its business and is dormant since its incorporation. Accordingly, the Board of Directors of FFBL Foods Limited has decided to auction of its only principal asset i.e. agricultural land. Therefore, the Board of Directors of FFBL Foods Limited considers it appropriate to prepare its financial statements on a non-going concern basis.

Geographical location and addresses of major business units of FFBL Foods Limited are as under:

Location	Purpose
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Pindi Bhattian	
Moza Thatta Raika and Moza Thatta Bahuman	Agriculture Land

Refer to note 27, for information regarding the reclassification to non-current assets held for sale.

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 applicable in Pakistan comprise of:

- 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.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

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

2.2 Basis of measurement

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 staff retirement gratuity and compensated absences, which are carried at the present value of the defined benefit obligations, net of fair value of related plan assets.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All financial information presented in Pak Rupee has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the accounting and reporting as applicable in Pakistan standards requires management to make judgments, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are discussed in the ensuing paragraphs.

2.4.1 Staff gratuity (notes 3.2 & 11.3)

Defined benefit plan is provided for permanent employees of the Holding Company, FPCL and FFL. The plan of the Holding Company and FPCL is structured as a separate legal entities managed by trustees. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.4.2 Property, plant and equipment (notes 3.4 & 15)

The Group reviews the useful lives 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 the impairment.

2.4.3 Provision for inventory obsolescence (notes 18 & 19)

The Group reviews the carrying amount of stock, stores and spares on a regular basis and as appropriate inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory. 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.

2.4.4 Provision for expected credit losses of trade debts and other receivable (notes 20 and 23)

The Group uses a provision matrixes to calculate ECLs for trade debts. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

The provision matrix is initially based on the Group's historical default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade debts is disclosed in Note 40.2.

The measurement of impairment losses under IFRS 9 for financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the Group's calculation of ECL that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there is a significant increase in credit risk and allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment; and
- Selection of forward-looking multiple scenarios and their probability weightings, to calculate the amount of ECL.

It is the Group's policy to regularly review its basis of calculations in the context of actual loss experience and adjust when necessary.

2.4.5 Taxation (note 36)

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Group recognises deferred tax assets, to the extent it is probable that taxable profits and tax liability, as applicable, will be available against which the deductible temporary differences and tax credits can be utilized, based on its assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies while also keeping in view the provisions of Income Tax Ordinance, 2001 related to adjustment / carry forward of the underlying temporary differences and tax credits, in subsequent years. This assessment is carried out at the level of each individual legal entity in the group.

2.4.6 Contingencies

The Group reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

2.4.7 Impairment of non-financial assets

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any.

2.4.8 Impairment of goodwill (note 16)

The carrying amount of the cash generating unit to which goodwill has been allocated is reviewed at each reporting date to determine whether there is any indication of impairment loss. If any indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

2.4.9 Disclosure related to IFRIC 4

As discussed in note 3.5, the Securities and Exchange Commission of Pakistan (SECP) has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) - 16 "Leases" to all companies that have executed their power purchase agreement before 2019. Accordingly, the Group does not apply lease accounting to it's agreement with K-Electric. It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16. Accordingly, to estimate the impact, the Group has to determine classification of the lease (i.e. operating or finance) contained within arrangement, the interest rate inherent in the arrangement, net investment in lease, the useful lives of the plant and the impact of any shortfall in the capacity made available to the K-Electric, during the period, by the Group.

2.4.10 Selection of accounting policy for GIDC (note 10)

In the absence of any Standard that specifically applies to recognition, measurement and disclosure requirements for such a liability, the Company has used the guidance of paragraphs 10–11 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in developing and applying an accounting policy for the liability for recognition, measurement, presentation and disclosure, that would result in information that is relevant, to the economic decision-making needs of users of financial statements, and reliable; which align with accounting policy applied to a financial liability.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently for all periods presented, unless otherwise stated.

3.1 Consolidated financial statements

The consolidated financial statements include the financial statements of FFBL and its subsidiary companies as mentioned in note 1.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is generally measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain / (loss) on a bargain purchase is recognised in income immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Impairment losses relating to goodwill cannot be reversed in future periods.

The consideration transferred does not include amounts related to the settlement of pre-fixing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration, that meets the definition of a financial instrument is classified as equity, then it is. not measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in profit or loss.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has a right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Any further purchase, which does not result in a loss of control is accounted for as an equity transaction and no further goodwill is recognised.

Non-Controlling Interests (NCI)

NCI in subsidiaries are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control (known as a joint arrangement), whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in the joint venture and associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

FFBL has an associate, Askari Bank Limited (AKBL), which is a banking company engaged in commercial banking and related services. The applicability of International Financial Reporting Standard 9 "Financial Instruments" and International Accounting Standard 40 "Investment Property" has been deferred for banking companies by the State Bank of Pakistan. Accordingly, equity accounting of AKBL is based on its unaudited financial information for the nine months period ended September 30, 2020, prepared under the accounting framework applicable to banking companies in Pakistan ("Banking Framework". Further, revaluation reserve on AKBL's investments classified as available for sale securities under Banking Framework continue to be disclosed as Revaluation reserve on available for sale investments, net of tax, in the Group's consolidated financial statements.

Statutory reserve

It represents the Holding Company's proportionate share of reserve created by AKBL and Pakistan Maroc Phosphore S.A. (PMP), amounting to Rs. 1,691,182 thousand (2019: Rs. 1,223,444 thousand) and Rs. 189,528 thousand (2019: Rs. 105,855 thousand) respectively, under their respective regulatory requirements.

Transactions eliminated on consolidation

Intra-group balances and transactions, and material unrealized income and expenses arising from intra-group transactions are eliminated. 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.

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Contingent liabilities recognised in business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortization recognised in accordance with the requirements for revenue recognition.

3.1.1 Acquisition of non-controlling interest

The Group's acquisition of additional non-controlling interest in FFL, comprising of 274,886,400 shares, for a consideration of Rs. 2,748,864 thousand, resulted in a negative equity adjustment of Rs. 1,866,132 thousand.

3.2 Employees' retirement benefits

The Group has the following plans for its employees:

Provident Fund - Defined Contribution Scheme

The Holding Company, FPCL, FML and FFL operate defined contributory provident funds for all its permanent employees. The fund is administered by trustees. Monthly contributions are made to the fund by the group and their employees at the rate of 10% of basic pay. The employees of the Holding Company have an option to deposit extra contribution, equivalent to 5% or 10% of basic pay, to it's fund. Group's contribution is charged to income for the year.

Gratuity Fund - Defined Benefit Scheme

The Holding Company, FPCL and FFL operate defined benefit gratuity schemes for all employees who complete the qualifying period of service and age. The Funds of the Holding Company and FPCL are administered by trustees. Contributions to the funds are made on the basis of actuarial valuations, using the Projected Unit Credit Method, related details of which are given in note 11.3. Amounts determined by the actuary as charge for the year are included in the profit or loss for the year.

Remeasurement adjustments, including actuarial gains and losses arising from changes in demographic and financial assumptions and return on plan assets excluding amounts included in net interest on the net defined benefit liability, are charged or credited in other comprehensive income in the year in which they arise. Remeasurements are not reclassified to the statement of profit or loss in subsequent periods.

Compensated absences

The Holding Company, FPCL, FML and FFL grant compensated absences to all its employees in accordance with the rules of the Holding Company, FPCL, FML and FFL. Under these unfunded scheme, regular employees are entitled maximum 30 days privilege leaves for each completed year of service. Unutilized privilege leaves are accumulated up to a maximum of 120 days and 60 days, respectively, to the Holding Company, FPCL, FML and FFLs' employees which are encashable at the time of separation from service on the basis of last drawn gross salary. Provisions are made in accordance with the actuarial recommendation. Actuarial valuation, in respect of the Holding Company and FFLs' compensated absences, is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognised in the income for the year in which they arise.

3.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income in which case it is recognised in other comprehensive income.

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Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences such as 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 relating to investments accounted in the consolidated financial statements by applying the equity method to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

3.4 Property, plant and equipment and capital work-in-progress

Property, plant and equipment except for freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 recognised net within "other income" in statement of profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised 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 and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated on the straight line method and charged to income to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 15. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal. Freehold land is not depreciated.

3.5 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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The Group applies a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low-value asset.

Leasees

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Leasors

Net investment in lease

Through S.R.O No. 986(I)/2019, dated September 02, 2019, the SECP, however, has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) - 16 "Leases" to all companies that have executed their power purchase agreements before 2019. Accordingly the Group does not apply lease accounting to it's agreement with K-Electric. It is, however, mandatory to disclose the financial effect of the exemption on each item in the consolidated financial statements that would have been reported in complying with the requirements of IFRS - 16.

During 2017, FFBL Power Company Limited (FPCL) achieved Commercial Operation Date (COD) on May 19, 2017. Under a Power Purchase Agreement (PPA), dated April 15, 2016, FPCL has agreed to provide, on an exclusive basis, 60,000 kWh electricity, with an 85% dependable capacity, for 30 years to K-Electric, from its Steam Turbine Generators at 50Hz. As a consideration, K-electric is liable to pay Capacity Price and Energy Price.

PPA conveys rights to K-Electric to use FPCL's specified Steam Turbine Generators. Under the waiver granted by SECP, however, the Group has elected to account for the transactions under PPA on an invoiced amount basis.

Under IFRS - 16, the consideration due from a lessee for the right to use the asset is to be accounted for as a net investment in the lease. Had the standard been applied, the following adjustments to the consolidated statement of profit or loss and the consolidated statement of financial position would have been made:

	2020	2019
	(Rupees '000)	
Increase in unappropriated profit at the beginning of the year	**702,351**	583,468
Increase in profit for the year	**201,100**	118,883
Increase in unappropriated profit at the end of the year	**903,451**	702,351

3.6 Intangibles

Intangibles are stated at the cash price equivalent of the consideration given, i.e., cash and cash equivalent paid less accumulated amortization and impairment loss, if any. Intangibles with finite useful lives are amortized over the period of their useful lives. Amortization is charged on a straight line basis over the estimated useful life and is included in the statement of profit or loss.

3.7 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to profit or loss.

3.8 Impairment of non-financial assets

The carrying amounts of non-financial assets other than stock in trade, stores and spares and deferred tax asset 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 recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit or loss.

Impairment loss recognised 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 recognised.

3.9 Stores and spares

These are valued at lower of weighted average cost and net realizable value less impairment. For items which are slow moving and / or identified as surplus to the Group's requirement, an adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores and spares on regular basis and provision is made for obsolescence.

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Net realizable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.10 Stock-in-trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit which is valued at cost comprising invoice value and related expenses incurred thereon up to the reporting date less impairment, if any.

Cost is determined as follows:

- Raw materials	at weighted average purchase cost and directly attributable expenses
- Work-in-process and finished goods	at weighted average cost of raw materials and related manufacturing expenses

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.

3.11 Contract balances

Contract assets and Contract liabilities

A contract asset is the right to consideration in exchange for goods transferred to the customer, when the right is conditioned on something other than the passage of time. Contract asset are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in note 3.12.

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related good. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer). The Group's contract liabilities consist of advances from customers.

Trade debt

A trade debt is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 3.12.

3.12 Financial instruments

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 3.19 "Revenue recognition".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortized cost includes trade debts, deposits, interest accrued, loan and advances to employees, short-term investments and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not carry debt instruments at fair value through OCI. In respect of securities held by AKBL refer to note 3.1.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any investment in equity instrument carried at fair value at OCI. In respect of securities held by AKBL refer to note 3.1.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group's financial asset at fair value through profit or loss consists of its investment in mutual funds.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established provision matrixes that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Group's policy to measure ECLs on investment at fair value through OCI on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit agencies, both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in note 40.2.

- Trade debts (note 20)
- Other receivables (note 23)

Financial liability

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, long-term financing, accrued mark-up, lease liability (refer note 3.5 for related accounting policy), unpaid and unclaimed dividend payable and short-term borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at 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 at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any, entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.13 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortized cost, which approximates the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Group.

3.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances, short-term highly liquid investments and short-term running finance.

3.15 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at originally recognised amount less subsequent repayments, while the difference between the original recognised amounts (as reduced by periodic payments) and redemption value is recognised in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.4.

3.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.17 Dividends

Dividend is recognised as a liability in the period in which it is declared.

3.18 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

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When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-attributed to NCI. When the Group disposes off only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.19 Revenue recognition

Fertilizer segment

The Holding Company is in the business of manufacturing of fertilizer products. Revenue from contract with customer is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled for those goods. The Holding Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of fertilizer is recognised at a point in time, when the control of the asset is transferred to the customer, generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer. The Holding Company's credit sales normally carry credit term of 30 days to 180 days and is secured against bank guarantee. The Holding Company's remaining sales are against advance payment by its customers.

In determining the transaction price for the sale of fertilizer, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer, if any.

(i) Post-sales incentives

These post-sales incentives are based on monthly volume of purchases made by individual customers and is settled in cash, within 30 days of the month it relates to. Accordingly, no estimation uncertainty arises and the amount of payable is set off against the related trade debts.

(ii) Financing component

The Company allows credit period of 30 days to 180 days to its certain customers, for the sale of fertilizer, against a credit charge determined based upon volume of sales and period of credit. There is a financing component for these contracts considering the prevailing interest rate in the market.

Power segment

FPCL signed its PPA with K Electric on July 04, 2018. Under the PPA, FPCL is obligated to sell and deliver all output of the Complex in accordance with provisions of PPA.

Revenue from sale of electricity is recognised when or as FPCL satisfies performance obligation by transferring a promised good to a customer. A good is transferred when the customer obtains control of that good. FPCL principally satisfies its performance obligation in respect of supply of electricity upon transmission of electricity to K - electric .

PPA also contains other performance obligations i.e. insurance and operation & maintenance.

Revenue associated with the operating phase of the PPA i.e. insurance and operations & maintenance of the plant is measured based on the consideration specified in contract with customer. Revenue from contract with customer is recognised when or as the FPCL satisfies a performance obligation by transferring a promised goods to the customer. The goods are transferred when the customer obtains control of that goods. The FPCL principally satisfies its performance obligations of insurance, operations and maintenance over time and the amount of revenue is recognised based on the consideration specified in the PPA. Consideration for operating phase of the PPA i.e. Insurance and fixed O&M component of tariff is billed to customers as part of capacity purchase price whereas variable O&M component is billed to customers as part of energy purchase price. The amount of revenue recognised in respect of operating phase excludes the estimates of variable consideration as it is not highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future when the uncertainty associated with the variable consideration is subsequently resolved.

Meat segment

FML is in the business of sale of meat. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which FML expects to be entitled in exchange for those goods. FML has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts, if any. Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. FML also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates).

The nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies are as follows:

(i) Ex-Site - The FML's performance obligation is to deliver the goods to the customers' premises i.e., FML bears the related freight and insurance expense for transportation and the control of the goods is transferred to the customer at the point in time where goods are delivered to customers, which is the point in time where performance obligation of the contract is met.

The normal credit term is generally 30 days under both of the above selling terms of the contract.

Food segment

Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts and commissions. Revenue is recognised when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

Scrap sales and miscellaneous receipts

Scrap sales and miscellaneous receipts are recognised when they are earned.

3.20 Basis of allocation of common expenses

Fauji Fertilizer Company Limited proportionately allocates common selling and distribution expenses, being the costs incurred and for services rendered on behalf of the Holding Company, under an inter-company services agreement.

3.21 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 segments' operating results are reviewed regularly by the Chief Executive and Managing Director 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 and managing director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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The Group has the following four (4) business segments, 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 Segment	**Operations**
Fertilizer	Production and sale of UREA and DAP.
Power	Generation and supply of electricity.
Meat	Meat abattoir unit for halal slaughtering of animals to obtain meat for local and export sale.
Food	Processing and sale of tea creamer, toned milk, milk powder, fruit juices, allied dairy and food products.

3.22 AMMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Group:

Standard and IFRIC		**Effective date (annual periods beginning on or after)**
IFRS 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 01, 2021
IFRS 3	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	January 01, 2022
IAS 16	Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	January 01, 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	January 01, 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

The Group expects that the adoption of the above standards and amendments will have no material effect on the Group's financial statements.

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In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

IAS 41 Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Group expects that the adoption of the above standards will have no material effect on the Group's consolidated financial statements, in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		**Effective date (annual periods beginning on or after)**
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Group expects that the adoption of the above standards will have no material effect on the Group's financial statements, in the period of initial application.

3.23 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for new standards, interpretation and amendments to following standards as described below:

IFRS 3 Business Combinations - Definition of a Business

IFRS 7 & IFRS 9 Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)

IFRS 9 Extension of temporary exemption for applying IFRS 9 in response to extension in effective date of IFRS 17 "Insurance Contracts".

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IAS 1 & IAS 8	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)
IFRS 16	Covid-19-Related Rent Concessions (Amendment to IFRS 16)
IFRS 14	Regulatory Deferral Accounts - Original issue

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statement.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

		2020	2019
		(Rupees '000)	
4	**SHARE CAPITAL**		
4.1	**AUTHORIZED SHARE CAPITAL**		
	1,500,000,000 (2019: 1,100,000,000) Ordinary shares of Rs. 10 each	**15,000,000**	11,000,000

4.2 Pursuant to Extraordinary General Meeting held on September 09, 2020, the authorized share capital of the Holding Company has been increased from Rs. 11,000,000,000 (1,100,000,000 shares of Rs. 10 each) to Rs. 15,000,000,000 (1,500,000,000 shares of Rs. 10 each).

		2020	2019
		(Rupees '000)	
4.3	**ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**		
	934,110,000 (2019: 934,110,000) Ordinary shares of Rs. 10 each issued for cash	**9,341,100**	9,341,100

4.4 Fauji Fertilizer Company Limited (FFCL) and Fauji Foundation (FF) held 465,891,896 and 170,842,386 (2019: 465,891,896 and 170,842,386) ordinary shares respectively of the Holding Company at the year end.

Pursuant to an agreement dated October 16, 2016, FFCL has agreed to issue to FF, irrevocable proxies to allow FF to vote on behalf of FFCL in all general meetings. Further, FFCL has also given an undertaking that the representative of FF to be elected or co-opted or appointed on the Board of the Holding Company, shall be nominated by FF.

5 ADVANCE AGAINST ISSUE OF SHARES

Pursuant to the decision of the Board of Directors in their meeting held on October 06, 2020, the Holding Company commenced the process for a right issue of shares in the aggregate amount of Rs. 4,999,999,998 divided into 357,142,857 ordinary shares (i.e. 38.3325% of existing ordinary shares of Rs. 10 per share) at Rs. 14 per share. As at the reporting date, the Holding Company has received amount of Rs. 4,885,787,494 (refer note 26.3), whilst the balance amount of Rs. 114,212,504 remained unsubscribed (i.e. amounting to 8,158,036 shares), which are to be allotted to the underwriters in equal proportion, pursuant to the Board of Directors decision in their meeting held on January 04, 2021. Subsequent to reporting date, the Holding Company has allotted the right shares upon fulfilling certain regulatory requirements.

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6 CAPITAL RESERVE

This represents share premium of Rs. 5 per share received on the public issue of 45,670 thousand ordinary shares in 1996. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017. Subsequent to reporting date, upon allotment of right shares an amount of Rs. 1,428,571 thousand has been transferred to capital reserve.

7 NON-CONTROLLING INTEREST (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that have NCI, before any intra-group eliminations.

	2020			
	FFBL Power Company Limited	Fauji Meat Limited	Fauji Foods Limited*	Total
NCI percentage	25%	9.82%	32.50%	
	(Rupees '000)			
Non-current assets	26,224,141	5,978,860	7,504,916	39,707,917
Current assets	8,362,587	811,158	4,156,134	13,329,879
Non-current liabilities	(13,935,157)	(714,714)	(6,471,256)	(21,121,127)
Current liabilities	(5,999,805)	(5,514,438)	(9,364,414)	(20,878,657)
Net assets / (liabilities)	14,651,766	560,866	(4,174,620)	11,038,012
Net assets attributable to NCI	3,662,942	55,095	(1,356,752)	2,361,285
Revenue	16,643,650	427,850	7,373,162	24,444,662
Profit / (loss) for the year	3,807,719	(1,530,185)	(2,874,193)	(596,659)
Other comprehensive income / (loss)	(3,242)	-	1,049	(2,193)
Total comprehensive income / (loss)	3,804,477	(1,530,185)	(2,873,144)	(598,852)
Profit / (loss) allocated to NCI	951,930	(150,313)	(1,223,446)	(421,829)
Other comprehensive (loss) / income allocated to NCI	(811)	-	341	(470)
	951,119	(150,313)	(1,223,105)	(422,299)
Cash flows from operating activities	5,915,549	(696,809)	(321,559)	4,897,181
Cash flows from investing activities	(603,831)	10,809	(67,252)	(660,274)
Cash flows from financing activities	(4,297,842)	568,479	4,659,344	929,981
Net increase / (decrease) in cash and cash equivalents	1,013,876	(117,521)	4,270,533	5,166,888

* 32.50% represents the effective interest of NCI in FFL, as at reporting date.

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	2019			
	FFBL Power Company Limited	**Fauji Meat Limited***	**Fauji Foods Limited**	**Total**
NCI percentage	25%	9.82%	49.41%	
	(Rupees '000)			
Non-current assets	26,728,570	6,423,712	7,806,419	40,958,701
Current assets	6,680,427	1,477,615	4,000,770	12,158,812
Non-current liabilities	(15,672,807)	(907,630)	(3,040,524)	(19,620,961)
Current liabilities	(4,226,776)	(4,902,645)	(12,813,982)	(21,943,403)
Net assets	13,509,414	2,091,052	(4,047,317)	11,553,149
Net assets attributable to NCI	3,377,354	205,408	(1,999,779)	1,582,983
Revenue	17,099,664	2,264,120	5,744,872	25,108,656
Profit / (loss) for the year	3,884,949	(1,891,959)	(5,495,262)	(3,502,272)
Other comprehensive income	6,422	-	4,304	10,726
Total comprehensive income / (loss)	3,891,371	(1,891,959)	(5,490,958)	(3,491,546)
Profit / (loss) allocated to NCI	971,237	(258,237)	(2,715,209)	(2,002,209)
Other comprehensive income allocated to NCI	1,606	-	2,127	3,733
	972,843	(258,237)	(2,713,082)	(1,998,476)
Cash flows from operating activities	4,846,627	(1,485,096)	(1,960,936)	1,400,595
Cash flows from investing activities	(644,956)	(16,197)	(739,335)	(1,400,488)
Cash flows from financing activities	(3,866,784)	(400,000)	2,215,323	(2,051,461)
Net increase / (decrease) in cash and cash equivalents	334,887	(1,901,293)	(484,948)	(2,051,354)

* 9.82% represents the effective interest of NCI in FML, as at reporting date.

