Fatima
Fertilizer Company Limited
JV of Fatima and Arif Habib Group

DRIVING **AGRICULTURAL** TRANSFORMATION

Annual Report 2023

DRIVING **AGRICULTURAL** TRANSFORMATION

With a steadfast commitment to innovation, sustainability, and community development, Fatima Fertilizer stands at the forefront of driving agricultural transformation. We leverage the latest advancements to optimise yields, minimise environmental impact, and enhance farm productivity. Our investment in research and development ensures that we remain at the vanguard of agricultural innovation, driving sustainable growth and resilience in the face of evolving challenges.

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KEY HIGHLIGHTS 2023

2,538
MT in "000"
Fertilizer Production

2,866
MT in "000"
Fertilizer Sales

235,423
Rs in Million
Revenue

23,008
Rs in Million
Profit After Tax

10.96
Rupees
Earnings Per Share

4.50
Rupees
Dividend Per Share

18.57
Percentage
Return on Capital Employed

46,328
Rs in Million
Contribution to National Exchequer

120.9
Combined Safe Million Man Hours

9,725
Numbers
Trees Planted

71
Numbers
Women Development
(Female Staff in Head Office)

126,448
Man Hours
Investing in Manpower

101,697
Numbers
Agriculture Farms Addressed

2,477
Numbers
Permanent Employees

895,588
Rs in Million
Investment in CSR

VISION & MISSION STATEMENT

VISION

To be a world class manufacturer of fertilizer and ancillary products, with a focus on safety, quality and positive contribution to national economic growth and development. We will care for the environment and the communities we work in, while continuing to create shareholders' value.

MISSION

- To be the preferred fertilizer company for farmers, business associates and suppliers by providing quality products and services.
- To provide employees with an exciting, enabling and supportive environment to excel in, be innovative, entrepreneurial in an ethical and safe working place based on meritocracy and equal opportunity.
- To be a responsible corporate citizen with a concern for the environment and the communities we deal with.

CORPORATE VALUES

These are the values that Fatima Fertilizer Company Limited epitomizes, and are reflected in all our transactions and interactions. Congruence to these values has been a part of our business strategy. They are bound in the very fabric of our organization, shaped by organizational processes, procedures and practices.

Integrity

Our actions are driven by honesty, ethics, fairness and transparency.

Teamwork

We work collectively towards a common goal.

Customer Focus

We believe in listening to our customers and delivering value in our products and services.

Valuing People

We value our people as our greatest resource.

Innovation

We encourage creativity and recognize new ideas.

Health, Safety, Environment & CSR

We care for our people and the communities around us.

Excellence

We strive to excel in everything we do.

CODE OF CONDUCT

Fatima Fertilizer Company Limited (Fatima) conducts its business with the highest ethical standards in full compliance with all applicable laws. Honesty and integrity take precedence in all relationships including those with customers, suppliers, employees and other stakeholders.

Ethics and Business Practices

- We believe in conducting the Company's business in a manner that respects, protects and improves the environment and provides employees with a safe and healthy workplace.
- We conduct our business in an environmentally responsible and sustainable manner. Employees must be completely familiar with the permits, Health Safety and Environment policy, local laws and regulations that apply to their work.
- All employees are expected to understand the laws and business regulations related to their work and comply fully so that our shareholders, employees, customers, suppliers, stakeholders and the Government have complete faith in the way we operate and that our business decisions are made ethically and in the best interests of the Company.
- Employees are obligated to act in accordance with the Company's code of Ethics and Business Conduct and are restricted to using only legitimate practices in commercial operations and in promoting the Company's position on issues before Governmental authorities. Inducements intended to reward favourable decisions and governmental actions are unacceptable and prohibited.
- Employees are prohibited from using their positions, Company property or information for personal gain, and from competing with the Company. Employees are also prohibited from taking advantage from opportunities that become available through the use of Company information, property or their position.

Assets and Proprietary Information

- We consider our Company's assets, physical and intellectual, very valuable. We have, therefore, an obligation to protect these assets in the interest of the Company and its shareholders.
- Protection of the Company's information is important for our business. All employees are expected to know what information is proprietary and which must not be disclosed to unauthorized sources. Employees are responsible for applying all available tools to manage the Company's information resources and records.

Relations with Business Partners

- We seek to do business with suppliers, vendors, contractors and other independent businesses who demonstrate high standards of ethical business behaviour. Our Company will not knowingly do business with any persons or businesses that operate in violation of applicable laws and regulations, including Employment, Health, Safety and Environmental laws. We shall take steps to assure that our suppliers, vendors and contractors understand the standards we apply to ourselves, and expect the same from them.

Our Employees

- We believe that highly engaged employees are the key ingredient in professional development and business success. Therefore, we invite our employees to contribute their best and to avail the opportunities for improvement and growth. We are an equal opportunity employer and promote gender diversity, self development and innovation.
- We provide employees with tools, techniques and training to master their current jobs, broaden their skills and advance their career goals.

OVERALL STRATEGIC OBJECTIVES

We aim to be the industry leader and a sustainable contributor to the nation's agricultural sector.

We aspire to continuously improve by achieving and exceeding global standards for product safety, quality, HSE, manufacturing and management excellence.

We continue to pursue a global reach by leveraging and maximizing our fertilizer / business potential. The Company aims to establish strategic alliance and partnerships with global technology providers in order to bring innovation and excellence in all our processes.

Our strategy revolves around the potential of our employees who are critical to our long term growth and success. Our Company provides the employees an opportunity to build their skills and professional capabilities while enjoying their work place. Critical to our strategy are also our technological resources and the image of our brand – Sarsabz.

MANAGEMENT'S OBJECTIVES & STRATEGIES FOR MEETING THOSE OBJECTIVES

Sr. No.	Management Objectives	Strategies / KPIs to meet objectives
1	Aspire to be the market leader in fertilizer business	Annual market share increases above main competitors
2	Efficient deployment of resources	Positive cash flow from operations year on year
3	Investment in human resources and their capacities	Low turnover of high potential employees Providing career opportunities to talented professionals in an organized and transparent manner
4	Taking Global Initiatives	Think globally when evaluating business expansion
5	Operational excellence for optimum plant performance	Develop a Risk Management Strategy and ensure continuous improvement in business processes
6	Focus on enhancing sales	Through market share enhancement and geographical diversification while nurturing our relationship with existing customers and educating farmers on the use of Urea, NP, CAN, through use of state of the art technology
7	Make new in-roads in distribution and create new businesses and channels	At least one next generation solution to distribution and channel management. Leverage technology.
8	Synergize investment and capacities	Excel in centralized strategy development and leverage technical, supply chain and other administrative functions.
9	Augment profitability with cost effectiveness and lean business operations	Continuous improvement of Shared Services operations and consider profit center concepts for certain functions
10	Effective financial controls for swift decision making at all levels	Financial indicators and KPI driven timelines to be monitored for continuous improvement
11	To be a responsible business concern, through CSR and sustainability initiatives	Investments to be focused on maximum impact on our communities. Monitor impact on regular basis.

Significant Changes in Objectives and Strategies

Fatima's long term business objectives and the strategies to meet those objectives are carefully developed and no major changes have occurred during the year to compel the Company to alter its approach to achieve these objectives. However, the Company is looking at expanding through diverse investments, and striving for Catalysing Green Revolution in Pakistan.

Relationship between Entity's Results and Management's Objectives

Performance of the Company is the realization of management's goals and objectives, which are strategically developed to increase the wealth of stakeholders. The said results are evaluated quarterly against the respective division's strategic objectives to confirm achievement.

NATURE OF BUSINESS

The principle activity of the Company is manufacturing, production, buying, selling, importing and exporting of fertilizers and chemicals. It is capable of producing two intermediary products, i.e. Ammonia and Nitric Acid and three final products which are Urea, Calcium Ammonium Nitrate (CAN) and Nitro Phosphate (NP). Fatima plays a significant role in nourishing soils and enriching lives through its diverse fertilizer portfolio.

COMMUNICATION OF FINANCIAL RESULTS

Periodic financial statements of the Company were circulated to Directors duly endorsed by the CEO and the CFO. Half yearly and annual financial statements were initialed by the external auditors for presentation to Board Audit Committee and the Board of Directors for approval.

Furthermore, quarterly unaudited financial statements of the Company along with Directors' Report, were approved, published and circulated to concerned quarters on a timely basis. Half yearly financial statements were subject to a limited scope review by the statutory auditors. These annual financial statements have been audited by the external auditors and approved by the Board and will be presented to the shareholders at the AGM for adoption. The said financial statements circulated on PUCARS well within the statutory prescribed timelines and posted on the Company's website accordingly.

Calendar of Major Financial Events held in 2023

Board Meeting For the Year Ended 2022 April 03, 2023	**AGM** For the Year Ended 2022 April 28, 2023	**Board Meeting** For Q1 2023 April 26, 2023
Board Meeting For Q2 2023 August 28, 2023	**Board Meeting** For Q3 2023 Oct 25, 2023	**Corporate Briefing Session** Dec 21, 2023

Financial Calendar 2024

Board Meeting For the Year Ended 2023 March 21, 2024	**AGM** For the Year Ended 2023 April 29, 2024	**Board Meeting** For Q1 2024 3rd Week of April 2024
Board Meeting For Q2 2024 3rd Week of August 2024	**Board Meeting** For Q3 2024 3rd Week of October 2024	

COMPANY PROFILE

Fatima Fertilizer Company Limited (Fatima) is a joint venture between two major business groups in Pakistan namely, Fatima Group and Arif Habib Group, with its head office located in Lahore. Three units of the Company are situated across the province of Punjab at three different strategic locations namely Mukhtar Garh, Sadiqabad (Sadiqabad Plant), Khanewal Road, Multan (Multan Plant), and 28-KM Sheikhupura Road, Chichoki Mallian (Sheikhupura Plant).

Sadiqabad Plant

The fertilizer complex, producing mixed fertilizer products, is a fully integrated production facility, located at Sadiqabad, District Rahim Yar Khan. The foundation stone was laid on April 26, 2006, by the then Prime Minister of Pakistan. The Complex has a dedicated gas allocation of 110 MMCFD from Mari Gas Field and has 56 MW captive power plants in addition to off sites and utilities. Commercial production commenced on July 01, 2011. The Complex, at its construction peak, engaged over 4,000 engineers and technicians from Pakistan, China, USA, Japan, and Europe.

The Complex has the following original design and current revamped annual capacities as under:

Plant	Original Design Capacity	Current Revamped Capacity
Urea	500,000 metric tons	500,000 metric tons
Calcium Ammonium Nitrate (CAN)	420,000 metric tons	470,000 metric tons
Nitro Phosphate (NP)	360,000 metric tons	490,000 metric tons

The Ammonia plant was revamped to enhance its production capacity by 10% from 1500 MTPD to 1650 MTPD along with an improvement in the energy index and reliability at a cost of USD 58 Million in 2015. Improvements made in 2017 and 2019 further elevated daily production capacity to 1713 MTPD. In 2017, the Advanced Process Control project, the first of its kind in Pakistan, was implemented at the Ammonia plant, further enhancing capacity and improving the energy index. Via in house modifications, debottleneckings, Phosphoric Acid based production scheme etc., over the years the Company has managed to increase its production capacity of CAN and NP by around 12% and 36% i.e. 50K and 130K MT per annum respectively.

The Complex is housed on 8,902 kanals of land, which provides modern housing for its employees with all necessary facilities, including a well managed school, a medical center, and a large number of sports facilities.

Sheikhupura Plant

The Sheikhupura Plant was acquired by the Company in 2015. It is capable of producing 445,500 metric tons per annum of Urea and is located at 28-KM Sheikhupura Road, Chichoki Mallian.

Multan Plant

The Company acquired the production and operating Plants (Ammonia, Urea, Nitric Acid, Nitro Phosphate, Calcium Ammonium Nitrate, and Clean Development Mechanism) having total nameplate capacity of 846,900 metric tons per annum of mixed fertilizer products, from its associated company namely Pakarab Fertilizers Limited with effect from September 01, 2020, located at Khanewal Road, Multan. Subsequently, Pakarab Fertilizers Limited amalgamated into the Company effective July 01, 2022.

Fatima Fertilizer Company Limited via its three plants in operations at Sadiqabad, Multan and Sheikhupura is serving the nation and stakeholders with a cumulative nameplate capacity of 2.57 million MT per year.

LANDMARK EVENTS

2003-2008

- Company Incorporation
- Gas Allocation
- GSA Signing
- Ground Breaking
- Financial Closure achieved

2009

- Ammonia Furnace 1st Fire
- CAN Plant Production

2010

- Initial Public Offering
- Ammonia Plant Production
- Urea Plant Production

2011

- NP Plant Production
- Declaration of Commercial Operations

2012

- Conversion and Redemption of Preference Shares

2013

- Ammonia Revamp Study Completed
- Basic Engineering Design contract for Ammonia Revamp awarded

2014

- Contract with Dupont signed for PSM
- Basic Engineering Design contract for Ammonia Revamp awarded

2015

- Ammonia Plant Revamped to enhance capacity by 10%
- Strategic acquisition of DH Fertilizers (now Sheikhupura Plant)
- Dupont declared Fatima Site OSHA Compliant at level 3.6

2016

- Achieved production of 1.38 Million ton
- Issuance of Sukuk certificates. IPO over subscribed by more than 4 times
- Successful completion of Ammonia Revamp and Debottlenecking Project with "better than design" results

2017

- Awarded excellence rating by Dupont (Level-4) in safety systems
- Ammonia plant capacity enhanced by 3.5% and efficiency improved by 1.5% through various measures

2018

- Additional 14,000 MT NP production by Phosphoric Acid route
- 47 Safe Million Man Hours
- Zero Loss Time Injury
- Winner of first ever International Award – MarCom International USA

2019

- Amalgamation of our two fertilizer plants - Fatima Fertilizer and Fatimafert
- +53 Safe Million Man Hours
- NP revamp by 22%
- EMS 1st Party Audit & L-II Procedures Roll-out
- Ever Highest Urea Sale 811,000 ton
- Market Share improved from 20 to 23%
- Agricultural Technology MOUs and Co Sponsorship agreement with Chinese entities signed.
- Launch of Sarsabz Pakistan Salam Kissan – Kissan Day 2019

2020

- Acquisition of production and operating plants from an associated company, resulting in 2.57 Million MT combined production capacity of three plants
- +77 Safe Million Man Hours
- Sadiqabad Plant reliability yielding ever highest on-stream-factor (97.8%)
- Highest ever sales volume
- Market Share improved from 23% to 24%
- First ever loyalty program, "Sarsabz Royals" executed, engaging our dealer network for the long run
- Launch of Digital Marketing initiatives that provided combined reach of over 300 Million views

2021

- Sadiqabad plant achieved the Guinness World Records title for clocking 60.22 Million Safe Man-Hours
- +91 combined Safe Million Man-Hours for three fertilizer plants
- Sadiqabad plant sustained its Excellence level on DuPont's Process Safety Management System (PSM)
- Sheikhupura Plant achieved Compliance level on DuPont's PSM
- Ever highest production by Sadiqabad Plant in a Turnaround year
- Highest ever sales volume and profitability
- Highest sales revenue across the Fertilizer industry in Pakistan

2022

- Zero Total Recordable Injury Rate (TRIR)
- 104.6 combined Safe Million Man-Hours
- Sadiqabad Plant successfully secured AWS International Water Stewardship Certification
- A new benchmark of highest annual production, highest ever sales volume and sales revenue
- Acquisition of Fatima Cement Limited, and consolidation of fertilizer business by amalgamating associated company Pakarab Fertilizers subject to requisite approvals.

2023

- 1 Million MT invoicing of Nitrophos
- 120.9 combined Safe Million Man-Hours
- Sarsabz wins the prestigious "DRUM Award" in London, The epitome of prestige in the global advertising industry
- Highest sales revenue across the fertilizer industry
- Successfully amalgamated Pakarab Fertilizers Limited - an associated company

COMPANY INFORMATION

Board of Directors

Mr. Arif Habib
Chairman

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Mr. Fazal Ahmed Sheikh
Director

Mr. Faisal Ahmed Mukhtar
Director

Mr. Muhammad Kashif Habib
Director

Mrs. Julie Jannerup
Independent Director

Mr. Tariq Jamali
Independent Director

Chief Operating Officer & Chief Financial Officer

Mr. Asad Murad

Director Legal & Company Secretary

Mr. Omair Mohsin
(communications@fatima-group.com)

Key Management

Mr. M. Abad Khan
Advisor to the CEO

Ms. Sadia Irfan
Director Human Resources

Mr. Iftikhar Mahmood Baig
Director Business Development

Mr. Ahsen-ud-Din
Director Technology Division

Mr. Ausaf Ali Qureshi
Advisor Projects

Mrs. Rabel Sadozai
Director Marketing and Sales

Mr. Atif Zaidi
Chief Information Officer

Mr. Salman Ahmad
Director Internal Audit

Mr. Pervez Fateh
G.M. Manufacturing

Mr. Faisal Jamal
Corporate HSE & Technical Support Manager

Audit Committee Members

Mr. Tariq Jamali
Chairman

Mr. Faisal Ahmed Mukhtar
Member

Mrs. Julie Jannerup
Member

Mr. Muhammad Kashif Habib
Member

HR and Remuneration Committee Members

Mrs. Julie Jannerup
Chairperson

Mr. Fawad Ahmed Mukhtar
Member

Mr. Muhammad Kashif Habib
Member

Nomination and Risk Management Committee Members

Mr. Fazal Ahmed Sheikh
Chairman

Mr. Muhammad Kashif Habib
Member

Mr. Tariq Jamali
Member

Legal Advisors

M/s. Chima & Ibrahim Advocates
1-A/245, Tufail Road, Lahore Cantt

Auditors

M/s. Yousuf Adil
Chartered Accountants, Lahore
134-A, Abu Bakar Block, New Garden Town, Lahore
Tel: +92 42 3591 3595-7, +92 42 3544 0520
Fax: +92 42 3544 0521

Registrar and Share Transfer Agent

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 3432 6053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

Bankers

Al-Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank of Khyber
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Makramah Limited
BankIslami Pakistan Limited
Citibank N.A
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial bank of China (ICBC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Kuwait Investment Company Limited
Sindh Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Registered Office / Head Office

E-110, Khayaban-e-Jinnah,
Lahore Cantt, Pakistan
UAN: 111-FATIMA (111-328-462)
Fax: +92 42 3662 1389

Plant Sites

Mukhtar Garh, Sadiqabad,
Distt. Rahim Yar Khan, Pakistan
Tel: 068 – 5951000
Fax: 068 – 5951166

Khanewal Road, Multan, Pakistan
Tel: 061 – 90610000
Fax: 061 – 92290021

28-KM Sheikhupura Road, Chichoki Mallian, Pakistan
Tel: 042 – 37319200 – 99
Fax: 042 – 33719295

PROFILE OF THE DIRECTORS

Mr. Arif Habib

Chairman

Mr. Arif Habib is the Chairman of Fatima Fertilizer Company Limited and the Chief Executive of Arif Habib Corporation Limited, the holding company of Arif Habib Group. He is also the Chairman of Aisha Steel Mills Limited, Javedan Corporation Limited (the owner of Naya Nazimabad) and Sachal Energy Development (Pvt.) Limited and Arif Habib Dolmen REIT Management Limited.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatisation Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. He has been a member of the Prime Minister's Economic Advisory Council (EAC) and the Think Tank constituted by the Prime Minister on COVID-19 related economic issues. He has also remained a member of the Prime Minister's Task Force on attracting Foreign Direct Investment (FDI) and a member of Advisory Committee of Planning Commission.

Mr. Habib participates significantly in welfare activities. He remains one of the directors of Pakistan Centre for Philanthropy (PCP), Habib University Foundation, Karachi Education Initiative (KSBL), Arif Habib Foundation and Naya Nazimabad Foundation as well as trustee of Memon Health & Education Foundation (MMI).

Mr. Fawad Ahmed Mukhtar

Chief Executive Officer / Director

Mr. Fawad Ahmed Mukhtar is the Chief Executive Officer and Director of the Company. He has extensive experience in manufacturing and industrial management. In addition to being a successful business leader, he is also a renowned philanthropist. After graduation, he has spent more than 33 years developing his family business into a sizable conglomerate.

Mr. Mukhtar leads several community service initiatives of the Group including the Fatima Fertilizer Trust and Welfare Hospital, Fatima Fertilizer Education Society and School and Mukhtar A. Sheikh Welfare Trust, among others. He is also the Chairman of Reliance Weaving Mills Limited, Fatima Holding Limited, Fatima Sugar Mills Limited, Reliance Commodities (Pvt.) Limited, Air One (Pvt.) Limited and is also the CEO of Fatimafert Limited, Fatima Cement Limited and Fatima Trading Company (Pvt.) Limited. He is also the Director of Fatima Electric Company Limited, Pakarab Energy Limited and Fatima Steel Mills Limited. In addition, he is a member of the Board of Directors of the National Management Foundation, a sponsoring body of Lahore University of Management Sciences (LUMS).

Mr. Fazal Ahmed Sheikh

Executive Director

Mr. Fazal Ahmed Sheikh is a Director of the Company. He holds a degree in Economics from the University of Michigan, Ann Arbor, USA. He has played a strategic role in Fatima Group's expansion and success. He is the CEO of Fatima Energy Limited, Fatima Electric Company Limited, Fatima Management Company Limited, Pakarab Energy Limited and Air One (Pvt.) Limited. He is also a member of the Board of Directors at Fatimafert Limited, Reliance Commodities (Pvt.) Limited, Fatima Sugar Mills Limited, Fatima Holding Limited, Fatima Cement Limited and Fatima Steel Mills Limited.