7.1 During the year, FPCL declared an interim dividend at the rate of Rs. 3.1 per share (2019: 2.5 per share). Accordingly, an amount of Rs. 665,531 thousand (2019: Rs. 536,719 thousand) has been disbursed to Fauji Foundation, a related party.

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		Note	2020	2019
			(Rupees '000)	
8	**LONG-TERM LOANS**			
	Fauji Fertilizer Bin Qasim Limited	**8.1**	**22,241,668**	18,358,334
	Fauji Meat Limited	**8.2**	**959,442**	916,667
	FFBL Power Company Limited	**8.3**	**15,802,204**	17,437,921
	Fauji Foods Limited	**8.4**	**6,167,583**	4,316,667
			45,170,897	41,029,589
	Less: Unamortized transaction cost			
	Opening balance		**178,745**	225,476
	Less: Amortization during the year	**32**	**(42,467)**	(46,731)
	Closing balance		**136,278**	178,745
			45,034,619	40,850,844
	Less: Current portion shown under current liabilities			
	Fauji Fertilizer Bin Qasim Limited	**8.1**	**(6,816,662)**	(4,566,667)
	Fauji Meat Limited	**8.2**	**(959,442)**	(916,667)
	FFBL Power Company Limited	**8.3**	**(2,122,778)**	(1,859,676)
	Fauji Foods Limited	**8.4**	**(50,458)**	(1,608,334)
			(9,949,340)	(8,951,344)
			35,085,279	31,899,500
8.1	**Loans from banking companies - secured (FFBL)**			
	Related party			
	Askari Bank Limited	**8.1.1**	**416,667**	500,000
	Others			
	Habib Bank Limited		**4,116,667**	1,333,334
	United Bank Limited		**666,667**	1,333,334
	National Bank of Pakistan		**1,333,334**	2,000,000
	MCB Bank Limited		**10,250,000**	8,750,000
	Allied Bank Limited		**5,125,000**	3,775,000
	Bank Alfalah Limited		**333,333**	666,666
	Bank Al-Habib Limited		**21,825,001**	17,858,334
			22,241,668	18,358,334
	Less: Current portion shown under current liabilities		**(6,816,662)**	(4,566,667)
			15,425,006	13,791,667

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8.1.1 The Holding Company has obtained a secured long-term facility from Askari Bank Limited, a related party, for the purpose of Balance Sheet reprofiling.

8.1.2 Terms and conditions of these loans are as follows:

Lenders	Mark-up Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
Askari Bank Limited	6 Month KIBOR + 0.50	6 Half Yearly	September, 2020	March, 2023
Habib Bank Limited	3 Month KIBOR + 0.55	12 Quarterly	March, 2019	December, 2021
	0.50	08 Quarterly	January, 2021*	October, 2022
	3 Month KIBOR + 1.50	12 Quarterly	January, 2023	October, 2025
United Bank Limited	6 Month KIBOR + 0.55	6 Half Yearly	March, 2019	September, 2021
National Bank of Pakistan	3 Month KIBOR + 0.50	12 Quarterly	March, 2020	December, 2022
MCB Bank Limited	3 Month KIBOR + 0.55	12 Quarterly	December, 2018	September, 2021
	3 Month KIBOR + 0.55	12 Quarterly	July, 2020	April, 2023
	3 Month KIBOR + 0.85	12 Quarterly	June, 2021	March, 2024
	3 Month KIBOR + 1.50	16 Quarterly	January, 2024**	January, 2028
Allied Bank Limited	3 Month KIBOR + 0.50	12 Quarterly	December, 2018	September, 2021
	6 Month KIBOR + 0.60	6 Half Yearly	June, 2021	December, 2023
	3 Month KIBOR + 0.50	12 Quarterly	September 2020	June, 2023
	6 Month KIBOR + 0.85	6 Half Yearly	December 2022	June, 2025
Bank Al-Habib Limited	3 Month KIBOR + 0.50	12 Quarterly	February, 2019	November, 2021

These are secured against ranking charges over fixed and current assets of the Holding Company and carry mark-up at rates ranging from 7.75% to 8.78% per annum (2019: 14.05 % to 14.45% per annum).

* This represents salary finance under SBP refinance scheme to support employment and prevent layoff of workers.

** Other terms and conditions are under negotiation.

	2020	2019
	(Rupees '000)	
8.2 Loans from banking companies - secured (FML)		
MCB Bank Limited	**208,333**	208,333
Habib Bank Limited	**291,667**	291,667
Al-Baraka Bank (Pakistan) Limited	**166,667**	166,667
Dubai Islamic Bank (Pakistan) Limited - facility I	**83,333**	83,333
Dubai Islamic Bank (Pakistan) Limited - facility II	**166,667**	166,667
JS Bank Limited	**42,775**	-
	959,442	916,667
Less: Current portion shown under current liabilities	**(959,442)**	(916,667)
	-	-

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**
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Terms and conditions of loan facilities are as follows:

Lenders	Mark-up Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
MCB Bank Limited	6 Month KIBOR+1.35%	6 Semi-annual	November, 2017	May, 2021
Habib Bank Limited	6 Month KIBOR+1.35%	6 Semi-annual	November, 2017	May, 2021
Al-Baraka Bank (Pakistan) Limited	6 Month KIBOR+1.35%	6 Semi-annual	June, 2018	December, 2021
Dubai Islamic Bank (Pakistan) Ltd-I	6 Month KIBOR+1.35%	6 Semi-annual	November, 2017	May, 2021
Dubai Islamic Bank (Pakistan) Ltd-II	6 Month KIBOR+1.35%	6 Semi-annual	June, 2018	December, 2021
JS Bank Limited	3.0%	08 Quarterly	January, 2021*	October, 2022

The facility is secured through first charge over current and fixed assets and first equitable mortgage over property amounting to Rs. 6.0 billion. Further securities of the facility includes assignment of all receivable, assignment of the FML's right under insurance policies, pledge of 51% shares of FML owned by the Holding Company and creation of lien over project accounts.

- Maintenance of debt equity ratio, loan coverage ratio, debt service coverage ratio and current ratio;
- Restriction on creation of further charge on FML's assets;
- Availability of stand by letter of credit from sponsor;
- Restriction on declaration of dividend; and
- Restriction on disposal of assets.

Further covenants under these facilities relate to the operations of FML.

FML has a secured bank loan with a carrying amount of Rs. 916.667 million as at year end (2019: Rs. 916.667 million). The loan is repayable in 6 equal semi-annual installments starting from November 2017. The loan contains significant covenants as mentioned above and non-compliance of these covenants can result in loan repayment on demand.

* This represents salary finance under SBP refinance scheme to support employment and prevent layoff of workers.

		Note	2020	2019
			(Rupees '000)	
8.3	**Loans from banking companies - secured (FPCL)**			
	Commercial facilities			
	National Bank of Pakistan		**2,823,501**	3,160,561
	United Bank Limited		**783,811**	877,380
	Bank Alfalah Limited		**1,781,388**	1,994,044
	Soneri Bank Limited		**712,556**	797,618
	The Bank of Punjab		**712,556**	797,618
	MCB Bank Limited		**1,068,850**	1,196,427
	Allied Bank Limited	**8.3.4**	**223,944**	-
			8,106,606	8,823,648

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	2020	2019
	(Rupees '000)	
Islamic facilities		
National Bank of Pakistan	**712,556**	797,618
Habib Bank Limited	**2,493,943**	2,791,662
United Bank Limited	**783,811**	877,380
Dubai Islamic Bank (Pakistan) Limited	**1,068,833**	1,196,427
Meezan Bank Limited	**1,068,833**	1,196,427
Faysal Bank Limited	**855,066**	957,141
Sindh Bank Limited	**712,556**	797,618
	7,695,598	8,614,273
Total outstanding	**15,802,204**	17,437,921
Less: Current portion of long-term finance facilities	**(2,122,778)**	(1,859,676)
Unamortized transaction cost	**(136,278)**	(178,745)
	13,543,148	15,399,500

8.3.1 FPCL has entered into long-term finance facilities under commercial facility of Rs. 11,062.5 million and musharika facility of Rs. 10,800 million with various banks, at a mark-up rate of 3 months KIBOR plus 1.75% per annum. The mark-up is payable on quarterly basis. Any delay in payments to banks by FPCL is subject to liquidated damages at the rate of applicable mark-up rate plus 2% per annum. The loan is repayable in 40 quarterly installments, commencing from June 30, 2017.

8.3.2 Facilities mentioned above are secured by way of, inter alia:

(a) First ranking pari passu charge up to Rs. 29,150 million by way of hypothecation on all present and future moveable and immoveable fixed assets (other than land and building) of FPCL;

(b) Equitable mortgage over land and building will be created and perfected within 6 months of facility effective date;

(c) First pari passu hypothecation charge on all present and future current assets of FPCL (excluding all present and future fuel stock and inventories and any charge over any accounts of FPCL opened in relation to working capital or any accounts currently opened by FPCL with other banks for the purposes of the letter of credit issuance);

(d) An assignment of assigned project receivables from K-Electric and FFBL in favour of financiers;

(e) An assignment over the FPCL's present and future rights and benefits under all material projects agreements and any amendment thereto and any performance guarantees and warranties issued under these agreements;

(f) Lien on all project accounts opened with various banks;

(g) An assignment of all insurances as co-loss payee or assignee;

(h) Share representing 100% of the paid up share capital of FPCL have been pledged, by the Holding Company and FF, till achievement of commercial operation date and thereafter shares not exceeding 51% of the paid up capital shall be pledged.

(i) Undertaking by the Holding Company to fund the following:

i. Uncapped support to fund any payment shortfall i.e. amount less than the required finance payment balance up to technical completion date and thereafter up to financing service cap i.e. up to Rs. 8,000 million till project completion date;

ii. In case of event of default and termination before technical completion date uncapped support to fund the payment of the outstanding secured obligations as defined in common term agreement;

iii. Sponsor shall fund 25% of the project costs inclusive of budgeted contingencies, (approx. USD 66.25 million).

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8.3.3 Significant covenants of above facility are as follows:

- Maintenance of financing service coverage ratio (FSCR), current ratio, financing to equity ratio, financing life coverage ratio and forecast FSCR;
- Restriction on disposal of assets;
- Restriction on modification or amendment in any key project contract;
- Restriction on transfer or allotment of new shares;
- Restriction on incurring any new financial indebtedness;
- Restriction on declaration of dividend; and
- Restriction on creation of further charge on FPCL's assets.

Further covenants under this loan relate to the operations of FPCL.

8.3.4 This represents salary finance under SBP refinance scheme amounting to Rs. 262 million. This loan was disbursed in two tranches. In the first tranche, amount disbursed amounted to Rs. 119.63 million at a rate of 0.5% per annum and Rs. 103.32 million were disbursed at a rate of 0.35% per annum in the second tranche. The loan and its mark-up are repayable in 8 quarterly installments, commencing from January 31, 2021.

		Note	2020	2019
			(Rupees '000)	
8.4	**Loans from banking companies - secured (FFL)**			
	Syndicate Finance Facility	**8.4.1**	**6,066,667**	4,316,667
	Salary Refinance Facility	**8.4.2**	**100,916**	-
			6,167,583	4,316,667
	Less: Current portion shown under current liabilities		**(50,458)**	(1,608,334)
			6,117,125	2,708,333

8.4.1 A syndicate finance facility is jointly led by Faysal Bank Limited, National Bank of Pakistan, MCB bank limited and Allied Bank limited and participated by Askari Bank limited, Alfalah Bank limited, Soneri Bank limited, Dubai Islamic Bank limited whereby the outstanding exposure of all the banks was restructured into long-term and short term exposure on prorata basis. The restructuring was done under the State Bank of Pakistan's circular No. BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

The bank wise exposure of participant and lead banks after restructuring and clubbed as on is as follows:

Bank Name	Facility	2020	2019
		(Rupees '000)	
Allied Bank Limited	Term Finance	**646,544**	666,667
National Bank of Pakistan	Term Finance	**941,977**	750,000
MCB Bank Limited	Demand Finance	**1,084,158**	1,000,000
Faysal Bank Limited	Term Finance	**1,733,459**	1,900,000
Askari Bank Limited	Term Finance	**396,544**	-
Alfalah Bank Limited	Term Finance	**247,840**	-
Soneri Bank Limited	Demand Finance	**495,680**	-
JS Bank limited	Term Finance	**247,840**	-
Dubai Islamic Bank Limited	Term Finance	**272,624**	-

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The loan is repayable in 7 years with a grace period of 2.5 years. Repayment will be in form of stepped up quarterly installment starting from year 2023 and ending in year 2027 and carrying mark-up at 3 Months KIBOR plus 1.5% per annum, payable quarterly.

All these facilities have been clubbed under Master Finance Agreement executed on December 21, 2020 which became effective from August 01, 2020.

The syndicate finance facility is secured by way of pari passu charge amounting to Rs. 8,089,000 thousand inclusive of 25% margin on fixed assets along with mortgage by constructive deposit of title deeds of property / land measuring 120 kanals and building thereon situated in Mauza Purana Bhalwal, Tehsil Bhalwal, District Sargodha in favour of security agent (i.e. Faysal bank limited). The syndicate finance facility is additionally secured through sponsor support in the form of Stand by letter of credit amounting to Rs. 1,000,000 thousand from Askari bank limited and a revolving corporate guarantee.

8.4.2 FFL availed a salary refinance facility under SBP refinance scheme from JS Bank Limited. The facility is repaid in 8 equal quarterly installments starting from January 2021. The facility is priced at 3% and secured against a charge on current and fixed assets at a margin of 25%.

		Note	2020	2019
			(Rupees '000)	
9	**LEASE LIABILITIES**			
	Fauji Foods Limited	9.1		
	Leased vehicles - secured		**15,704**	67,942
	Leased machinery - unsecured		**132,400**	207,532
	Leased building - unsecured		**106,626**	117,357
		9.2	**254,730**	392,831
	Fauji Meat Limited			
	Leased retail outlets - unsecured	9.3	**201,049**	333,072
			455,779	725,903
	Current maturity presented under current liabilities		**(76,490)**	(183,998)
			379,289	541,905

9.1 FFL has entered into lease agreements with different commercial banks for vehicles, with a supplier for filling machines in prior years and with a landlord for building. The rentals under these agreements are repayable in 24 to 60 monthly and quarterly installments. The minimum lease payments have been discounted at an implicit interest rate of 7.56% to 14.39% (2019: 10.43% to 14.39%) per annum to arrive at their present value. At the end of the respective lease term, the assets, other than building, shall be transferred in the name of FFL. Taxes, repairs and insurance costs are to be borne by the FFL. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

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The amount of future payments and the period in which they will become due are:

		2020		
		Upto 1 year	**Above 1 year**	**Total**
			(Rupees '000)	
9.1.1	**Leased vehicles - secured**			
	Minimum lease payments	**14,930**	**6,902**	**21,832**
	Less: finance costs allocated to future periods	**(399)**	**(31)**	**(430)**
		14,531	**6,871**	**21,402**
	Less: security deposits adjustable on expiry of lease terms	**-**	**(5,698)**	**(5,698)**
		14,531	**1,173**	**15,704**
9.1.2	**Leased machinery - unsecured**			
	Minimum lease payments	**44,032**	**124,758**	**168,790**
	Less: finance costs allocated to future periods	**(15,561)**	**(20,829)**	**(36,390)**
		28,471	**103,929**	**132,400**
9.1.3	**Leased building - unsecured**			
	Minimum lease payments	**34,373**	**98,459**	**132,832**
	Less: finance costs allocated to future periods	**(10,044)**	**(16,162)**	**(26,206)**
		24,329	**82,297**	**106,626**
	Present value of minimum lease payments	**67,331**	**187,399**	**254,730**

9.2 This includes amount of Rs. 15.70 million (2019: Rs. 34.58 million) payable to AKBL, a related party.

		2019		
		Upto 1 year	**Above 1 year**	**Total**
			(Rupees '000)	
a)	**Leased vehicles - secured**			
	Minimum lease payments	57,584	39,089	96,673
	Less: finance costs allocated to future periods	(6,996)	(1,551)	(8,547)
		50,588	37,538	88,126
	Less: security deposits adjustable on expiry of lease terms	(5,331)	(14,853)	(20,184)
		45,257	22,685	67,942
b)	**Leased machinery - unsecured**			
	Minimum lease payments	96,720	168,790	265,510
	Less: finance costs allocated to future periods	(21,541)	(36,437)	(57,978)
		75,179	132,353	207,532
c)	**Leased building - unsecured**			
	Minimum lease payments	31,992	127,375	159,367
	Less: finance costs allocated to future periods	(15,152)	(26,858)	(42,010)
		16,840	100,517	117,357
	Present value of minimum lease payments	137,276	255,555	392,831

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9.3 FML has entered into lease agreements with different landlords for Zabeeha retail outlets, in different cities of Pakistan. The minimum lease payments have been discounted at an implicit interest rate of 14.88% (2019: 14.88%) per annum to arrive at their present value.

The amount of future payments and the period in which they will become due are:

		2020		
		Upto one year	**Above 1 year**	**Total**
			(Rupees '000)	
9.3.1	**Leased retail outlets - unsecured**			
	Minimum lease payments	**33,918**	**331,933**	**365,851**
	Less: finance costs allocated to future periods	**(24,759)**	**(140,043)**	**(164,802)**
	Present value of minimum lease payments	**9,159**	**191,890**	**201,049**

		2019		
		Upto one year	**Above 1 year**	**Total**
			(Rupees '000)	
	Leased retail outlets - unsecured			
	Minimum lease payments	46,843	689,199	736,042
	Less: finance costs allocated to future periods	(121)	(402,849)	(402,970)
	Present value of minimum lease payments	46,722	286,350	333,072

			2020	**2019**
9.4	**Amounts recognised in the profit or loss**	**Note**	**(Rupees '000)**	
	Interest on lease liabilities	**32**	**83,530**	94,499
	Depreciation	**15**	**65,071**	80,078
			148,601	174,577

9.5 During the year, FFL has disposed off its leased vehicles having book value of Rs. 38,441 thousand and FML has terminated its lease agreement having book value of Rs. 118,571 thousand. (Refer note 15 for relevant adjustments to right of use assets). For information regarding cash flows refer to Consolidated Statement of Cash Flows.

			2020	**2019**
		Note	**(Rupees '000)**	
10	**DEFERRED LIABILITIES**			
	Compensated leave absences	**10.1**	**642,377**	681,824
	Deferred tax - net	**10.2**	**4,604,618**	2,959,428
	Payable against GIDC	**10.3**	**12,148,374**	-
			17,395,369	3,641,252
10.1	**Compensated leave absences**			
	The movement in the present value of compensated absences is as follows:			
	Opening balance		**681,824**	658,590
	Expense for the year		**46,550**	103,245
	Benefits paid during the year		**(85,997)**	(80,011)
	Closing balance		**642,377**	681,824

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	2020	2019
The main assumptions used for actuarial valuation for FFBL are as follows:		
Discount rate - per annum	**11.25%**	13.75%
Expected rate of increase in salaries - per annum	**10.25%**	11.25%
Mortality table	**SLIC-2001-2005**	SLIC-2001-2005
Withdrawal factor	**Low**	Age-Based
The main assumptions used for actuarial valuation for FFL are as follows:		
Discount Rate	**10.00%**	12.50%
Expected rate of salary growth	**10.00%**	12.50%
Mortality rate	**SLIC-2001-2005**	SLIC-2001-2005
Leave accumulation factor (average) - days	**10**	16

		Note	2020	2019
			(Rupees '000)	
10.2	**The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:**			
	Accelerated depreciation		**2,968,050**	2,885,948
	Share of profit of associates and joint venture		**1,468,072**	1,142,960
	Share of profit of subsidiaries		**909,640**	738,287
	Remeasurement gain on GIDC		**794,848**	-
	Provision for inventory obsolescence		**(158,012)**	(38,003)
	Provision for doubtful other receivables		**(124,396)**	(57,116)
	Deferred tax on revaluation of available-for-sale investments		**(16,777)**	(142,330)
	Provision against allowance		**(206,929)**	-
	Minimum tax	**10.2.1**	**(15,924)**	-
	Unabsorbed losses, tax credits and others	**10.2.1**	**(1,013,954)**	(1,570,318)
			4,604,618	2,959,428

10.2.1 As a matter of prudence, the Holding Company has not recognised deferred tax asset against tax credit available for minimum tax u/s 113 of Income Tax Ordinance 2001, Rs. 2,640,639 thousand (2019: Rs. 1,986,343 thousand), business tax losses of Rs. nil (2019: Rs. 3,161,693 thousand) and impairment of Rs. 5,602,212 thousand (2019: Rs. 1,520,000 thousand). The tax credit against minimum tax will expire in tax years 2022 to 2025, whereas capital tax losses will expire in year 2022 to 2026.

The aggregate unused tax losses and tax credits available to FFL for set off against future taxable profit as at December 31, 2020 amount to Rs. 16,810,600 thousand (2019: Rs. 14,047,010 thousand) and Rs. 15,920 thousand (2019: Rs. 23,480 thousand) respectively. Of these, deferred tax assets on unused tax losses and minimum tax credits amounting to Rs. 2,716,540 thousand (2019: Rs. 2,877,840 thousand) and Rs. 15,920 thousand (2019: Rs. 23,480 thousand) respectively have been recognised. Tax losses of Rs. 9,897,554 thousand will expire by tax year 2024 to 2027 in accordance with the provisions of Income Tax Ordinance, 2001.

In view of uncertainty about taxable profits in the subsequent years, FML has not recognised deferred tax assets amounting to Rs. 135,258 thousand on deductible temporary differences in its financial statements.

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		Note	2020	2019
			(Rupees '000)	
10.2.2	**The movement of deferred tax during the current year is as follows:**			
	Opening balance		**2,959,428**	(49,048)
	Deferred tax on revaluation of available-for-sale investments - Other Comprehensive Income		**125,553**	(46,379)
	Charge for the year		**1,519,637**	3,054,855
			4,604,618	2,959,428
10.3	**Payable against GIDC**			
	Gas Infrastructure Cess	**10.3.1**	**22,333,844**	-
	Remeasurement gain on GIDC - net of finance cost		**(2,740,855)**	-
			19,592,989	-
	Current portion of GIDC	**11**	**(7,444,615)**	-
			12,148,374	-

10.3.1 This represents amount payable on account of Gas Infrastructure Development Cess (GIDC) under Gas Infrastructure Development Cess Act, 2015 (GIDC Act) upto July 31, 2020. The Holding Company along with other industrial gas consumers had previously challenged the GIDC Act on constitutional grounds. The Honorable Supreme Court of Pakistan (SCP) in its judgement dated August 13, 2020 declared GIDC Act as valid legislation. A review petition for factual determination had been filed before the SCP, which upheld the original judgement. During the proceedings, the Attorney General of Pakistan submitted to SCP that the Government of Pakistan has agreed to grant concession to industrial gas consumers; by restructuring this on demand obligation into 48 equal monthly installments. Accordingly, the Holding Company has recognised this liability at its level 3 fair value of Rs. 19,592,989 thousand, in accordance with accounting policy disclosed in note 3.12 applied by analogy; resulting in a remeasurement gain of Rs. 3,300,548 thousand, being the difference between previously recognised provision and fair value of restructured liability calculated by applying discount rate ranging between 7.19% to 8.93%, and related finance cost of Rs. 559,693 thousand, recognised in Statement of Profit or Loss. The carrying value of liability is approximates its fair value as of reporting date.