Mr. Faisal Ahmed Mukhtar

Non-Executive Director

Mr. Faisal Ahmed Mukhtar is a Director of the Company. He is the former City District Nazim of Multan, and continues to lead welfare efforts in the city. He is the Chief Executive Officer of Reliance Weaving Mills Limited, Fatima Sugar Mills Limited, Farrukh Trading Company Limited and Fatima Steel Mills Limited. He is also a member of the Board of Directors at Fatima Cement Limited, Fazal Cloth Mills Limited, Fatima Electric Company Limited, Pakarab Energy Limited, Fatimafert Limited, Reliance Commodities (Pvt.) Limited and Air One (Pvt.) Limited. Additionally, he was also a member in the Provincial Finance Commission (Punjab), Steering Committee of Southern Punjab Development Project and Decentralization Support Program. Mr. Mukhtar has also served as the Chairman of Multan Development Authority and was also a member of a syndicate of Bahauddin Zakariya University, Multan.

Mr. Muhammad Kashif Habib

Non-Executive Director

Mr. MUhammad Kashif Habib is the Director of the Company. He is also the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers). Mr. Kashif Habib is dedicated to improving the country's energy situation and is engaged with experts to make renewable energy a more feasible and accessible solution not just for industry but also the masses.

He is also the member of Board of Directors of Arif Habib Corporation Limited, Aisha Steel Mills Limited, Javedan Corporation Limited, Arif Habib Equity (Pvt.) Limited, Alternates (Pvt.) Limited, Arif Habib Foundation, Arif Habib Development and Engineering Consultants (Pvt.) Limited, Black Gold Power Limited, Essa Textile And Commodities (Pvt.) Limited, Fatimafert Limited, Fatima Cement Limited, Fatima Packaging Limited, Nooriabad Spinning Mills (Pvt.) Limited, Pakistan Opportunities Limited, Rotocast Engineering Company (Pvt.) Limited, Safemix Concrete Limited and Siddiqsons Energy Limited.

Mrs. Julie Jannerup

Non-Executive / Independent Director

Mrs. Julie Jannerup is a seasoned professional with a Master's Degree in Chemical Engineering. Her journey began in 2007 at Topsoe, where she swiftly established herself as an adept leader. In 2015, she undertook the challenge of establishing a local technical support group in Malaysia, an achievement accomplished within an impressive four-year timeframe.

In her subsequent role as Business Manager for potassium nitrate and sodium nitrate, Mrs. Julie showcased her strategic prowess. She not only secured a crucial supply agreement but also forged a robust partnership with a third-party company. What truly sets Mrs. Julie apart is her collaborative leadership style. She is celebrated as a team player who places immense value on positive working relationships. Her belief in creating an inclusive environment where every voice is heard and respected is a cornerstone of her success.

With her wealth of experience, Mrs. Julie She brings a unique value to the organization, supporting Fatima in its development and growth.

Mr. Tariq Jamali

Non-Executive / Independent Director

Mr. Tariq Jamali is Ex-SEVP / Group Chief Centralized Operations & Administration Group at National Bank of Pakistan (NBP). He also held the charge of President NBP (Acting). He joined NBP in 1987 and has held numerous senior management positions at Regional and Head Office levels.

He headed Assets Recovery Group, Logistics Support Group, Commercial & Retail Banking Group and Compliance Group since 2009. His work experience spans more than 30 years at different key positions. He has diversified work experience, knowledge and knack of working at different levels of management. He holds MBA Degree from University of Dallas, USA and BS (Civil Engineering) from University of Texas at Arlington, USA and DAIBP from Institute of Bankers Pakistan, Karachi.

BOARD STRUCTURE AND COMMITTEES

Board Structure

Fatima's Board consists of eminent individuals with diverse experience and expertise. Currently, it comprises seven directors including a female director, Mrs. Julie Jannerup. Mrs. Julie Jannerup has replaced Ms. Malika Nait Oukhedou. All of the Board members have been elected by the shareholders for a term of three years commenced from September 22, 2023. There are two Executive Directors including the Chief Executive Officer, and five Non-Executive Directors including the Chairman and two Independent Directors.

The Board provides leadership and strategic guidance to the Company; oversees the conduct of business and promotes the interests of all stakeholders. It reviews corporate policies, overall performance, accounting and reporting standards, and other significant areas of management, corporate governance, and regulatory compliance. It also reviews and approves the annual budget and long term strategic plans. The Board is headed by the Chairman who manages the Board's business and acts as its facilitator and guide. The Board is assisted by an Audit Committee, a Human Resource and Remuneration Committee, and a Nomination and Risk Management Committee while the CEO carries responsibility for day to day operations of the Company and execution of Board policies.

Board Committees

The standing committees of the Board are:

Audit Committee

Composition

The Audit Committee consists of four members of the Board. All of the members of the Audit Committee are Non-Executive Directors. The Committee has two Independent Directors. The Chairman of the audit committee is also an Independent Director. The members are:

1. Mr. Tariq Jamali	Chairman
2. Mr. Faisal Ahmed Mukhtar	Member
3. Mrs. Julie Jannerup	Member
4. Mr. Muhammad Kashif Habib	Member

Terms of Reference and Salient Features

In addition to any other responsibilities which may be assigned from time to time by the Board, the main purpose of the Audit Committee is to assist the Board by performing the following main functions:

- to monitor the quality and integrity of the Company's accounting and reporting practices;
- to oversee the performance of the Company's internal audit function;
- to review the external auditor's qualification, independence, performance and competence; and
- to comply with the legal and regulatory requirements, the Company's by laws and internal regulations.

The Terms of Reference of the Audit Committee have been drawn up and approved by the Board of Directors in compliance with the Code of Corporate Governance. In addition to compliance with the Code of Corporate Governance, the Audit Committee carries out the following duties and responsibilities for the Company as per its Terms of Reference:

a) determination of appropriate measures to safeguard the Company's assets;

b) review of preliminary announcements of results prior to publication;

c) review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- major judgemental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards; and
- compliance with listing regulations and other statutory and regulatory requirements.

d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) review of management letter issued by external auditors and management's response thereto;

f) ensuring coordination between the internal and external auditors of the Company;

g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) consideration of major findings of internal investigations and management's response thereto;

i) ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

j) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l) determination of compliance with relevant statutory requirements;

m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n) consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Composition

The Human Resource and Remuneration Committee consists of three members of the Board. The majority of the members of the Committee are Non-Executive Directors. The Chairperson of the Committee is an Independent Director. The members are:

1. Mrs. Julie Jannerup	Chairperson
2. Mr. Fawad Ahmed Mukhtar	Member
3. Mr. Muhammad Kashif Habib	Member

Terms of Reference and Salient Features

The Human Resource Committee is a body through which the Board provides guidance on human resources excellence. The specific responsibilities, authorities and powers that the Committee carries out on behalf of the Board are as follows:

1. Duties and Responsibilities

The Committee shall carry out the duties mentioned below for the Company:

1.1 to review and recommend the annual compensation strategy with focus on the annual budget for head count and salaries and wages;

1.2 to review and recommend the annual bonus and incentive plan;

1.3 to review and recommend the compensation of the Chief Executive and Executive Directors;

1.4 to assist the Board in reviewing and monitoring the succession plans of key positions in the Company;

1.5 to review and monitor processes and initiatives related to work environment and culture; and

1.6 to perform other duties and responsibilities as may be assigned time to time by the Board of Directors.

2. Reporting Responsibilities

2.1 the Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;

2.2 the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and

2.3 the Committee shall, if requested by the Board, compile a report to shareholders on its activities to be included in the Company's Annual Report.

3. Authorities and Powers

The Committee is authorized and empowered:

3.1 to seek any information it requires from any employee of the Company in order to perform its duties;

3.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and

3.3 to call any employee to be questioned at a meeting of the Committee, as and when required.

Nomination and Risk Management Committee

Composition

The Nomination and Risk Management Committee consists of three members of the Board. The Committee comprises one Executive and two Non-Executive Directors including an independent director. The members are:

1. Mr. Fazal Ahmed Sheikh	Chairman
2. Mr. Muhammad Kashif Habib	Member
3. Mr. Tariq Jamali	Member

Terms of Reference and Salient Features

The specific responsibilities and authorities that the Committee carries out on behalf of the Board are as follows:

1 Duties relating to Risk Management Function

1.1 To monitor and review of all material controls (financial, operational, compliance);

1.2 To make recommendations to the Board on the Company's strategic risks and their mitigation in ensuring the achievement of the Company's overall strategy;

1.3 To analyse and provide report to the Board on the results of the material investigations on the risks identified and management's feedback on the investigation and appropriate recommendations;

1.4 To monitor and review the process of the risk management and advise to the Board about the improvements to be made;

1.5 To provide guidelines to the management on risk management and set up procedures to unveil, assess and manage material risk factors;

1.6 To review the internal control policies in respect of the control procedures of risks, including the risk management and the communication;

1.7 To ensure the risk management is embedded in the structure and culture of the management team within the Company;

1.8 To review the adequacy of the Company's policies and procedures regarding the risk management system in consultation with the Company's management, external auditor and internal auditor;

1.9 To consider appropriate extent of disclosure of company's risk framework and internal control system in Directors' report; and

1.10 To perform such other duties and responsibilities as may be assigned time to time by the Board of Directors.

2 Duties relating to Nomination Function

2.1 To formulate selection policies and evaluation criteria for appointment of members of the Board and Board Committees;

2.2 To recommend candidates for directorships for Board approval after evaluating their suitability;

2.3 To recommend Directors to fill positions of Board Committees;

2.4 To determine the annual assessment criteria and process to assess the effectiveness of the Board, its Committees and each individual Director;

2.5 To assess the effectiveness of the Board as a whole;

2.6 To develop criteria to assess independence and to assess on an annual basis, the independence of the Independent Directors;

2.7 To review Board succession plans;

2.8 To review the training need for Directors and ensure Board members receive appropriate training programs; and

2.9 To perform such other duties and responsibilities as may be assigned time to time by the Board of Directors.

3 Authorities and Powers

The Committee is authorized and empowered:

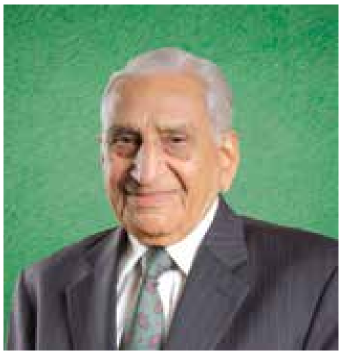
3.1 To seek any information it requires from any employee of the Company in order to perform its duties;

3.2 To constitute sub-committee(s) of the management as and when deemed necessary in order to discharge its duties and responsibilities.

3.3 To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and

3.4 To call any employee to be questioned at a meeting of the Committee as and when required.

KEY MANAGEMENT



Mr. Mohammad Abad Khan
Advisor to the CEO

Mr. M. Abad Khan graduated in Mechanical Engineering from UET Lahore and received extensive training in fertilizer manufacturing in France and Switzerland. On return, he worked on county's first Urea Plant of PIDC for 8 years.

Mr. Khan joined Exxon Chemical Pakistan at the time the company started its fertilizer project. During his 15 years of service with Exxon, he received extensive trainings in technical and managerial fields within and outside the country and gained valuable experience in various disciplines on senior positions. He took early retirement from Exxon and joined the newly set up Fauji Fertilizer Company as General Manager Plant. During almost 14 years of his service with FFC, the manufacturing site worked par excellence and the site capacity increased to more than double due to the revamp of the facility and an additional production line. Mr. Khan retired from FFC in 1996.

In 2001, when FFBL faced serious operational challenges with its relocated plant, Mr. Khan took responsibility as General Manager and was instrumental in ensuring smooth Plant operation. Under his leadership, the team conceived and undertook a major revamp of the plant to enhance its capacity and improve energy efficiency during his 4 years of assignment.

Mr. Khan joined Fatima Group in April 2006 as Advisor to CEO and played a significant role in establishing a green field project -Fatima Fertilizer plant and introducing operational improvements in Pakarab Fertilizers Multan and later Fatimafert Limited Sheikhupura after its acquisition by Fatima Group.

He has extensive international exposure through seminars, symposiums and training including one at Harvard Business School. He is Director of Fatimafert Limited, Fatima Energy Limited, Pakarab Energy Limited, Fatima Ventures (Pvt.) Limited, Fatima Cement Limited and Fatima Electric Company Limited.

Mr. Asad Murad
Chief Operating Officer & Chief Financial Officer

Mr. Asad Murad is the Chief Operating Officer & Chief Financial Officer of the Company. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan. In an over 26 year career, he has held various senior management positions in the areas of financial management, strategic business planning, risk management and corporate compliance. He joined Fatima Group in 2010 as Group Head of Internal Audit and held the position of Chief Financial Officer of the Company from March 2014 till February 2021. As additional roles, he has served as the Head of Marketing & Sales and Director Finance of the Company. He was also involved in Government Relations along with his Finance Director role where he successfully consolidated all three fertilizer plants and also played an instrumental role in revival of Multan plant operations by ensuring sustainable gas supply from Mari Gas among many other contributions. He has also served as Chief Financial Officer at Honda Atlas Cars (Pakistan) Limited, a subsidiary of Honda Motor Company, Japan.

Mrs. Rabel Sadozai
Director Marketing and Sales

Mrs. Rabel Sadozai is the first female Director Marketing and Sales in the Fertilizer Industry and the Agriculture Sector of Pakistan. She holds a MBA degree from IBA Karachi and with over 24 years of diverse professional experience, has held several leadership positions in the Petrochemical and Banking sectors prior to joining the Fertilizer Industry.

Her enthusiasm for innovation has been her driving force during her tenure at Fatima Fertilizer. She has propelled the company through many significant marketing and sales milestones, including the proposal and successful implementation of Pakistan's first-ever National Farmer's Day, which is officially recognized by the Government of Pakistan and serves as a remarkable legacy for the Group.

Her work has not only received major acclaim locally but on prestigious international platforms as well, which has positioned Sarsabz Fertilizers, the flagship brand of Fatima Fertilizer, to achieve a premium brand status. These include winning the prestigious Drum Award 2023 in London for "Salam Kissan", the "Digital Experience of the Year – Agriculture" award at the Asian Experience Awards 2023 & 2022 in Singapore. Further, she has been awarded Campaign Asia Pacific's Chief Marketer Award at the prestigious Women Leading Change Awards 2023. Her work has won the AVA Digital Award USA & Marcom Award USA in 2018 & 2019 respectively and multiple Pakistan Digital Awards including Best Digital Campaign and Best Web Series. Under her leadership a dedicated case study on Salam Kissan campaign has also been published by Kotler, in his book "Essentials of Modern Marketing" in 2022.

Mr. Omair Mohsin
Director Legal & Company Secretary

Mr. Mohsin joined Fatima Group in 2019 as Group General Counsel, Company Secretary, and Head of External Affairs. He has over twenty one years of experience ranging from litigation to corporate experience. He plays a lead role in advising the CEO, the Board, and the Management on Legal, Compliance, and Ethics. He is also integral to the key initiatives of diversification, expansion, and risk management. Prior to joining Fatima Group, Mr. Mohsin worked as Ethics and Legal Head of Pakistan at ENGIE. Mr. Mohsin graduated with a Juris Doctoris from the Washington University in St. Louis.

Ms. Sadia Irfan
Director Human Resources

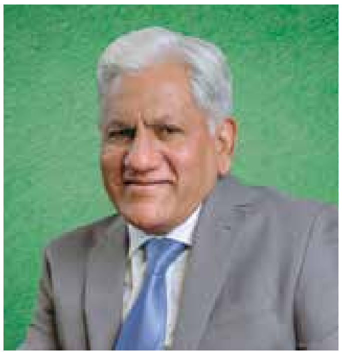
Ms. Sadia Irfan is an accomplished HR professional, bringing over two decades of senior HR leadership experience with renowned MNCs, including PepsiCo and Nestle, spanning various international markets such as West Asia, the Middle East, Africa, Pakistan, and Afghanistan. She is an award-winning HR professional, earning global honors in the Talent and Diversity & Inclusion space.

Recognized as a Strategic Business Partner, Ms. Irfan has a proven track record of enhancing businesses through cultural transformation. Her expertise includes HR Strategic Leadership, Merger & Acquisition, Startup Operations, Organization Development, Organization Design, Change Management, and Employee Engagement within intricate business models like Franchise Operated Bottling Operations (FOBO), Operating Company (OpCo), and Company Owned Snacks Operations (CoSo). In her last role at PepsiCo, she served as HR Director, overseeing strategic HR for multiple Business Units across diverse regions.

Under Ms. Irfan's strategic leadership, PepsiCo Pakistan garnered numerous internal and external accolades, including the prestigious Harvey Russell Award for Diversity & Inclusion, multiple recognitions as the Best Place to Work, and commendations for achieving the Highest Ever Female Representation at the Board and Employee Engagement Index for Pakistan across the Asia Pacific Region & AMENA Sector.

Ms. Irfan holds a master's degree in English Language & Literature, complemented by a degree in Human Psychology. She has also obtained several HR certifications and distinctions in the HR space, including being a certified Hogan Executive Coach, recognized Career Coach, and Mentor.

The leadership journey of Ms. Sadia Irfan over the last six years in People and Culture has been marked by her unwavering commitment to leadership and talent development with special focus on female advancement, strategic initiatives aimed at fostering a positive and inclusive work environment, aligning closely with strategic business imperatives. Over this period, she has led organization capacity & capability building driving sustainable growth, revamping employee experience, ensuring market competitiveness, and deploying digitalization strategies for paperless HR environment. Under her leadership, Fatima Group has achieved and sustained an 87 EEI (Employee Engagement Index), has made significant progress on female representation at the ExCom level, duly recognized with award presented by the American Consul General, and won the Best Place to Work Award at the national level. Ms. Irfan's strategic & collaborative prowess has greatly contributed to organizational transformation as well as contributed to reshaping industry norms, emphasizing the importance of inclusivity and gender diversity in driving business success.



Mr. Iftikhar Mahmood Baig
Director Business Development

Mr. Iftikhar Mahmood Baig is leading the Business Development function of Fatima Group. He is responsible for implementation of strategic initiatives to identify sources for sustainable supply of gas at affordable prices for the fertilizer business.

Mr. Baig has been instrumental in developing, strengthening and nurturing strategic relationships with the government authorities and key stakeholders in assisting and accomplishing Group's mission and goals.

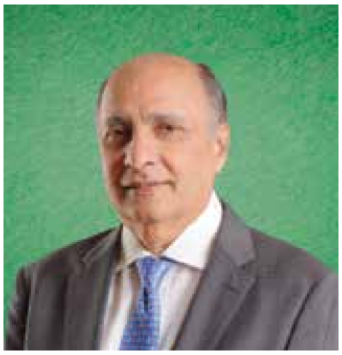
He has over 34 years of financial and commercial experience. He has been a part of Fatima Group for over two and half decades. Mr. Baig has served in various senior positions in different Group Companies.

He also played a vital role in getting the allocation of 110 mmscfd gas for implementation of Green Field fertilizer manufacturing complex namely Fatima Fertilizer Company Limited (FFL) from Mari Petroleum Company Limited (MPCL) under Fertilizer Policy 2001 and successfully achieved Financial Close of the largest rupee syndication of PKR 23 billion in 2006 for the FFL – an investment of USD 750 million as Chief Financial Officer.

He also played an instrumental role in the acquisition of Pakarab Fertilizers Limited in 2005 and its revival with the supply of gas in 2020 from MPCL.

Mr. Ahsen-ud-Din
Director Technology Division

With a career spanning over 40 years, Ahsen-ud-din is an established exemplar of executive leadership in the global petrochemical and fertilizer industries. His journey through some of the world's most prestigious organizations is marked by pivotal roles and a series of significant accomplishments, as well as groundbreaking projects. During his tenure at Exxon Chemical and Engro Corporation, culminating in his role as Vice President, Ahsen-ud-din demonstrated exceptional leadership and strategic acumen. He delivered outstanding management and project development in Pakistan, along with significant contributions in overseas assignments. Ahsen-ud-din's extensive experience also encompasses crucial roles at Kuwait National Petroleum, Gulf Petrochemical Industries Corporation, and Fauji Fertilizer Company. He is renowned for his expertise in leadership and project execution excellence, successfully overseeing numerous multi-million-dollar fertilizer and petrochemical projects. As a project executive, he showcased unmatched expertise. In his capacity as General Manager with Engro Corp, he adeptly managed and developed several greenfield world-scale fertilizer and petrochemical manufacturing facilities. Not only did he achieve operational excellence, but he also upheld the highest standards of Health, Safety, and Environment (HSE) performance. Ahsen-ud-din's journey is a testament to his profound understanding of the industry, his skill in navigating complex projects, and his unwavering commitment to operational and environmental excellence. His vision and leadership continue to inspire and propel our team towards new heights of innovation and success.



Mr. Ausaf Ali Qureshi
Advisor Projects

Mr. Ausaf Ali Qureshi is a Fellow Member of Institute of Chartered Accountants of Pakistan. He joined the Group in May 2010 as Company Secretary with the additional responsibility for investor relations. He has been part of the senior management team involved in developing the MFC project for over a decade. He is serving on the Board of Fatima Energy Limited. He has over 41 years of experience including with Fauji Fertilizer, Pakistan International Airlines (Holdings) and Bristol Myers Squibb (BMS). In his over 20 year's career at BMS, he held various regional management positions in Pakistan, South Korea, Egypt and Singapore in the areas of finance, corporate compliance and strategic project planning.

Mr. Faisal Jamal
Sr. Manager - Corporate HSE and Technical Services

Mr. Faisal Jamal leads the Corporate HSE & Technical Services teams, providing guidance and expert advice to develop and effectively implement Corporate HSE and Process Safety policies, standards, strategies, SOPs and guidelines to proactively manage Process Safety and Operational Safety accident risks. Implementation of United Nations Sustainable Development Goals (UNSDG) across the Group is also one of his key responsibilities.

A chemical engineer by qualification, with 24+ years of international professional experience, he possesses strong HSE, PSM, operational excellence, risk management, auditing and culture enhancement foundation augmented by rich experience in process engineering and operations. The diversity of experience in major global and local organizations like British Petroleum, Qatar Energy, Engro Corporation and PARCO, and a robust knowledge base and skill set has enabled him to utilize his expertise with a broader perspective and sustainable approach. He also leads by example to actively promote and advocate Diversity, Equity and Inclusion (DE&I).

In addition to receiving numerous global, regional and local awards, he has also represented Fatima Group at various international and national forums and events hosted by prestigious institutions and organizations like Massachusetts Institute of Technology (MIT), American Institute of Chemical Engineers (AIChE) and American Society of Safety Professionals (ASSP).

Mr. Pervez Fateh
G.M. Manufacturing

Mr. Pervez Fateh is heading the Fatima Fertilizer Plant Site, Sadiqabad as GM Manufacturing since April 20, 2020. He joined Fatima Group as Plant Head Multan on January 6, 2020 from Fauji Fertilizer Company where he was serving as GM-Manufacturing and Operations. During his services with Fauji Fertilizer he led both Mirpur Mathelo and Goth Machhi sites as General Manager.

A seasoned professional, having B.E (Mech) degree from NED University – Karachi. Mr. Fateh has about 39 years of rich experience in maintenance, inspection and plant management in the Fertilizer Industry, with demonstrated innovation, initiative, drive for results, and business excellence. Professional competence, vision, strategic planning, capital asset oversight, cost containment, budgeting and staff training/mentoring are his forte.

Under his leadership, Fatima has continued its journey of worldclass HSE Performance and achieved Guinness World Record of maximum Safe Million Man-Hours in the fertilizer sector at 60.22. Currently Safe Million Man-Hours count stands at 75.16, Alhamdulillah. Plant has performed exceptionally well on production front as well, exceeding annual production target by 8% and achieving on-stream factor of 99.6% whereas worldclass plant reliability benchmark is ≥98%.

He has multiple successful projects under his belt and currently steering business critical projects of Natural Gas and Rock Phosphate sustainability. He has also attended many prestigious leadership development programs at LUMS, University of Michigan (USA) and MIT (USA).

Mr. Fateh is also involved in philanthropic activities and heads his own NGO 'Azm-e-Nau Foundation' working in the areas of upper Sindh and Northern Punjab, with prime focus on poverty alleviation and educational support.

Mr. Atif Zaidi
Group Chief Information Officer

Atif Zaidi is a seasoned executive with over 30 years of international experience in leading technology businesses and bringing about futuristic digital transformations resulting in commercially successful entities across the globe. He is an expert in business management, strategic digital transformations, adoption of latest emerging technologies, establishing digital environments and enabling innovation capabilities across a multitude of industries.

Prior to joining Fatima Group, Atif was hand-picked as the Chief Information Officer and Head of Technology & Digital Sector at NEOM, a $500 billion-dollar greenfield initiative of developing a 26,500 sq.km. independent state in the northwest of Saudi Arabia under the patronage of His Royal Highness, Prince Mohammed Bin Salman, the Crown Prince of Saudi Arabia. He had the overarching accountability of developing and implementing a centrally approved digital strategy and technology direction for the entire NEOM region across all aspects of citizen life including Manufacturing, Energy, Water, Environment, Retail, Fashion, Culture, Entertainment, Tourism, Sports, Mobility, to name a few. Alongside, he was also responsible for selecting and implementing fit-for-NEOM technologies and providing a cohesive technology roadmap for NEOM's current and future needs.

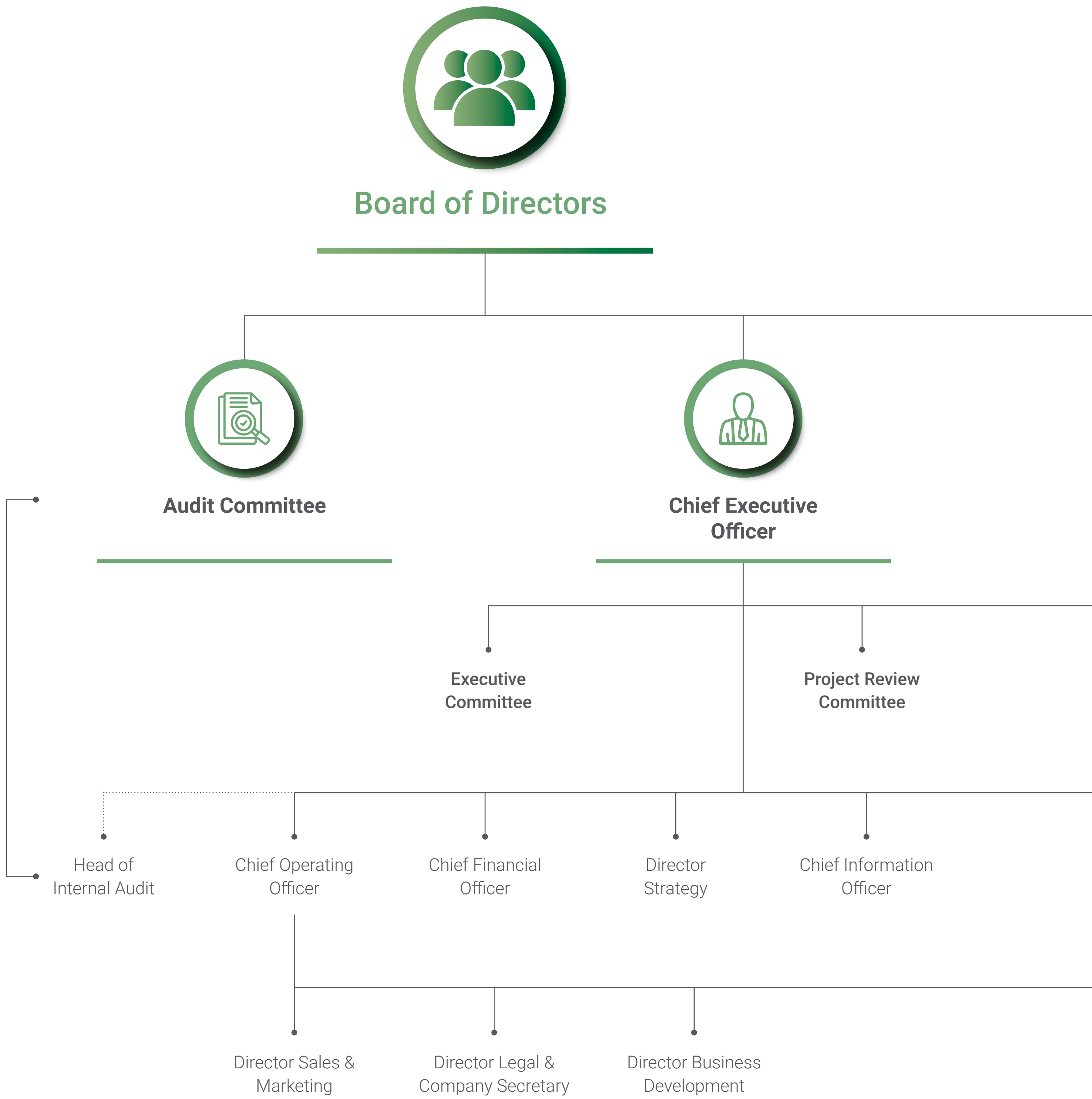
Previously, Atif has held global leadership positions in the US and Saudi Arabia in notable blue-chip organizations like AT&T, The McGraw-Hill Companies, Pfizer, Obeikan Education and Sadara Chemical Company, a $30 billion-dollar joint venture between Aramco and Dow Chemical Company. His accomplishments include mega-initiatives of international magnitude with extensive experience across various prominent industries, including government and country-wide national programs, manufacturing, fertilizer, petrochemical, education, pharmaceutical, medical, financial, and publishing sectors.

Atif is a globally recognized leader and keynote speaker with multiple publications. He has a Masters' Degree in Computer Science from New Jersey Institute of Technology where he was recognized for his perfect graduating GPA of 4.0. He had obtained his Bachelors' Degree from the same institute in Electrical Engineering and graduated with Honors. He is also PMP and ITIL certified along with holding several leadership certifications.

Mr. Salman Ahmad
Director Internal Audit

Mr. Salman Ahmad joined Fatima Fertilizer as Head of Internal Audit in December 2016. He is a Fellow Chartered Accountant (FCA) from the Institute of Chartered Accountants of Pakistan, with over 29 years of experience in Audit and Finance in companies like PricewaterhouseCoopers (PWC); Al Rostamani Group Dubai UAE; Oasis Group Holdings (South Africa); Gharibwal Cement Limited and Emaar.

ORGANIZATIONAL CHART



HR & Remuneration Committee

Nomination and Risk Management Committee

Enterprise Risk Management Committee

Ethics Committee

Other Management Committees

Advisor Projects

Director Human Resources

Chief Manufacturing Officer

Director Technology

Head of Supply Chain

Head of Lean Six Sigma

Head of Administration

CHAIRMAN'S REVIEW REPORT

to the Shareholders for the year ended December 31, 2023

Dear Shareholders,

In the year under review, Pakistan's economic landscape presented significant challenges mainly in the first half. During the second half of 2023, the economy exhibited signs of stabilization, particularly following the commencement of the IMF's SBA Program. The value of the Pak Rupee stabilized, foreign exchange revenues experienced a modest increase, and inflation began to decline. The first review of the IMF SBA Program went smoothly due to essential reforms introduced by the Government.

It gives me immense pleasure to state that despite the extremely challenging economic environment your Company has delivered outstanding financial results on the back of efficient and reliable operations with effective market penetration strategies accompanied by favorable market demands. We stand firm on our commitment to maintain the highest standards of HSE. The cost pressures were countered with the achievement of higher sales value.

As a result, the Company has been able to announce a final dividend of Rs. 2.75 per share, in addition to the interim dividend of Rs 1.75 per share declared on the basis of half year results. This takes the aggregate payout by the Company to Rs. 9.45 billion compared to Rs 7.35 billion last year.

During the year the Board performed its duties diligently in the best interest of its shareholders and has managed the affairs of the Company in its customary effective and efficient manner, according to the highest standards of corporate governance. The Board and its Committees remained focused on ensuring compliance with all statutory and regulatory requirements applicable to the Company.

The Board is exploring multiple profitable investment avenues including mining of minerals, corporate farming, real estate, and the financial sector.

I am optimistic about the future of the Company's business, given the favorable conditions prevailing in the local market. Furthermore, with the elected Government firmly in place and inflation on the decline, there is a compelling argument for a reduction in interest rates. These developments are poised to bolster the confidence of businesses operating in Pakistan. However, it is imperative to exercise caution and address the current account deficit by curbing the importation of non-essential goods, while simultaneously fostering growth in remittances and exports.

I take this opportunity to put on record my appreciation for the hard work and dedication of every employee of the Company. I am also grateful for the assistance, guidance, and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business associates, customers, and my fellow board members for their efforts and contributions strengthened the Company.

Arif Habib

Chairman

March 21, 2024

چیئرمین جائزہ رپورٹ برائے شیئر ہولڈرز

برائے سال مختتمہ 31 دسمبر 2023

میرے معزز شیئر ہولڈرز،

زیرجائزہ سال کے دوران، پاکستانی معاشی منظرنامے پر بالخصوص سال کی پہلی ششماہی میں چیلنجز کے آثارنمایاں رہے۔سال 2023 کی دوسری ششماہی میں خاص طور پر آئی ایم ایف کے ایس بی اے پروگرام کے آغاز کے بعد معاشی استحکام کے اشارے رونما ہوئے۔ پاکستانی روپے کی قدر میں استحکام دیکھنے میں آیا، زرمبادلہ کی آمدن میں معمولی اضافہ ہوااور مہنگائی کی شرح میں کمی واقع ہوئی۔حکومت کی جانب سے ضروری اصلاحات کی وجہ سے آئی ایم ایف کے ایس بی اے پروگرام کا پہلا جائزہ بخوبی چلا۔

مجھے یہ بیان کرتے ہوئے بے حد خوشی محسوس ہورہی ہے کہ انتہائی مشکل معاشی حالات کے باوجود آپکی کمپنی نے مؤثر اور پائیدار کاروباری آپریشنز اور مارکیٹ تک رسائی کی بہترین حکمت عملی بشمول سازگار مارکیٹ ڈیمانڈز کی بدولت شاندار مالیاتی نتائج ممکن بنائے۔ہم ایچ ایس ای کے اعلیٰ ترین معیارات پر عملدرآمد کیلئے پرعزم ہیں۔لاگتی دباؤ کا مقابلہ زیادہ سیلز ویلیو کے ذریعے ممکن بنایا گیا۔

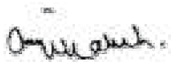
نتیجتاً، کمپنی 2.75 فی شیئر کے حتمی حصص کا اعلان کرنے کے قابل ہوئی جو کہ ششماہی نتائج کی مد میں پہلے سے اعلان کردہ 1.75 روپے فی شیئر کے علاوہ ہے۔یوں کمپنی کی مجموعی ادائیگی گزشتہ سال کے 7.35 بلین روپے سے بڑھ کر 9.45 بلین روپے ہوگئی۔

سال کے دوران بورڈ نے کارپوریٹ گورننس کے اعلیٰ ترین معیارات کے مطابق کمپنی کے معاملات کو صارف دوست اور مؤثر انداز میں سرانجام دے کر اپنے حصص یافتگان کے بہترین مفاد میں اپنی ذمہ داریاں مستعدی سے پوری کیں۔بورڈ اور اس کی کمیٹیوں کی توجہ تمام قانونی اور ریگولیٹری تقاضوں کی تعمیل یقینی بنانے پر مرکوز رہی۔

بورڈ معدنیات کی کان کنی، کارپوریٹ فارمنگ، رئیل اسٹیٹ اور مالیاتی شعبے میں منافع بخش سرمایہ کاری کے مختلف مواقعوں کی تلاش میں سرگرداں ہے۔

میں مقامی منڈی کے سازگار حالات کے پیش نظر کمپنی کے مستقبل کے بارے میں انتہائی پراُمید ہوں۔مزید براں، منتخب حکومت کی مضبوطی اور افراطِ زر میں کمی کے ساتھ شرح سود میں کمی متوقع ہے۔یہ پیش رفت پاکستان میں کاروباری اداروں کے اعتماد میں اضافہ کیلئے خوش آئند ہے۔تاہم لازمی ہے کہ احتیاط کا دامن تھامے رکھا جائے اور غیر ضروری اشیاء کی درآمد میں کمی ممکن بنا کر کرنٹ اکاؤنٹ خسارے کا سد باب اس کے ساتھ ساتھ ترسیلات زر اور برآمدات میں اضافہ یقینی بنایا جائے۔

آخر میں، میں کمپنی کے ہر کارکن کی محنت اور لگن پر اسے خراج تحسین پیش کرتا ہوں۔اس کے ساتھ ساتھ میں حکومت پاکستان، مالیاتی اداروں، کمرشل بینکوں، کاروباری ساتھیوں، صارفین اور اپنے بورڈ ممبران سمیت تمام اسٹیک ہولڈرز کی جانب سے معاونت، راہنمائی اور تعاون پر ان کا ممنون ہوں۔بیشک آپ نے اس کمپنی کی مضبوطی میں بھرپور کردار ادا کیا۔



عارف حبیب

چیئرمین

21 مارچ 2024

CEO'S MESSAGE

Dear Shareholders,

I am pleased to report that your Company has been able to keep its upward trajectory intact despite multifarious challenges. By the grace of the Almighty, the year 2023 was another landmark year for your Company as yet again we set new benchmarks in terms of highest ever sales volume, turnover and earnings.

With recovery of the Country's Agri sector after devastating floods in the year 2022, the total fertilizer off-take for the year increased by 6.3% to 10.1 million MT resulting mainly from sizeable growth in phosphates. The nitrogen market remained at par with last year, mainly resulting from the suspension of gas supply to fertilizer plants on SNGPL network during the first quarter of the year.

All the manufacturing plants of the Company exceeded their production targets. However, total production remained lower than last year due to planned extended shutdowns for turnaround (TA) activities. The plant operations remained efficient and reliable with world class Health, Safety & Environment (HSE) standards.

The results for the year were bolstered by inclusion of full years operations of Multan plant after merger of Pakarab Fertilizers into the Company with effect from July 01, 2022. The sales revenue for the year jumped up by 47% over last year to close at Rs 235.4 billion on the back of remarkable volumetric growth of 39% in NP through effective market penetration strategies and product availability.

Despite facing challenges in terms of gas price increase, unprecedented inflation, depreciating Pak rupee, unparalleled interest rates hike and retrospective increase in super tax rates, by the grace of the Almighty, your Company has been able to deliver an impressive bottom-line growth of 56%. The Earnings per Share has clocked in at Rs. 10.96 per share. Consequently, the board has recommended a final dividend of Rs. 2.75 per share for approval of the shareholders at the Annual General Meeting. This will take the total payout for the year 2023 to Rs. 4.5 per share.

Import embargos along with limited availability of foreign currency have presented challenges but also an opportunity for exploring indigenous sources of raw materials and in house fabrication of multiple items of capital spares. This strategy will surely contribute towards capacity building for the Company as well as for the Country by reducing reliance on foreign suppliers. The Company is also exploring multiple investment avenues in the manufacturing and services sectors to ensure enhanced and sustainable returns for its shareholders.

Farm output of our Country lags far behind the developed world, mainly due to high proportion of small land holdings that simply cannot afford modern agricultural methods. A whole scale revolution is needed, which is only possible if the private sector joins hands with the Government. The Company is actively planning to participate in the corporate farming initiative to drive agricultural transformation of Pakistan which will not only provide opportunity for vertical growth to the Company but will also be instrumental in revival of Pakistan's agricultural economy, ensuring food security and creating exportable surplus to boost export earnings and as well as reduction in costly imports.

The Company is also investing heavily in collaboration with other industry players to ensure gas supply at sustainable pressure for its production plant. The project is progressing smoothly and accomplished its milestones for the year.

The Company remains engaged with the Government for the release of heavy tax refunds and subsidy and determination of gas pricing. We are confident that the new Government will provide necessary support to the Fertilizer Sector to ensure an ample supply of fertilizers to our esteemed farmers at sustainable prices to ensure food security of our beloved nation.

I am particularly grateful to the Chairman and other fellow Board members for their leadership, guidance, and continued trust to take the Company forward in line with our roadmap of continued successes.

Sincere appreciation is in order for our dedicated team whose hard work and commitment have been instrumental in our success. I would also like to thank our shareholders, customers, and suppliers for their continued support, and I look forward to continuing, sustained mutually beneficial relationship for the future.