The Holding Company had previously obtained stay from the Honorable Sindh High Court (SHC) against payment of GIDC, on September 22, 2020. Management has determined, based on advice of the legal advisor, that this stay remains valid till its disposal by Sindh High Court; which is pending adjudication. Accordingly, the Holding Company has not recognised any late payment surcharge in respect of non-payment of GIDC.

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		Note	2020	2019
			(Rupees '000)	
11	**TRADE AND OTHER PAYABLES**			
	Creditors	**11.1**	**10,278,020**	9,522,434
	Payable / provision against GIDC	**10.3**	**7,444,615**	22,200,509
	Accrued liabilities		**4,035,824**	3,489,396
	Workers' (Profit) Participation Fund - unsecured	**11.2**	**280,830**	19,852
	Payable to gratuity fund / scheme - unsecured	**11.3**	**263,360**	338,231
	Workers' Welfare Fund		**607,675**	567,248
	Security deposits	**11.4**	**55,546**	193,857
	Provident Fund		**8,446**	9,560
	Withholding tax payable		**67,526**	61,952
	Sales tax payable		**240,488**	-
	Other payables		**515,444**	235,835
			23,797,774	36,638,874

11.1 Creditors include payables to related party amounting to Rs. 5,890,871 thousand (2019: Rs. 6,593,346 thousand) against purchase of raw material. The Holding Company purchases raw material for use in production of fertilizer from Pakistan Maroc Phosphore S.A. (PMP) at discounted price, with a credit limit of 75 days.

		Note	2020	2019
			(Rupees '000)	
11.2	**Workers' (Profit) Participation Fund - unsecured**			
	Balance at beginning of the year		**19,852**	139,933
	Allocation for the year	**33**	**461,400**	204,422
			481,252	344,355
	Payment made during the year		**(200,422)**	(324,503)
			280,830	19,852
11.3	**Payable to gratuity fund / scheme - unsecured**			
	The amount recognised in the statement of financial position is as follow:			
	Present value of defined benefit obligation		**982,692**	991,443
	Fair value of plan assets		**(719,332)**	(653,212)
	Deficit		**263,360**	338,231
	The movement in the present value of defined benefit obligation is as follows:			
	Defined benefit obligation at beginning of the year		**991,443**	949,782
	Current service cost		**84,765**	81,373
	Interest cost		**98,694**	113,522
	Curtailment gain		**(17,305)**	-
	Payment made directly to employees		**(1,709)**	(5,685)
	Benefits paid through fund during the year		**(76,462)**	(47,750)
	Actuarial gain on obligation		**(96,734)**	(99,799)
	Present value of defined benefit obligation at end of the year		**982,692**	991,443

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	2020	2019
	(Rupees '000)	
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	**653,212**	799,599
Interest income	**76,226**	108,570
Contributions	**118,062**	90,505
Benefits paid during the year	**(76,462)**	(47,750)
Return on plan assets excluding those included in interest income	**(51,706)**	(297,712)
Fair value of plan assets at end of the year	**719,332**	653,212
Plan assets comprise of:	**126,252**	328,874
Investment in listed securities	**85,214**	-
Investment in mutual funds	**347,447**	-
Investment in Pakistan investment bonds	**47,748**	-
Investment in term deposit receipts	**112,669**	324,338
Cash and bank balances	**719,330**	653,212
Actual return on plan assets	**24,520**	(189,142)
Contributions expected to be paid to the plan during the next financial year	**47,346**	74,796

The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Group, at the beginning of the year, for returns over the entire life of the related obligations.

	2020	2019
	(Rupees '000)	
Movement in liability recognised in the statement of financial position:		
Opening liability	**338,231**	150,183
Expense for the year	**89,928**	86,325
Other comprehensive income	**(45,028)**	197,913
Payment made directly to employees	**(1,709)**	(5,685)
Contributions	**(118,062)**	(90,505)
	263,360	338,231
Amount recognised in the statement of profit or loss is as follows:		
Current service cost	**84,765**	81,373
Net interest	**22,468**	4,952
Curtailment gain	**(17,305)**	-
	89,928	86,325
The expense is recognised in the following line items in the statement of profit or loss:		
Cost of sales	**64,288**	62,533
Administrative expenses	**22,235**	22,031
Distribution expenses	**3,405**	1,761
	89,928	86,325

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Comparison of present value of defined benefit obligation, fair value of plan assets and deficit of gratuity fund for the last five years is as follows:

	2020	2019	2018	2017	2016
	(Rupees '000)				
Present value of defined benefit obligation	**982,692**	991,443	949,782	855,765	797,781
Fair value of plan assets	**(719,332)**	(653,212)	(799,599)	(723,161)	(642,738)
Deficit	**263,360**	338,231	150,183	132,604	155,043
Experience adjustments					
- Remeasurement gain / (loss) on obligation	**96,734**	99,799	3,907	9,559	(14,757)
- Remeasurement gain / (loss) on plan asset	**(51,706)**	(297,712)	8,009	(61,239)	1,536

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2020 for FFBL are as follows:

	2020	2019
Discount rate	**10.25%**	11.25%
Expected rate of salary growth	**10.25%**	11.25%
Mortality rate	**SLIC-2001-2005**	SLIC-2001-2005
Withdrawal factor	**Low**	Low
Average duration of defined benefit obligation	**10.31 years**	9.87 years

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2020 for FFL are as follows:

	2020	2019
Discount Rate	**10.00%**	12.50%
Expected rate of salary growth	**10.00%**	12.50%
Mortality rate	**SLIC-2001-2005**	SLIC-2001-2005
Average duration of defined benefit obligation	**9 years**	8 years

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2020 for FPCL are as follows:

	2020	2019
Discount rate	**10.25%**	12.25%
Expected rate of salary growth	**10.25%**	12.25%
Mortality rate	**SLIC-2001-2005**	SLIC-2001-2005
Withdrawal factor	**Age-Based**	Age-Based
Average duration of defined benefit obligation	**13 years**	14 years

Sensitivity analysis - FFBL

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent in the following manner.

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	Defined benefit obligation	
	1 percent increase	1 percent decrease
	Rupees in millions	
Discount rate	**(8)**	**9**
Salary increase rate	**9**	**(8)**

As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the defined benefit obligation by Rs. nil.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last actuarial valuation at December 31, 2020 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

Sensitivity analysis - FFL

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at December 31, 2020 would have been as follows:

	Defined benefit obligation	
	1 percent increase	1 percent decrease
	Rupees in millions	
Discount rate	**50**	**69**
Salary increase rate	**66**	**50**

Sensitivity analysis - FPCL

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent in the following manner.

	Defined benefit obligation	
	1 percent increase	1 percent decrease
	Rupees in millions	
Discount rate	**(8)**	**10**
Salary increase rate	**10**	**(8)**

11.4 The security deposits are not for the purpose of goods / services to be delivered / provided and have not been utilized for the purpose of business.

		2020	2019
		(Rupees '000)	
12	**ACCRUED INTEREST**		
	Demand finance	**66,626**	267,850
	Short-term borrowings	**357,289**	792,172
	Long-term loans	**335,390**	459,903
	Lease financing	**-**	463
		759,305	1,520,388

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		2020	2019
		(Rupees '000)	
13	**SHORT-TERM BORROWINGS - SECURED**		
	From banking companies and financial institutions		
	Demand finance	**4,449,987**	14,499,991
	Running finance	**18,232,402**	25,098,134
		22,682,389	39,598,125

This includes an amount of Rs. 830 million (2019: Rs. 1,210.68 million) drawn from Askari Bank Limited, a related party. The Group has arranged short term facilities from various banks on mark-up basis with limits aggregating to Rs. 27,210 million (2019: Rs. 41,932 million). These facilities carry mark-up ranging from 7.45% to 8.80% (2019: 11.05% to 20.51%) per annum and are secured by hypothecation of charge on fixed and current assets of the Group.

		2020	2019
		(Rupees '000)	
14	**CONTINGENCIES AND COMMITMENTS**		
14.1	**Contingencies:**		
14.1.1	i) Guarantees issued by banks on behalf of the Group	**89,706**	53,409
	ii) Group's share of contingent liabilities of Fauji Cement Company Limited as at September 30, 2020 (September 30, 2019)	**-**	24,222
	iii) Group's share of contingent liabilities of Foundation Wind Energy-I Limited as at September 30, 2020 (September 30, 2019)	**64,690**	64,296
	iv) Group's share of contingent liabilities of Foundation Wind Energy-II Limited as at September 30, 2020 (September 30, 2019)	**257,950**	240,800
	v) Group's share of contingent liabilities of Askari Bank Limited as at September 30, 2020 (September 30, 2019)	**47,084,838**	41,498,101

14.1.2 Fauji Fertilizer Bin Qasim Limited - contingencies

The Holding Company was liable to repay loans originally obtained from Export Credit Agencies (ECA), amounting to Rs. 9,723,015 thousand to the Government of Pakistan (GoP), in 15 annual equal installments, with a 1 year grace period, at zero percent, effective November 30, 2001. As per the restructuring agreement, the final installment was paid in June 2017.

These loans from ECA, which were assumed by the GoP, were initially secured with a guarantee issued by Habib Bank Limited (HBL) on behalf of a local syndicate of banks and financial institutions. The guarantee was secured by a first equitable mortgage created on all immovable properties of the Holding Company, and by way of hypothecation of movable properties of the Holding Company. The charge ranked pari passu with the charges to be created in favour of other foreign and local lenders. The local syndicate had requested the Holding Company to obtain an indemnity from the GoP confirming that it is GoP's absolute obligation to indemnify and keep related banks and financial institutions harmless from any possible exposure on this account. Accordingly, on December 16, 2002, the GoP had conveyed its agreement by assuming the ECA loan liabilities by absolving related banks and financial institutions of their liabilities, for which they earlier issued guarantees to the ECA. As a result, three ECAs have released the guarantee of HBL and have returned the original documents.

Since one ECA is yet to release HBL from its responsibility as guarantor, therefore the charge related to the portion of the said guarantee on the assets of the Holding Company, has not been vacated up to December 31, 2020. The Holding Company is making efforts in getting this guarantee released.

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14.1.3 Fauji Foods Limited - contingencies

FFL has issued following guarantees:

- Guarantees aggregating Rs. 14.78 million (2019: Rs. 15.01 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Controller Naval Account.

- The Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.99 million alleging that FFL suppressed its sales. The Commissioner Inland Revenue-Appeals (CIR-A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (ATIR) had set aside the order of CIR-A and remanded the case back to CIR-A for de-novo proceedings. The CIR-A, vide his order dated September 03, 2012, has allowed partial relief of Rs. 11.32 million to FFL. The remaining disputed amount after rectification order under section 221 of the Income Tax Ordinance 2001 dated May 16, 2013 out of Rs. 34.99 million now stands at Rs. 18.28 million. Both FFL and the Department have filed appeals before the ATIR against the order of CIR-A, which are pending adjudications.

  FFL, during the financial year ended 30 June 2011, received a notice under section 177 of the Ordinance for the tax year 2009 for selection of its case for detailed scrutiny. FFL filed a writ petition before the Honourable Lahore High Court which was dismissed vide order dated 27 May 2015.

- FFL filed an appeal before the Honourable Supreme Court of Pakistan which directed that FFL should seek remedy in this respect before the intra court appeal of the Honourable Lahore High Court. The matter is now pending in intra court appeal.

- The Additional Commissioner Inland Revenue raised income tax demand under section 122(5A) of the Ordinance for the tax year 2011 amounting Rs. 21.8 million. FFL, through its external legal counsel, filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) which was decided in favour of FFL with the exception of Rs. 2.97 million addition by CIR-A. FFL has subsequently filed an appeal before the ATIR against confirmation of the said addition and the Department is contesting the relief allowed by CIR-A. Further, second amendment order has also been framed under section 122(5A) determining additional tax demand at Rs. 14.57 million. FFL filed an appeal before CIR-A against the second amendment order. The CIR-A set aside the order with directions to revisit the evidence and explanation and pass a judicious order.

- In the year 2015, FFL received a notice under section 177 of the Ordinance in respect of tax year 2012 for selection of its case for tax audit by the Commissioner Inland Revenue (CIR). FFL filed a writ petition before the Honourable Lahore High Court against the selection of case by CIR under the aforementioned section. During the financial year 2018, the writ petition was decided against FFL and consequently audit proceedings were initiated wherein a demand of Rs. 30,000 thousand was raised by Additional Commissioner Inland Revenue under section 122(1) of the Income Tax Ordinance, 2001. FFL, through its external council, filed an appeal against the order before the Commissioner Inland Revenue - Appeals (CIR - A) which is pending adjudication.

- During the year, the Additional Commissioner Inland Revenue amended the taxable loss under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2013 on account of un-reconciled sales, exchange loss and tax credit. FFL, through its external council, filed an appeal against the order before the Commissioner Inland Revenue - Appeals (CIR - A) which is pending adjudication.

- During the year ended 31 December 2016, the Additional Commissioner Inland Revenue raised income tax demand under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2014 amounting to Rs. 5,923 thousand by treating differences in sales tax returns as compared to audited accounts. The proceedings are in progress.

  Further, FFL has been selected for audit in respect of tax year 2014 under section 214C of the Income Tax Ordinance, 2001. Proceedings in this respect are still to be initiated.

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For the tax year 2015 u/s 122(5A) and 177 were initiated during the year by DCIR. Information is being shared with the department and waiting for departmental response.

- During the year ended 31 December 2019, the Assistant Commissioner Inland Revenue issued a show cause notice under section 161 of the Income Tax Ordinance, 2001 for the tax year 2017 against non-deduction of withholding tax on payments against milk procurement, contractual services and air ticketing amounting to Rs. 60,620 thousand. The proceedings are in progress.

- FFL's refund was reduced by Rs. 30,000 thousand by the DCIR through internal verification of tax deducted at source available through IRIS. FFL has filed CIR-A against the said order. The Appellate forum has set aside the order and remanded the case back to DCIR for re-examination for the taxes paid.

- During the year, Assistant Commissioner Inland Revenue issued a show cause notice under section 161 of the Income Tax Ordinance, 2001 for the tax year 2016 and 2018. The proceedings are in progress.

- During the year ended 31 December 2016, Assistant Commissioner Inland Revenue (ACIR) raised sales tax demand of Rs. 4.84 million under section 11(2) and 11(3) of the Sales Tax Act 1990 against inadmissible refund claim and non-realization of sales tax on sale of scrap during the period from December 2012 to March 2013. FFL filed an appeal before Commissioner Inland Revenue - Appeals (CIR - A) which was decided against FFL. FFL being aggrieved filed an appeal before Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favour of FFL and waived off the whole tax demand against which the Department filed reference before the Honourable Lahore High Court which is pending adjudication.

- During the year ended 31 December 2017, Assistant Commissioner Inland Revenue (ACIR) raised sales tax demand of Rs. 102 million under section 10 and 11(2) of the Sales Tax Act 1990 against inadmissible input tax adjustment and non-deduction of withholding sales tax during the period from July 2015 to June 2016. FFL filed an appeal before Commissioner Inland Revenue - Appeals (CIR - A) which was decided against FFL. FFL being aggrieved filed an appeal before Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favour of FFL and waived off the whole tax demand against which the Department filed reference before the Honourable Lahore High Court which is pending adjudication.

- During the year ended December 31, 2017, Assistant Commissioner Inland Revenue (ACIR) issued sales tax order, dated May 26, 2017 for payment of Rs. 974 million for sales tax along with 100% default surcharge and penalty of Rs. 225 million due to alleged non-payment of sales tax on sales of "Chai Mix, Dairy Rozana and Dostea (tea whitener)" for the tax period July 2011 to December 2016. The order is based on the grounds that exemption is available to FFL only to the extent of dairy products and tea whitener is not milk / dairy product. FFL being aggrieved filed appeal initially before Commissioner Inland Revenue - Appeals (CIR-A) and then to the Appellate Tribunal Inland Revenue (ATIR) where the matter was heard and decided in favour of FFL on jurisdictional grounds. The Department and FFL have filed appeals before the Honourable High Court which are pending adjudication.

  Further during the year ended December 31, 2018, the Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice, dated October 10, 2018 for payment of Rs. 974 million for sales tax along with 100% default surcharge and penalty of Rs. 129 million due to alleged non-payment of sales tax on sales of "Dostea Chai Mix (tea whitener)" for the tax period January to December 2017. The order was based on the same grounds on which the order dated May 26, 2017 as explained above was issued . FFL filed a writ petition against this show cause notice before the High Court on jurisdictional and technical grounds which is pending adjudication.

  Meanwhile, the matter was forwarded by the Regional Tax Officer Sargodha to Model Custom Collectorate of Appraisement (East), Customs House, Karachi for determination of appropriate classification of tea whitener. During the year, the matter has been resolved by the classification committee through its order C-72/KAPE/DC/PCT/2017 dated February 11, 2019 and addressed to Deputy Commissioner Inland Revenue (Large Taxpayer Unit) for onwards perusal. Through the above order the classification of tea whitener continues to be under the same PCT code as was determined earlier by the Appraisement Committee through its order of May 05, 2011. Consequent to the decision of the classification committee, the management is hopeful that the above writ petitions will be decided in the favour of FFL.

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- During the year ended December 31, 2018, Assistant Commissioner Inland Revenue (ACIR) through its order dated 23 October 2018, raised a sales tax demand for the period from July 2016 to June 2017, under section 11(2) and 11(3) of Sales Tax Act, 1990, amounting to Rs. 145.57 million along with penalty of Rs. 7.28 million against inadmissible adjustment of input tax on goods not related to taxable supplies, non-realization of sales tax on disposal of fixed assets and non-withholding of sales tax from payment made against advertisement. Being aggrieved, FFL preferred an appeal before Commissioner Inland Revenue - Appeals (CIR-A) demand was reduced to Rs.13,000 thousand. Aggrieved by the order, FFL filed an appeal before ATIR which is pending adjudication.

- The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2019 to December 2019 has charged sales tax amounting Rs. 14,000 thousand. FFL being aggrieved by the order filed appeal before CIR appeals who remanded the case back to ACIR for reassessment . The department have filed appeal before ATIR which is pending adjudication.

- The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2016 to December 2016 has charged sales tax amounting Rs. 6,090 thousand. FFL aggrieved by the order filed appeal before CIR appeals who remanded the case back to ACIR for reassessment. The department have filed appeal before ATIR which is pending adjudication.

  During the year ended December 31, 2018, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice, dated 09 November 2018, against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement amounting to Rs. 399,600 thousand. Against the show cause notice, the ACIR raised a sales tax demand of Rs. 135,340 thousand along with default surcharge and penalty. FFL filed an appeal with CIR appeals who decided the case in favor FFL and annulled the ACIR order. Department is in process of filing an appeal with ATIR.

  During the year, Additional Commissioner Inland Revenue (ACIR) raised sales tax demand for the period from January 2016 to December 2016 under section 11(2) of the Sales Tax Act, 1990 against non-realization of sales tax amounting to Rs. 1,940 thousand on sale of scrap. FFL filed an appeal before Commissioner Inland Revenue (Appeals), which was decided in the favor of the Department. FFL being aggrieved filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favor of FFL and waived off the whole tax demand against which the Department filed reference before the Honorable Lahore High Court which is pending adjudication.

Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.

14.1.4 Fauji Meat Limited - contingencies

- In respect of tax year 2015, the ACIR issued order D.C.R No 79/12 dated 28 March 2018 under section 161/205 of the Income Tax Ordinance, 2001 and raised income tax demand of Rs. 68,893 thousand along with the default surcharge under section 205 of the Ordinance. The CIR (Appeals) vide appellate dated 29 May 2018 has either deleted or remanded back the issues on which income tax demand of Rs. 67,225 thousand along with default discharge was raised. Further, the CIR (Appeals) has confirmed the ACIR's action on certain issues on which income tax demand along with default surcharge of Rs. 1,668 thousand was raised. The ACIR has also issued appeal effect order dated 31 July 2018 under section 124 in respect of the issues upheld by the CIR (Appeals) and raised demand of Rs. 1,668 thousand. FML has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the aforesaid appellate order dated 29 May 2018. The ATIR has granted stay to FML for period of forty days or till disposal of appeal whichever is earlier vide stay order dated 21 December 2020 against tax demand of Rs. 1,668 thousand. The hearing of appeal is fixed for January 28, 2021.

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- In respect of tax year 2016, the ACIR issued order dated 28 March 2018 under section 161/205 of the Income Tax Ordinance 2001 and raised income tax demand of Rs. 120,626 thousand along with the default surcharge under section 205 of the Ordinance. The CIR (Appeals) vide appellate order dated 29 May 2018 has either deleted or remanded back the issues on which income tax demand of Rs. 96,451 thousand was raised. Further CIR (Appeals) has confirmed the ACIR's action on certain issues on which income tax demand along with default surcharge of Rs. 24,175 thousand was raised. FML has filed an appeal with the ATIR against the aforesaid appellate order dated 29 May 2018. The ATIR has granted stay to FML for period of forty days or till disposal of appeal, whichever is earlier vide stay order dated 21 December 2020 against balance tax demand of Rs. 24,175 thousand. The hearing of appeal is fixed for January 28, 2021.

- The Assistant Commissioner Sindh Revenue Board, Karachi vide Order-in-Original No 41 of 2018 dated 3 February 2018 has created a demand of Rs. 111,218 thousand along with penalty of Rs. 56,965 thousand on account of non-withholding and deposit of Sindh sales tax on consultancy and product transportation expenses for tax periods January 2015 to December 2016. FML filed an appeal with the Commissioner Appeals, Sindh Revenue Board, Karachi against the aforesaid order. Hearing of appeal is in progress. Further the Sindh High Court, Karachi granted stay vide order dated 23 September 2019 against the recovery of the amount raised vide aforementioned order till the decision of appeal pending before Commissioner Appeals, Sindh Revenue Board, Karachi.