Fawad Ahmed Mukhtar

Chief Executive Officer

March 21, 2024

چیف ایگزیکٹو آفیسر کا پیغام

معزز حصص داران،

خوشی محسوس ہورہی ہے کہ آپکی کمپنی متعدد چیلنجز کے باوجود اپنی ترقی کی رفتار برقرار رکھنے میں کامیاب رہی۔ خدا تعالیٰ کے فضل وکرم سے 2023 کمپنی کیلئے ایک اور تاریخ ساز سال ثابت ہوا اور ہم نے بلند ترین سیلز، ٹرن اوور اور آمدن کے ساتھ نئے بینچ مارک تک رسائی یقینی بنائی۔

سال 2022 کے تباہ کن سیلاب کے بعد ملک کے زرعی شعبہ کی بحالی کے باعث کھاد کی مجموعی پیداوار 6.3 فیصد اضافہ کے ساتھ 10.1 ملین میٹرک ٹن ہوگئی اور اس کی بنیادی وجہ فاسفیٹ میں نمایاں اضافہ تھا۔ نائٹروجن کی مارکیٹ گزشتہ سال کی سطح پر برقرار رہی اور اس کی بنیادی وجہ سال کی پہلی سہ ماہی کے دوران ایس این جی پی ایل نیٹ ورک پر کھاد پلانٹس کو گیس کی فراہمی معطل ہونا تھی۔

کمپنی کے تمام مینوفیکچرنگ پلانٹس نے اپنے پیداواری اہداف پورے کیے۔ تاہم ٹرن اراؤنڈ (TA) سرگرمیوں کیلئے منصوبہ بندی کے مطابق توسیعی شٹ ڈاؤنز کی بدولت گزشتہ سال کے مقابلہ میں مجموعی پیداوار کم رہی۔ پلانٹ کے اُمور صحت، حفاظت اور ماحولیات (ایچ ایس ای) کے بین الاقوامی معیارات کے عین مطابق اور پائیدار رہے۔

کیم جولائی 2022 سے پاک عرب فرٹیلائزرز کے کمپنی میں انضمام کے بعد ملتان پلانٹ کے پورے سال کے آپریشنز کی شمولیت سے سال کے نتائج میں خاطر خواہ مثبت اضافہ ہوا۔ سال کے دوران سیلز کی آمدن گزشتہ سال سے 47 فیصد اضافہ کے ساتھ 235.4 بلین روپے کے پاس رہی۔ اس میں مرکزی کردار مارکیٹ میں رسائی کی مؤثر حکمت عملیوں اور مصنوعات کی دستیابی کے ذریعے این پی میں 39 فیصد کی شاندار حجمی ترقی کا رہا۔

گیس کی قیمتوں میں اضافے، بے ہنگم مہنگائی، پاکستانی روپے کی قدر میں کمی، شرح سود میں نمایاں اضافہ اور سپر ٹیکس کی شرح میں بڑھوتری جیسے سنگین مسائل کے باوجود اللہ تعالیٰ کے کرم سے آپکی کمپنی 56 فیصد کی شاندار Bottom-line growth تک رسائی میں کامیاب رہی۔ فی حصص آمدن 10.96 روپے فی شیئر رہی۔ نتیجتاً بورڈ نے حصص داران کے سالانہ اجلاس عام میں 2.75 روپے فی شیئر کے حتمی حصص کیلئے منظوری کی سفارش کی ہے۔ اس طرح سال 2023 کیلئے مجموعی ادائیگی 4.5 روپے فی شیئر رہے گی۔

درآمدی پابندیوں کے ساتھ ساتھ غیر ملکی کرنسی کی محدود دستیابی نے کئی چیلنجز کھڑے کیے مگر اس سب کی بدولت خام مال کے مقامی ذرائع کی تلاش اور کیمیکل انجینئرز کی متعدد اشیاء کی اِن ہاؤس تیاری کا موقع بھی میسر آیا۔ یہ حکمت عملی بلاشبہ غیر ملکی سپلائرز پر انحصاری کم کر کے کمپنی اور ملک کی استعدادی صلاحیت میں اضافہ کا باعث بنے گی۔ کمپنی اپنے حصص یافتگان کیلئے مزید بہتر اور پائیدار منافع یقینی بنانے کیلئے مینوفیکچرنگ اور سروسز کے شعبوں میں سرمایہ کاری کے نئے مواقعوں کی بھی متلاشی ہے۔

زرعی پیداوار کے اعتبار سے ہمارا ملک ترقی یافتہ ممالک سے بہت پیچھے ہے، جس کی بنیادی وجہ ایک بڑی تعداد میں چھوٹے زمین داروں کی موجودگی ہے جو جدید زرعی طریقوں کے استعمال کا بوجھ برداشت نہیں کر سکتے۔ ایک وسیع پیمانے پر انقلاب کی اشد ضرورت ہے، جو صرف اسی صورت ممکن ہے جب نجی شعبہ حکومت سے اشتراک کرے۔ کمپنی پاکستان میں زرعی انقلاب کیلئے کارپوریٹ فارمنگ کے اقدامات میں فعال انداز میں شمولیت اختیار کرنے کی پلاننگ کر رہی ہے، جو کہ نا صرف کمپنی کی ترقی کا سبب بنے گی بلکہ پاکستان کی زرعی معیشت کی بحالی، فوڈ سیکیورٹی کی یقین دہانی اور برآمدات میں اضافہ اور جنگی درآمدات میں کمی کیلئے قابل برآمد سرپلس کے حصول میں بھی کلیدی کردار ادا کرے گی۔

کمپنی اپنے پیداواری پلانٹ پر گیس کی مکمل پریشر کے ساتھ فراہمی کیلئے انڈسٹری کے دیگر ساتھیوں کے ساتھ شراکت داری پر بھی بھاری سرمایہ کاری عمل میں لا رہی ہے۔ یہ منصوبہ بتدریج آگے بڑھ رہا ہے اور سال ہذا کیلئے اس کے اہداف مکمل کر لئے گئے ہیں۔

کمپنی کیپٹیکس ریفنڈز، سبسڈی اور گیس کی قیمتوں کے تعین کیلئے حکومت کے ساتھ رابطے میں ہے۔ ہم پرامید ہیں کہ نئی حکومت فرٹیلائزر سیکٹر کو تمام لازمی معاونت فراہم کرے گی تاکہ ہمارے کسان بھائیوں کو مناسب قیمت میں ضرورت کے مطابق کھادوں کی فراہمی ممکن ہو اور ہمارے ملک میں غذائی ضروریات کی باہم دستیابی اور تحفظ یقینی بنایا جا سکے۔

میں اپنے چیئرمین اور دیگر بورڈ ممبران کا کمپنی کی کامیابی کے سفر میں بھرپور راہنمائی، قیادت اور اعتماد پر تہہ دل سے شکر گزار ہوں۔

میں اپنی محنتی اور پرعزم ٹیم کی کاوشوں کو سراہتا ہوں، بیشک اُنکی محنت اور عزم ہماری کامیابی کی دلیل ہیں۔ اس کے ساتھ ساتھ میں اپنے شیئر ہولڈرز، صارفین اور سپلائرز کے مسلسل تعاون کا بھی معترف ہوں اور مستقبل میں اُنکے ساتھ زیادہ مضبوط اور باہمی فائدے کے حامل روابط کا منتظر ہوں۔

فواد احمد مختار

چیف ایگزیکٹو آفیسر

21 مارچ 2024

DIRECTORS' REPORT

to the Shareholders for the year ended December 31, 2023

We are pleased to present the Directors' Report along with the audited consolidated and standalone financial statements of the Company for the year ended December 31, 2023, together with the auditors' report thereon.

The Economy and Market overview

Throughout the year, Pakistan's economy encountered significant challenges, prominently marked by a pronounced surge in inflation and exceedingly high interest rates. The persistent pressure on the value of the Rupee exacerbated inflationary concerns. Notably, elevated interest rates contributed to a substantial budget deficit, reaching Rs 6.5 trillion (7.7% of GDP).

Arrangement of financing totaling $3 billion by the Government lead to introduction of essential reforms by the Government. Subsequently, there has been a notable alleviation in economic pressures. The stabilization of Rupee's value, a gradual reduction in inflationary trends, and the containment of the current account deficit are encouraging signs of progress.

The silver lining is in the resilience of the Pakistani nation. Despite devastating floods in the year 2022, where more than 1.7 million hectares of agricultural land, standing crops and livestock were destroyed, Pakistan achieved record yields of wheat, maize, rice, sugarcane, cotton, and other crops - a substantial increase of 25 percent in farm output over last year. Farm inputs also observed an upward trend. Farm tractor production and sales exhibited growth of 60.7 percent and 98.2 percent, respectively, during Jul-Nov 2023, compared to the corresponding period last year. Similarly, significant increase in Urea and DAP offtake ahead of Rabi season indicates positive growth in crops cycle.

It is hoped that political stability will prevail post the new government's takeover. The new setup will be expected to carry out comprehensive reforms leading to Economic stability including financial discipline, expenditure management, broadening of tax base, improvement of overall tax structure, removal of untargeted subsidies and disposal of loss-making State-owned enterprises.

International Market

The prices in global markets for nitrogen and phosphates remained in a declining phase entering into 2023, with buyers optimistic of a year of improved affordability as well as availability in the Agricultural sector compared to 2022. Supply of fertilizers from China improved after export quotas allocation in April, whereby China exported 41% more DAP in 2023 than in 2022. Prices of phosphates touched a low of USD425/MT FOB China, in July, as demand remained subdued. However, the build-up to the fertilizer application season in Brazil, coupled with a strong monsoon in India, triggered all-round demand which was met eventually with deferred deliveries and news of limited supply from various origins. This development was supplemented by cessation of a downward trend in Ammonia prices, a key raw material for producing phosphates. Prices in fact rose swiftly within four weeks to a level of USD 555/MT by mid-August, and to USD 585/MT by the end of the year.

The year also saw notable disruptions towards the end, including the applicability of export restrictions in China for urea and phosphates in November, ahead of domestic consumption, and escalating conflict close to the Red Sea area causing rerouting of traffic towards the Cape of Good Hope. This meant a considerable portion of phosphates supply towards the South Asian Subcontinent remained at risk of elongated lead times and high freight rates.

The price of Urea in the international market followed an overall declining trend, finishing 30% lower than the start of the year. A contributor to this downward trend was the overall low level of Ammonia prices seen during the first three quarters of the year.

The high prices reached during the year (in early August and mid-September), were driven by tight supply and strong demand, especially demand from the Americas, Northwest Europe and India.

Local Market

The year closed with a total fertilizer off-take of 10.1 million MT, increasing by a margin of 6.3% over last year, where the off-take was 9.5 million MT. The increase is primarily attributed to the considerable growth in phosphate sales, for both DAP and especially NP. DAP offtake stood at 1.58 million MT in 2023, a sizeable 32% upturn, compared with the well below average of 1.20 million MT in 2022. NP fared even better. NP's offtake in Year 2023 closed at 1 million MT, a massive 47% increase compared with 2022 where offtake closed at 0.679 million MT. The main reason for the increase in Phosphate sales was a favorable climate which resulted in better yields and farmer economics. This market opportunity was fully utilized by Fatima Fertilizer in penetrating the phosphate gap by maximizing NP sales. The shortage of Nitrogen products also shifted some demand to NP as an alternative source.

Nitrogen offtake was relatively in a stable demand supply situation, same as last year. Urea sales increased by 0.45%, rising to 6.64 million MT in FY 2023 to 6.61 million MT in FY 2022. CAN offtake closed at 0.8 million MT, a year-on-year decrease of 7.8%. However, this decrease was not due to a lack of demand but due to lower availability on account of a planned shutdown of Multan plant for turnaround (TA) activities in February and March.

Business Overview and Developments

Your Company has yet again succeeded in delivering exceptional business performance and financial results with efficient and reliable operations and effective market penetration strategies.

A successful restructuring through the Scheme of Compromises, Arrangements and Reconstruction to amalgamate Pakarab Fertilizers Limited (PFL) with and into the Company with effect from July 01, 2022, was sanctioned by the Lahore High Court on June 27, 2023. By virtue of the merger, Fatima Packaging Limited, a wholly owned subsidiary of PFL, has now become a wholly owned subsidiary of the Company.

This strategic business arrangement further solidifies our position as one of the leading players in the fertilizer sector and opens numerous opportunities for enhanced growth, synergies, and operational efficiencies. Note 1.2 of the consolidated and standalone financial statements includes relevant details of the assets and liabilities taken over and the consideration thereon.

Pursuant to Court order, the Company has combined the operations and financials from its effective date which has resulted in restatement of its financial statements for the year ended December 31, 2022. The financial statements for the year ended December 31, 2023, have been prepared in continuation to the restated financial statements.

All the plants exceeded their production targets. However, total production remained lower than last year due to planned extended shutdowns for TA activities. The plant operations remained efficient and reliable with world class Health, Safety & Environment (HSE) standards. The Company continues to earn laurels and recognition from international and local organizations on its excellence in HSE standards.

The Company is committed to position 'Sarsabz' as the most premium fertilizer brand in the market and helping to lead the pursuit for a 'Sarsabz Pakistan'. On the local and international front, your Company won many renowned accolades including DRUM Award (London), Digital Leaders Award Pakistan and Asian Experience Award (Singapore).

With the grace of Almighty, your Company has again outperformed its 'previous best' this year. The Company has achieved its highest ever sales volume and revenues this year. The production volumes were also the highest ever for a 'TA' year.

Product	Volume ('000' MT)			
	Production/ Purchase		Sales	
	2023	2022*	2023	2022*
NP	712	867	1,000	718
CAN	840	867	800	871
Urea	987	1,095	970	1,106
Trading stock incl. DAP	43	55	96	21
Total	**2,581**	**2,884**	**2,866**	**2,716**

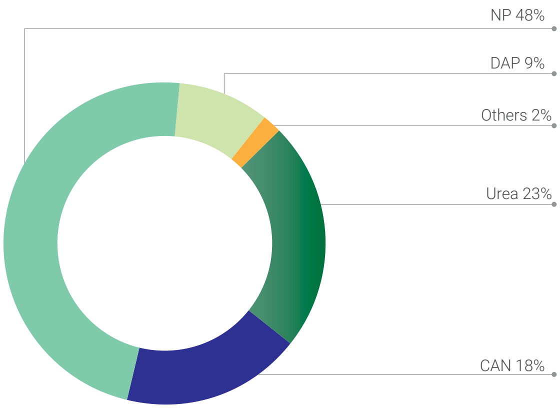
*Restated

Financial Performance

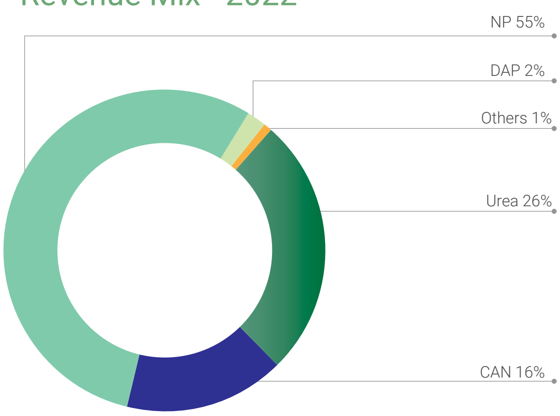
The revival of the agri sector in the second half of the year enabled the Company to post sales revenue of PKR 235.4 billion, 47% higher than the sales revenue of PKR 159.7 billion achieved in the year before. A remarkable volumetric growth of 39% was observed in NP due to effective market penetration strategies and product availability. Sales of Urea and CAN, however, faced a decline of 14% and 8% respectively, mainly due to limited product availability, resulting from planned TA and suspension of gas supply to the Sheikhupura plant during start of the year.

NP contributed 48% of the total sales revenue followed by Urea and CAN representing 23% and 18% respectively, whereas remaining sales represent revenue from imported fertilizer and mid-products.

Revenue Mix - 2023



Revenue Mix - 2022



The cost of production jacked up by 51% due to gas price hike of up to 92%, inflationary pressures, devaluation of the Pak Rupee and TA expenses for all three plants.

As a result, the Company posted Gross Profit of PKR 74.2 billion for the year comes, 41% higher than the PKR 52.7 billion earned in year 2022.

The inflationary pressures, the increase in fuel prices and implementation of axle load regulations resulted in increase in distribution and administrative expenses. Through effective and efficient cash management the Company had almost no reliance on working capital financing by the end of the year. However, due to prevailing markup rates throughout the year the finance cost of the Company increased by 41% over last year. Other operating expenses escalated on account of brand amortization and exchange loss suffered during the year. There was a profound growth of 171% in other income earned by the Company on various short term and long term strategic placement of excess funds.

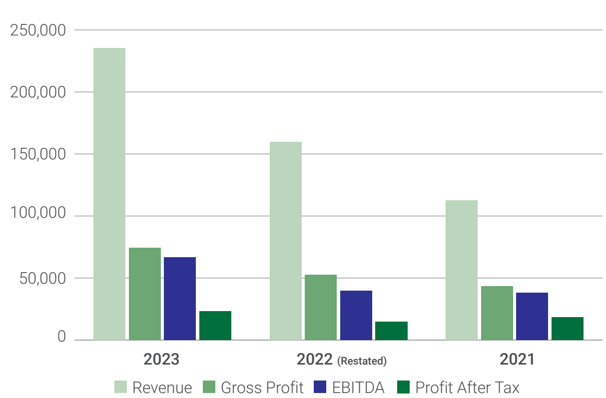
The effective income tax rate for the year comes to 53% due to an increase in super tax rate from 4% to 10% from Tax Year 2023 onwards.

Despite this, with the grace of the Almighty, the Company managed to demonstrate an impressive growth of 56% in the bottom line.

	2023		2022 (Restated)		2021	
	PKR in Million	%	PKR in Million	%	PKR in Million	%
Revenue	235,423		159,745		112,488	
Gross Profit	74,183	31.5	52,678	33.0	43,084	38.3
EBITDA	66,519	28.3	39,791	24.9	37,840	35.33
Profit Before Tax	48,895	20.8	30,874	19.3	28,185	25.1
Profit after Tax	23,008	9.8	14,714	9.2	18,474	16.4
EPS (PKR)	**10.96**		**7.01**		**8.80**	

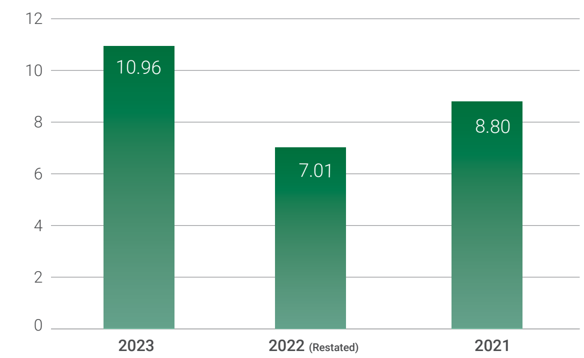
Financial Performance

PKR in Million



Earnings Per Share

Rupees

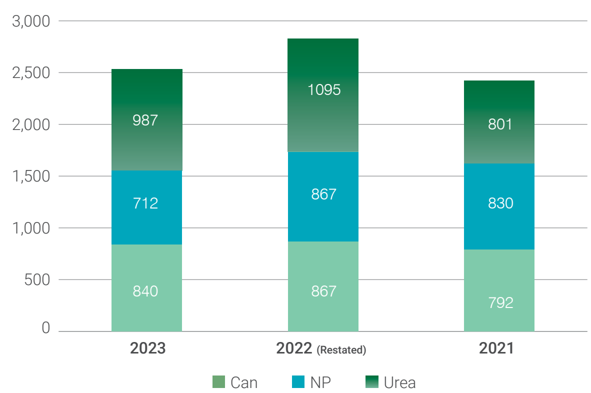


Operational Performance

The cumulative fertilizer production of all three fertilizer plants was recorded at 2.54 Million MT. By the grace of the Almighty, the production was highest ever for a TA year. Management's commitment towards enhancement of plant reliability with focused approach and perseverance remains paramount.

Production

Metric Tons in '000'



HSE being a top value among the core values of the Company, always receives utmost priority and care. As a result of focused efforts, the Company achieved +121 combined Safe Million Man Hours for all three fertilizer plants and recorded zero Total Recordable Incident Rate.

Sadiqabad plant was adjudicated to near "Best in Class" in first Risk Based PSM Maturity Assessment by CCPS-USA. The Plant also won Merit in British Safety Council International Safety Awards, RoSPA Gold Category Award, the 20th AEEA Award for Environment Excellence, the 9th International Award on Environment, Health & Safety.

While Sheikhupura plant won the RoSPA Health & Safety Award, International Safety Award (ISA) 2023 by British Safety Council (BSC), and multiple awards from Pakistan Safety Council (PSC).

Capacity Utilization

Products	2023	2022	2021
Urea, CAN and NP	99%	110%	94%

We are pleased to report that the Company was able to achieve near capacity production output despite gas supply suspension for Sheikhupura plant at the start of year and shutdowns for TA at all three plants. This was made possible by commendable efforts of plant teams and unwavering support and commitment of the management to achieve operational excellence through targeted investment of resources in solidifying the plant assets reliability and sustainability.

Dividends and Appropriations

The Board of Directors in its meeting held on March 21, 2024, has proposed a final Cash Dividend @ PKR 2.75 per share i.e. 27.5% for approval of the members at the Annual General Meeting to be held on April 29, 2024. This is in addition to the interim Dividend already paid at PKR 1.75 per share i.e. 17.5%. The financial statements do not reflect this proposed dividend.

Appropriations	PKR in Thousands
Un appropriated profit brought forward	86,500,734
Final Dividend for the year 2022	(7,350,000)
Net profit for the year	23,008,416
Other comprehensive income for the year	(98,520)
Profit available for appropriations	102,150,630
Appropriations	-
Interim Dividend for year 2023	(3,765,000)
Un appropriated profit carried forward	**98,385,630**

Financial Management

During the year, despite highly challenging fiscal environment, ever high interest rates, liquidity constraints, limited availability of foreign exchange, inflationary pressures, the Company was able to deliver on all fronts through a robust financial management strategy. All the financial commitments falling due during the year were timely met. The Company holds firm on its commitment of maximizing the shareholder wealth though investments in various projects for growth and sustainability. On the back of strong financial performance and astute financial management, the Company had more than PKR 30,950 million (2022: PKR 19,608 million) available unutilized borrowing limits from financial institutions. The excess funds were strategically placed to enhance returns in multiple short term and long-term avenues. With a highly favorable gearing position, the Company is investing and exploring multiple new ventures to further augment the bottom-line.

Financial Highlights

Key consolidated operating and financial data of previous years is annexed with this annual report.

Auditors' Report on the Financial Statements

Our Auditors have audited the Company's consolidated and standalone financial statements which comprise of the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we are pleased to share that they have issued an unqualified opinion on the Company's Financial Statements for the year ended December 31, 2023.

Contribution to National Exchequer

Being a responsible corporate citizen of the country, the Company continued to contribute significantly towards the National Exchequer. An amount of PKR 46.33 billion (2022: PKR 30.60 billion) was contributed during the year in respect of duties, taxes and levies.

Statement as to the Value of Investment of Provident Fund

The value of the investment of the provident fund is PKR 3,896 million. The figure is unaudited for the year under review.