- The DCIR has alleged that FML has incorrectly claimed input tax on steel products, cement, construction services, goods purchased from Pak Suzuki Company. In this regard, DCIR vide order in original No 6 of 2017-18 dated August 25, 2017 disallowed the claim of input tax of Rs. 6,388 thousand being inadmissible input tax claimed by FML and levied penalty and default surcharge under section 33 and 34 of the Sales Tax Act, 1990. FML has filed response to the notice dated May 10, 2017 in which FML has inter alia stated that the amount of input tax in notice is wrongly calculated by DCIR as Rs. 23,343 thousand instead of Rs. 13,062 thousand and the DCIR issued as addendum notice dated July 11, 2017 and the Company filed responses thereto.

  The management is confident of favourable resolution in all of the cases.

			2020	2019
			(Rupees '000)	
14.2	**Commitments:**			
	i)	Capital expenditures - contracted	**227,111**	400,541
	ii)	Letters of credit for purchase of raw materials and stores and spares	**797,643**	763,244
	iii)	Commitments of FWEL -I & FWEL-II as at September 30, 2020 (2019: September 30, 2019)	**1,112,318**	222,534
	iv)	Commitments of Fauji Meat Limited	**-**	4,040
	v)	Commitments of FFBL Power Company Limited	**2,626,630**	1,697,660
	vi)	Commitments of Fauji Foods Limited	**-**	29,930
	vii)	Group's share of commitments of PMP as at September 30, 2020 (2019: September 30, 2019)	**12,463**	65,710
	viii)	Group's share of commitments of Fauji Cement Company Limited as at September 30, 2020 (2019: September 30, 2019)	**-**	4,882
	ix)	Group's share of commitments of Askari Bank Limited as at September 30, 2020 (2019: September 30, 2019)	**93,056,938**	67,850,138

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15 PROPERTY, PLANT AND EQUIPMENT

	PROPERTY, PLANT AND EQUIPMENT																	
	Owned													Right-to-use assets				
	Leasehold land	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work in progress (note 15.1)	Sub Total	Vehicles	Building	Machinery	Sub Total	Total
	(Rupees '000)																	
COST																		
Balance as at January 01, 2019	530,586	889,649	4,549,762	7,147,069	56,079,945	186,070	1,012,470	703,600	487,856	2,406	419,018	2,391,425	74,399,856	244,882	-	357,369	602,251	75,002,107
Effect of adoption of IFRS 16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,708	-	140,708	140,708
Additions during the year	-	-	45,102	342,457	1,681,736	63,692	153,826	210,795	23,798	-	-	1,384,665	3,906,071	3,285	331,495	-	334,780	4,240,851
Disposals	-	-	-	-	(25,498)	-	(149,114)	(241)	(406)	-	-	-	(175,259)	(74,920)	-	-	(74,920)	(250,179)
Adjustments	-	(13,001)	-	(2,713)	(15,000)	-	-	-	-	-	-	-	(30,714)	-	-	-	-	(30,714)
Transfers	32,492	-	175,618	144,953	1,767,283	-	-	40,945	8,018	-	-	(2,256,679)	(87,370)	31,077	-	-	31,077	(56,293)
Balance as at December 31, 2019	563,078	876,648	4,770,482	7,631,766	59,488,466	249,762	1,017,182	955,099	519,266	2,406	419,018	1,519,411	78,012,584	204,324	472,203	357,369	1,033,896	79,046,480
Balance as at January 01, 2020	**563,078**	**876,648**	**4,770,482**	**7,631,766**	**59,488,466**	**249,762**	**1,017,182**	**955,099**	**519,266**	**2,406**	**419,018**	**1,519,411**	**78,012,584**	**204,324**	**472,203**	**357,369**	**1,033,896**	**79,046,480**
Additions during the year *	**1,200**	**-**	**6,114**	**30,951**	**184,568**	**26,701**	**125,046**	**21,457**	**30,652**	**-**	**66,984**	**990,120**	**1,483,793**	**62**	**3,737**	**5,045**	**8,844**	**1,492,637**
Disposals	**-**	**-**	**-**	**-**	**(336,634)**	**-**	**(226,915)**	**-**	**(1,207)**	**-**	**-**	**-**	**(564,756)**	**(63,948)**	**(134,545)**	**-**	**(198,493)**	**(763,249)**
Adjustments (refer to note 27)	**-**	**(270,242)**	**(500)**	**-**	**-**	**-**	**-**	**(10)**	**-**	**-**	**-**	**-**	**(270,752)**	**-**	**-**	**-**	**-**	**(270,752)**
Transfers **	**-**	**-**	**180,224**	**19,500**	**940,594**	**-**	**108**	**(1,285)**	**5,265**	**-**	**4,039**	**(1,187,620)**	**(39,175)**	**2,836**	**-**	**-**	**2,836**	**(36,339)**
Balance as at December 31, 2020	**564,278**	**606,406**	**4,956,320**	**7,682,217**	**60,276,994**	**276,463**	**915,421**	**975,261**	**553,976**	**2,406**	**490,041**	**1,321,911**	**78,621,694**	**143,274**	**341,395**	**362,414**	**847,083**	**79,468,777**
DEPRECIATION																		
Balance as at January 01, 2019	126,737	-	341,178	1,233,923	21,613,560	48,634	429,058	261,120	394,250	2,199	404,001	-	24,854,660	68,065	-	2,327	70,392	24,925,052
Charge for the year	7,615	-	160,917	232,295	2,479,143	17,918	148,208	108,811	65,718	81	15,017	-	3,235,723	37,229	28,554	14,295	80,078	3,315,801
Disposals	-	-	-	-	(2,792)	-	(121,740)	(180)	(324)	-	-	-	(125,036)	(29,475)	-	-	(29,475)	(154,511)
Balance as at December 31, 2019	134,352	-	502,095	1,466,218	24,089,911	66,552	455,526	369,751	459,644	2,280	419,018	-	27,965,347	75,819	28,554	16,622	120,995	28,086,342
Balance as at January 01, 2020	**134,352**	**-**	**502,095**	**1,466,218**	**24,089,911**	**66,552**	**455,526**	**369,751**	**459,644**	**2,280**	**419,018**	**-**	**27,965,347**	**75,819**	**28,554**	**16,622**	**120,995**	**28,086,342**
Charge for the year ***	**8,241**	**-**	**169,355**	**245,914**	**1,896,268**	**24,097**	**142,234**	**120,832**	**35,232**	**81**	**11,837**	**-**	**2,654,091**	**18,514**	**32,145**	**14,412**	**65,071**	**2,719,162**
Disposals	**-**	**-**	**-**	**-**	**(335,941)**	**-**	**(185,721)**	**-**	**(1,207)**	**-**	**-**	**-**	**(522,869)**	**(26,060)**	**(15,421)**	**-**	**(41,481)**	**(564,350)**
Adjustments (refer to note 27)	**-**	**-**	**(26)**	**-**	**-**	**-**	**-**	**(4)**	**-**	**-**	**-**	**-**	**(30)**	**-**	**-**	**-**	**-**	**(30)**
Balance as at December 31, 2020	**142,593**	**-**	**671,424**	**1,712,132**	**25,650,238**	**90,649**	**412,039**	**490,579**	**493,669**	**2,361**	**430,855**	**-**	**30,096,539**	**68,273**	**45,278**	**31,034**	**144,585**	**30,241,124**
Written down value - 2019	428,726	876,648	4,268,387	6,165,548	35,398,555	183,210	561,656	585,348	59,622	126	-	1,519,411	50,047,237	128,505	443,649	340,747	912,901	50,960,138
Written down value - 2020	**421,685**	**606,406**	**4,284,896**	**5,970,085**	**34,626,756**	**185,814**	**503,382**	**484,682**	**60,307**	**45**	**59,186**	**1,321,911**	**48,525,155**	**75,001**	**296,117**	**331,380**	**702,498**	**49,227,653**
Rate of depreciation	**2% - 4%**	**-**	**3%**	**3%**	**3.33% - 5%**	**10%**	**20% - 33%**	**15%**	**33% - 50%**	**30%**	**17% - 50%**	**-**		**33%**		**5%**		

* Additions during the year includes borrowing cost of Rs. 22,225 thousand (2019: Rs. 101,394 thousand) in respect of qualifying plant and machinery at the capitalization rate of 13.44% (2019: 12.19%).

** During the year, an amount of Rs. 36,339 thousand (2019: Rs. 56,293 thousand) was transferred from CWIP to intangible asset.

*** As at reporting date, plant and machinery of the Holding Company having cost of Rs. 16,123,483 thousand (2019: Rs. nil) have been fully depreciated but are still in use.

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		Note	2020	2019
			(Rupees '000)	
15.1	**Capital work in progress - CWIP**			
	Fauji Fertilizer Bin Qasim Limited	**15.1.1**	**301,674**	187,151
	FFBL Power Company Limited	**15.1.2**	**796,243**	664,761
	Fauji Meat Limited	**15.1.3**	**-**	425,830
	Fauji Foods Limited	**15.1.4**	**223,994**	241,669
			1,321,911	1,519,411
15.1.1	**CWIP - Fauji Fertilizer Bin Qasim Limited**			
	Plant and machinery		**57,048**	83,865
	Catalyst		**231,955**	88,723
	Others		**12,671**	14,563
			301,674	187,151
15.1.2	**CWIP- FFBL Power Company Limited**			
	Plant, machinery and civil works		**796,243**	628,422
	Intangible		**-**	36,339
			796,243	664,761
15.1.3	**CWIP - Fauji Meat Limited**			
	Building		**-**	179,875
	Plant and machinery		**-**	245,955
			-	425,830
15.1.4	**CWIP - Fauji Foods Limited**			
	Plant and machinery		**222,824**	237,315
	Building		**-**	349
	Leased vehicles		**-**	2,835
	Intangible		**1,170**	1,170
			223,994	241,669
15.2	**Depreciation charge has been allocated as follows:**			
	Cost of sales	**29**	**2,474,601**	3,041,458
	Selling and distribution expenses	**30**	**43,524**	12,473
	Administrative expenses	**31**	**201,037**	261,870
			2,719,162	3,315,801

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Particulars of immovable assets of the Group are as follows:

Location	Company	Address	Covered Area (acre)
Islamabad	FFBL	C1/C2, Sector B, Jinnah Boulevard DHA Phase II	2
Karachi	FFBL	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	250
Karachi	FFBL	Tank Farm Area, Port Qasim	8
Karachi	FFBL	Near Rangers Check Post, Opposite Naval Marine Base, National Highway	202.2
Thatta	FML	Deh Kohistan Chak No. 1 Tapo Gharo, Tehsil Mir Pur Sakhro, District Thatta	46.35
Karachi	FPCL	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	100
Bhalwal	FFL	Sarghoda Road, Bhalwal	15.05
Pindi Bhattian	FFBL Foods	Moza Thatta Raika and Moza Thatta Bahuman (refer note 27)	167

15.3 In accordance with the requirements of International Accounting Standard 36 'Impairment of Assets', the management has carried out assessment of recoverable amount of the property, plant and equipment of FML as at the reporting date. Computation of recoverable amount involves estimation of fair value and value in use. Fair value assessed by the management's expert was Rs. 7,760,167 thousand. Value in use was computed by discounting future cash flows computed by estimating future revenues and costs. Value in use computed as a result of this estimation was Rs. 9,704,380 thousand.

Key assumptions used to arrive at value in use included the following:

- Weighted average cost of capital at 12%;
- Increase in capacity utilization of plant from 15% in year 2021 to 57% in year 2030; and
- Terminal growth rate at 2%.

The computation of value in use is highly sensitive to above assumptions and any adverse variance would result in value in use significantly lower than the carrying value of property, plant and equipment. However, no impairment loss has been recognised in these consolidated financial statements, since the fair value assessed by the management's expert exceeds the carrying value.

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15.4 Details of property, plant and equipment sold:

	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss)
			(Rupees '000)		
Vehicles - as per Company policy to employees					
Toyota Corolla GLI	Qasim Munir	1,924	722	644	(78)
Honda Civic	Syed Masoom Hussain Zaidi	3,038	2,025	456	(1,569)
Toyota Corolla Grande	Syed Aamir Ahsan	3,404	2,695	2,761	66
Toyota Corolla GLI	Muhammad Javed Akhtar	2,049	982	307	(675)
Toyota Corolla Altis	Brig Javaid Iqbal (Retd)	2,626	584	256	(328)
Suzuki Cultus	Raheel Maqsood Khan	1,879	1,452	1,530	78
Toyota Corolla GLI	Lt Col Syed Kashif Ali (Retd)	2,179	544	213	(331)
Toyota Corolla GLI	Ibrahim Dorego	2,055	685	563	(122)
Toyota Corolla XLI	Maj Zia Ur Rasool (Retd)	2,035	762	720	(42)
Toyota Corolla GLI	Lt Col Nabi Bux (Retd)	2,156	719	253	(466)
Honda Civic	Iftikhar Ahmed	2,763	1,382	1,070	(312)
Honda Civic	Brig Rizwan Rafi (Retd)	2,637	1,845	987	(858)
Suzuki Swift	Daood Zafar	1,264	531	811	280
Toyota Corolla XLI	Muhammad Javed Khan	986	510	1,160	650
Suzuki Cultus	Farhan Ahmed Mazari	1,410	541	209	(332)
Suzuki Cultus	Basit Iqbal Khan	1,410	541	209	(332)
Suzuki Cultus	Zaheer Hussain Lodhi	1,410	540	209	(331)
Toyota Corolla XLI	Muhammad Khalid Jalil	1,500	825	246	(579)
Honda City	Waqas Ahmed Shaikh	1,200	700	597	(103)
Honda City	Syed Arshad Kamal	1,391	696	209	(487)
Vehicles - at market rate to related party					
Toyota Fortuner	Fauji Foundation	4,982	-	5,750	5,750
Toyota Fortuner	Fauji Foundation	4,982	-	5,750	5,750
Vehicles - as per Company policy through auction					
Toyota Corolla GLI	Maj Amir Qayum Khan	2,457	1,638	2,352	714
Daewoo Bus	Sultan Muhammad Khan Yousaf Zai	12,524	1,044	10,500	9,456
Toyota Fortuner	Zahid Javed Butt	3,500	2,771	4,767	1,996
Toyota Fortuner	Usman Hundal	5,369	1,078	4,401	3,323
Toyota Corolla	Muhammad Akram	1,661	899	1,559	660
Toyota Corolla	Muhammad Akram	1,661	913	1,555	642
Toyota Corolla	Muhammad Raza	1,660	858	332	(526)
Toyota Corolla Altis	Fraz Ahmed Abbasi	1,991	1,045	398	(647)
Suzuki Cultus	Rao Atif Mannan	1,039	571	850	279
Suzuki Cultus	Muhammad Altaf	1,039	580	1,065	485
Toyota Corolla	Rizwan Ullah Khan	1,661	872	332	(540)
Toyota Corolla	Mansoor Ahmed Khan	1,661	872	332	(540)
Toyota Corolla	Athar Mohiuddin	1,660	872	332	(540)
Toyota Corolla	Muhammad Akram	1,660	913	1,609	696
Toyota Corolla Altis	Attique Ur Rehman	1,991	1,062	398	(664)
Toyota Corolla Altis	Hammad Khalid Toor	1,991	1,062	398	(664)
Toyota Corolla	Muhammad Arshad	1,662	873	332	(541)
Toyota Corolla Xli	Muhammad Akram	1,661	969	1,795	826
Toyota Corolla Xli	Kamran Ahmed Rana	1,661	970	1,691	721
Toyota Corolla Xli	Muhammad Shuja Khan Bhatti	1,643	972	1,765	793
Toyota Corolla Altis	Muhammad Shuja Khan Bhatti	2,016	1,193	2,195	1,002
Toyota Corolla Altis	Naveed Ahmed	2,016	1,192	2,245	1,053
Toyota Corolla Altis	Syeda Rubab Zahra Gardezi	1,991	1,178	601	(577)
Toyota Corolla	Muhammad Altaf	1,661	996	1,660	664
Toyota Corolla Altis	Syed Ala Imran	1,990	1,227	2,075	848
Toyota Corolla Xli	Syed Hanni Hassan Haider Zaidi	1,643	1,027	1,536	509
Suzuki Cultus	Muhammad Nooh Ul Haq	1,099	696	1,040	344
Toyota Corolla Altis	Imran Maqsood	1,991	1,244	2,200	956
Suzuki Mehran	Muhammad Bilal Khan	708	513	562	49

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	Sold to	Cost	Book value	Sale proceeds	Gain / (Loss)
		(Rupees '000)			
Vehicles - as per Company policy through auction					
Suzuki Mehran	Muhammad Akram	**708**	**513**	**582**	**69**
Suzuki Mehran	Muhammad Akram	**707**	**513**	**627**	**114**
Suzuki Mehran	Abu Bakar Zahid	**869**	**732**	**720**	**(12)**
Suzuki Mehran	Abu Bakar Zahid	**762**	**635**	**780**	**145**
Suzuki Mehran	Javeria Zahid	**732**	**549**	**750**	**201**
Suzuki Mehran	Abu Bakar Zahid	**732**	**543**	**760**	**217**
Suzuki Mehran	Abu Bakar Zahid	**731**	**549**	**668**	**119**
Suzuki Mehran	Javeria Zahid	**840**	**714**	**980**	**266**
Suzuki Mehran	Abu Bakar Zahid	**840**	**707**	**850**	**143**
Toyota Corolla XLI	Waseem Mirza	**1,200**	**500**	**1,335**	**835**
Toyota Corolla XLI	Maj. Amir Qayum Khan	**1,250**	**563**	**1,430**	**867**
Toyota Corolla XLI	Muhammad Javed	**1,200**	**860**	**1,375**	**515**
Toyota Fortuner	Naeem Hanif	**5,500**	**4,950**	**5,655**	**705**
Aggregate of vehicles through auction with individual book value below Rs. 500,000		**104,324**	**10,599**	**107,269**	**96,670**
Insurance claim					
Vehicles - insurance claim		**1,645**	**-**	**1,624**	**1,624**
Toyota Corolla GLI		**2,410**	**1,727**	**2,379**	**652**
Plant & Machinery - insurance claim		**280**	**156**	**153**	**(3)**
Aggregate of items of property, plant and equipment with individual book value below Rs. 500,000		**389,427**	**5,584**	**14,493**	**8,909**
	2020	**628,704**	**79,775**	**218,217**	**138,442**
	2019	250,179	95,668	147,157	51,489

16 INTANGIBLE ASSETS

	Softwares	Goodwill (note 16.1)	Capital work in progress	Total
	(Rupees '000)			
COST				
Balance as at January 01, 2019	122,308	377,778	-	500,086
Additions during the year	59,562	-	-	59,562
Balance as at December 31, 2019	181,870	377,778	-	559,648
Balance as at January 01, 2020	**181,870**	**377,778**	**-**	**559,648**
Additions during the year	**2,043**	**-**	**10,735**	**12,778**
Transfer during the year	**36,339**	**-**	**-**	**36,339**
Balance as at December 31, 2020	**220,252**	**377,778**	**10,735**	**608,765**
AMORTIZATION				
Balance as at January 01, 2019	117,096	-	-	117,096
Charge for the year	23,018	-	-	23,018
Balance as at December 31, 2019	140,114	-	-	140,114
Balance as at January 01, 2020	**140,114**	**-**	**-**	**140,114**
Charge for the year	**25,449**	**-**	**-**	**25,449**
Balance as at December 31, 2020	**165,563**	**-**	**-**	**165,563**
Written down value - 2019	41,756	377,778	-	419,534
Written down value - 2020	**54,689**	**377,778**	**10,735**	**443,202**
Rate of amortization	**33%**			

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16.1 On September 04, 2015, the Group acquired 38.25% of voting and non-voting shares of FFL and concluded that FFBL has obtained control over FFL, based on its ability to appoint majority of its directors and senior management personnel. The Group paid a consideration of Rs. 479,857 thousand to obtain the control of FFL on the acquisition date, when the fair value of FFL's identified net assets amounted to Rs. 266,872 thousand including a non controlling interest of Rs. 164,793 thousand. Accordingly, the Group recognised goodwill of Rs. 377,778 thousand.

As at the reporting date, the Holding Company performed an impairment test for FFL, a cash generating unit ("CGU"). The Holding Company has determined recoverable amount of CGU, based on a value-in-use calculation, which was higher than the carrying amount of the CGU in the consolidated financial statements, accordingly no impairment was recognised. Value-in-use was estimated using cash flow projections approved by Board of Directors of FFL, covering a five-year period. The pre-tax risk adjusted discount rate and the long-term market growth-rate applied to cash flow projections is 14.12% and 5% (2019: 15.74% and 5%), respectively, both of which are inherently uncertain. The cash flow projections are sensitive to assumptions regarding the sales growth rate, operating margin, long-term market growth-rate and discount rate.

			2020	2019
		Note	**(Rupees '000)**	
16.2	**Amortization charge has been allocated as follows:**			
	Cost of sales	**29**	**1,414**	1,468
	Selling and distribution expenses	**30**	**4,995**	2,573
	Administrative expenses	**31**	**19,040**	18,977
			25,449	23,018
17	**LONG-TERM INVESTMENTS**			
	Interest in jointly controlled entity	**17.1**	**6,400,564**	5,991,039
	Interests in associates	**17.2**	**17,886,602**	14,247,830
	Other long-term investment	**17.4**	**-**	-
			24,287,166	20,238,869

17.1 Interest in jointly controlled entity

Pakistan Maroc Phosphore S.A. (PMP) is a joint arrangement in which the Group, along with its partners, has joint control and a 25% ownership interest. It is one of the Group's strategic suppliers and is principally engaged in the production of phosphoric acid in Morocco. PMP is not publicly listed. PMP is structured as a separate vehicle and the Group has a residual interest in the net assets of PMP. Accordingly, the Group has classified its interest in PMP as a joint venture.

The cost of the Group's investment is Moroccan Dirhams 200,000 thousand, which was made from 2004 to 2006 and represents 25% interest in PMP, a joint venture between the Group, Fauji Foundation, Fauji Fertilizer Company Limited 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. The principal place of business is Jorf Lasfar, Morocco. According to the shareholders' agreement, if any legal restrictions are laid on dividends by Pakistan Maroc Phosphore S.A., the Group's equity will be converted to an interest bearing loan. The Group has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

There has been no default by PMP against its loans. Further, there has been no litigations against PMP.

PMP has declared dividend amounting to Rs. 1,118,720 thousand (2019: Rs. 746,784 thousand), during the year.

The following table summarises the financial information of PMP as included in its own financial statements for the period ended September 30, 2020, which have been used for equity accounting as these were the latest approved financial statements. Further, results of operations of the last quarter of 2019 have also been considered for equity accounting. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in PMP.