Future Outlook

Import embargoes, high inflation, rising energy cost, massive devaluation of local currency, high interest rates etc. had their impact on the fertilizer industry in terms of sourcing of raw material, packing material, spares, consumables, and items of capital nature. Believing that problems present opportunities as well, wherever possible your company is actively working to reduce reliance on imports through creation of avenues for indigenous sourcing of raw materials and developing internal capability for fabrication of numerous items of stores and spares.

Continued investments and management commitment towards completion of numerous costs optimization initiatives, improvement in plants' efficiency and reliability projects, process improvement initiatives, and enhanced focus on employee development remain the cornerstone of future development and growth of your Company. The Company is also exploring investment in debottlenecking projects to utilize the maximum output capacity to further augment the fertilizer availability.

The Company will continue its farmer outreach programs to showcase the benefits of balanced application of plant nutrients, to enable our esteemed farmers to maximize their farm output and reap the maximum returns of their hard labor.

The gas pressure enhancement project in collaboration with Mari Petroleum Company and other fertilizer manufacturers is in progress and achieved its milestone for the year. The industry is making significant investments in gas-related infrastructure on their own to ensure availability of affordable fertilizers in the country.

Continuous and abrupt increase in gas prices will negatively impact the farm economics. Due to different gas prices, Urea is being supplied by manufacturers in the market at different prices. This disruption has created opportunities for the middleman who are charging huge amounts of premium to farmers. It is feared that the Pakistan's agriculture sector will be forced to reduce the application of essential fertilizers due to escalating prices. This in turn may lead to reduced productivity and compromising the food security of the Country. We hope that the Government will take all the necessary steps to ensure continuous supply of gas at workable uniform gas price to all fertilizer plants across Pakistan for ample availability of fertilizers to farmers at affordable prices.

We remain optimistic that with political stability, pressures on the economy will ease off with slowing down of inflation and reduction of interest rates resulting in ease of doing business leading towards a positive impact on Pakistan economy.

Taking advantage of its strong asset base and financial position, the Company continues to explore and invest heavily in new avenues including mining of minerals, real estate, corporate farming and the financial sector. Going forward with sustained and efficient plant performance the Company expects to further solidify its market footprint. The management and the Board of Directors are committed to ensuring that the Company's financial position is further strengthened and that the company continues to play its role for economic well being of the Country.

Code of Corporate Governance

The Board and Management are committed to ensuring that the requirements of the Code of Corporate Governance are fully met. The Company has adopted good Corporate Governance practices with an aim to enhance the accuracy, comprehensiveness, and transparency of financial and non-financial information. The Directors are pleased to report that:

a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows, and changes in equity;

b) Proper books of account of the Company have been maintained;

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment;

d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;

e) The system of internal control is sound in design and has been effectively implemented and monitored;

f) There is no material departure from the best practices of corporate governance, as detailed in the Listing Regulations; and

g) There are no significant doubts upon the Company's ability to continue as a going concern.

Changes in the Board

During the year under review, the Directors of the Company completed their tenure in office. Mrs. Julie Jannerup joined the Board on August 28, 2023, to fill out the casual vacancy in the office of independent director caused by the resignation of Ms. Malika Nait Oukhedou. The Board expresses its appreciation for the services rendered by the outgoing director.

Election of directors was held on September 22, 2023, and seven directors (six male directors and one female director) were elected for a term of three years in terms of section 159 of Companies Act, 2017.

The names of members of the Board are as follows:

i.	Mr. Arif Habib	Non-Executive Director
ii.	Mr. Fawad Ahmed Mukhtar	Executive Director
iii.	Mr. Fazal Ahmed Sheikh	Executive Director
iv.	Mr. Faisal Ahmed Mukhtar	Non-Executive Director
v.	Mr. Muhammad Kashif Habib	Non-Executive Director
vi.	Mrs. Julie Jannerup	Non-Executive / Independent Director
vii.	Mr. Tariq Jamali	Non-Executive / Independent Director

Directors' Remuneration

In compliance with regulatory requirements, a transparent and formal process has been established for ascertaining the remuneration of the Directors. All non-executive and independent Directors of the Company are entitled to remuneration for attending Board and Audit Committee meetings along with reimbursement of expenses incurred in connection with these meetings. Any Director who serves on the Committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a Director, may be paid such remuneration by way of salary, allowances, facilities, perquisites, etc., as the Board may determine.

Details of the remuneration paid to executive and non-executive directors during the year are given in note 42 of the consolidated and standalone financial statements.

Changes in the Audit Committee

Pursuant to the election of Directors, the Audit Committee was reconstituted in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The names of members of audit committee are as follows:

1.	Mr. Tariq Jamali	Chairman
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Faisal Ahmed Mukhtar	Member
4.	Mrs. Julie Jannerup	Member

Changes in the Human Resource and Remuneration Committee

Pursuant to election of Directors, the Human Resource and Remuneration Committee was reconstituted in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The names of members of Human Resource and Remuneration Committee are as follows:

1.	Mrs. Julie Jannerup	Chairperson
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Fawad Ahmed Mukhtar	Member

Changes in Nomination and Risk Management Committee

Pursuant to the election of Directors, the Nomination and Risk Management Committee was reconstituted consisting of three members of the Board. The names of members are:

1.	Mr. Fazal Ahmed Sheikh	Chairman
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Tariq Jamali	Member

Board and Committees' Meetings and Attendance

During the year under review, five meetings of the Board of Directors, four meetings of the Audit Committee, and one meeting of the HR and Remuneration Committee were held from January 01, 2023, to December 31, 2023. The attendance of the Board and the Committee members was as follows:

Name of Director	Board Meetings	Audit Committee Meetings	HR & Remuneration Committee Meeting
Mr. Arif Habib	5	N/A	N/A
Mr. Fawad Ahmed Mukhtar	5	N/A	0
Mr. Fazal Ahmed Sheikh	4	N/A	N/A
Mr. Faisal Ahmed Mukhtar	4	2	N/A
Mr. Muhammad Kashif Habib	5	4	1
Ms. Malika Nait Oukhedou	0	0	0
Mr. Tariq Jamali	5	4	N/A
Mrs. Julie Jannerup	1	1	1

Leave of absence was granted to the members not attending the Board and Committee meetings.

Trading in Shares of the Company by Directors and Executives

Name	No. of shares	Nature of transaction
Muhammad Nabeel Shakir	13,845	Buy
Kamran Ahmed Awan	2,600	Buy
Muhammad Riaz	2	Buy
Muhammad Riaz	1,687	Sell
Julie Jannerup	1	Buy
Kamran Ahmad Awan	2,600	Sell
Mohammad Abad Khan	91,000	Buy

Pattern of Shareholding

The pattern of shareholding and categories of shareholders as of December 31, 2023, as required under the Pakistan Stock Exchange Regulations, have been annexed herewith along with the Proxy Form.

Code of Conduct

As per the Corporate Governance guidelines, the Company has prepared a Code of Conduct and communicated these throughout the Company, as well as placing it on the Company's website.

Credit Ratings

Pakistan Credit Rating Agency (PACRA) has maintained the long term and short term entity ratings of the Company at AA+ and A1+ respectively. The ratings reflect a strong business profile of the Company on the back of a diversified product mix and very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

Related Party Transactions

To comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note 40 of the consolidated and standalone audited financial statements.

Internal Audit

Internal Audit function is effectively operating within the framework set out in Code of Corporate Governance and the charter defined by the Audit Committee of the Board of Directors, to provide an independent and objective evaluation on the effectiveness of governance, risk management and control activities. The Internal Audit function is progressing from a conventional function into a business partner and advisory role by following a proactive approach towards effective corporate governance through risk mitigation, adding value within the business process and creating synergies at the group level. The Board relies on the inputs and recommendations of the internal audit function through its Audit Committee on the adequacy and effectiveness of internal controls in the organization and takes appropriate measures.

The function is effectively utilizing risk control matrices, to prioritize and develop its annual plan and to strengthen the internal controls through periodic reviews of all the functions / processes in the organization.

Internal Audit also emphasizes the importance of Business Continuity and completeness of Risk Control means to have seamless operations at entity level that is currently being implemented. Further, Internal Audit also ensures the implementation of Enterprise Risk Management (ERM) Framework as per COSO standards, through a dedicated ERM section.

External Auditors

M/s Yousuf Adil, Chartered Accountants, the retiring auditors of the Company, being eligible, offered themselves for re-appointment. The Board Audit Committee and the Board of Directors have recommended their re-appointment by the shareholders at the 21st Annual General Meeting, as auditors of the Company for the year ending December 31, 2024, at a fee to be mutually agreed.

Health, Safety, and Environment

Over the years, Fatima's fertilizer plants have consistently upheld a strong culture of safety, ensuring a safe work environment for all stakeholders. Our commitment to implementing the world class DuPont Process Safety Management (PSM) system, in accordance with Occupational Safety and Health Administration (OSHA) - USA guidelines, remains unwavering. Through focused dedication, the Sadiqabad, Multan and Sheikhupura plants have achieved significant milestones such as successfully completing 75.1, 28.5, and 17.3 Safe Million Man-Hours, respectively. These plants have also demonstrated outstanding Total Recordable Injury Rates (TRIR) of 0.070, 0.073, and 0.073, respectively, underscoring our firm commitment to excellence in safety performance.

Fatima's Corporate HSE function plays a pivotal role in achieving excellence in safety performance by providing governance, strategic direction, ensuring the development, effective implementation, and compliance of HSE and Process Safety policies, standards, SOPs and guidelines. This proactive approach is integral to managing process safety, environmental, and operational safety risks.

Comprehensive periodic auditing is also one of the key roles of Corporate HSE to ensure that all risks and hazards are identified and mitigated, and the safety systems are effectively and reliably in place. In 2023, Corporate HSE successfully conducted DuPont Risk-Based PSM 2nd Party Audits of the three fertilizer sites and the energy site, investing more than 2000 onsite man-hours.

The team also enabled the Fertilizer Product Warehouses Safety team to improve the relevant safety standards and to successfully obtain OHSMS ISO 45001, QMS: ISO 9001, and EMS: 14001 certifications.

Essential trainings are also conducted across the Company for capacity building and to reinforce safety protocols.

Fatima has embarked on the journey to integrate UN Social Development Goals into its business operations. To this end, a collaborative roadmap has been devised in alignment with stakeholders, ensuring the fulfillment of performance KPIs.

Sadiqabad Plant was adjudicated 'Well exceeding the expectation of full development and implementation of a robust process safety and risk management system' in the first every Risk Based DuPont Process Safety Management (PSM) Maturity Assessment by Centre of Chemical Process Safety (CCPS). This week-long assessment by the CCPS has helped Sadiqabad Plant to benchmark Process Safety practices with global standards.

Multan Plant also introduced DuPont Risk-Based PSM approach to its safety systems. PSM rejuvenation program was run throughout the year to improve process safety knowledge and awareness and to keep employees engaged and motivated, which was followed by 1st Party and 2nd Party PSM Audits.

Multan Plant is also implementing the Environmental Management System (EMS). Improvement projects like ENCON (to conserve energy and reduce CO2 emissions), sewage water rerouting project and performed Community Risk Assessment (CRA) focusing on Societal Risk based on Layers of Protection Analysis (LOPA).

Multan Plant safely executed the 62-days long Turnaround; largest in Pakistan's fertilizer industry, clocking 5 Million Safe Man-hours with peak manning of 5000+ workers per day. Total Recordable Injury Rate (TRIR) remained 0.04. Concerted safety measures, including vigilance through audits, trainings, tools certification, strict protocols, etc. were implemented to ensure safe execution of this critical milestone.

Multan Plant ran an Employee Wellness Campaigns (EWC) focusing on psychological, Social, Physical Wellness of employees and their families. Occupational Health and Industrial Hygiene (OHIH) improvement programs were implemented and activities like Hepatitis vaccination, noise dosimetry, TWA noise monitoring at high-risk areas under "Hearing Conservation Program" were conducted.

Sheikhupura Plant also continued to build upon its reputation as a safe working site for its stakeholders. DuPont PSM implementation drive conducted and included several engagement activities starting from circulation of PSM awareness packs, development, and distribution of PSM glossary handbook, and unit-wise awareness sessions, etc.

Sheikhupura Plant is also collaborating with the Government on capacity building of subsidiaries and organizations in PSM and HSE. Under this collaboration program, several delegations visited Sheikhupura Plant site for benchmarking and capacity enhancement. Sheikhupura Plant HSE professionals also participated as guest speakers in capacity building workshops and seminars in the Government and private sector organizations.

Turnaround 2023 of Sheikhupura Plant was completed without any recordable injury by implementing multiple safety interventions and procurement of special HSE gadgets. In addition, various International HSE Days like World Water Day, Earth Hour, and World Environment Day (week-long campaign) were also organized to increase awareness of employees on saving natural resources for future generations. "Fit for Life" program was launched across site to promote a healthy lifestyle. Health focused HSE days like World Hypertension Day, World Diabetes Day and World No Tobacco Day were also celebrated.

Sheikhupura Plant represented Pakistan at the "Workshop on Peaceful Development and use of Chemistry for Member States of the OPCW in the Asia Region" held from 17 to 19 October 2023 in Seoul, South Korea. The journey of Sheikhupura Plant's PSM and cultural transformation was presented on a global level in front of representatives from 21 countries.

Information Technology

Our commitment to leveraging cutting-edge technologies has remained unwavering, underscoring its pivotal role in driving the Company's operational efficiency and maintaining a competitive edge in the market. Embracing the latest advancements in Information Technology (IT), such as artificial intelligence, data analytics, cloud computing, machine learning, and cyber security, has not only boosted efficiency but has also empowered data-driven decision-making across all levels of the organization.

We have intensified our focus on data protection and cyber security measures, prioritizing proactive approaches to mitigate evolving cyber threats. Our upgraded IT infrastructure ensures robust support for our digital initiatives. These advancements have not only fortified our resilience against cyber risks but have also facilitated seamless integration and collaboration among various departments, fostering a culture of innovation and driving higher productivity.

Building upon our established IT service management methodology, rooted in the globally recognized ITIL framework, we are poised to embrace emerging technologies and drive forward our digital agenda. This strategic approach not only positions us to adapt to evolving market dynamics but also empowers us to innovate and thrive as industry leaders.

Sustainability and CSR Initiatives

Fatima is committed to the welfare of its employees, customers, partners, and larger communities by delivering excellence and creating shared value for all our stakeholders. We are dedicated to the communities we operate in, as we firmly believe our growth is dependent on the growth of the communities around us. We have a rich history of giving back to society, for we recognize the unique position that we are in to create a positive social impact, particularly in the Health and Education sectors.

Our corporate social responsibilities revolve around six key initiatives i.e. Community development, Environment protection, Governance and Ethical Practices, Employee growth and well-being, Customer service & Working relationship with Shareholders/ Investors for Community development.

Human Resource Management and Employees Relations

We believe that our employees are our greatest strength, and we are striving to craft a value-based culture that will enable our people to achieve even higher milestones. Our commitment to employee development remains strong. Our Human Resource function played a pivotal role in advancing the organization's strategic initiatives by dedicating over 33,000 hours to leadership development programs. These initiatives incorporated a diverse range of offerings, including programs such as Blue

Directors' Report cont'd

Ocean Strategy, Harvard Mentor Manager, and Stanford Coaching & Mentoring, utilizing a blend of face-to-face and e-learning modalities. Upholding our Company values as paramount, we conducted over 1,000 values roundtables to ensure their sustained integration into our organizational culture.

Additionally, we implemented two cornerstone programs, namely 'Empower to Lead' and the 'Building Future Leaders Program,' which were instrumental in fostering a robust succession pipeline. Furthermore, our commitment to talent development was underscored by the establishment of the FG Business Academy, catering to over 150 management-level employees, and the FG Wellness 360 initiative, addressing holistic wellness encompassing mental, social, physical, and professional aspects. Notably, our efforts culminated in an Employee Engagement Index of 88%, marking a commendable 14% increase from the preceding year's survey. In alignment with these achievements, we are spearheading HR Digitalization efforts and leveraging AI to streamline processes, thereby augmenting operational efficiency and effectiveness.

Diversity, Equity & Inclusion (DE&I) is central to our values, embodied in our initiative "Sab Sath." We've actively fostered an inclusive environment through targeted initiatives and the establishment of a dedicated DE&I council. This council serves as a pivotal driver in our efforts to promote diversity, equity, and inclusion throughout the organization. In our commitment to advancing these principles, we've undertaken proactive measures such as conducting multiple workshops aimed at capacity building for the DE&I implementation team. These workshops have equipped our team with the necessary tools and knowledge to effectively implement DE&I initiatives across various facets of our organization.

Furthermore, we have identified three strategic pillars—Gender, Generational Diversity, and Different Abilities—where we will focus our efforts to enhance diversity, equity, and inclusion. These pillars represent key areas where we aim to drive meaningful change and ensure that all individuals, regardless of gender, age, or ability, feel valued and included in our workplace culture. Our commitment to promoting diversity is evidenced by the 21% representation of women in our executive committee, demonstrating progress towards a diverse and inclusive workplace.

Looking ahead, we remain committed to continuous improvement in employee development and DE&I initiatives.

Acknowledgments

The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance, and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business associates, customers, and all others whose efforts and contributions strengthened the Company and hope that same spirit will prevail in the future as well.

For and on behalf of the Board

Fawad Ahmed Mukhtar
Chief Executive Officer

Arif Habib
Chairman

Lahore
March 21, 2024

مستقبل کا نقطہ نظر:

درآمدی پابندیاں، مہنگائی میں اضافہ، توانائی کی بڑھتی لاگت، مقامی کرنسی کی قدر میں تشویشناک کمی، بلند شرح سود وغیرہ نے کھاد کی صنعت پر خام مال، پیکنگ میٹریل، اسپیئرز، اشیائے استعمال، کیپیٹل نیچر کی اشیاء کی مد میں سنگین اثرات مرتب کیے ہیں۔ اس بات کو ذہن نشین رکھتے ہوئے کہ مسائل ہی مواقعوں کے در کھولتے ہیں، آپکی کمپنی ہر ممکن حد تک خام مال کی مقامی سطح پر خریداری کے مواقع پیدا کرنے اور اسٹورز اور اسپیئرز کی متعدد اشیاء کی تیاری کیلئے اپنی استعداد میں اضافہ سے درآمدات پر انحصاری کم کرنے کیلئے سرگرم عمل ہے۔

مسلسل سرمایہ کاری اور لاگت میں کمی کے مختلف اقدامات، پلانٹس کی استعداد میں اضافہ اور استحکامی منصوبوں، اُموری بہتری کے اقدامات اور ایمپلائی ڈویلپمنٹ پر زیادہ توجہ کے انتظامی عزائم مستقبل میں ترقی کے سفر میں کمپنی کے سنہری اُصول رہیں گے۔ کمپنی کھاد کی فراہمی کے دائرکار میں مزید اضافہ کی خاطر حد درجہ استعداد تک رسائی کیلئے ڈیبوٹلنکنگ منصوبوں میں سرمایہ کاری کے مواقع بھی تلاش کر رہی ہے۔

کمپنی پودوں کی غذائیت کے متوازن استعمال کے فوائد کو اُجاگر کرنے کیلئے کسانوں تک رسائی کے پروگرام جاری رکھے گی، تاکہ ہمارے کسان بھائی پیداوار میں اضافہ اور اپنی محنت کا زیادہ زیادہ پھل ممکن بنا سکیں۔

ماڑی پٹرولیم کمپنی اور دیگر کھاد تیارکنندگان کمپنیوں کے تعاون سے گیس پریشر میں اضافہ کے منصوبہ پر کام جاری ہے اور سال ہٰذا کیلئے مطلوبہ اہداف حاصل کر لئے گئے ہیں۔ کمپنی گیس سے متعلقہ انفراسٹرکچر میں اپنے بل بوتے پر نمایاں سرمایہ کاری کر رہی ہے تاکہ ملک میں قابل خرید قیمت پر کھادوں کی دستیابی یقینی بنائی جا سکے۔

گیس کی قیمتوں میں مسلسل اور اچانک اضافہ زرعی معاشیات پر منفی اثرات مرتب کرے گا۔ گیس کی مختلف قیمتوں کی وجہ سے تیارکنندگان کی جانب سے الگ الگ قیمتوں پر یوریا مارکیٹ میں سپلائی کی جارہی ہے۔ اس مسئلہ نے مڈل مین کیلئے مواقع پیدا کر دیئے ہیں اور وہ کسانوں سے بھاری رقوم وصول کر رہے ہیں۔ ان بڑھتی اور الگ الگ قیمتوں سے یہ خدشہ پیدا ہوگیا ہے کہ پاکستان کا زرعی شعبہ فصلوں کیلئے لازمی کھادوں کا استعمال کم کر دے گا۔ جو کہ نتیجتاً پیداواری صلاحیت میں کمی اور ملک میں غذائی قلت پر سمجھوتہ کے مترادف ہوگا۔ ہم اُمید کرتے ہیں کہ حکومت، پاکستان بھر کے تمام کھادوں کے پلانٹس کو یکساں ریٹس پر گیس کی مسلسل فراہمی یقینی بنانے کیلئے تمام ضروری اقدامات عمل میں لائے گی، تاکہ کسانوں کو مناسب قیمت پر کھاد کی وافر مقدار دستیاب ہو۔

ہم پُر اُمید ہیں کہ سیاسی استحکام کے ذریعے مہنگائی اور شرح سود میں کمی معیشت پر دباؤ ہلکا ہو جائے گا۔ جس کے نتیجے میں کاروباری آسانی سے پاکستانی معیشت پر مثبت اثرات ظاہر ہوں گے۔