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		Note	2020	2019
			(Rupees '000)	
	Percentage ownership interest		**25%**	25%
	Non-current assets		**11,255,250**	11,372,715
	Current assets including cash and cash equivalents amounting to Rs. 2,496 million		**29,212,460**	23,046,663
	Non-current liabilities		**(113,601)**	(5,034)
	Current liabilities		**(12,950,358)**	(10,438,409)
	Net Assets (100%)		**27,403,751**	23,975,935
	Group's share of net assets (25%)		**6,850,938**	5,993,984
	Dividend declared after September 30, 2020		**(447,430)**	-
	Other adjustment		**(2,944)**	(2,945)
			(450,374)	(2,945)
	Carrying amount of interest in jointly controlled entity		**6,400,564**	5,991,039
	Revenue		**39,214,100**	32,922,418
	Depreciation and amortisation		**(1,687,457)**	(1,599,417)
	Finance cost		**(142,785)**	48,325
	Income tax expense		**(1,311,360)**	(653,237)
	Other expenses		**(32,714,534)**	(27,505,170)
	Profit (100%)		**3,357,964**	3,212,919
	Group's share of profit (25%)		**839,491**	803,230
17.2	**Interests in associates**			
	Fauji Cement Company Limited (FCCL)	**17.2.1**	**-**	422,373
	Foundation Wind Energy- I Limited (FWEL-I)	**17.2.2**	**3,557,413**	2,899,002
	Foundation Wind Energy - II Limited (FWEL-II)	**17.2.2**	**3,486,480**	2,874,539
	Askari Bank Limited (AKBL)	**17.2.3**	**10,842,709**	8,051,916
			17,886,602	14,247,830

17.2.1 Pursuant to the approval by the Board of Directors in their meeting held on July 29, 2020, the Holding Company disposed-off all of its shareholding in Fauji Cement Company Limited (FCCL) through open market at an average price of Rs. 20.49 per share. This resulted in recognition of a loss of Rs. 41,478 thousand in the statement of profit or loss (refer to note 33).

17.2.2 FFBL holds a 35% shareholding in Foundation Wind Energy- I Limited (FWEL-I) and Foundation Wind Energy - II Limited (FWEL-II) each. The break up value of shares based on unaudited interim financial information for the period ended September 30, 2020 is Rs. 29.02 per share (2019: Rs. 23.17 per share) and Rs. 28.24 per share (2019: Rs. 22.93 per share) respectively. Both FWEL-I and FWEL-II have achieved their Commercial Operation Date in April 2015 and December 2014, respectively. Both FWEL-I and FWEL-II have been established for operating 49.5 MW wind power plants each. The principal place of business of FWEL-I & FWEL-II is Gharo, District Thatta, Sindh.

17.2.3 FFBL holds 21.57% equity of Askari Bank Limited (AKBL), representing 271,884 thousand ordinary shares of Rs. 10 each, acquired at an average price of Rs. 19.31 per share. The market value of the investment in AKBL as at December 31, 2020 was Rs. 6,359,367 thousand (2019: Rs 5,040,730 thousand). AKBL is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The registered office of AKBL is situated at AWT Plaza, P.O BOX 1084, Rawalpindi.

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The management of the Company has carried out an impairment analysis of this investment, based on future expected cash flows for the next three years and thereafter cash flows on terminal values, with a 2% (2019: 2%) per annum growth. The future cash flows have been discounted at a risk adjusted rate of 17.12% (2019: 16.40%) to arrive at an intrinsic value of shares of AKBL. Based on the analysis, management believes that the carrying value of the investment in the associated company is less than its recoverable amount.

17.3 The following table summarises the financial information of associates as included in their own unaudited interim financial information for the period ended September 30, 2020, which have been used for accounting under the equity method as these were the latest approved financial statements.

The reporting date of AKBL is 31 December and the reporting date of other associates is 30 June. Accordingly, for the purpose of incorporation of results of AKBL, the operations of three quarters of the financial year 2020 and the last quarter of the financial year 2019, have been considered while the results of operations of the first quarter of financial year 2021, and three quarters of financial year 2020, have been considered for other associates. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in associates.

2020			(Rupees '000)		
	FCCL	FWEL - I	FWEL - II	AKBL	Total
Percentage of shareholding	1.36%	35%	35%	21.57%	
Non-current assets	-	11,185,074	10,926,859	-	22,111,933
Current assets	-	5,360,245	5,338,087	-	10,698,332
Total assets	-	16,545,319	16,264,946	970,145,028	1,002,955,293
Non-current liabilities	-	(4,335,907)	(4,237,965)	-	(8,573,872)
Current liabilities	-	(2,194,025)	(2,163,232)	-	(4,357,257)
Total liabilities	-	(6,529,932)	(6,401,197)	(924,892,571)	(937,823,700)
Net assets (100%)	-	10,015,387	9,863,749	45,252,457	65,131,593
Group's share of net assets	-	3,505,385	3,452,312	9,760,955	16,718,652
Goodwill	-	57,818	42,489	1,099,231	1,199,538
Other adjustment	-	(5,790)	(8,321)	(17,477)	(31,588)
	-	52,028	34,168	1,081,754	1,167,950
Carrying amount of interest in associate	-	3,557,413	3,486,480	10,842,709	17,886,602
Revenue	18,489,685	4,358,017	4,280,452	36,639,509	63,767,663
Profit from continuing operations (100%)	343,383	1,881,173	1,748,402	10,856,195	14,829,153
Group's share of profit	3,357	658,411	611,941	2,341,681	3,615,390

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2019			(Rupees '000)		
	FCCL	FWEL - I	FWEL - II	AKBL	Total
Percentage of shareholding	1.36%	35%	35%	21.57%	
Non-current assets	22,987,482	11,655,761	11,402,801	-	46,046,044
Current assets	5,952,752	3,962,610	4,030,498	-	13,945,860
Total assets	28,940,234	15,618,371	15,433,299	818,592,014	878,583,918
Non-current liabilities	(4,173,357)	(5,621,591)	(5,490,604)	-	(15,285,552)
Current liabilities	(4,610,356)	(1,882,022)	(1,854,037)	-	(8,346,415)
Total liabilities	(8,783,713)	(7,503,613)	(7,344,641)	(786,385,369)	(810,017,336)
Net assets (100%)	20,156,521	8,114,758	8,088,658	32,206,645	68,566,582
Group's share of net assets	274,129	2,840,165	2,831,030	6,946,973	12,892,297
Goodwill	154,817	57,818	42,489	1,099,231	1,354,355
Other adjustment	(6,573)	1,019	1,020	5,712	1,178
	148,244	58,837	43,509	1,104,943	1,355,533
Carrying amount of interest in associates	422,373	2,899,002	2,874,539	8,051,916	14,247,830
Revenue	19,698,826	3,340,609	3,317,131	25,741,978	52,098,544
Profit / (loss) from continuing operations (100%)	2,215,245	1,608,885	1,617,673	5,193,862	10,635,665
Group's share of profit	30,127	563,110	566,186	1,120,316	2,279,739

		2020	2019
		(Rupees '000)	
17.4	**Investment - available for sale - unquoted**		
	Arabian Sea Country Club Limited (ASCCL)		
	300,000 ordinary shares of Rs. 10 each	**3,000**	3,000
	Less: Impairment in value of investment	**(3,000)**	(3,000)
		-	-

The Company holds 300,000 ordinary shares of Rs. 10 each representing equity interest of 3.87% in Arabian Sea Country Club Limited. The breakup value based on audited accounts for the year ended June 30, 2018 was negative Rs. 10.76 per ordinary share. This investment is fully impaired.

		Note	2020	2019
			(Rupees '000)	
18	**STORES AND SPARES**			
	Stores		**1,053,415**	1,197,729
	Spares		**2,842,048**	2,649,174
	Provision for obsolescence	**18.1**	**(211,390)**	(139,657)
			3,684,073	3,707,246
18.1	**The movement in provision is as follows:**			
	Opening balance		**139,657**	168,804
	Provision made during the year	**29**	**78,985**	38,748
	Written off during the year		**(7,252)**	(67,895)
			211,390	139,657

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		Note	2020	2019
			(Rupees '000)	
19	**STOCK-IN-TRADE**			
	Packing materials		**90,405**	104,891
	Raw materials		**2,485,915**	3,031,206
	Raw materials in transit		**1,348,173**	1,693,621
	Work-in-process		**273,371**	341,189
	Finished goods	**19.1**	**369,644**	12,014,713
	Others		**-**	7,582
			4,567,508	17,193,202
	Provision for stock	**19.3**	**(233,503)**	(55,283)
			4,334,005	17,137,919

19.1 As at December 31, 2020, finished goods stock amounting to Rs. 8,168 thousand (2019: Rs. 11,340,628 thousand) are held with Fauji Fertilizer Company Limited. It includes finished goods amounting to Rs. nil (2019: Rs. 57,793 thousand) in transit.

19.2 During the year, FFL has charged Rs. 2,200 thousand (2019: Rs. 32,000 thousand), to statement of profit or loss on account of write down of finished goods, work-in-progress, stock-in-transit and others.

		Note	2020	2019
			(Rupees '000)	
19.3	**The movement in provision is as follows:**			
	Opening balance		**55,283**	7,831
	Provision made during the year	**29**	**242,290**	55,283
	Written off during the year		**(64,070)**	(7,831)
			233,503	55,283
20	**TRADE DEBTS**			
	Secured - considered good		**1,656,387**	8,606,885
	Unsecured - considered good		**1,504,985**	1,804,328
	Considered doubtful		**1,383,873**	1,071,659
			4,545,245	11,482,872
	Less: Allowance for expected credit losses	**20.1**	**(1,383,873)**	(1,071,659)
			3,161,372	10,411,213
20.1	**Allowance for expected credit losses / provision for doubtful debts**			
	Opening balance		**1,071,659**	689,928
	Allowance for the year	**34**	**273,040**	381,731
	Exchange loss on allowance for ECL		**39,174**	-
			1,383,873	1,071,659

FML has initiated legal proceedings against various parties with overdue balances.

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		Note	2020	2019
			(Rupees '000)	
20.2	**Area wise break of gross trade debts outstanding at year end in respect of export sales is as follows:**			
	Middle East		**1,282,419**	1,210,261
	Asia Pacific		**3,666**	11,758
			1,286,085	1,222,019
	Allowance / provision for the year		**(1,269,569)**	(1,009,204)
			16,516	212,815
21	**ADVANCES**			
	Advances to:			
	Executives, unsecured considered good		**11,504**	11,844
	Other employees, unsecured considered good		**88,377**	93,965
		21.1	**99,881**	105,809
	Advances to suppliers and contractors			
	Considered good		**1,165,129**	1,159,197
	Considered doubtful		**73,295**	13,477
			1,238,424	1,172,674
	Provision for doubtful advances	21.2	**(73,295)**	(13,477)
			1,265,010	1,265,006

21.1 These represent interest free advances given to employees, including executives, of the Group, in accordance with the Group's policy. These are repayable within one year. Maximum amount outstanding with key management personnel was Rs. nil (2019: Rs. 1,316 thousand), at any time during the year.

		Note	2020	2019
			(Rupees '000)	
21.2	**The movement in provision is as follows:**			
	Opening balance		**13,477**	-
	Allowance for ECL	30	**59,818**	13,477
	Closing balance		**73,295**	13,477
22	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Security deposits		**89,842**	80,719
	Prepayments		**184,031**	215,400
			273,873	296,119
23	**OTHER RECEIVABLES**			
	Due from Fauji Fertilizer Company Limited - unsecured, considered good	23.1	**1,827,495**	2,885,789
	Subsidy receivable from Government of Pakistan	23.2	**3,160,992**	3,160,992
	Receivable from PMP	23.3	**453,052**	9,231
	Others - considered good		**73,077**	249,542
	Due from associated companies	23.4	**2,879**	39
			5,517,495	6,305,593
	Less: allowance for ECL	23.5	**(448,470)**	(216,470)
			5,069,025	6,089,123

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23.1 This interest free balance represents amounts recovered by Fauji Fertilizer Company Limited, a related party, from customers on sale of the Holding Company's products under an inter-company services agreement (refer to notes 28.1 and 30.2). The collection is transferred on a weekly basis. Maximum amount outstanding during the year was Rs. 10,534 million (2019: Rs. 14,401 million). It is neither past due nor impaired.

23.2 This includes a subsidy @ PKR 100 per 50 kg bag, on sale of Urea fertilizer, pursuant to notification No.15 (4) CFC / 2015 dated August 07, 2017, issued the Ministry of Finance, Government of Pakistan . Subsidy scheme has been discontinued w.e.f. 30 June 2018. This also includes a subsidy @ PKR 300 per 50 kg bag, on sale of Di-Ammonium Phosphate (DAP) fertilizer, and a subsidy @ PKR 156 per 50 kg bag of Urea fertilizer, pursuant to notification F. No. 1-11/2012/DFSC-II/Fertilizer dated June 25, 2016, issued by the Ministry of National Food Security and Research, Government of Pakistan.

23.3 This includes an amount of Rs. 447,430 (2019: Rs. nil), receivable from Pakistan Maroc Phosphore (PMP), a joint venture of the Holding Company, against dividend. Maximum amount outstanding during the year was Rs. 657 million (2019: Rs. 779 million). It is neither past due nor impaired.

23.4 This includes amounts due from Fauji Cereals and Noon International (Private) Limited, amounting to Rs. 2,839 thousand (2019: Rs. nil) and Rs. 39 thousand (2019: Rs. 39 thousand), respectively. Maximum amounts outstanding during the year was Rs. 2,839 thousand (2019: Rs. nil) and Rs. 39 thousand (2019: Rs. 39 thousand), respectively. These are interest free in the normal course of business on account of sale of goods or services. The amount due from Noon International (Private) Limited are due for more than 6 months. These are interest free in the normal course of business on account of purchase of goods or services.

		Note	2020	2019
			(Rupees '000)	
23.5	**Movement in allowance / provision during the year is as follows:**			
	Opening balance as at 01 January		**216,470**	206,742
	Allowance during the year	**34**	**232,000**	9,728
	Closing balance as at 31 December		**448,470**	216,470
24	**SALES TAX REFUNDABLE**			
	Gross sales tax refundable		**10,315,312**	9,803,225
	Allowance for input and provision against doubtful sales tax refundable	**24.1 & 30**	**(753,667)**	(9,475)
	Net sales tax refundable		**9,561,645**	9,793,750

24.1 This includes allowance for input tax charged to cost of sales amounting to Rs. 713,549 thousand under section 73(4) of Sales Tax Act,1990.

		Note	2020	2019
			(Rupees '000)	
25	**SHORT-TERM INVESTMENTS**			
	Loans and receivables			
	Term deposits with banks and financial institutions	**25.1**	**1,560,936**	1,400,000
	Investments at fair value through profit or loss			
	Mutual funds	**25.2**	**-**	9,029
			1,560,936	1,409,029

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25.1 These deposits carry interest at rates ranging from 6.75% to 7.20% (2019: 12.80% to 14.50%) per annum maturing on various dates, latest by January 28, 2021.

25.2 Mutual funds

	2020		
Nature of fund	**No. of units**	**Cost**	**Fair value**
		(Rupees '000)	
Income funds	-	-	-
Money market funds	-	-	-
		-	-

	2019		
Nature of fund	**No. of units**	**Cost**	**Fair value**
		(Rupees '000)	
Income funds	23,297	285	282
Money market funds	595,481	8,577	8,747
		8,862	9,029

		Note	2020	2019
			(Rupees '000)	
26	**CASH AND BANK BALANCES**			
	Deposit accounts			
	- in local currency	**26.1**	**23,129,846**	7,505,854
	- in foreign currency		**2,042**	2,038
		26.2	**23,131,888**	7,507,892
	Current accounts	**26.3**	**5,210,004**	284,212
	Cash in hand		**3,374**	2,231
			28,345,266	7,794,335

26.1 This includes Rs. 4,661,588 thousand (2019: Rs. 3,128,624 thousand) held under lien by the commercial banks against various facilities. It also includes a deposit of Rs. 804,070 thousand (2019 : Rs nil) at Askari Bank Limited, a related party.

26.2 These deposit accounts carry interest at rates ranging from 2.0% to 12.1% (2019: 3.0% to 14.35%) per annum.

26.3 This includes Rs. 4,885,787 thousand held in a separate bank account opened for the receipt of subscription against right shares (refer to note 5). These funds can be utilized upon allotment of shares subsequent to the reporting date.

		Note	2020	2019
			(Rupees '000)	
26.4	**Cash and cash equivalents**			
	Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:			
	Cash and bank balances	**26**	**28,345,266**	7,794,335
	Short-term highly liquid investments	**25**	**1,560,936**	1,400,000
	Short-term running finance	**13**	**(18,232,402)**	(25,098,134)
			11,673,800	(15,903,799)

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27 NON-CURRENT ASSETS HELD FOR SALE

In October 2020, the Board of FFBL Foods Limited committed to a plan to sell its land located in Pindi Bhattian along with building and other equipment present on that land. Accordingly, these assets have been presented as held for sale. Efforts to sell the assets have started and a sale is expected to be made within one year. Assets held for sale have been stated at lower of carrying amount and fair value less cost to sell.

	2020	2019
	(Rupees '000)	
Property and equipment		
Freehold land	**270,242**	-
Office and other equipment	**6**	-
Building	**474**	-
	270,722	-

Since, fair value of these assets is higher than carrying amount, no adjustment is required to be recorded in these consolidated financial statements. FFBL Foods has not commenced its commercial operations since its incorporation. Therefore, the cumulative expenses or income has not been segregated between continued and discontinued operations.

			2020	2019
			(Rupees '000)	
28	**SALES - NET**			
	Gross sales		**103,394,654**	87,429,639
	Less:			
	Sales tax		**4,508,777**	4,387,464
	Advance tax u/s 235		**144,179**	351,810
	Trade discounts and leakages allowed		**651,019**	1,142,846
	Commission to Fauji Fertilizer Company Limited	**28.1**	**29,717**	26,852
			5,333,692	5,908,972
		28.2	**98,060,962**	81,520,667

28 .1 Commission is paid @ Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on inter-company services agreement.

		2020	2019
		(Rupees '000)	
28.2	**Disaggregated revenue information**		
	Type of goods or service		
	Fertilizer		
	Urea	**17,652,010**	18,575,243
	DAP	**65,582,350**	48,264,043
		83,234,360	66,839,286
	Power		
	Electricity	**6,169,861**	5,665,320
	Steam	**83,918**	715,386
	Coal	**574,985**	91,122
	Others	**196,826**	200,561
		7,025,590	6,672,389

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	2020	2019
	(Rupees '000)	
Meat		
Beef bone in	**192,807**	1,214,362
Beef boneless	**-**	548,806
Mutton	**162,589**	390,717
Chicken	**68,829**	85,819
Others	**3,625**	24,416
	427,850	2,264,120
Foods		
Tea whitener	**3,836,272**	3,127,637
UHT milk	**2,045,944**	1,611,434
Butter	**909,735**	695,317
Cheese	**491,741**	248,612
Others	**89,470**	61,872
	7,373,162	5,744,872
	98,060,962	81,520,667
Country wise		
Foreign (Meat segment)		
UAE	**54,270**	1,058,488
Malaysia	**-**	281,451
Vietnam	**-**	49,612
KSA	**-**	151,224
Oman	**-**	3,123
Qatar	**-**	56,369
	54,270	1,600,267
Domestic	**98,006,692**	79,920,400
	98,060,962	81,520,667

28.3 Contract balances

	2020	2019
Trade debts	**3,161,372**	10,411,213
Advances from customers	**2,419,855**	193,815

Owing to market conditions, credit sales decreased towards the end of the year and advances from customers increased from Rs. 193 million to Rs. 2,420 million as a result of increased demand for Holding Company's products. The transaction price allocated to unsatisfied performance obligations as at December 31, 2021 are expected to be recognised as revenue within 1 year.

	2020	2019
	(Rupees '000)	
Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the year	**193,815**	854,264
Performance obligations satisfied in previous years	**-**	-

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

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		Note	2020	2019
			(Rupees '000)	
29	**COST OF SALES**			
	Raw materials consumed		**54,381,316**	65,040,474
	Packing materials consumed		**2,641,859**	2,626,398
	Tagging cost		**1,865**	7,186
	Fuel and power		**1,239,916**	1,449,256
	Ash dumping		**24,704**	29,013
	Chemicals and supplies consumed		**619,749**	604,815
	Salaries, wages and benefits	**29.1**	**3,260,667**	2,991,098
	Rent, rates and taxes		**111,792**	92,249
	Insurance		**357,551**	286,953
	Travel and conveyance		**154,017**	217,375
	Repairs and maintenance		**1,427,650**	1,445,587
	Provision for obsolete stores	**18.1**	**78,985**	38,748
	Provision for stocks in trade	**19.3**	**242,290**	55,283
	Communication, establishment and other expenses		**420,596**	287,945
	Amortization	**16.2**	**1,414**	1,468
	Depreciation	**15.2**	**2,474,601**	3,041,458
	Opening stock - work-in-process		**341,189**	133,055
	Closing stock - work-in-process		**(273,371)**	(341,189)
	Cost of goods manufactured		**67,506,790**	78,007,172
	Opening stock - finished goods		**12,022,295**	3,154,643
	Closing stock - finished goods		**(369,644)**	(12,022,295)
	Cost of sales		**79,159,441**	69,139,520

29.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund, and compensated absences and termination benefits amounting to Rs. 64,288 thousand, Rs. 75,275 thousand, Rs. 40,867 thousand and Rs. 212,362 thousand (2019: Rs. 62,533 thousand, Rs. 74,851 thousand, Rs. 71,660 thousand and Rs. nil), respectively.

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		Note	2020	2019
			(Rupees '000)	
30	**SELLING AND DISTRIBUTION EXPENSES**			
	Product transportation		**3,973,461**	4,551,484
	Provision for doubtful advances	**21.2**	**59,818**	13,477
	Provision for Sales tax refundable	**24**	**40,118**	9,475
	Marketing expenses of group			
	Salaries, wages and benefits	**30.1**	**211,887**	291,281
	Rent, rates and taxes		**9,514**	7,756
	Insurance		**2,074**	2,853
	Travel and conveyance		**39,498**	52,507
	Sales promotion and advertising		**503,655**	893,596
	Communication, establishment and other expenses		**8,235**	66,013
	Amortization	**16.2**	**4,995**	2,573
	Depreciation	**15.2**	**43,524**	12,473
			823,382	1,329,052
	Expenses allocated by Fauji Fertilizer Company Limited			
	Salaries, wages and benefits		**1,082,385**	774,084
	Rent, rates and taxes		**128,101**	109,140
	Technical services		**-**	4,189
	Insurance expense		**30,306**	7,315
	Travel and conveyance		**62,353**	59,859
	Sales promotion and advertising		**43,283**	66,698
	Communication, establishment and other expenses		**63,578**	61,956
	Warehousing expenses		**126,913**	111,825
	Depreciation		**7,520**	5,003
		30.2	**1,544,439**	1,200,069
			6,441,218	7,103,557

30.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund and compensated absences amounting to Rs. 3,405 thousand, Rs. 7,159 thousand and Rs. 2,201 thousand (2019: Rs. 1,763 thousand, Rs. 8,898 thousand and Rs. 6,504 thousand), respectively.