اپنی مضبوط اثاثہ جاتی بنیاد اور مالی پوزیشن کے سہارے کمپنی معدنیات کی کان کنی، رئیل اسٹیٹ، کارپوریٹ فارمنگ اور فنانشل شعبہ سمیت سرمایہ کاری کے نئے مواقعوں کی تلاش میں سرگرداں ہے۔ کمپنی کو توقع ہے کہ پلانٹ کی پائیدار اور مؤثر کارکردگی سے مستقبل کے سفر میں وہ مارکیٹ میں اپنی پوزیشن مزید مستحکم بنالے گی۔ انتظامیہ اور بورڈ آف ڈائریکٹرز پر عزم ہیں کہ کمپنی کی مالی ساکھ مزید مضبوط ہو اور یہ ملکی معیشت کی ترقی میں اپنا کردار بخوبی سرانجام دیتی رہے۔

اظہار تشکر:

بورڈ کمپنی کے ملازمین کی انتھک محنت اور لگن پر انہیں خراج تحسین پیش کرتا ہے۔ اس کے ساتھ ساتھ بورڈ حکومت پاکستان، مالیاتی اداروں، نجی بینکوں، کاروباری شراکت داروں، صارفین اور دیگر تمام سٹیک ہولڈرز کے تعاون، راہنمائی اور معاونت کو سراہتا ہے۔ بلاشبہ ان کی کاوشیں کمپنی کے استحکام کیلئے بہترین رہی ہیں اور مستقبل میں اُن سے اسی جذبے کی توقع ہے۔

بحکم بورڈ

فواد احمد مختار
چیف ایگزیکٹو آفیسر

عارف حبیب
چیئرمین

لاہور 21 مارچ 2024

مصنوعات	حجم('000 میٹرک ٹن)			
	پیداوار/خرید		سیلز	
	2023	2022 (Restated)	2023	2022 (Restated)
این پی	712	867	1,000	718
کین	840	867	800	871
یوریا	987	1,095	970	1,106
ٹریڈنگ سٹاک بشمول ڈی اے پی	43	55	96	21
مجموعی	2,581	2,884	2,866	2,716

مالی کارکردگی:

سال کی دوسری ششماہی میں زرعی شعبہ کی بحالی کی بدولت کمپنی 235.4 بلین روپے سیلز ریونیو کے حصول میں کامیاب رہی، جو کہ گزشتہ سال کے 159.7 بلین روپے سے 47 فیصد زیادہ ہے۔ مارکیٹ میں رسائی کی مؤثر حکمت عملیوں اور مصنوعات کی دستیابی کی وجہ سے این پی میں 39 فیصد کی قابل ذکر حجمی نمو دیکھنے میں آئی۔ تاہم، یوریا اور کین کی فروخت میں بالترتیب 14 فیصد اور 8 فیصد کی کمی ہوئی۔ جس کی بنیادی وجہ سال کے آغاز میں شیخوپورہ پلانٹ پر منصوبہ بندی کے مطابق ٹی اے اور گیس کی بندش سے مصنوعات کی محدود دستیابی تھی۔

این پی نے مجموعی سیلز میں 48 فیصد حصہ ڈالا، جبکہ یوریا اور کین نے بالترتیب 23 فیصد اور 18 فیصد کردار ادا کیا۔ جبکہ بقیہ سیلز درآمدی فرٹیلائزر اور ٹریڈ پراڈکٹس سے ریونیو کی مرہون منت رہیں۔

گیس کی قیمتوں میں 92 فیصد تک اضافے، مہنگائی کے دباؤ، پاکستانی روپے کی قدر میں کمی اور تمام تینوں پلانٹس کے ٹی اے اخراجات کی وجہ سے پیداواری لاگت 51 فیصد تک بڑھ گئی۔

نتیجتاً، کمپنی نے 74.2 بلین روپے کا مجموعی (Gross) منافع درج کیا، جو کہ گزشتہ سال کے 52.7 بلین روپے سے 41 فیصد زیادہ ہے۔

افراط زر کے دباؤ، ایندھن کی قیمتوں میں اضافہ اور ایکسل لوڈ ریگولیشنز کے نفاذ سے ڈسٹری بیوشن اور انتظامی اخراجات میں اضافہ ہوا۔ مؤثر اور بہتر کیش مینجمنٹ کے ذریعے سال کے اختتام تک کمپنی کا ورکنگ کیپیٹل فنانسنگ پر دارومدار نہ ہونے کے برابر تھا۔ تاہم، سال بھر شرح سود میں اضافہ کی وجہ سے کمپنی کی مالیاتی لاگت میں گزشتہ سال کے مقابلہ میں 41 فیصد اضافہ ہوا۔ برانڈ امورٹائزیشن اور زرمبادلہ کے نقصان کی مد میں دیگر اخراجات بڑھے۔ اضافی فنڈز کی مختلف قلیل مدتی اور طویل مدتی اسٹریٹجک سرمایہ کاری کے ذریعے کمپنی کی دیگر انکم میں 189 فیصد کا نمایاں اضافہ دیکھنے میں آیا۔

سال 2023 میں سپر ٹیکس کی شرح میں 4 فیصد سے 10 فیصد کا اضافہ مؤثر انکم ٹیکس شرح کو 53 فیصد تک لے جانے کا باعث بنا۔

اس سب کے باوجود، اللہ تعالیٰ کے کرم سے کمپنی Bottom Line میں 56 فیصد کی متاثر کن کارکردگی دکھانے میں کامیاب رہی۔

مالی جھلکیاں

	2023		2022 (Restated)		2021	
	ملین روپے	فیصد	ملین روپے	فیصد	ملین روپے	فیصد
آمدن	235,423		159,745		112,488	
مجموعی منافع	74,182	31.5	52,678	33.0	43,084	38.3
EBITDA	66,519	28.3	39,791	24.9	37,840	35.33
منافع قبل از ٹیکس	48,895	20.8	30,874	19.3	28,185	25.1
منافع بعد از ٹیکس	23,008	9.8	14,714	9.2	16,474	16.4
ای پی ایس (روپے)	10.96		7.01		8.80	

ڈیویڈنڈ اور تخصیص:

بورڈ آف ڈائریکٹرز نے مورخہ 21 مارچ 2024 کو منعقدہ اجلاس میں 2.75 روپے فی شیئر (جو کہ 27.5 فیصد ہے) کے حتمی نقد ڈیویڈنڈ کی تجویز دی ہے جو کہ مورخہ 29 اپریل 2024 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران کی منظوری کیلئے پیش کیا جائے گا۔ یہ 1.75 روپے فی حصص یعنی 17.5% عبوری ڈیویڈنڈ کے علاوہ ہے۔ مالی سٹیٹمنٹس اس تجویز کردہ حصص کو ظاہر نہیں کرتیں۔

تخصیص

	ہزار روپے
غیر تخصیص شدہ منافع جو آگے لایا گیا	86,500,734
حتمی حصص برائے سال 2022	(7,350,000)
سال کیلئے خالص منافع	23,008,416
سال کیلئے دیگر جامع آمدن	(98,520)
تخصیص کیلئے دستیاب منافع	102,150,630
تخصیص	
عبوری حصص برائے سال 2023	(3,765,000)
غیر تخصیص شدہ منافع جو آگے لایا گیا	**98,385,630**

ڈائریکٹرز رپورٹ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز برائے سال مختتمہ 31 دسمبر 2023

ہم کمپنی کی ڈائریکٹرز رپورٹ مع آڈٹ شدہ جامع اور واحد مالی اسٹیٹمنٹس برائے سال مختتمہ 31 دسمبر 2023 بمعہ آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معیشت اور مارکیٹ کا جائزہ:

سال بھر پاکستانی معیشت کو کئی چیلنجز درپیش رہے، جس میں سے مہنگائی میں اضافہ اور بلند شرح سود سب سے نمایاں رہے۔ روپے کی قدر پر مسلسل دباؤ نے افراط زر کے خدشات میں اضافہ کیا۔ زیادہ شرح سود نے بجٹ خسارے میں کلیدی کردار ادا کیا جو کہ 6.5 ٹریلین روپے (جی ڈی پی کا 7.7 فیصد) تک جا پہنچا۔

حکومت کی جانب سے 3 بلین ڈالر کی مالی امداد کا انتظام ضروری اصلاحات متعارف کروانے کا باعث بنا۔ جس کے بعد معاشی دباؤ میں قابل ذکر کمی دیکھنے میں آئی۔ روپے کی قدر میں استحکام، افراط زر کے رجحان میں کمی اور کرنٹ اکاؤنٹ خسارے پر قابو حوصلہ افزاء ترقی کی اُمید ہیں۔

مشکلات کا مقابلہ پاکستانی قوم کا خاصہ رہا ہے۔ 1.7 ملین ہیکٹر سے زائد زرعی اراضی، فصلات اور مویشیوں کیلئے قیامت ثابت ہونے والے سال 2022 کے تباہ کن سیلاب کے باوجود پاکستان نے گندم، مکئی، چاول، گنا، کپاس اور دیگر فصلوں کی ریکارڈ پیداوار حاصل کی۔ گزشتہ سال کی نسبتاً فارم آؤٹ پٹ میں 25 فیصد کا نمایاں اضافہ دکھائی دیا۔ فارم ان پٹ میں بھی بہتری کا رجحان مشاہدے میں آیا۔ جولائی تا نومبر 2023 کے دوران فارم ٹریکٹرز کی پیداوار اور فروخت میں گزشتہ سال کے مقابلہ میں بالترتیب 60.7 فیصد اور 98.2 فیصد اضافہ ہوا۔ اسی طرح ربیع سیزن سے قبل یوریا اور ڈی اے پی کی آف ٹیک میں نمایاں اضافہ کراپس سائیکل میں مثبت نمو کی نشاندہی کرتا ہے۔

توقع ہے کہ نئی حکومت کے اقتدار سنبھالنے کے بعد سیاسی استحکام آئے گا۔ اس نئی حکومت سے معاشی استحکام کیلئے جامع اصلاحات متوقع ہیں جس میں مالیاتی نظم و ضبط، اخراجات کی نگرانی، ٹیکس بیس میں اضافہ، ٹیکس کے مجموعی ڈھانچہ میں بہتری، غیر ہدف شدہ سبسڈیز کا خاتمہ اور خسارے کے شکار سرکاری اداروں سے چھٹکارا شامل ہیں۔

کاروباری جائزہ اور اقدامات:

آپکی کمپنی نے موثر اور مستحکم آپریشنز اور مارکیٹ تک رسائی کی بہترین حکمت عملی کے ذریعے ایک بار پھر غیر معمولی کاروباری کارکردگی اور مالی نتائج کا مظاہرہ کیا۔

لاہور ہائیکورٹ کی 27 جون 2023 کو منظوری کے مطابق یکم جولائی 2022 کو پاک عرب فرٹیلائزرز کی کمپنی میں / کے ساتھ انضمام کیلئے سمجھوتوں، انتظامات اور تعمیر نو کی سکیم کے ذریعے ایک کامیاب ری سٹرکچرنگ کی گئی۔ اس انضمام کے بعد فاطمہ پیکجنگ لمیٹڈ (پی ایف ایل کی مکمل ملکیتی ذیلی کمپنی) اب کمپنی کی مکمل ملکیتی ذیلی کمپنی بن چکی ہے۔

اس کاروباری حکمت عملی نے مارکیٹ میں بطور لیڈر ہماری ساکھ مزید مستحکم کردی ہے اور اس کی بدولت بہتر ترقی، ہم آہنگی اور کاروباری استعداد کار کے بے شمار نئے مواقع میسر آئیں گے۔ مجموعی اور واحد مالی گوشواروں کا نوٹ 1.2 اثاثوں اور ذمہ داریوں سے متعلقہ تفصیلات اور ان پر غور کو ظاہر کرتا ہے۔

عدالتی حکم کے مطابق کمپنی نے انضمام موثر گی کی تاریخ سے آپریشنز اور مالیات کو یکجا کر دیا ہے، جس کے نتیجے میں 31 دسمبر 2022 کو اختتام پذیر ہوئے سال کیلئے اس کے مالی گوشواروں کی ری سٹیٹمنٹ ہوئی ہے۔ 31 دسمبر 2023 کو ختم ہوئے سال کے مالیاتی گوشوارے از سر نو مرتب کردہ مالی سٹیٹمنٹس کے مطابق تیار کیے گئے ہیں۔

تمام پلانٹس نے اپنے پیداواری اہداف سے زائد پیداوار ممکن بنائی۔ تاہم، ٹی اے سرگرمیوں کیلئے منصوبہ بندی کے مطابق توسیعی شٹ ڈاؤن کی وجہ سے مجموعی پیداوار گزشتہ سال کے مقابلہ میں کم رہی۔ پلانٹ کے آپریشنز بین الاقوامی صحت، تحفظ اور ماحولیات (ایچ ایس ای) کے معیارات کے عین مطابق بہترین اور پائیدار رہے۔ کمپنی اپنے ایچ ایس ای معیارات پر عملدرآمد میں بہترین کارکردگی کے سہارے بین الاقوامی اور مقامی اداروں کی جانب سے اعزازات اور پذیرائی کے حصول میں کامیاب رہی۔

کمپنی 'سرسبز' کی بطور پریمیم فرٹیلائزر شناخت قائم کرنے اور "سرسبز پاکستان" کے مشن میں قائدانہ کردار ادا کرنے کیلئے پرعزم ہے۔ مقامی اور بین الاقوامی سطح پر آپکی کمپنی نے DRUM ایوارڈ (لندن)، ڈیجیٹل لیڈرز ایوارڈ پاکستان اور ایشین ایکسپیرئنس ایوارڈ (سنگاپور) سمیت کئی نمایاں اعزازات اپنے نام کیے۔

اللہ تعالٰی کے فضل و کرم سے آپکی کمپنی نے ایک بار پھر اپنی "گزشتہ سال" کی کارکردگی کو مات دی۔ کمپنی نے رواں سال اپنی تاریخ کا بلند ترین سیلز حجم اور آمدن یقینی بنائی۔ پیداواری حجم بھی ایک 'TA' سال کیلئے بلند ترین تھا۔

KEY PERFORMANCE INDICATORS

	Unit	Consolidated					
		2023	2022*	2021	2020	2019	2018
PROFITABILITY							
Gross profit	%	31.51	32.98	38.30	40.40	37.22	50.03
EBITDA margin	%	28.25	24.91	33.64	35.33	31.72	43.27
Operating profit	%	23.30	21.76	27.26	30.44	27.95	36.28
Profit before tax	%	20.77	19.33	25.06	26.30	22.94	32.72
Net profit	%	9.77	9.21	16.42	18.63	16.10	23.22
Return on equity	%	19.27	13.69	18.43	15.24	15.47	17.12
Return on capital employed	%	18.57	12.96	18.15	14.23	13.47	14.81
Return on total assets	%	9.84	6.30	9.99	8.43	7.78	9.29
LIQUIDITY / ACTIVITY							
Current ratio	Times	1.42	1.22	1.32	1.03	0.88	0.89
Quick / Acid test ratio	Times	0.81	0.52	0.77	0.50	0.50	0.51
Debt to Assets	Times	0.49	0.54	0.46	0.45	0.50	0.43
Cash from Operations to Sales	Times	0.24	0.05	0.23	0.23	0.09	0.34
Inventory turnover	Times	4.07	3.34	4.36	3.39	5.34	4.20
Stock holding period	Days	89.59	109.27	83.78	107.63	68.31	86.84
Fixed assets turnover	Times	2.09	1.36	1.07	0.68	0.74	0.56
Total assets turnover	Times	1.01	0.68	0.61	0.45	0.48	0.40
CAPITAL STRUCTURE							
Debt : Equity	Ratio	7:93	10:90	7:93	9:91	14:86	19:81
Interest cover	Times	10.97	9.91	15.05	6.40	5.57	10.21
Financial leverage	Times	0.09	0.28	0.14	0.24	0.37	0.31
Debt service coverage	Times	8.00	7.43	4.85	2.60	2.09	2.48
Total liabilities to net worth	Times	0.96	1.17	0.84	0.81	0.99	0.84
Weighted average cost of debt	%	16.77	17.41	9.55	11.06	15.02	7.91
INVESTMENT / MARKET							
Market price per share	Rs	35.49	33.60	35.99	29.10	26.59	36.47
Book value per share	Rs	56.85	51.19	47.74	41.48	37.15	34.66
Market to book value per share	Times	0.62	0.66	0.75	0.70	0.72	1.05
Earnings per share	Rs	10.96	7.01	8.80	6.32	5.75	5.67
Price earning	Times	3.24	4.80	4.09	4.60	4.63	6.43
Dividend per share	Rs	4.50	3.50	3.50	2.50	2.00	1.75
Dividend cover	%	243.48	200.19	251.35	252.85	287.37	324.18
Dividend yield	%	12.68	10.42	9.72	8.59	7.52	4.80
Dividend payout	%	41.07	49.95	39.79	39.55	34.80	30.85

*Restated

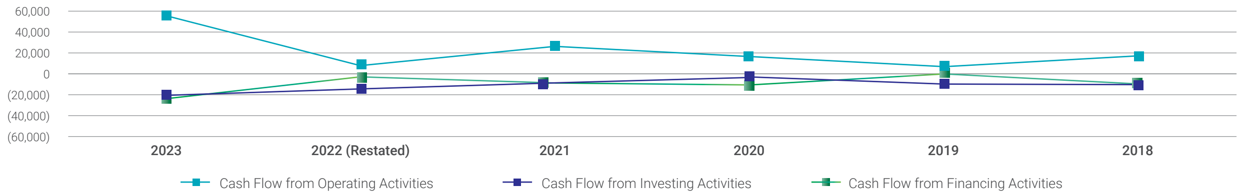
CASH FLOWS SUMMARY

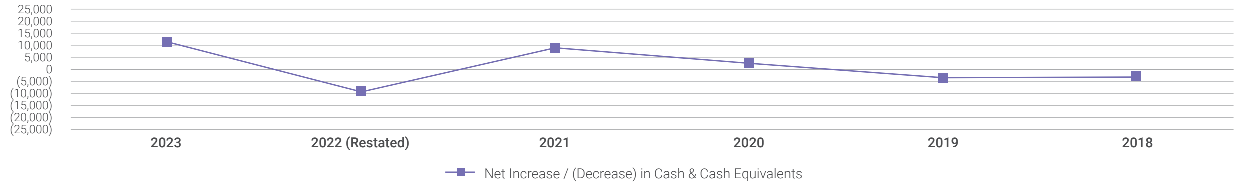
PKR in million	Consolidated					
	2023	2022*	2021	2020	2019	2018
Cash Flows From Operating Activities						
Cash Generated from Operations	74,874	22,322	31,427	24,988	16,434	22,112
Net increase in long term deposits	31	157	65	49	4	1
Finance costs paid	(5,295)	(3,464)	(1,963)	(3,736)	(3,158)	(1,777)
Taxes paid	(13,463)	(10,916)	(2,988)	(4,664)	(6,345)	(3,013)
Employee retirement benefits paid	(362)	(221)	(242)	(79)	(55)	(44)
Net cash generated from operating activities	**55,785**	**7,879**	**26,299**	**16,559**	**6,879**	**17,280**
Cash Flows From Investing Activities						
Fixed capital expenditure	(6,633)	(9,526)	(5,771)	(2,217)	(11,379)	(8,654)
Proceeds from disposal of property, plant & equipment	8	31	3	45	2	2
Long term investments made	(4,018)	(750)	(600)	-	-	(2)
Short term loans to related parties	(100)	-	(3,758)	-	-	(2,000)
Short term investments - net	(12,305)	(2,702)	(98)	(1,575)	157	(471)
Profit received on short term loans and saving accounts	2,324	1,541	1,977	289	725	414
Cash and cash equivalents acquired as a result of asset acquisition	-	(2,220)	-	-	-	-
Cash & cash equivalents acquired as a result of acquisition of subsidiary	-	(299)	-	-	-	-
Payment for acquisition of subsidiary - net of bank balance	-	(291)	-	-	-	-
Dividend income received	575	308	-	-	-	-
Net (increase)/decrease in long term loans and deposits	(457)	(532)	(405)	(32)	173	(140)
Net cash used in investing activities	**(20,606)**	**(14,441)**	**(8,652)**	**(3,489)**	**(10,322)**	**(10,851)**
Cash Flows From Financing Activities						
Repayment of long term finances	(3,641)	(2,853)	(5,857)	(4,967)	(7,685)	(7,396)
Proceeds from long term finance	-	5,623	3,920	1,462	4,000	2,156
(Repayment of) / proceeds from loan from directors	(18)	18	-	-	-	-
Repayment of lease liabilities	(88)	(203)	(731)	(354)	(291)	-
Dividend paid	(11,016)	(9,087)	(3,507)	(4,349)	(3,554)	(4,681)
(Decrease) / increase in short term finance - net	(9,096)	3,619	(2,584)	(2,410)	7,428	214
Net cash used in financing activities	**(23,859)**	**(2,884)**	**(8,759)**	**(10,617)**	**(102)**	**(9,707)**
Net increase / (decrease) in cash and cash equivalents	11,320	(9,446)	8,888	2,453	(3,545)	(3,279)
Cash and cash equivalents at beginning of the year	(4,095)	5,351	(3,538)	(5,991)	(2,447)	832
Cash and cash equivalents at end of the year	**7,225**	**(4,095)**	**5,351**	**(3,538)**	**(5,991)**	**(2,447)**

*Restated

Cash Flows from Operating, Investing and Financing Activities

PKR in Million





Annexures to the Directors' Report

VERTICAL ANALYSIS

Statement of Financial Position

	Consolidated											
	2023		2022*		2021		2020		2019		2018	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Non current assets												
Property, plant and equipment	112,899	48%	117,220	50%	105,422	57%	104,938	67%	100,721	65%	91,719	72%
Intangible assets	2,008	1%	3,786	2%	3,609	2%	5,991	4%	5,974	4%	5,979	5%
Investment Property	165	0%	165	0%	775	0%	756	0%	628	0%	-	0%
Long term investments	5,827	2%	1,469	1%	796	0%	202	0%	175	0%	146	0%
Long term loan to an associated company	-	0%	-	0%	1,999	1%	2,999	2%	2,999	2%	1,999	2%
Long term advances and deposits	3,973	2%	3,516	2%	518	0%	114	0%	82	0%	255	0%
Total non current assets	**124,872**	**53%**	**126,157**	**54%**	**113,120**	**61%**	**114,999**	**73%**	**110,577**	**71%**	**100,097**	**78%**
Current assets												
Stores and Spares	13,868	6%	15,991	7%	11,566	6%	8,274	5%	7,713	5%	5,834	5%
Stock in trade	33,377	14%	45,775	20%	18,332	10%	13,531	9%	11,518	7%	6,100	5%
Trade debts	10,355	4%	13,794	6%	9,654	5%	4,450	3%	7,207	5%	2,565	2%
Short term loans to related parties	5,100	2%	5,000	2%	7,000	4%	3,242	2%	3,242	2%	3,242	3%
Advances, deposits, prepayments and other receivables	20,005	9%	19,970	9%	15,636	8%	8,676	6%	11,845	8%	8,185	6%
Short term investments	18,965	8%	4,519	2%	2,243	1%	2,524	2%	530	0%	623	0%
Advance income tax	-	0%	-	0%	-	0%	1,305	1%	1,969	1%	845	1%
Cash and bank balances	7,338	3%	2,450	1%	7,343	4%	556	0%	515	0%	717	1%
Total current assets	**109,006**	**47%**	**107,499**	**46%**	**71,773**	**39%**	**42,558**	**27%**	**44,539**	**29%**	**28,111**	**22%**
Total assets	**233,878**	**100%**	**233,656**	**100%**	**184,893**	**100%**	**157,557**	**100%**	**155,116**	**100%**	**128,208**	**100%**
Capital and reserves												
Issued, subscribed and paid up capital	21,000	9%	21,000	9%	21,000	11%	21,000	13%	21,000	14%	21,000	16%
Reserves	98,386	42%	86,501	37%	79,263	43%	66,103	42%	57,008	37%	51,778	40%
Total capital and reserves	**119,386**	**51%**	**107,501**	**46%**	**100,263**	**54%**	**87,103**	**55%**	**78,008**	**50%**	**72,778**	**57%**
Non current Liabilities												
Long term finances	5,866	3%	8,766	4%	5,172	3%	3,114	2%	6,254	4%	8,377	7%
Subordinated redeemable preference Class A shares	1,473	1%	1,266	1%	-	0%	-	0%	-	0%	-	0%
Lease liabilities	115	0%	163	0%	1,437	1%	1,901	1%	279	0%	-	0%
Deferred taxation	27,534	12%	24,692	11%	20,274	11%	19,542	12%	19,069	12%	14,667	11%
Deferred liabilities	2,451	1%	2,966	1%	3,248	2%	4,635	3%	873	1%	760	1%
Long term deposits	467	0%	435	0%	175	0%	110	0%	61	0%	57	0%
Total non current liabilities	**37,906**	**16%**	**38,289**	**16%**	**30,307**	**16%**	**29,303**	**19%**	**26,536**	**17%**	**23,861**	**19%**
Current liabilities												
Trade and other payables	57,352	25%	59,652	26%	38,469	21%	22,871	15%	26,484	17%	18,069	14%
Accrued finance cost	571	0%	1,144	0%	307	0%	451	0%	837	1%	306	0%
Income tax payable	11,405	5%	3,170	1%	4,968	3%	-	0%	-	0%	-	0%
Short term finances - secured	938	0%	16,467	7%	6,466	3%	11,444	7%	16,265	10%	5,495	4%
Short term loans from related parties	1,626	1%	1,626	1%	-	0%	-	0%	-	0%	-	0%
Loan from directors	-	0%	18	0%	-	0%	-	0%	-	0%	-	0%
Unclaimed dividend	56	0%	46	0%	1,784	1%	41	0%	190	0%	69	0%
Payable to Privatization Commission of Pakistan	2,198	1%	2,198	1%	-	0%	-	0%	-	0%	-	0%
Current portion of long term liabilities	2,441	1%	3,543	2%	2,329	1%	6,345	4%	6,796	4%	7,631	6%
Total current liabilities	**76,586**	**33%**	**87,865**	**38%**	**54,323**	**29%**	**41,151**	**26%**	**50,572**	**33%**	**31,570**	**25%**
Total liabilities and equity	**233,878**	**100%**	**233,656**	**100%**	**184,893**	**100%**	**157,557**	**100%**	**155,116**	**100%**	**128,208**	**100%**

*Restated

HORIZONTAL ANALYSIS

Statement of Financial Position

	Consolidated										
	2023	23 vs 22	2022*	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018
	Rs M	Change	Rs M	Change	Rs M	Change	Rs M	Change	Rs M	Change	Rs M
Non current Assets											
Property, plant and equipment	112,899	-4%	117,220	11%	105,422	0%	104,938	4%	100,721	10%	91,719
Intangible assets	2,008	-47%	3,786	5%	3,609	-40%	5,991	0%	5,974	0%	5,979
Investment Property	165	-1%	165	-79%	775	3%	756	20%	628	100%	-
Long term investments	5,827	297%	1,469	85%	796	295%	202	15%	175	20%	146
Long term loan to an associated company	-	0%	-	-100%	1,999	-33%	2,999	0%	2,999	50%	1,999
Long term advances and deposits	3,973	13%	3,516	578%	518	356%	114	39%	82	-68%	255
Total non current assets	**124,872**	**-1%**	**126,157**	**12%**	**113,120**	**-2%**	**114,999**	**4%**	**110,577**	**10%**	**100,097**
Current assets											
Stores and Spares	13,868	-13%	15,991	38%	11,566	40%	8,274	7%	7,713	32%	5,834
Stock in trade	33,377	-27%	45,775	150%	18,332	35%	13,531	17%	11,518	89%	6,100
Trade debts	10,355	-25%	13,794	43%	9,654	117%	4,450	-38%	7,207	181%	2,565
Short term loans to related parties	5,100	2%	5,000	-29%	7,000	116%	3,242	0%	3,242	0%	3,242
Advances, deposits, prepayments and other receivables	20,005	0%	19,970	28%	15,636	80%	8,676	-27%	11,845	45%	8,185
Short term investments	18,965	320%	4,519	101%	2,243	-11%	2,524	376%	530	-15%	623
Advance income tax	-	0%	-	0%	-	-100%	1,305	-34%	1,969	100%	845
Cash and bank balances	7,338	200%	2,450	-67%	7,343	1221%	556	8%	515	-28%	717
Total current assets	**109,006**	**1%**	**107,499**	**50%**	**71,773**	**69%**	**42,558**	**-4%**	**44,539**	**58%**	**28,111**
Total assets	**233,878**	**0%**	**233,656**	**26%**	**184,893**	**17%**	**157,557**	**2%**	**155,116**	**21%**	**128,208**
Capital and reserves											
Issued, subscribed and paid up capital	21,000	0%	21,000	0%	21,000	0%	21,000	0%	21,000	0%	21,000
Reserves	98,386	14%	86,501	9%	79,263	20%	66,103	16%	57,008	10%	51,778
Total capital and reserves	**119,386**	**11%**	**107,501**	**7%**	**100,263**	**15%**	**87,103**	**12%**	**78,008**	**7%**	**72,778**
Non current liabilities											
Long term finances	5,866	-33%	8,766	69%	5,172	66%	3,114	-50%	6,254	-25%	8,377
Subordinated redeemable preference Class A shares	1,473	100%	1,266	100%	-	0%	-	0%	-	0%	-
Lease liabilities	115	-29%	163	-89%	1,437	-24%	1,901	582%	279	0%	-
Deferred taxation	27,534	100%	24,692	100%	20,274	4%	19,542	2%	19,069	30%	14,667
Deferred liabilities	2,451	-17%	2,966	-9%	3,248	-30%	4,635	431%	873	15%	760
Long term deposits	467	7%	435	149%	175	59%	110	80%	61	7%	57
Total non current liabilities	**37,906**	**-1%**	**38,289**	**26%**	**30,307**	**3%**	**29,303**	**10%**	**26,536**	**11%**	**23,861**
Current liabilities											
Trade and other payables	57,352	-4%	59,652	55%	38,469	68%	22,871	-14%	26,484	47%	18,069
Accrued finance cost	571	-50%	1,144	272%	307	-32%	451	-46%	837	173%	306
Income tax payable	11,405	260%	3,170	-36%	4,968	0%	-	0%	-	0%	-
Short term finances - secured	938	-94%	16,467	155%	6,466	-43%	11,444	-30%	16,265	196%	5,495
Short term loans from related parties	1,626	100%	1,626	100%	-	0%	-	0%	-	0%	-
Loan from directors	-	100%	18	100%	-	0%	-	0%	-	0%	-
Unclaimed dividend	56	20%	46	-97%	1,784	4266%	41	-78%	190	176%	69
Payable to Privatization Commission of Pakistan	2,198	100%	2,198	100%	-	0%	-	0%	-	0%	-
Current portion of long term liabilities	2,441	-31%	3,543	52%	2,329	-63%	6,345	-7%	6,796	-11%	7,631
Total current liabilities	**76,586**	**-13%**	**87,865**	**62%**	**54,323**	**32%**	**41,151**	**-19%**	**50,572**	**60%**	**31,570**
Total liabilities and equity	**233,878**	**0%**	**233,656**	**26%**	**184,893**	**17%**	**157,557**	**2%**	**155,116**	**21%**	**128,208**

*Restated

VERTICAL ANALYSIS

Statement of Profit or Loss

	Consolidated											
	2023		2022*		2021		2020		2019		2018	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Sales	235,423	100%	159,745	100%	112,488	100%	71,267	100%	74,964	100%	51,310	100%
Cost of sales	(161,240)	-68%	(107,067)	-67%	(69,404)	-62%	(42,473)	-60%	(47,065)	-63%	(25,639)	-50%
Gross profit	**74,183**	**32%**	**52,678**	**33%**	**43,084**	**38%**	**28,795**	**40%**	**27,899**	**37%**	**25,671**	**50%**
Distribution cost	(10,532)	-4%	(8,054)	-5%	(5,049)	-4%	(3,891)	-5%	(3,800)	-5%	(3,685)	-7%
Administrative expenses	(8,280)	-4%	(6,047)	-4%	(3,900)	-3%	(3,369)	-5%	(2,779)	-4%	(2,317)	-5%
	55,370	**24%**	**38,577**	**24%**	**34,136**	**30%**	**21,535**	**30%**	**21,320**	**28%**	**19,669**	**38%**
Finance cost	(4,902)	-2%	(3,465)	-2%	(2,007)	-2%	(3,469)	-5%	(3,761)	-5%	(1,823)	-4%
Other operating expenses	(7,752)	-3%	(6,409)	-4%	(4,677)	-4%	(1,678)	-2%	(1,480)	-2%	(1,708)	-3%
	42,716	**18%**	**28,702**	**18%**	**27,452**	**24%**	**16,389**	**23%**	**16,079**	**21%**	**16,138**	**31%**
Other income	7,228	3%	2,667	2%	1,210	1%	1,810	3%	1,090	1%	603	1%
Share of (loss) / profit from associates	(1)	0%	(68)	0%	-	0%	27	0%	25	0%	49	0%
(Loss) / gain on remeasurement of GIDC	(220)	0%	(311)	0%	(368)	0%	878	1%	-	0%	-	0%
Loss allowance on subsidy receivable from GoP	(826)	0%	(115)	0%	(110)	0%	(360)	-1%	-	0%	-	0%
Profit before tax	**48,896**	**21%**	**30,874**	**19%**	**28,185**	**25%**	**18,743**	**26%**	**17,193**	**23%**	**16,790**	**33%**
Taxation	(25,887)	-11%	(16,161)	-10%	(9,711)	-9%	(5,468)	-8%	(5,123)	-7%	(4,877)	-10%
Profit for the year	**23,008**	**10%**	**14,714**	**9%**	**18,474**	**16%**	**13,275**	**19%**	**12,070**	**16%**	**11,914**	**23%**

HORIZONTAL ANALYSIS

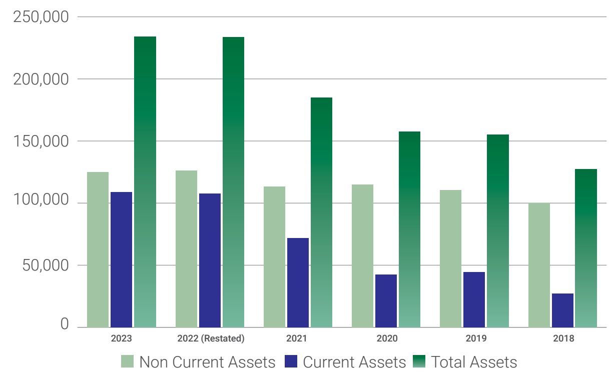
Statement of Profit or Loss

	Consolidated										
	2023	23 vs 22	2022*	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018
	Rs M	Change	Rs M	Change	Rs M	Change	Rs M	Change	Rs M	Change	Rs M
Sales	235,423	47%	159,745	42%	112,488	58%	71,267	-5%	74,964	46%	51,310
Cost of sales	(161,240)	51%	(107,067)	54%	(69,404)	63%	(42,473)	-10%	(47,065)	84%	(25,639)
Gross profit	**74,183**	**41%**	**52,678**	**22%**	**43,084**	**50%**	**28,795**	**3%**	**27,899**	**9%**	**25,671**
Distribution cost	(10,532)	31%	(8,054)	60%	(5,049)	30%	(3,891)	2%	(3,800)	3%	(3,685)
Administrative expenses	(8,280)	37%	(6,047)	55%	(3,900)	16%	(3,369)	21%	(2,779)	20%	(2,317)
	55,370	**44%**	**38,577**	**13%**	**34,136**	**59%**	**21,535**	**1%**	**21,320**	**8%**	**19,669**
Finance cost	(4,902)	41%	(3,465)	73%	(2,007)	-42%	(3,469)	-8%	(3,761)	106%	(1,823)
Other operating expenses	(7,752)	21%	(6,409)	37%	(4,677)	179%	(1,678)	13%	(1,480)	-13%	(1,708)
	42,716	**49%**	**28,702**	**5%**	**27,452**	**68%**	**16,389**	**2%**	**16,079**	**0%**	**16,138**
Other income	7,228	171%	2,667	120%	1,210	-33%	1,810	66%	1,090	81%	603
Share of (loss) / profit from associates	(1)	-98%	(68)	100%	-	-100%	27	9%	25	-50%	49
(Loss) / gain on remeasurement of GIDC	(220)	-29%	(311)	-15%	(368)	-142%	878	100%	-	0%	-
Loss allowance on subsidy receivable from GoP	(826)	621%	(115)	5%	(110)	-70%	(360)	100%	-	0%	-
Profit Before Tax	**48,896**	**58%**	**30,874**	**10%**	**28,185**	**50%**	**18,743**	**9%**	**17,193**	**2%**	**16,790**
Taxation	(25,887)	60%	(16,161)	66%	(9,711)	78%	(5,468)	7%	(5,123)	5%	(4,877)
Profit for the year	**23,008**	**56%**	**14,714**	**-20%**	**18,474**	**39%**	**13,275**	**10%**	**12,070**	**1%**	**11,914**

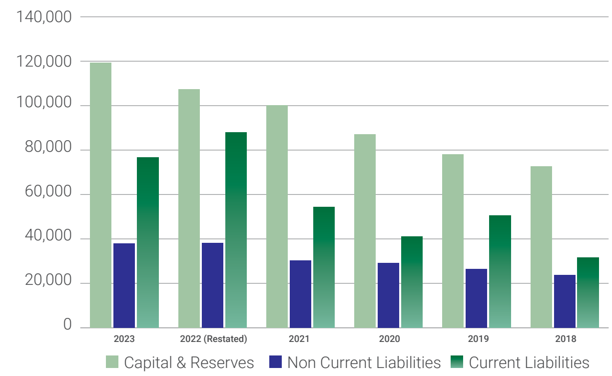
*Restated

GRAPHICAL PRESENTATION

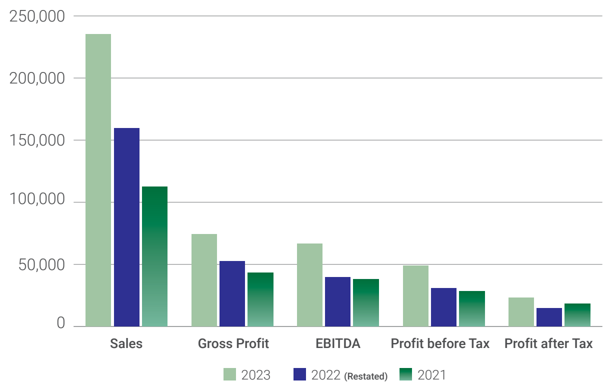
Balance Sheet Analysis (Assets)
PKR in Million



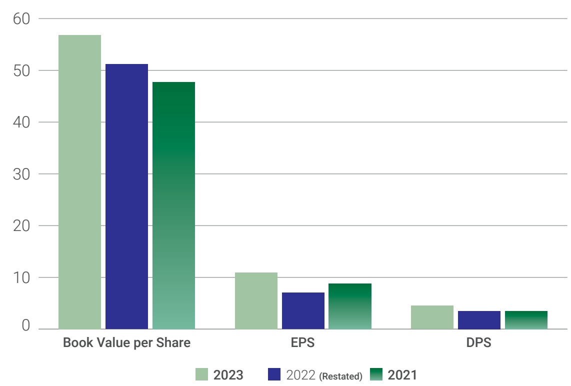
Balance Sheet Analysis (Equity & Liabilities)
PKR in Million



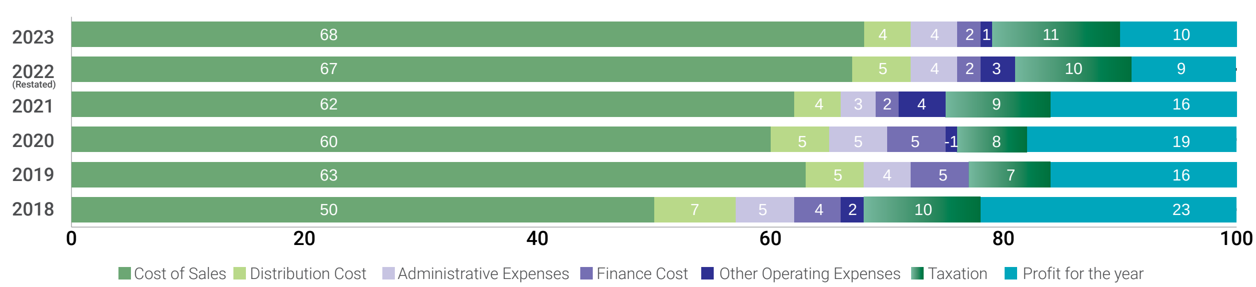
Profit or Loss
PKR in Million



Book Value, Earnings & Dividend Per Share
PKR



Profit and Loss Analysis
Percentage

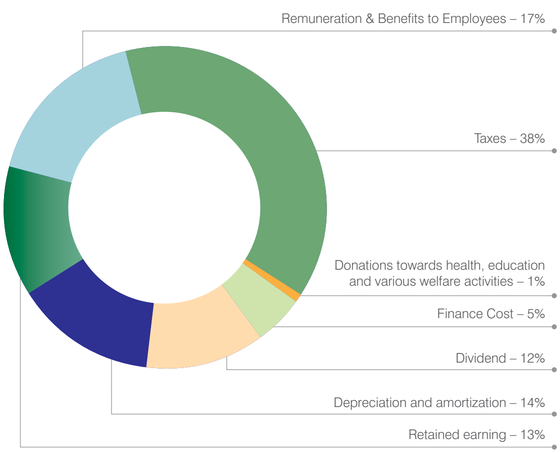


WEALTH CREATION AND DISTRIBUTION

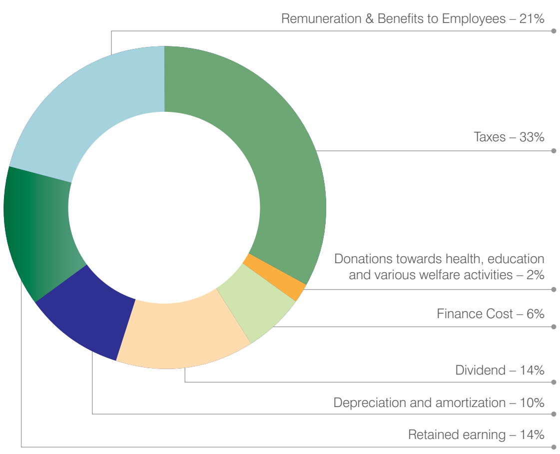
	2023		2022*		2021	
	PKR Million	%	PKR Million	%	PKR Million	%
Wealth Generated						
Sales Including GST	244,468	265.8%	161,625	297.8%	114,977	233.4%
Other Income	6,179	6.7%	2,173	4.0%	733	1.5%
	250,647	272.5%	163,798	301.8%	115,710	234.9%
Materials & Services Bought In	158,662	172.5%	109,522	201.8%	66,447	134.9%
Value Addition	91,985	100.0%	54,275	100.0%	49,263	100.0%
Wealth Distributed						
Remuneration & Benefits to Employees	15,527	16.9%	11,581	21.3%	8,263	16.8%
Taxes	34,932	38.0%	18,040	33.2%	12,200	24.8%
Donations towards health, education and various welfare activities	896	1.0%	1,021	1.9%	713	1.4%
Finance Cost	4,902	5.3%	3,465	6.4%	2,007	4.1%
Dividend on ordinary and preference shares	11,025	12.0%	7,350	13.5%	5,250	10.7%
Retained for future growth						
Depreciation and amortization	12,721	13.8%	5,453	10.0%	7,607	15.4%
Retained earning	11,983	13.0%	7,364	13.6%	13,224	26.8%
	91,985	100.0%	54,275	100.0%	49,263	100.0%

*Restated

2023 Percentage



2022 Percentage



SWOT ANALYSIS

Strengths:

1. Diversified and distinguished product portfolio (Urea, NP & CAN / value added products)
2. Strong financial standings with healthy cash flows
3. Skilled and experienced technical, engineering and support teams
4. Operational excellence in terms of service factor and safety standards
5. Strategically located facilities augmenting farmer outreach
6. High performing farmer technical support teams for unique farmer and customer services
7. Reputation as a socially responsible Company

Weaknesses:

1. Youngest brand facing long established competition
2. Limited suppliers for key raw materials
3. Logistic support still evolving

Opportunities

1. Business diversification - local and international markets
2. Agrarian Economy having substantial growth potential
3. High tech mechanized / precision agriculture – corporate farming
4. Fintech and crop insurance
5. Digitization of business processes

Threats

1. Uncertain Government policy outlook particularly regarding the fertilizer sector
2. Shortage of gas and diminishing gas reserves
3. Weak economic situation of farmers
4. Volatile Tax Regime and Long pending tax refunds
5. Unstable economic and political environment
6. Un-precedented inflation and exorbitant borrowing rates
7. Imports restrictions due to decline in Forex Reserves
8. Climate change disrupting fertilizer consumption

CORPORATE GOVERNANCE

Identification of Risks

Managing risk effectively has always been a touchstone of most successful companies. Like any commercial organization which operates in the market, Fatima is exposed to multiple risks; the most significant ones are identified in the following sections. The Company is fully aware of the uncertainties attached with these risks and thus has designed prudent strategies to mitigate them. In today's risk filled business environment, the Strategic, Commercial, Operational and Financial risks can arise from uncertainties not only from our business environment but also from key business decisions.