30.2 This represents common expenses allocated by Fauji Fertilizer Company Limited on account of marketing of FFBL's products based on an inter company services agreement.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**
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		Note	2020	2019
			(Rupees '000)	
31	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	**31.1**	**1,010,437**	1,240,348
	Travel and conveyance		**50,094**	121,107
	Utilities		**46,548**	30,253
	Printing and stationery		**13,290**	12,219
	Repairs and maintenance		**153,784**	172,491
	Communication, establishment and other expenses		**112,428**	18,145
	Rent, rates and taxes		**9,174**	40,016
	Listing Fee		**12,271**	2,907
	Insurance		**12,688**	11,493
	Donation	**31.2**	**12,911**	13,773
	Legal and professional		**253,120**	358,936
	Depreciation	**15.2**	**201,037**	261,870
	Amortization	**16.2**	**19,040**	18,977
	Miscellaneous		**98,813**	110,066
			2,005,635	2,412,601

31.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund, and compensated absences and termination benefits amounting to Rs. 22,235 thousand, Rs. 32,689 thousand, Rs. 3,482 thousand and Rs. 79,638 thousand (2019: Rs. 22,033 thousand, Rs. 32,383 thousand, Rs. 25,083 thousand and Rs. nil), respectively.

31.2 During the year, the Group has not paid donation to any organization in which any director of the Holding Company or his spouse has interest.

Donation to following parties / organisations exceeded 10% of total donation expense or Rs. 1,000 thousand:

	2020	2019
	(Rupees '000)	
Fauji Foundation	**24,000**	6,000
Pakistan Taekwondo Federation	**650**	2,062
National Defence University	**1,000**	-
Al - Mujtaba Education Trust	**2,250**	-

		Note	2020	2019
			(Rupees '000)	
32	**FINANCE COSTS**			
	Mark-up on short term borrowings		**2,683,303**	2,504,947
	Mark-up on long term finance		**4,456,820**	5,961,692
	Mark-up on demand facility		**909,309**	1,263,609
	Mark-up on lease finance	**9.4**	**83,530**	94,499
	Amortization of transaction cost	**8**	**42,467**	46,731
	Restructuring fee	**8.4.1**	**78,320**	-
	Bank charges		**48,863**	21,908
	Guarantee fee		**41,847**	16,354
	Interest on WPPF		**-**	122
			8,344,459	9,909,862

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

		Note	2020	2019
			(Rupees '000)	
33	**OTHER EXPENSES**			
	Workers' (Profit) Participation Fund	11.2	461,400	204,422
	Workers' Welfare Fund		46,055	10,381
	Exchange loss - net		-	578,751
	Fair value loss on deposits		-	4,674
	Loss on sale of investment in FCCL	17.2.1	41,478	-
	Auditor's remuneration - Holding Company and FFL			
	Fees - annual audit		2,700	1,400
	Fees - half yearly review		425	250
	Fees - review of Statement of Compliance with CCG		100	50
	Fees - reasonable assurance on Free float		105	95
	Other certification and services		827	1,070
	Out of pocket expenses		370	125
			4,527	2,990
	Auditor's remuneration - Other Subsidiary Companies			
	Fees - annual audit		925	2,193
	Fees - half yearly review		-	125
	Other certification and services		640	786
	Out of pocket expenses		171	280
			1,736	3,384
	Others		-	2,636
			555,196	807,238
34	**ALLOWANCE FOR EXPECTED CREDIT LOSSES**			
	Provision for debtors	20.1	273,040	381,731
	Provision for other receivables	23.5	232,000	9,728
			505,040	391,459
35	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank balances and term deposits		707,581	847,137
	Fair value gain on mutual fund investments		380	64,099
	Cash dividend on mutual funds		-	67,323
			707,961	978,559
	Income from assets other than financial assets			
	Scrap sales and miscellaneous receipts		253,295	319,517
	Exchange gain - net		65,159	-
	Gain on sale of property, plant and equipment		138,442	51,489
	Miscellaneous income		96,049	19,753
			1,260,906	1,369,318

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		2020	2019
		(Rupees '000)	
36	**TAXATION**		
	Current tax		
	For the period	**1,903,007**	1,525,699
	Prior period	**50,463**	-
		1,953,470	1,525,699
	Deferred tax		
	For the period	**1,519,637**	3,054,855
	Prior period	**-**	-
		1,519,637	3,054,855
		3,473,107	4,580,554
36.1	**Reconciliation of tax charge for the year:**		
	Profit / (loss) before tax	**9,506,615**	(3,791,283)
	Tax on profit / (loss)	**2,756,918**	(1,099,472)
	Tax effect of lower rate on certain income / expenses	**(493,265)**	(491,368)
	Tax effect of exempt income / permanent differences	**(230,248)**	(1,013,600)
	Effect of minimum tax	**658,351**	1,002,589
	Alternative corporate tax	**7,699**	(13,151)
	Tax effect of revision in rate of tax	**-**	102,052
	Tax effect of unused tax losses	**286,640**	4,205,732
	Tax effect of profit of associates	**325,112**	207,603
	Tax effect of profit of subsidiary	**171,353**	559,557
	Tax effect of prior year adjustment	**14,382**	978,345
	Tax effect of tax credit	**-**	135,951
	Others	**(23,835)**	6,316
		3,473,107	4,580,554

		Note	2020	2019
37	**EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED**			
	Profit / (loss) attributable to equity holders of the Holding Company (Rupees in thousand)		**6,455,337**	(6,369,628)
	Weighted average number of ordinary shares in issue during the year (thousand)	**37.1**	**1,035,480**	Restated 1,035,480
	Earnings / (loss) per share - basic and diluted (Rupees)		**6.23**	Restated (6.15)

There is no dilutive effect on the basic earnings per share of the Group for the year 2020.

37.1 As disclosed in note 5, subsequent to reporting date the Holding Company has allotted, under a right issue, 357,142,857 ordinary shares (i.e. 38.3325% of existing ordinary shares of Rs. 10 per share) at Rs. 14 per share. In accordance with requirements of relevant accounting standard, the weighted average number of ordinary shares outstanding during the current and previous years have been adjusted for the bonus element in the right issue, by applying adjustment factor of 1.1085.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

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		Note	2020	2019
			(Rupees '000)	
38	**CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES**			
	Profit / (loss) before taxation		**9,506,615**	(3,791,283)
	Adjustments for:			
	Provision for gratuity		**89,928**	86,325
	Exchange loss - net		**65,159**	578,751
	Provision for compensated absences		**46,550**	103,245
	Allowance / provision for other receivables		**232,000**	9,728
	Remeasurement gain on GIDC - net		**(2,740,855)**	-
	Provision for advances		**59,818**	13,477
	Provision for sales tax refundable		**40,118**	9,474
	Amortization of transaction cost		**42,467**	46,731
	Mark-up on lease finance		**83,530**	-
	Non cash adjustment in PPE		**-**	2,713
	Provision for Workers' (Profit) Participation Fund		**461,400**	204,422
	Provision for Workers' Welfare Fund		**46,055**	10,381
	Depreciation and amortization	15.2&16	**2,744,611**	3,338,819
	Finance cost		**8,218,462**	9,863,131
	Fair value gain on mutual fund investments		**(380)**	(64,099)
	Share of profit of joint venture and associates		**(4,454,881)**	(3,082,969)
	Allowance / provision for doubtful trade debts		**273,040**	381,731
	Allowance for input tax		**713,549**	-
	Provision for stores and spares		**78,985**	38,748
	Provision for stock-in-trade		**242,290**	55,283
	Loss on sale of investment in FCCL		**41,478**	-
	Profit on bank balances and term deposits		**(707,581)**	(847,137)
	Cash dividend on mutual funds		**-**	(67,323)
	Gain on termination of lease		**(19,006)**	-
	Gain on sale of property, plant and equipment		**(138,442)**	(51,489)
			14,924,910	6,838,659
	Working capital changes:			
	(Increase) / decrease in current assets			
	Stores and spares		**(55,812)**	(558,305)
	Stock-in-trade		**12,561,624**	(8,646,037)
	Trade debts		**6,976,801**	(4,464,874)
	Advances		**(59,822)**	722,346
	Trade deposits and short-term prepayments		**22,246**	(60,458)
	Other receivables		**1,235,528**	(107,204)
	Sales tax refundable		**(521,562)**	(4,190,187)
	Increase in current liabilities			
	Trade and other payables		**3,965,341**	4,611,173
			24,124,344	(12,693,546)
			39,049,254	(5,854,887)

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39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration including benefits applicable to the Chief Executive and executives of the Group are given below:

	2020			2019		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
			(Rupees '000)			
Managerial remuneration	-	**30,808**	**1,604,650**	-	12,474	1,095,294
Bonus paid	-	**3,010**	**55,260**	-	5,008	238,141
Contributory Provident Fund	-	**1,362**	**24,152**	-	635	54,648
Others	-	**11,173**	**312,114**	2,624	6,708	425,852
	-	**46,353**	**1,996,176**	2,624	24,825	1,813,935
No. of person(s)	-	**1**	**264**	13	1	269

The above are provided medical facilities. Chief Executive and certain executives are also provided with the Group's maintained vehicles and household equipment and other benefits in accordance with the Group's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment while contribution for executives in respect of gratuity is on the basis of actuarial valuation. Leave encashment was paid to executives amounting to Rs. 78,374 thousand (2019: Rs. 47,016 thousand) on separation in accordance with the Group's policy.

In addition, the directors of the Group are paid meeting fees, aggregating Rs. 22,955 thousand (2019: Rs. 23,922 thousand).

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

40 FINANCIAL INSTRUMENTS

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's risk management policies are established to identify and analyze the risks faced by the Group, 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's 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 of the Holding Company oversees how management monitors compliance with the Group's 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40.1 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 trade debts, deposits, advances, long-term loans, interest accrued, short-term investments, other receivables 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:

	2020	2019
	(Rupees '000)	
Trade debts	**3,161,372**	10,411,213
Deposits	**175,091**	165,968
Advances	**99,881**	105,809
Interest accrued	**851**	42,428
Other receivables - net of provision	**5,069,025**	6,089,123
Short-term investments	**1,560,936**	1,409,029
Bank balances	**28,341,892**	7,792,104
	38,409,048	26,015,674

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 Holding Company has significant amount receivable from Fauji Fertilizer Company Limited which amounts to Rs. 1,827,496 thousand (2019: Rs. 2,885,789 thousand) and which is included in total carrying amount of other receivables as at reporting date. At the reporting date this receivable is neither overdue nor impaired. The remaining amount includes receivable from the Government of Pakistan amounting to Rs. 3,160,992 thousand (2019: Rs. 3,160,992 thousand) on account of subsidy income.

The Holding Company's trade debts 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 of the Holding Company and advances to employees.

The Group limits its exposure to credit risk by investing only in liquid securities and placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Group only has placed funds in the banks with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

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.

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	Rating	2020	2019
		(Rupees '000)	
Trade debts			
Counterparties without external credit ratings			
Existing customers with no default in the past	**Unrated**	**2,176,025**	9,161,336
Counterparties with external credit rating			
K-Electric Limited	**A1+**	**985,347**	1,249,877
Deposits			
Counterparties without external credit ratings			
Others	**Unrated**	**175,091**	165,968
Advances			
Counterparties without external credit ratings			
Others	**Unrated**	**99,881**	105,809
Interest accrued			
Counterparties with external credit ratings			
	AAA	**-**	2,964
	AA+	**592**	-
	AA-	**-**	10,705
	A+	**-**	15,653
	A-	**259**	9,852
		851	39,174
Counterparties without external credit ratings			
Others	**Unrated**	**-**	3,254
		851	42,428
Other receivables			
Counterparties with external credit ratings			
Receivable from related parties	**AA+**	**1,827,496**	2,885,789
Counterparties without external credit ratings			
Receivable from Government of Pakistan	**Unrated**	**3,160,992**	3,160,992
Receivable from others including related parties	**Unrated**	**80,537**	42,342
		5,069,025	6,089,123
Short-term investments			
Counterparties with external credit ratings	**AAA**	**-**	919
	AA+	**1,540,000**	921
	AA	**-**	6,469
	A+	**-**	1,000,720
	A-	**20,936**	400,000
		1,560,936	1,409,029

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	Rating	2020	2019
		(Rupees '000)	
Bank balances			
Counterparties with external credit ratings	**AAA**	**11,347,479**	2,175,344
	AA+	**4,576,942**	642,513
	AA	**5,704,522**	921,410
	AA-	**2,061,556**	1,990,032
	A+	**1,340**	801,918
	A	**2,015,557**	152,218
	A-	**2,634,496**	1,091,875
	AA-	**-**	16,794
		28,341,892	7,792,104

Impairment losses

As at reporting date, the age analysis of trade debts is as follows:

Aging	2020 Gross	2020 Impairment	2019 Gross	2019 Impairment
	(Rupees '000)		(Rupees '000)	
1-30 days	**1,711,051**	**27,290**	4,505,102	12,253
31-60 days	**508,890**	**395**	1,741,716	14,836
61-90 days	**567,185**	**775**	865,770	13,856
91-365 days	**395,784**	**9,060**	3,602,792	263,222
Over 365 days	**1,362,335**	**1,346,353**	767,491	767,491
	4,545,245	**1,383,873**	11,482,871	1,071,658

The following table provides information about the exposure to credit risk and ECL for trade debts of FML at December 31, 2020.

	Weighted average loss rate	Gross carrying amount	Allowance for expected credit losses	Credit impaired
	Percentage	(Rupees '000)		
1-30 days	**37%**	**1,904**	**704**	**No**
31-60 days	**56%**	**705**	**395**	**No**
61-90 days	**60%**	**1,291**	**775**	**No**
91-365 days	**81%**	**11,782**	**9,060**	**No**
Over 365 days	**99.4%**	**1,340,414**	**1,323,897**	**No**
		1,356,096	**1,334,831**	

An impairment analysis of trade debts is performed at each reporting date using provision matrices to measure expected credit losses (ECL). The probability of default (PD) rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability - weighted outcome, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions. Whereas, the loss given default, in respect of the Holding Company's trade debts, is based upon external credit rating of banks who have issued the letter of guarantees to the customers. Accordingly, the Holding Company assess that any ECL on it's trade debts will be minimal. Any ECL on trade debts of FPCL is also minimal. Whereas, FML, FPCL and FFL have recognised allowance for ECL amounting to Rs. 1,334,831 thousand, Rs. 26,586 thousand and Rs. 22,456 thousand (2019: Rs. 1,049,202 thousand, Rs. nil and Rs. 22,456 thousand), respectively.

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As per historical pattern, the amount due from Fauji Fertilizer Company Limited is settled within a week. Accordingly, there is no significant risk of ECL in respect of this balance.

The amount of subsidy receivable is linked to a sovereign entity, who can print the currency which is routinely held by Central Bank and other major local financial institutions, which qualitatively indicate that historical credit loss information should be minimally affected by current conditions, and reasonable and supportable forecasts. Therefore, the Group does not expect any significant ECL as at the reporting date.

Being low risk instruments, the Group has assessed an allowance on its balances with banks based on 12 months ECL. Based upon above mentioned high credit ratings, ECL rate on bank balances and short-term investments round to zero.

In the previous years, the Holding Company has recorded an impairment loss of Rs. 3,000 thousand in respect of its long-term investment as explained in note 17. 4.

40.3 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 managing 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 management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains lines of credit as mentioned in note 13 to the consolidated financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2020	Carrying amount	Contractual cash flows	Less than one year	One to five years	Five years onwards
			(Rupees '000)		
Long-term loans	**45,370,009**	**55,944,549**	**9,735,166**	**45,429,417**	**779,966**
Lease liabilities	**455,779**	**683,607**	**127,253**	**556,354**	**-**
Trade and other payables	**34,718,311**	**37,459,566**	**23,035,625**	**14,423,941**	**-**
Short-term borrowings including mark-up	**23,106,304**	**23,106,304**	**23,106,304**	**-**	**-**
	103,650,403	**117,194,026**	**56,004,348**	**60,409,712**	**779,966**

2019	Contractual cash flows	Contractual cash flows	Less than one year	One to five years	Five years onwards
			(Rupees '000)		
Long-term loans	41,310,747	47,115,689	12,088,055	31,275,787	3,751,847
Lease liabilities	726,366	1,257,592	233,139	1,024,453	-
Trade and other payables	35,642,031	35,642,031	35,642,031	-	-
Short-term borrowings including mark-up	40,658,147	40,658,147	40,658,147	-	-
	118,337,291	124,673,459	88,621,372	32,300,240	3,751,847

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It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

40.3.1 The contractual cash flow relating to long-term borrowings and short-term borrowings have been determined on the basis of expected mark-up rates. The mark-up rates as at reporting date have been disclosed in note 8 and note 13 to these consolidated financial statements respectively.

40.4 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 its market risk. All such activities are carried out with the approval of the Board. The Group is exposed to currency and interest rate risk only.

40.4.1 Currency risk

Exposure to currency risk

The Group is exposed to currency risk on certain liabilities, trade debts and bank balances which are denominated in currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2020		
	"Rupees '000"	"US Dollar '000"	"EURO '000"
Bank balances	**2,042**	**13**	**-**
Trade debts	**1,296,342**	**8,012**	**-**
Creditors	**(8,849,093)**	**(44,767)**	**-**
Net exposure	**(7,550,709)**	**(36,742)**	**-**

	2019		
	"Rupees '000"	"US Dollar '000"	"EURO '000"
Bank balances	2,038	13	-
Trade debts	1,222,020	7,887	-
Creditors	(5,689,659)	(36,571)	(48)
Net exposure	(4,465,601)	(28,671)	(48)

The following significant exchange rates applied during the year:

	Average rates		Spot rate (Bid-Offer average)	
	2020	2019	2020	2019
US Dollars	**162.71**	151.30	**161.80**	155.35
Euro	**185.64**	168.10	**197.67**	174.05

Sensitivity analysis

FFBL

A 10% strengthening of the functional currency against USD at 31 December would have increased profit by Rs. 596,135 thousand (2019: Rs. 495,093 thousand). A 10% weakening of the functional currency against USD at 31 December would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

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FPCL

At December 31, 2020, if the currency had weekend or strengthened by 10% against the mentioned foreign currencies, with all other variables remaining constant, the profit before tax would have been Rs. 260,620 thousand (2019: Rs. 63,070 thousand) lower / higher.

FFL

At December 31, 2020, if the currency had weekend or strengthened by 10% against the mentioned foreign currencies, with all other variables remaining constant, the loss before tax would have been Rs. nil (2019: Rs. 840 thousand) lower / higher.

FML

At December 31, 2020, if the currency had weekend or strengthened by 10% against the mentioned foreign currencies, with all other variables remaining constant, the loss after tax would have been Rs. 1,630 thousand (2019: Rs. 27 thousand) lower / higher.

40.4.2 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 from banks and short-term deposits with banks. At the balance sheet date the interest rate risk profile of the Group's interest bearing financial instruments is:

	2020	2019
	(Rupees '000)	
Fixed rate instruments		
Financial assets	**1,560,936**	1,400,000
Financial liabilities	**4,449,987**	14,499,991
Variable rate instruments		
Financial assets	**23,131,888**	7,507,892
Financial liabilities	**63,722,800**	66,674,881

Fair value sensitivity analysis for fixed rate instruments

The Group is not exposed to interest rate risk on its fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Profit or loss	
	100 basis points increase	100 basis points decrease
	(Rupees '000)	
December 31, 2020		
Cash flow sensitivity-Variable rate instruments	**(405,909)**	**405,909**
December 31, 2019		
Cash flow sensitivity-Variable rate instruments	(591,670)	591,670

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40.4.3 Market price risk

For investments at fair value through profit or loss, a 1% increase / decrease in market price at reporting date would have increased / decreased profit for the year by Rs. nil (2019: Rs. 90 thousand).

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 statement of financial position are as follows:

	Note	2020 Carrying amount	2020 Fair value	2019 Carrying amount	2019 Fair value
		(Rupees '000)			
Assets carried at amortized cost					
Trade debts	20	3,161,372	3,161,372	10,411,213	10,411,213
Deposits		175,091	175,091	165,968	165,968
Advances	21	99,881	99,881	105,809	105,809
Interest accrued		851	851	42,428	42,428
Other receivables	23	5,069,025	5,069,025	6,089,123	6,089,123
Short-term investments	25	1,560,936	1,560,936	1,400,000	1,400,000
Cash and bank balances	26	28,345,266	28,345,266	7,794,335	7,794,335
		38,412,422	38,412,422	26,008,876	26,008,876
Assets carried at fair value					
Short-term investments-Investments at fair value through profit or loss	25	-	-	9,029	9,029
Liabilities carried at amortized cost					
Long-term loans including mark-up	8 & 12	45,370,009	45,370,009	41,310,747	41,310,747
Trade and other payables	11	34,718,311	34,718,311	35,642,031	35,642,031
Finance lease liabilities including mark-up		455,779	455,779	726,366	726,366
Short-term borrowings including mark-up		23,106,304	23,106,304	40,658,147	40,658,147
		103,650,403	103,650,403	118,337,291	118,337,291

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in the market rate and rate of the instruments and most of the fixed rate instruments are short-term in nature, therefore fair value significantly approximates to carrying value.

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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 (Rupees '000)	Level 3
December 31, 2020			
Assets carried at fair value			
Short-term investments - investment in mutual funds	-	-	-
December 31, 2019			
Assets carried at fair value			
Short-term investments - investment in mutual funds	9,029	-	-

The carrying value of financial assets and liabilities reflected in consolidated financial statements approximate to their respective fair values.

40.6 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 in fair value through profit and loss account - held for trading

The fair value of held for trading investments is determined by reference to their quoted closing repurchase price at the reporting date.

Investment in associate

The fair value of investment in quoted 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 at the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

40.7 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 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.

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The total long-term finance to equity ratio as at December 31, 2020 based on total long-term finance of Rs. 45,034,619 thousand and total equity of Rs. 22,448,071 thousand was 2.01:1 (2019: 3.81:1)

The Group finances its operations through equity, borrowings and management of working capital with view of maintaining an appropriate mix between various source of finance to minimize risk.

41 RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has 49.88% share holding in FFBL (2019: 49.88%). While Fauji Foundation (FF) holds 18.29% shares (2019: 18.29%) in the Company. The Group has related parties which comprise of a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the year end are given below. The carrying value of investment in associates and joint venture are disclosed in note 17 to the consolidated financial statements.

	2020	2019
	(Rupees '000)	
Transactions with Fauji Foundation		
Dividend paid	**665,531**	707,561
Contribution paid for Youm-e-Shohada and Defence Day	**-**	6,000
Advance against Equity	**914,466**	-
Contribution for Institute of Cardiology (AFIC)	**7,400**	-
Donation paid	**16,600**	-
Services received	**58,838**	-
Proceeds from sale of vehicles	**11,500**	-
Payments against services	**32,368**	5,912
Balance payable	**33,632**	-
Transactions with associated undertakings due to common directorship		
Fauji Fertilizer Company Limited		
Services and material acquired	**1,547,455**	1,203,177
Services and material provided	**1,814**	2,989
Receipts under consignment and current account	**94,139,337**	54,958,990
Commission charged	**29,717**	23,921
Advance against Equity	**2,493,775**	-
Dividend paid - net	**-**	465,892
Fauji Cement Company Limited		
Dividend received	**-**	28,125
Sale of coal	**-**	77,882
Askari Bank Limited		
Expenses paid	**-**	1,741
Finance cost	**89,415**	88,158
Profit on Bank balances	**301,194**	191,184
Balance at Bank	**1,818,823**	337,116
Running finance	**830,830**	-
Long-term loan	**813,211**	500,000
Mark-up on long-term loan	**55,098**	58,509
Mark-up payable on financing	**24,148**	18,740
Lease finance liability	**15,700**	34,580
Dividend received	**407,826**	271,884

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	2020	2019
	(Rupees '000)	
Foundation Wind Energy-I Limited & Foundation Wind Energy-II Limited		
Dividend received	**-**	175,000
Transactions with joint venture		
Pakistan Maroc Phosphore		
Purchase of raw materials	**32,790,377**	40,809,746
Expenses incurred on behalf of joint venture	**-**	8,859
Balance payable at the year end - secured (included in note 11)	**5,890,871**	6,593,346
Balance receivable at the year end - unsecured (included in note 23)	**5,622**	9,231
Dividend received	**671,290**	746,784
Dividend receivable	**447,430**	-
Other related parties		
Contribution to provident fund	**157,467**	116,132
Payment to gratuity fund	**118,062**	90,505
Payment to Workers' (Profit) Participation Fund and Worker's Welfare Fund	**206,050**	329,258
Payment to Fauji Security Services (Private) Limited	**1,880**	3,184
Payment to Noon Sugar Mills	**52,663**	21,225
Balance payable at the year end - unsecured (WPPF and WWF)	**888,505**	587,100
Payable to gratuity fund	**263,360**	338,282
Payable to provident fund	**8,446**	9,560
Meeting fee to directors	**22,955**	23,922
Expenses on behalf of Fauji Cereals	**4,327**	-
Remuneration of key management personnel		
Short-term benefits	**289,272**	293,121
Post employment benefits	**55,754**	52,603

In addition to above:

- Ranking charge amounting to US$ 91,456,667 and Rs. 4,000 million (2019: US$ 91,456,667 and Rs. 4,000 million) has been registered on assets of FFBL in respect of project financing arranged by Foundation Wind Energy-I Limited (FWEL-I).

- Ranking charge amounting to US$ 89,146,667 and Rs. 4,000 million (2019: US$ 89,146,667 and Rs. 4,000 million) has been registered on assets of FFBL in respect of project financing arranged by Foundation Wind Energy-II Limited (FWEL-II).

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41.1 Detail of related parties

Name of related party	Basis of relationship	Percentage holding
Fauji Foundation (FF)	Common Directorship	-
Fauji Fertilizer Company Limited (FFCL)	Common Directorship	-
Pakistan Maroc Phosphore (PMP)	Joint Venture / Common directorship	25.00%
Fauji Cement Company Limited (FCCL)	Associate Company / Common directorship	-
Askari Bank Limited (AKBL)	Associate Company / Common directorship	21.57%
Foundation Wind Energy-I Limited	Associate Company / Common directorship	35.00%
Foundation Wind Energy-II Limited	Associate Company / Common directorship	35.00%
FFBL Gratuity Fund	Employee benefit fund	
FFBL Provident fund	Employee benefit fund	
FFBL Workers' (Profit) Participation Fund	Employee benefit fund	
Fauji Security Services (Pvt) Limited	Associated Undertaking / Common directorship	
FFL Provident fund	Employee benefit fund	

42 INFORMATION ABOUT REPORTABLE SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive and Managing Director. The Chief Executive and Managing Director considers the business from the products perspective. As at December 31, 2020 the Group is organized into four main operating segments based on its products:

- Fertilizer;
- Power;
- Meat; and
- Food

Information related to each reportable segment is set out 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 the same industries.

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	Fertilizer	Power	Meat	Food	Consolidation adjustments/ eliminations	Total
2020			**(Rupees '000)**			
Segment revenues	**83,234,360**	**16,643,650**	**427,850**	**7,373,162**	**(9,618,060)**	**98,060,962**
Segment profit / (loss) before tax	**4,892,816**	**3,990,989**	**(1,547,895)**	**(2,766,599)**	**4,937,304**	**9,506,615**
Other income	**5,183,896**	**198,346**	**102,458**	**85,192**	**(4,308,986)**	**1,260,906**
Finance costs	**4,444,122**	**1,998,647**	**646,327**	**1,752,267**	**(496,904)**	**8,344,459**
Depreciation	**926,336**	**1,105,424**	**331,992**	**403,246**	**(47,836)**	**2,719,162**
Share of profit of equity - accounted investees	**-**	**-**	**-**	**-**	**4,454,881**	**4,454,881**
Segment assets (excluding long-term investments)	**66,422,049**	**34,586,728**	**6,790,018**	**11,945,684**	**(9,287,335)**	**110,457,144**
Equity accounted investees	**-**	**-**	**-**	**-**	**24,287,166**	**24,287,166**
	66,422,049	**34,586,728**	**6,790,018**	**11,945,684**	**14,999,831**	**134,744,310**
Capital expenditure	**711,315**	**607,494**	**7,397**	**157,587**	**-**	**1,483,793**
Segment liabilities (total)	**77,009,047**	**19,934,962**	**6,229,152**	**15,802,321**	**(6,301,465)**	**112,674,017**
Long-term loans	**22,241,668**	**15,802,204**	**1,459,442**	**6,167,583**	**(500,000)**	**45,170,897**
Short-term borrowings	**15,822,065**	**1,503,262**	**4,047,081**	**7,800,298**	**(6,490,317)**	**22,682,389**
2019			**(Rupees '000)**			
Segment revenues	66,839,286	17,099,664	2,264,120	5,744,872	(10,427,275)	81,520,667
Segment profit / (loss) before tax	(3,868,907)	4,059,657	(1,918,683)	(3,875,156)	1,811,806	(3,791,283)
Other income	4,370,245	258,495	121,779	105,938	(3,487,139)	1,369,318
Finance costs	5,198,681	2,612,415	827,518	1,698,167	(426,919)	9,909,862
Depreciation	1,667,495	984,967	321,795	389,893	(48,349)	3,315,801
Share of profit / (loss) of equity - accounted investees	-	-	-	-	3,082,969	3,082,969
Segment assets (excluding long-term investments)	64,986,818	33,408,997	7,901,327	12,099,369	(4,984,256)	113,412,255
Equity accounted investees	-	-	-	-	20,238,869	20,238,869
	64,986,818	33,408,997	7,901,327	12,099,369	15,254,613	133,651,124
Capital expenditure	2,359,566	663,701	17,598	880,747	(15,541)	3,906,071
Segment liabilities (total)	84,332,608	19,899,583	5,810,275	15,830,792	(2,573,497)	123,299,761
Long-term loans	18,358,334	17,437,921	1,416,667	4,316,667	(500,000)	41,029,589
Short-term borrowings	28,227,084	1,145,000	3,534,097	6,691,944	-	39,598,125

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

42.1 Reconciliation of information on reportable segments to applicable financial reporting standards:

	2020	2019
	(Rupees '000)	
Revenue for reportable segments	**98,060,962**	81,520,667
Consolidated Revenue	**98,060,962**	81,520,667
Profit / (loss) before tax for reportable segments	**4,569,311**	(5,603,089)
Less:		
Dividend income from group companies	**(3,523,140)**	(2,831,949)
Add:		
Share of profit of joint venture and associates - net	**4,454,881**	3,082,969
Reduction in depreciation charge / intergroup adjustment	**47,836**	48,349
Reversal of impairment	**4,082,212**	1,520,000
Loss on sale of FCCL	**(41,478)**	-
Reversal of gain on sale of FCCL	**(84,253)**	-
Inter-group elimination	**1,246**	(7,563)
Consolidated profit / (loss) before tax from continuing operations	**9,506,615**	(3,791,283)
Segment assets (excluding long-term investments)	**119,744,479**	118,396,511
Less:		
Gain on sale of a land and others assets by Holding Company to subsidiaries	**(1,229,789)**	(1,229,789)
Inter-group eliminations	**(1,695,998)**	(1,205,397)
Inter-group adjustments	**87,464**	39,625
Loan from FFBL to subsidiaries	**(6,990,317)**	(3,130,000)
Add:		
Inter-company adjustment - Pre-COD sale of fuel	**541,305**	541,305
Consolidated total assets	**110,457,144**	113,412,255
Total liabilities for reporting segments	**118,975,482**	125,873,258
Add:		
Deferred tax on associate and joint venture	**1,451,295**	1,000,630
Deferred tax on subsidiary	**909,640**	738,287
Contingent liability	**23,915**	23,915
Others	**-**	(932)
Less:		
Inter-group eliminations	**(1,695,998)**	(1,205,397)
Loan from FFBL to subsidiaries	**(6,990,317)**	(3,130,000)
Consolidated total liabilities	**112,674,017**	123,299,761

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 (Rupees '000)			
Other material items	**Other income**	**Finance cost**	**Capital expenditure**	**Depreciation**
Reportable segments total	**5,569,892**	**8,841,363**	**1,483,793**	**2,766,998**
Less:				
Dividend income from group companies	**(3,523,140)**	**-**	**-**	**-**
Reversal of gain on sale of FCCL	**(84,253)**	**-**	**-**	**-**
Reclassification of exchange loss	**(8,707)**	**-**	**-**	**-**
Inter-company adjustments	**(692,886)**	**(496,904)**	**-**	**-**
Reduction in depreciation	**-**	**-**	**-**	**(47,836)**
Consolidated total	**1,260,906**	**8,344,459**	**1,483,793**	**2,719,162**

	2019 (Rupees '000)			
Other material items	**Other income**	**Finance cost**	**Capital expenditure**	**Depreciation**
Reportable segments total	4,856,457	10,336,781	3,921,612	3,364,150
Less:				
Dividend income from joint venture and associates	(2,831,949)	-	-	-
Inter-company adjustments	(655,190)	(426,919)	(15,541)	-
Reduction in depreciation	-	-	-	(48,349)
Consolidated total	1,369,318	9,909,862	3,906,071	3,315,801

42.2 There were no major customers of the Group which formed part of 10% or more of the Group's revenue.

42.3 All of the Group's assets (except for its investment in a joint venture) are situated in Pakistan.

43 GENERAL

		Unit	2020	2019
43.1	**Fauji Fertilizer Bin Qasim Limited**			
	Design capacity			
	Urea	Tonnes	**551,100**	551,100
	DAP	Tonnes	**650,000**	650,000
	Actual production			
	Urea	Tonnes	**558,932**	508,404
	DAP	Tonnes	**739,968**	830,696
43.2	**FFBL Power Company Limited**			
	Electricity			
	Installed capacity based on 8,760 hours (2019: 8,760 hours)	Megawatt	**543,558**	543,558
	Actual energy delivered	Megawatt	**590,189**	577,557
	Steam			
	Installed capacity based on 8,760 hours (2019: 8,760 hours)	Metric ton	**1,489,200**	1,489,200
	Actual energy delivered	Metric ton	**1,475,256**	1,532,131

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**
FOR THE YEAR ENDED DECEMBER 31, 2020

The variation in production of electricity & steam depends upon availability of plant and demand from customer in addition to shutdown for annual turn around (maintenance).

		Unit	2020	2019
43.3	**Fauji Meat Limited**			
	Design capacity*			
	Meat	Metric ton	**30,000**	30,000
	Actual production			
	Meat	Metric ton	**3,409**	3,764

Actual production is based on demand of meat products of FML during the year.

*At single shift of 08 hours per day and 25 operating days in a month.

		Unit	2020	2019
43.4	**Fauji Foods Limited**			
	Design capacity			
	Liquid products	Litres	**221,920,000**	227,760,000
	Non-liquid products	Kgs	**6,743,675**	8,760,000
	Actual production			
	Liquid products	Litres	**61,144,281**	60,873,948
	Non-liquid products	Kgs	**1,940,207**	1,651,307

Actual production is based on demand of milk products of FFL during the year.

		2020	2019
43.5	**Number of persons employed**		
	Total employees on year end	**1,904**	2,253
	Average employees during the year	**2,128**	2,621

43.6 Employees Provident Fund

Investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

43.7 Impact of COVID-19

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency due to Corona virus. Because of the rapid increase in exposure globally, on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The Government of Pakistan imposed restrictions on movement temporarily. The Group had adopted the required regulations used by Federal and Provincial Governments. The plant operations of the Holding Company and its subsidiaries remained broadly unaffected and there has been no significant effect on sales. Accordingly, till date there have been no effects on these consolidated financial statements as well as operational results of the Holding Company and its subsidiaries. Management of the Group is also not expecting any significant disruptions in the future.

Management of the Group, however, continue to evaluate it's effect till the date of authorization of these consolidated financial statements for current and next year.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020

43.8 Corresponding figures have been re-arranged and re-classified, where necessary, for more appropriate presentation of transactions and events, for the purposes of comparison.

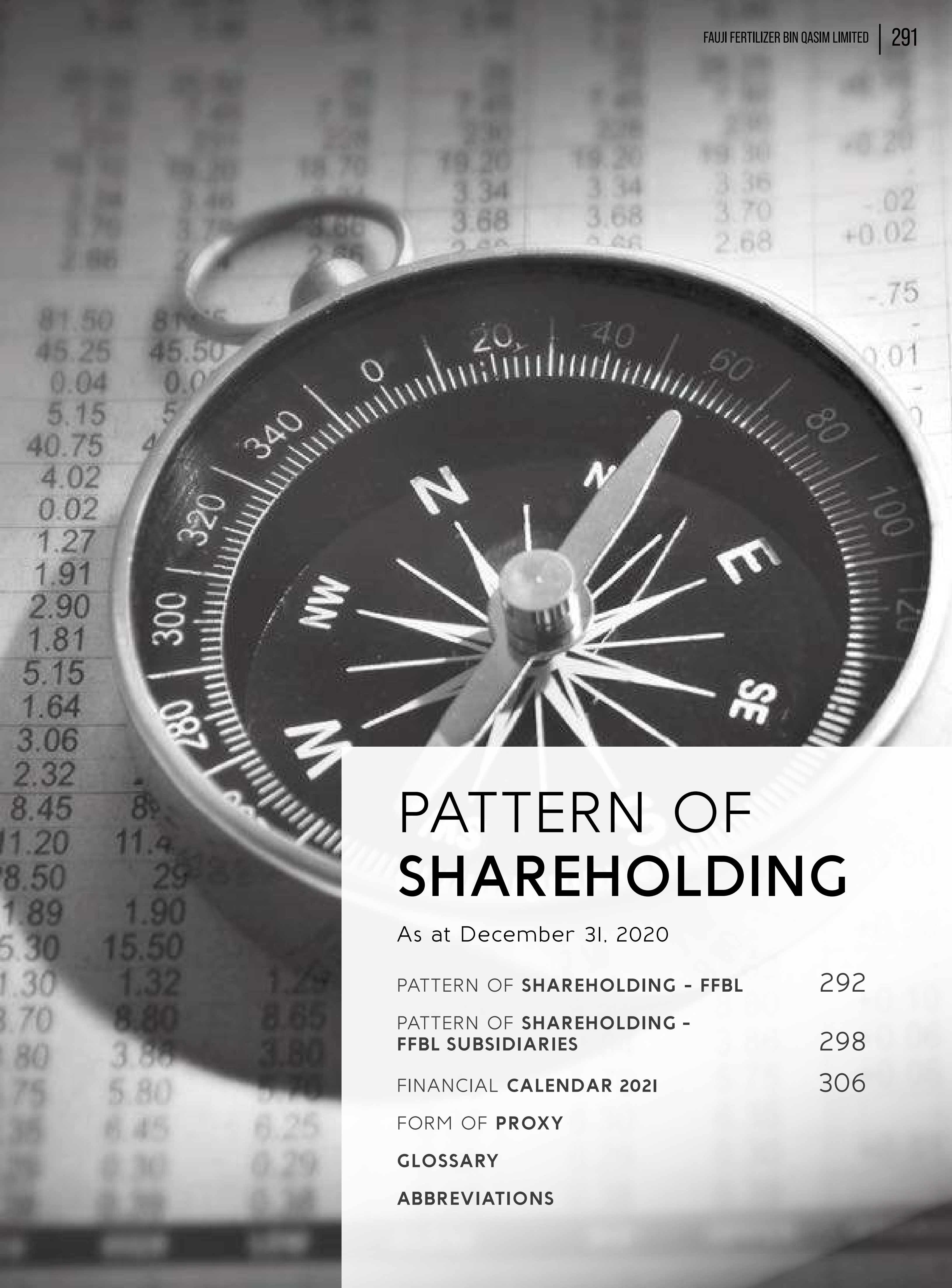
43.9 The Board of Directors in their meeting held on January 26, 2021 have proposed a final dividend of Rs. nil per ordinary share.

43.10 These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on January 26, 2021.

CHAIRMAN	**CHIEF EXECUTIVE**	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

NOTES

NOTES



PATTERN OF SHAREHOLDING

As at December 31, 2020

Pattern of Shareholding

AS AT DECEMBER 31, 2020

Categories of shareholders		Shares held	Percentage
1-	Directors, Chief Executive Officer, and their spouse and minor children.	21,509	0.00
2-	Executives	-	-
3-	Associated Companies, undertakings and related parties.		
	i- Fauji Fertilizer Company Ltd	465,891,896	49.88
	ii- Fauji Foundation	170,842,386	18.29
4-	NIT and ICP	2,632,624	0.28
5-	Banks, Development Financial Institutions, Non Banking Financial Institutions.	72,739,249	7.79
6-	Insurance Companies	11,323,639	1.21
7-	Modarabas and Mutual Funds	17,921,901	1.92
8-	Share holders holding 10%		
	i- Fauji Fertilizer Company Ltd	465,891,896	49.88
	ii- Fauji Foundation	170,842,386	18.29
9-	General Public		
	a. Local	149,908,795	16.05
	b. Foreign	253,650	0.03
10-	Others (Joint Stock Companies, Charitable Trusts, Non-resident Companies, Cooperative Societies, Various Funds etc)	42,574,351	4.56
11-	Shareholders holding five percent or more voting interest in the listed company (Name Wise)		
	i- Fauji Fertilizer Company Ltd	465,891,896	49.88
	ii- Fauji Foundation	170,842,386	18.29

Trade in shares of the Company by Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children

Name	Designation	Date	Purchase	Sale	Rate Rs./ share
Mr Masoom Hussain	GM (CS&TD)	04/09/2020	-	100,000	21.50

پیٹرن آف شیئر ہولڈنگ - ایف ایف بی ایل

31 دسمبر 2020

فیصد	حصص کی تعداد	حصص یافتگان کی اقسام
0.00	21,509	1 - ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی شریک حیات اور چھوٹے بچے
----	---	2 - ایگزیکٹیوز
		3 - **مسلک کمپنیاں، اقرار نامے اور متعلقہ کمپنیاں**
49.88	465,891,896	i - فوجی فرٹیلائیزر کمپنی لمیٹڈ
18.29	170,842,386	ii - فوجی فاؤنڈیشن
0.28	2,632,624	4 - این آئی ٹی اور آئی سی پی
7.79	72,739,249	5 - بنک، ترقیاتی مالیاتی ادارے، غیر بنکاری مالیاتی ادارے
1.21	11,323,639	6 - بیمہ کمپنیاں
1.92	17,921,901	7 - مدارابہ کمپنیاں اور میوچل فنڈز
		8 - **دس فیصد حصص یافتگان**
49.88	465,891,896	i - فوجی فرٹیلائیزر کمپنی لمیٹڈ
18.29	170,842,386	ii - فوجی فاؤنڈیشن
		9 - **عوام الناس**
16.05	149,908,795	i - ملکی (مقامی)
0.03	253,650	ii - غیر ملکی
4.56	42,574,351	10- دیگر (جوائنٹ سٹاک کمپنیاں، خیراتی ادارے، غیر ملکی کمپنیاں، کوآپریٹو سوسائٹیاں، مختلف فنڈز)
		11- **پانچ فیصد یا اس سے زیادہ کے حصص یافتگان**
49.88	465,891,896	i - فوجی فرٹیلائیزر کمپنی لمیٹڈ
18.29	170,842,386	ii - فوجی فاؤنڈیشن

ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور، ان کی شریک حیات اور چھوٹے بچے کی کمپنی شیئرز میں خرید و فروخت۔

نرخ فی شیئر	فروخت	خرید	تاریخ	عہدہ	نام
21.50 روپے	100,000	-	04-09-2020	جی ایم (سی ایس اینڈ ٹی ڈی)	معصوم حسین

Pattern of Shareholding

AS AT DECEMBER 31, 2020

Number of Shareholders	Shareholdings From	-	To	Total Shares Held
974	1	-	100	47,786
3702	101	-	500	1,707,269
2700	501	-	1,000	2,293,194
4204	1,001	-	5,000	12,061,014
1364	5,001	-	10,000	10,935,341
547	10,001	-	15,000	7,051,203
357	15,001	-	20,000	6,601,391
246	20,001	-	25,000	5,778,828
170	25,001	-	30,000	4,806,726
90	30,001	-	35,000	2,978,809
95	35,001	-	40,000	3,667,099
61	40,001	-	45,000	2,647,616
137	45,001	-	50,000	6,754,136
47	50,001	-	55,000	2,479,580
42	55,001	-	60,000	2,467,465
38	60,001	-	65,000	2,410,243
23	65,001	-	70,000	1,568,390
40	70,001	-	75,000	2,959,598
25	75,001	-	80,000	1,940,754
8	80,001	-	85,000	669,015
12	85,001	-	90,000	1,070,597
7	90,001	-	95,000	647,326
67	95,001	-	100,000	6,670,503
13	100,001	-	105,000	1,336,301
14	105,001	-	110,000	1,526,269
13	110,001	-	115,000	1,474,144
9	115,001	-	120,000	1,064,900
10	120,001	-	125,000	1,241,000
4	125,001	-	130,000	515,200
3	135,001	-	140,000	413,000
6	140,001	-	145,000	862,500
19	145,001	-	150,000	2,838,700
4	150,001	-	155,000	616,500
3	155,001	-	160,000	472,500
3	160,001	-	165,000	489,000
3	165,001	-	170,000	502,500
4	170,001	-	175,000	690,608

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
5	175,001	-	180,000	889,060
6	180,001	-	185,000	1,100,281
4	185,001	-	190,000	748,000
2	190,001	-	195,000	387,152
31	195,001	-	200,000	6,198,000
1	200,001	-	205,000	200,500
4	205,001	-	210,000	833,559
1	210,001	-	215,000	214,000
2	215,001	-	220,000	439,500
4	220,001	-	225,000	898,500
2	230,001	-	235,000	467,500
3	240,001	-	245,000	731,000
5	245,001	-	250,000	1,250,000
6	250,001	-	255,000	1,512,000
3	255,001	-	260,000	769,040
2	260,001	-	265,000	526,378
1	265,001	-	270,000	266,500
1	270,001	-	275,000	275,000
1	275,001	-	280,000	280,000
2	280,001	-	285,000	565,038
2	290,001	-	295,000	582,500
5	295,001	-	300,000	1,500,000
1	300,001	-	305,000	302,000
3	310,001	-	315,000	940,912
2	320,001	-	325,000	645,501
3	325,001	-	330,000	987,000
3	335,001	-	340,000	1,015,924
2	345,001	-	350,000	699,500
1	350,001	-	355,000	355,000
1	355,001	-	360,000	356,000
1	360,001	-	365,000	364,500
1	370,001	-	375,000	372,500
1	380,001	-	385,000	385,000
1	385,001	-	390,000	389,716
1	390,001	-	395,000	394,191
7	395,001	-	400,000	2,797,120
2	410,001	-	415,000	829,500
1	415,001	-	420,000	419,000

Pattern of Shareholding
AS AT DECEMBER 31, 2020

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
1	425,001	-	430,000	430,000
1	430,001	-	435,000	430,500
2	445,001	-	450,000	900,000
1	455,001	-	460,000	460,000
1	460,001	-	465,000	460,360
2	480,001	-	485,000	966,000
1	485,001	-	490,000	490,000
1	495,001	-	500,000	500,000
1	505,001	-	510,000	506,500
1	525,001	-	530,000	530,000
1	555,001	-	560,000	560,000
1	570,001	-	575,000	570,661
1	575,001	-	580,000	576,000
1	580,001	-	585,000	585,000
2	595,001	-	600,000	1,200,000
1	615,001	-	620,000	617,000
1	620,001	-	625,000	625,000
1	645,001	-	650,000	650,000
1	655,001	-	660,000	657,000
1	675,001	-	680,000	679,000
2	700,001	-	705,000	1,402,900
1	705,001	-	710,000	710,000
1	735,001	-	740,000	739,000
1	745,001	-	750,000	750,000
1	765,001	-	770,000	770,000
1	780,001	-	785,000	784,435
2	820,001	-	825,000	1,646,000
1	830,001	-	835,000	832,500
1	895,001	-	900,000	899,000
2	905,001	-	910,000	1,820,000
2	995,001	-	1,000,000	2,000,000
1	1,020,001	-	1,025,000	1,025,000
1	1,050,001	-	1,055,000	1,053,500
3	1,095,001	-	1,100,000	3,300,000
1	1,190,001	-	1,195,000	1,190,503
1	1,220,001	-	1,225,000	1,224,500
1	1,325,001	-	1,330,000	1,327,000
1	1,395,001	-	1,400,000	1,400,000

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
1	1,430,001	-	1,435,000	1,431,189
1	1,490,001	-	1,495,000	1,495,000
1	1,505,001	-	1,510,000	1,505,500
1	1,520,001	-	1,525,000	1,520,500
1	1,595,001	-	1,600,000	1,600,000
1	1,640,001	-	1,645,000	1,642,500
1	1,765,001	-	1,770,000	1,769,474
1	1,835,001	-	1,840,000	1,838,000
1	1,995,001	-	2,000,000	2,000,000
1	2,065,001	-	2,070,000	2,066,500
1	2,280,001	-	2,285,000	2,285,000
1	2,670,001	-	2,675,000	2,671,000
1	2,715,001	-	2,720,000	2,720,000
1	3,020,001	-	3,025,000	3,021,542
1	3,250,001	-	3,255,000	3,253,000
1	3,375,001	-	3,380,000	3,378,527
1	3,885,001	-	3,890,000	3,885,250
1	4,410,001	-	4,415,000	4,415,000
1	4,655,001	-	4,660,000	4,655,500
1	4,990,001	-	4,995,000	4,994,500
1	8,280,001	-	8,285,000	8,281,000
1	8,835,001	-	8,840,000	8,836,500
1	9,340,001	-	9,345,000	9,341,100
1	9,995,001	-	10,000,000	10,000,000
1	46,695,001	-	46,700,000	46,699,000
1	161,500,001	-	161,505,000	161,501,286
1	465,890,001	-	465,895,000	465,891,896
15262				934,110,000

Pattern of Shareholding - FFBL Subsidiaries

AS AT DECEMBER 31, 2020

FAUJI MEAT LIMITED

Categories of Shareholders	Shareholders	Share held	Percentage
FAUJI FERTILIZER BIN QASIM LIMITED	1	688,499,986	90
FAUJI FOUNDATION	1	75,000,000	10
DIRECTORS	4	14	0.00
	6	763,500,000	100.00

FFBL POWER COMPANY LIMITED

Categories of Shareholders	Shareholders	Share held	Percentage
FAUJI FERTILIZER BIN QASIM LIMITED	1	644,062,491	75.00
FAUJI FOUNDATION	1	214,687,500	25.00
DIRECTORS	9	9	0.00
	11	858,750,000	100.00

FFBL FOODS LIMITED

Categories of Shareholders	Shareholders	Share held	Percentage
FAUJI FERTILIZER BIN QASIM LIMITED	1	29,851,838	100.00
DIRECTORS	3	7	0.00
	4	29,851,845	100.00

پیٹرن آف شیئر ہولڈنگ - ایف ایف بی ایل کی ماتحت کمپنیاں

31 دسمبر 2020

فوجی میٹ لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	688,499,986	90
فوجی فاؤنڈیشن	1	75,000,000	10
ڈائریکٹرز	4	14	00
ٹوٹل	6	763,500,000	100

ایف ایف بی ایل پاور کمپنی لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	644,062,491	75
فوجی فاؤنڈیشن	1	214,687,500	25
ڈائریکٹرز	9	9	00
ٹوٹل	11	858,750,000	100

ایف ایف بی ایل فوڈز لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	29,851,838	100
ڈائریکٹرز	3	7	00
ٹوٹل	4	29,851,845	100

Pattern of Shareholding - FFBL Subsidiaries

AS AT DECEMBER 31, 2020

FAUJI FOODS LIMITED

Categories of shareholders		Shares held	Percentage
1-	Directors, Chief Executive Officers, and their spouse and minor children	40,076	0.0050%
2-	Associated Companies, undertakings and related parties. (Parent Company)	609,573,173	75.8842%
3-	NIT and ICP	8,300	0.0010%
4-	Banks Development, Financial Institutions, Non Banking Financial Institutions.	936,000	0.1165%
5-	Insurance Companies	42,072	0.0052%
6-	Modarabas and Mutual Funds	4,439,000	0.5526%
7-	Shareholders holding 10% or more	542,201,257	67.4973%
8-	General Public		
	a. Local	163,455,580	20.3482%
	b. Foreign	923,900	0.1150%
9-	Others (to be specified)		
	a- Joint Stock Companies	22,688,091	2.8244%
	b- Foreign Companies	100,000	0.0124%
	c- Other Companies	1,087,371	0.1354%

پیٹرن آف شیئر ہولڈنگ - ایف ایف بی ایل کی ماتحت کمپنیاں

31 دسمبر 2020

فوجی فوڈز لمیٹڈ

حصص یافتگان کی اقسام	حصص کی تعداد	فیصد
1- ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی شریک حیات اور چھوٹے بچے	40,076	0.0050
2- شریک کمپنیاں، اقرار نامے اور متعلقہ جماعتیں (بنیادی کمپنی)	609,573,173	75.8842
3- این آئی ٹی اور آئی سی پی	8,300	0.0010
4- بینک، ترقیاتی مالیاتی ادارے، غیر بینکاری مالیاتی ادارے	936,000	0.1165
5- بیمہ کمپنیاں	42,072	0.0052
6- مضاربہ کمپنیاں اور میوچل فنڈز	4,439,000	0.5526
7- دس فیصد یا زیادہ حصص یافتگان	542,201,257	67.4973
8- عوام الناس		
i- ملکی (مقامی)	163,455,580	20.3482
ii- غیر ملکی	923,900	0.1150
9- دیگر (مخصوص)		
i- جوائنٹ سٹاک کمپنیاں	22,688,091	2.8244
ii- غیر ملکی کمپنیاں	100,000	0.0124
iii- دیگر کمپنیاں	1,087,371	0.1354

Pattern of Shareholding - FFBL Subsidiaries

AS AT DECEMBER 31, 2020

FAUJI FOODS LIMITED

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
861	1	-	100	42,827
1361	101	-	500	622,517
1621	501	-	1,000	1,581,591
3558	1,001	-	5,000	10,725,563
1333	5,001	-	10,000	11,030,624
472	10,001	-	15,000	6,148,075
327	15,001	-	20,000	6,205,266
243	20,001	-	25,000	5,719,785
147	25,001	-	30,000	4,217,996
83	30,001	-	35,000	2,775,992
81	35,001	-	40,000	3,136,831
54	40,001	-	45,000	2,344,348
118	45,001	-	50,000	5,859,216
34	50,001	-	55,000	1,812,933
32	55,001	-	60,000	1,890,724
25	60,001	-	65,000	1,597,748
24	65,001	-	70,000	1,646,503
31	70,001	-	75,000	2,301,400
27	75,001	-	80,000	2,124,075
9	80,001	-	85,000	759,000
20	85,001	-	90,000	1,778,042
4	90,001	-	95,000	376,500
73	95,001	-	100,000	7,293,500
12	100,001	-	105,000	1,231,650
9	105,001	-	110,000	986,500
3	110,001	-	115,000	339,500
6	115,001	-	120,000	705,168
7	120,001	-	125,000	869,500
4	125,001	-	130,000	517,500
9	130,001	-	135,000	1,199,000
10	135,001	-	140,000	1,390,500
2	140,001	-	145,000	286,500
20	145,001	-	150,000	2,990,918
3	150,001	-	155,000	459,740
4	155,001	-	160,000	632,000
1	160,001	-	165,000	164,500
6	165,001	-	170,000	1,018,500

FAUJI FOODS LIMITED

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
2	170,001	-	175,000	350,000
2	175,001	-	180,000	360,000
1	180,001	-	185,000	185,000
3	185,001	-	190,000	568,000
3	190,001	-	195,000	577,572
21	195,001	-	200,000	4,198,800
4	200,001	-	205,000	813,500
6	205,001	-	210,000	1,252,500
1	210,001	-	215,000	215,000
6	215,001	-	220,000	1,317,500
1	220,001	-	225,000	220,500
1	225,001	-	230,000	226,000
3	235,001	-	240,000	719,000
2	240,001	-	245,000	488,000
5	245,001	-	250,000	1,250,000
2	250,001	-	255,000	503,500
1	255,001	-	260,000	260,000
2	260,001	-	265,000	530,000
2	265,001	-	270,000	537,056
2	270,001	-	275,000	550,000
1	275,001	-	280,000	280,000
5	295,001	-	300,000	1,498,500
3	305,001	-	310,000	923,500
2	310,001	-	315,000	625,500
1	315,001	-	320,000	317,500
1	320,001	-	325,000	321,500
1	335,001	-	340,000	338,000
1	340,001	-	345,000	345,000
3	345,001	-	350,000	1,050,000
1	355,001	-	360,000	356,500
1	380,001	-	385,000	383,000
6	395,001	-	400,000	2,400,000
1	400,001	-	405,000	400,500
1	405,001	-	410,000	410,000
1	415,001	-	420,000	417,000
1	425,001	-	430,000	430,000
1	440,001	-	445,000	444,000
1	455,001	-	460,000	458,684

Pattern of Shareholding - FFBL Subsidiaries
AS AT DECEMBER 31, 2020

FAUJI FOODS LIMITED

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
1	465,001	-	470,000	468,000
1	470,001	-	475,000	475,000
5	495,001	-	500,000	2,500,000
2	515,001	-	520,000	1,039,000
1	535,001	-	540,000	540,000
2	545,001	-	550,000	1,100,000
1	570,001	-	575,000	575,000
1	580,001	-	585,000	585,000
1	595,001	-	600,000	600,000
1	605,001	-	610,000	608,500
1	610,001	-	615,000	610,666
1	620,001	-	625,000	621,000
1	625,001	-	630,000	628,500
1	645,001	-	650,000	650,000
1	730,001	-	735,000	733,000
1	745,001	-	750,000	750,000
1	765,001	-	770,000	769,500
1	790,001	-	795,000	795,000
2	795,001	-	800,000	1,600,000
1	880,001	-	885,000	884,000
1	900,001	-	905,000	902,400
1	925,001	-	930,000	925,500
1	935,001	-	940,000	936,000
1	985,001	-	990,000	990,000
1	995,001	-	1,000,000	1,000,000
1	1,010,001	-	1,015,000	1,011,500
1	1,225,001	-	1,230,000	1,227,000
1	1,355,001	-	1,360,000	1,356,500
1	1,400,001	-	1,405,000	1,403,000
1	1,575,001	-	1,580,000	1,575,180
1	2,195,001	-	2,200,000	2,200,000
1	2,445,001	-	2,450,000	2,450,000
1	2,455,001	-	2,460,000	2,459,000
1	2,465,001	-	2,470,000	2,470,000
1	2,750,001	-	2,755,000	2,751,000
1	2,925,001	-	2,930,000	2,926,000
1	3,020,001	-	3,025,000	3,023,500
1	6,875,001	-	6,880,000	6,880,000

FAUJI FOODS LIMITED

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
1	19,400,001	-	19,405,000	19,401,000
1	67,370,001	-	67,375,000	67,371,916
1	267,310,001	-	267,315,000	267,311,886
1	274,885,001	-	274,890,000	274,886,371
10785				803,293,563

Financial Calendar - 2021

The Company's financial year starts from January 01 and ends at December 31 each year.

Tentative schedule for announcements of quarterly financial results in 2021 is as under:

Annual General Meeting	March 29, 2021
First Quarter ending March 31, 2021	Last week of April 2021
Second Quarter ending June 30, 2021	Last week of July 2021
Third Quarter ending September 30, 2021	Last week of October 2021
Year ending December 31, 2021	Last week of January 2022

مالیاتی کیلینڈر

کمپنی کے مالیاتی سال کی مدت یکم جنوری سے 31 دسمبر تک ہے۔
کمپنی کے 2021 کے مالیاتی نتائج کا اعلان مندرجہ ذیل عارضی جدول کے مطابق کیا جائے گا۔

سالانہ اجلاسِ عام	29 مارچ 2021
31 مارچ 2021 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ اپریل 2021
30 جون 2021 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ جولائی 2021
30 ستمبر 2021 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ اکتوبر 2021
31 دسمبر 2021 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ جنوری 2022

NOTES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پیٹرن آف شیئر ہولڈنگ - ایف ایف بی ایل کی ماتحت کمپنیاں

31 دسمبر 2020

فوجی میٹ لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	688,499,986	90
فوجی فاؤنڈیشن	1	75,000,000	10
ڈائریکٹرز	4	14	00
ٹوٹل	6	763,500,000	100

ایف ایف بی ایل پاور کمپنی لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	644,062,491	75
فوجی فاؤنڈیشن	1	214,687,500	25
ڈائریکٹرز	9	9	00
ٹوٹل	11	858,750,000	100

ایف ایف بی ایل فوڈز لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	29,851,838	100
ڈائریکٹرز	3	7	00
ٹوٹل	4	29,851,845	100

AFFIX CORRECT POSTAGE

The Company Secretary

Fauji Fertilizer Bin Qasim Limited
FFBL Tower, C1/C2, Sector-B,
Jinnah Boulevard, DHA-II,
Islamabad.
Tel: +92 51 8763325

پراکسی فارم
27 واں سالانہ اجلاس عام

کمپنی سیکریٹری
فوجی فرٹیلائیزر بن قاسم لمیٹڈ
ایف ایف بی ایل ٹاور، سی 1/سی 2، سیکٹر-بی، جناح بلیوارڈ،
ڈی ایچ اے II، اسلام آباد

میں / ہم۔۔ بحیثیت ممبر(ز) فوجی فرٹیلائیزر بن قاسم لمیٹڈ اور حامل۔۔۔۔۔۔۔۔۔ عام حصص رجسٹرڈ فولیو نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔محترم / محترمہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔رجسٹرڈ فولیو نمبر(اگر ممبر ہے) ۔۔۔۔۔۔۔۔۔ یا انکے حاضر نہ ہو سکنے کی صورت میں محترم / محترمہ۔۔رجسٹرڈ فولیو نمبر(اگر ممبر ہے)۔۔۔۔۔۔۔۔۔۔کو اپنی / ہماری عدم موجودگی میں کمپنی کے 29 مارچ 2021 کو ہونے والے سالانہ اجلاس عام میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

میرے / ہمارے دستخط آج بتاریخ۔۔۔۔۔۔۔۔۔۔۔۔۔2021 ہوئے۔

پانچ روپے کی ریونیو ٹکٹ چسپاں کریں	دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ دستخط کا کمپنی میں موجود دستخطی نمونے سے مشابہت ہونا ضروری ہے

یہ دستخط درجِ ذیل گواہان کی موجودگی میں کئے گئے:

۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ دستخط گواہ -1

۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ دستخط گواہ - 2

اہم نکات:

1۔ پراکسی مقرر کرنے کیلئے یہ دستاویز مقرر کرنے والے یا اسکے نمائندے کے ہاتھ سے پُر کی جانی چاہیئے یا اگر مقرر کنندہ کارپوریشن (کمپنی) ہے تو دستاویز پر کمپنی کی مہر ہو یا کمپنی کے نمائندہ کے ہاتھ سے پُر کی جائے۔ ایسے کسی بھی شخص کو پراکسی مقرر نہیں کیا جا سکتا جو ووٹ ڈالنے کی اہلیت کا حامل کمپنی کا ممبر نہ ہو، ماسوائے کارپوریشن (کمپنی) کے جو کسی غیر ممبر کو پراکسی مقرر کر سکتی ہے۔

2۔ یہ پراکسی / دستاویز اور پاور آف اٹارنی یا دیگر اختیار (اگر کوئی ہے) جن کے تحت یہ پراکسی دی جا رہی ہے کی تصدیق شدہ نقل اجلاس کے انعقاد، جس میں نامزد شخص ووٹ ڈالنا چاہتا ہے، سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر میں موصول ہونی چاہیئں۔ بصورتِ دیگر دستاویز کالعدم قرار دے دی جائے گی۔

AFFIX CORRECT POSTAGE

The Company Secretary
Fauji Fertilizer Bin Qasim Limited
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Glossary

Asset
Asset is a resource controlled by an enterprise as a result of past events, from which future economic benefits are expected to flow to enterprise.

Associate Company
Associate company is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of investor.

Borrowing Costs
Borrowing costs are interest and other cost incurred by an enterprise in connection with the borrowing funds.

Cash Equivalents
Cash equivalents are short terms highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Cash Flows
Cash flows are inflows and outflows of cash and cash equivalents.

Consolidated Financial Statements
These include financial statements of FFBL and its subsidiaries i.e Fauji Meat Limited, Fauji Foods Limited (formerly NPL), FFBL Power Company Limited and FFBL Foods Limited as per IFRS 10.

Depreciation
Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair Value
Fair Value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instruments
Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financing Activities
Financing activities are activities that result in changes in the size and composition of equity capital and borrowings of the enterprise.

Intangible Asset
Intangible Asset is an identifiable non-monetary asset without physical substance held for use in the production / supply of goods and services, for rental to others, or for administrative purposes.

Investing Activities
Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Liability
A liability is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits.

Non-Controlling Interest
Equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Operating Activities
Operating activities are principal revenue producing activities of the enterprise and other activities that are not investing or financing activities.

Holding Company
A parent is an enterprise that has one or more subsidiaries.

Related Party
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence on the other party in making financial and operational decisions.

Residual Value
Residual value is the net amount which the enterprise expects to obtain for an asset at the end of its useful life after deducting the expected cost of disposal.

Revenue
Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an enterprise.

Subsidiary Company
A subsidiary is an enterprise that is controlled by another enterprise (holding company).

Abbreviations

Annual General Meeting	AGM
Askari Bank Limited	AKBL
Central Depository Company	CDC
Code of Corporate Governance	CCG
Corporate Social Responsibility	CSR
China Pakistan Economic Corridor	CPEC
Dividend Per Share	DPS
Di-Ammonium Phosphate	DAP
Earnings per Share	EPS
Enterprise Resource Planning	ERP
Environmental Protection Agency	EPA
Fauji Meat Limited	FML
Fauji Foods Limited	FFL
FFBL Power Company Limited	FPCL
Fauji Fertilizer Company Limited	FFCL
Free On Board	FOB
Gas Infrastructure Development Cess	GIDC
General Sales Tax	GST
Government of Pakistan	GoP
Gross Domestic Product	GDP
Human Development Foundation	HDF
Institute of Chartered Accountants of Pakistan	ICAP
Institute of Cost and Management Accountants of Pakistan	ICMAP
International Organization for Standardization	ISO
Information & Communication Technology	ICT
International Financial Reporting Standards	IFRS
Key Performance Indicator	KPI
Memorandum of Understanding	MoU
Million Metric British Thermal Unit	MMBTU
Million Standard Cubic Foot	MSCF
National Environment Quality Standards	NEQS
National Forum for Environment & Health	NFEH
Non Governmental Organization	NGO
Pakistan Moroc Phosphore	PMP
Pakistan Stock Exchange	PSX
Securities and Exchange Commission of Pakistan	SECP
State Bank of Pakistan	SBP
Sui Northern Gas Pipeline Limited	SNGPL
Sui Southern Gas Company Limited	SSGCL
Workers' Profit Participation Funds	WPPF

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