Strategic Risk: Strategic risks can emanate from internal or external events and scenarios that inhibit or prevent an organization from achieving its strategic objectives. Broadly strategic risks emerge from business strategy decisions. This form of risks can affect an entity's performance by giving rise to challenges that may consequently cause a particular business strategy to produce unexpected results.

Commercial Risk: Commercial risks are related to the commercial operations of the entity. These may arise from circumstances that affect the business and/or product viability of the entity, thus impairing the shareholders' value proposition.

Operational Risk: Operational risk is the risk that operations are inefficient and ineffective in executing the entity's business model, satisfying customers and achieving entity's quality, cost and time performance objectives.

Financial Risk: Financial risk is the risk that cash flows and other monetary risks are not managed cost-effectively to (a) maximize cash availability, (b) reduce uncertainty of currency, interest rate, credit and other risks, or (c) move cash funds quickly and without loss of value to wherever they are needed most.

Risk Mitigation Strategies: The Company's Risk Mitigation Strategy includes reduction of the likelihood that a risk event will occur and/or reduction of the impact of a risk event if it does occur. For this purpose, the Board, through its Audit Committee and Risk Committee, reviews the potential risks and the adequacy of internal controls and risk management procedures.

Also, Structured Policies and Procedures for each department, as 1st Line of Defence, exhibit an imperative component of the Company's risk governance framework and ensure adequate management of financial, operational and compliance risks. In addition, Senior management assesses these risks and places appropriate controls in order to mitigate and respond thereto through preventive, detective and corrective actions, where required.

Further, as 2nd line of defence, an Enterprise Risk Management (ERM) function is operating to oversee all the business risks and develop appropriate and effective mitigation strategies. In this regard, for efficient monitoring, a detailed Risk profiling matrix and complete adherence to Risk Management Dimension/Practices have been implemented at the Company, as per ERM framework and best practices.

Issues Raised in the Last AGM

Queries of the shareholders were properly addressed on the Company's published audited financial statements and other agenda items during the 20th Annual General Meeting held on April 28, 2023 and no significant issues were raised.

Review of Related Party Transactions

The Code requires the Company to place before the Audit Committee, and upon recommendation of Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. The Company has duly ensured compliance of this requirement and has obtained approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. The related party transactions are also presented before the shareholders in each annual general meeting of the Company for their approval/ ratification.

Policy and Procedure for Stakeholders' Engagement

Fatima believes in a collaborative long term relationship with its stakeholders at all levels. The Company treats its shareholders as its partners and ensures that all possible means of effective communication/engagement are adapted to bring them up to date with disclosures and other valuable information.

The following table elaborates how Fatima engages its stakeholders. These stakeholders have been identified based on, firstly, their influence on the Company, and secondly, their dependence on the Company.

Stakeholders	Why do we Engage	Nature of Engagement	Frequency	Value Added
Institutional Investors / Lenders	To further strengthen Fatima's image by maintaining a professional and transparent relationship	1. Investor Meetings 2. Financial reporting 3. Head Office / Plant visits 4. Circulation of Minutes 5. Circulation of Company Reports	1. As and when required 2. Periodic Basis 3. As and when required 4. Periodic Basis 5. Periodic Basis	Financing requirements are met for expansion projects
Customers	1. Enhance farmer knowledge base about technological advancements in Agri sector 2. Educate farmer about potential benefits of balanced fertilizer use	1. Farmer call center 2. Farmer education events 3. Demonstration plots 4. Corporate website 5. Effective reward system place for customers and distributors 6. Office meetings	1. Continuous 2. Occasionally 3. Continuous 4. Continuous 5. Occasionally 6. Occasionally	1. Valuable feedback helps in understanding what farmers want 2. Helps in bridging the gap between farmers and Company
Media	To benefit from the most effective means of communication with our customers and other stakeholders	1. Advertisements through print and electronic media campaigns 2. Announcements through Company website and social media	1. Continuous 2. Continuous	1. Helps in building Company's image, resulting in maximizing shareholders wealth 2. Engagement of all stakeholders
Employees		1. Sale and other events 2. Cultural activities 3. Trainings 4. Workshops	1. Annually 2. Occasionally 3. Annually 4. As and when required	Satisfied and engaged employees become valuable assets for the Company resulting in higher efficiency and productivity
Shareholders	1. Timely delivery of material and price sensitive information in a transparent manner 2. To address concerns and queries in a timely manner	1. Annual general meetings 2. Annual report 3. Quarterly reports 4. One-on-One meetings with investors 5. Investor relations section on website	1. Annually 2. Annually 3. Quarterly 4. As and when required 5. Continuous	1. Results in the stock price trading at intrinsic value 2. To encourage equity participation in expansion project
Regulators	1. Ensure full compliance with legal and regulatory requirements 2. To develop and sustain transparent means of communication with the regulator	1. Filing of statutory returns 2. Annual / Quarterly reports submission 3. Written communication with respect to queries 4. One-on-one meetings with representatives of regulators	1. Periodic basis 2. As and when required 3. As and when required 4. As and when required	1. Full compliance leads to positive projection of Company's image, in turn maximizing shareholders' value 2. Responsible corporate citizen

Investor Relations Section on the Corporate Website

Comprehensive information and a dedicated investor relations section is available on our corporate website i.e. www.fatima-group.com/fatimafertilizer for its investors to facilitate existing and prospective investor queries and concerns with regards to information related to financial results and highlights, financial calendar, and share value. Moreover, the investor relations desk at Fatima ensures that the information under this section is updated on regular basis, by complying with the guidelines provided by SECP. Investors can also use the investor relations desk to contact the Company for any grievance using the email; investor.relations@fatima-group.com

Annual Report Accessibility

Annual and quarterly reports are available on the corporate website at (http://fatima-group.com/ffcl/)

Investor Grievance Policy

Fatima's core values stress on ethical business practices with transparency and accountability, devoted investor service and frugal productive policies since commencement. As one of the leading fertilizer company, we believe in establishing and preserving interests of our investors. Therefore, the Investors' Grievance Policy has been drafted with the sole purpose to protect the interests of the investors.

Process:

1. All investor grievances received are handled by an Investor Relations Officer at the Corporate Head Office. An email ID i.e. investor.relations@fatima-group.com has been created for this purpose and is also mentioned on the Company's website.
2. Investors can lodge their complaints by sending via soft copy on the said email ID and can also send their complaints / grievances via hard copy addressed to Corporate Head Office.
3. All investor grievances that are received are incorporated in the Register of Grievance and are appropriately considered and action is initiated immediately.
4. The complainant is informed about the time that the compliance department will take to resolve within a span of 5-7 working days from the date of receipt of grievance / complaints, as the case may be.
5. The Investor Relation's Officer ensures that all complaints / grievances and recorded in the Register of Grievance and resolved within the stipulated time period and its record is kept for future reference.

Annual Evaluation of Board's Performance

Fatima constantly finds ways to make its directors become more strategic, make better decisions and be seen to be undertaking best practice governance. The primary purpose of this exercise is for our board members to want to be even better at what they do. Board performance is assessed by the Pakistan Institute of Corporate Governance (PICG) annually. The annual evaluation encompasses the following broad areas:

- Board Composition
- Board Committees
- Board Procedures
- Board Interaction
- Strategic Planning
- Board and CEO Effectiveness
- Board Information
- Board and CEO Compensation

The Board assesses the effectiveness of its own collective working and that of its individual members. Board evaluations are based around directors rating the board as collective. This represents a true picture as rating is done on a series of questions related to their responsibilities and functions as a Board. As part of this exercise, Capabilities and Constraints are identified and the next part involves the Board members meeting and discussing the findings of the data gathered and analysis to reach an agreement on governance challenges facing the Board and the development of appropriate action plans designed to address the problems. The results are then compiled and analyzed, and the report is delivered to the Chairman. The results also serve as a benchmark for Fatima for the next time a board evaluation is held. It helps the Company to gauge whether improvements which were suggested in the last report were taken forward and changes were implemented or not.

Role and Responsibilities of the Chairman and Chief Executive

The role of the Chairman and the Chief Executive are segregated and they have distinct responsibilities.

The Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as duties assigned to him by the Board. In particular, the Chairman coordinates the activities of the Board and presides over the meetings of the Board of Directors and shareholders. The Chairman also controls all meetings procedures and processes, guiding discussion and decision making along with enhancing relations with members and staff. The Chairman's role and responsibilities are briefly described as under:

I. Leadership and control of Board of Directors;

II. Ensuring that the Board as a whole plays an effective role in the determination of the Company strategy and overall business objectives;

III. Guardian of the Board's decision making process;

IV. Promoting highest level of morale, integrity, excellence, corporate governance and ethics to assure investors that the money invested by them is put to appropriate and profitable use;

V. Approval of Company policies;

VI. Approves risk mitigation plan; and

VII. Leads and motivates CEO and Management Team.

The Chief Executive Officer (CEO) is responsible for all day to day management decisions and ensures that effective internal controls and management information systems are in place. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public. The primary role and responsibilities of the CEO are given as under:

I. Effective running of the Company affairs;

II. Development of Company's strategy and business objectives;

III. Conducting the affairs of the Company with the highest standards of integrity and Corporate Governance;

IV. Policy formulation;

V. Risk assessment and risk management; and

VI. Sound financial management

Conflicts of Interests Relating to Members of the Board and How Such Conflicts are Managed

Fatima's Board of Directors is held to the highest level of conflict of interest standards, as members have ultimate responsibility for all activities of the Company and have the highest public visibility as representatives. Conflict of Interest Policy for its Board of Directors provides general guidelines on avoiding conflicts of interest with the Company. The Board has adopted the following policies and procedures with respect to any potential or actual conflict of interest involving directors:

Policy: A director owes certain fiduciary duties, including the duties of loyalty, diligence, and confidentiality to Fatima, which requires a director to act in good faith on behalf of Fatima and to exercise the powers conferred upon his / her by its shareholder's interest and not for him / her own or others' interest.

Disclosure: A director shall promptly disclose to the Board any personal or outside interest, relationship or responsibility (financial, professional or otherwise) held by the director with respect to any potential or actual transaction, agreement or other matter which is or may be presented to the Board for consideration, even if such interest, relationship or responsibility has otherwise generally been disclosed to Fatima or the Board.

Board Action: For any potential conflict, the Board, with the abstention of the interested director, may decide whether such director may participate in any reporting, discussion or vote on the issue that gave rise to the potential conflict.

Whistle Blowing Policy

Fatima encourages its associates to raise a matter at any appropriate time. To give guidance on how to raise concerns, a "Whistle Blowing Policy and Procedure" is in place which is primarily for concerns where, due to malpractice, fraud, abuse or other inappropriate acts / omissions, the interest of Fatima or its associates is at risk. The objective of having this policy is to ensure that employees highlight and share any suspicious or illegal act being carried out to harm the Company immediately or in the long run so that damages caused to the Company, if any, are minimized. The scope of the Whistle Blowing Policy covers the concerns for behavior / practice conflicting with the principles set out in Fatima's Code of Conduct.

Formal Orientation at the induction of New Directors and Director's Training Program from Institutes approved from SECP

The Company is fully aware of the requirement of the Code of Corporate Governance. Directors having the requisite experience and qualifications are exempt from the Directors' Training Program. Furthermore, appropriate arrangements are made by Fatima for detailed orientation of new Directors to familiarize them with their duties and responsibilities. A formal acclimatization program primarily includes amongst other things giving briefings relating to the Company's visions and strategies, the Company's core competencies, organizational structure, role and responsibility of the director as per the Companies' Act, including the Code of Corporate Governance and any other regulatory laws applicable in Pakistan.

Share Price Sensitivity Analysis

Share price of the Company can be influenced by variable internal and external factors, some of which are discussed in the table below:

Factor	Change	Impact on Share Price
Sales Volume	Increase	Would lead to economies of scales resulting in higher profitability leaving a positive impact on the share price through higher EPS
Cost of Raw Material	Increase	Would negatively affect the profitability which in turn would have a negative impact of the share price
Discount Rate	Increase	Finance cost of the Company would increase, impacting the shareholder value negatively. Thus lower EPS would negatively affect share price.
Government Policies	Increase in political stability	Would lead to consistent policies resulting in higher confidence of buyers and investors. Share price may move upwards in times of political stability.

NOTICE OF THE 21st ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the shareholders of FATIMA FERTILIZER COMPANY LIMITED will be held on Monday, April 29, 2024, at 11:00 a.m. at Avari Hotel 87-Shahrah-e-Quaid-e-Azam, Lahore as well as through electronic means to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meetings held on December 12, 2023.

2. To receive, consider and adopt the standalone and consolidated audited financial statements of the Company for the year ended December 31, 2023, together with the Directors' and Auditors' Reports thereon and the Chairman's review report.

   In accordance with Section 223 of the Companies Act, 2017 and SECP S.R.O No. 389(I)/2023 dated March 21, 2023, the annual audited financial statements of the Company have been uploaded on the website of the Company which can be accessed using the following weblink and QR enabled code:

   https://fatima-group.com/financial-reports/

3. To consider and approve the final cash dividend for the year ended December 31, 2023, at PKR 2.75 per share i.e., 27.5% as recommended by the Board of Directors. This is in addition to the interim dividend already paid during the year at Rs. 1.75 per share i.e., 17.5%, thus making a total cash dividend of Rs. 4.50 per share i.e., 45% for the year ended December 31, 2023.

4. To appoint Auditors for the year ending December 31, 2024, and to fix their remuneration. The Audit Committee and the Board of Directors have recommended for reappointment of M/s Yousuf Adil Chartered Accountants as external auditors.

Special Business

5. To consider and approve renewal of running finance facility limit extended to associated company namely Reliance Commodities (Pvt) Limited for a further period of one year and to pass the following Special Resolution(s) with or without modification(s):

   “Resolved, that the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of Running Finance Facility limit of up-to an aggregate amount of PKR 5,000 million extended to Reliance Commodities (Pvt) Limited, an associated company, for a further period of one year on terms as are noted in Annexure-A of the statement of material facts under Section 134(3) of the Companies Act, 2017 annexed herewith. The limit in the nature of Running Finance Facility shall be renewable in the next general meeting(s) for a further period(s) of one year.

   Resolved further, that the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and/or Company Secretary of the Company be and are each hereby authorized singly to take all steps necessary in this regard, including but not limited to negotiating and executing any necessary agreements/ documents, and any ancillary matters thereto.”

6. To ratify and approve the transactions carried out by the Company with related parties for the year ended December 31, 2023, and to pass the following Special Resolution(s) with or without modification(s):

   “Resolved, that related party transactions carried out by the Company with all the related parties during the year ended December 31, 2023, and as disclosed in Financial Statements for the year ended December 31, 2023, be and are hereby ratified and approved.”

7. To approve transactions with related parties and to authorize the Board of Directors of the Company to carry out such related party transactions from time to time which require approval of shareholders u/s 207 and/or 208 of the Companies Act, 2017 and to pass the following Special Resolution(s) with or without modification(s):

   “Resolved, that the Company may carry out transactions including but not limited to sale and purchase of stores and spares, shared expenses, toll manufacturing, sale and purchase of products/ mid-products/raw material/assets and purchase of packaging material, payment against sales collections, lease rentals and license fee, fee for services, with related parties from time to time including but not limited to Fatimafert Limited, Fatima Cement Limited, Fatima Packaging Limited, and other such related parties during the year ending December 31, 2024.

   Resolved further, that details of transactions incurred up to date of the next meeting of shareholders shall be presented in the next meeting of shareholders for ratification.

   Resolved further, that within the parameters approved above by the shareholders of the Company, the Board of Directors of the Company may approve specifically related party transactions from time to time in compliance with the Company’s policy pertaining to related party transactions and notwithstanding any interest of the directors of the Company in any related party transaction(s) which has been noted by the shareholders and the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and/or 208 of the Companies Act, 2017.”

8. To consider and if deemed fit, to pass the following Special Resolutions with or without modification(s):

   Renewal of unutilized equity Investments in REITS under management of Arif Habib Dolmen REIT Management Limited (an associated company)

   “Resolved, that the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings)

Regulations, 2017, for renewal of following unutilized limit of equity investment for REIT Schemes under management of Arif Habib Dolmen REIT Management Limited, for which approval has been sought in previous general meeting, as mentioned in detail in the Annexure-A of statement under Section 134(3) of the Companies Act, 2017, for a period upto next annual general meeting, unless specifically approved for a longer period, and shall be renewable thereon for further period(s) as specified.

Sr. No.	Name of Associated Companies & Undertakings	Renewal requested for unutilized Equity Portion
1.	REITS under management of Arif Habib Dolmen REIT Management Ltd.	PKR 2,250 million

Resolved further, that the Chief Executive Officer, any director, Chief Operating Officer/Chief Financial Officer and Company Secretary, be and are hereby authorized singly to take and do, and/or cause to be taken or done, any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above, as and when required at the time of investment, including but not limited to negotiating and executing any necessary agreements/documents, and any ancillary matters thereto."

Other Business

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

The statements under Section 134(3) of the Companies Act, 2017 setting out the material facts are annexed herewith.

By order of the Board

Lahore
April 8, 2024

Anil Zia
Deputy Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from April 23, 2024, to April 29, 2024 (both days inclusive). Transfers received in order at the office of our Share Registrar/Transfer Agent CDC Share Registrar Services Limited by the close of business on April 22, 2024, will be treated in time for the aforesaid purpose.

2. A member entitled to attend and vote may appoint another person as his/her proxy to attend and vote instead of him/her.

3. An individual beneficial owner of shares from CDC must bring his/her original CNIC or Passport, Account, and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.

4. Online participation in the Annual General Meeting

a) For online participation in the Annual General Meeting, the shareholders are requested to get themselves registered with the Company's Share Registrar latest by April 27, 2024 till 05:00 p.m. on cdcsr@cdcsrsl.com or WhatsApp # 0321-820-0864 by providing the following details:

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	** Email ID	** Mobile Phone No.
	Fatima Fertilizer Company Limited				

**Shareholders/proxyholders are requested to provide active email addresses and mobile phone number.

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

b) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company latest by April 27, 2024 till 05:00 p.m, at corporate.affairs@fatima-group.com . Shareholders are required to mention their full name, CNIC No and Folio No., for this purpose.

c) Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

5. Withholding Tax on Dividends

Prevailing rates prescribed for deduction of withholding tax on the amount of dividend paid by the Company is as under:

(a) For persons appearing on active taxpayer's list: 15%

(b) For persons not appearing on active taxpayer's list: 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names do not appear on the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL by April 22, 2024 otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding tax exemption from the dividend income, shall only be allowed if a copy of the valid tax exemption certificate is made available to Company's Share Registrar by Close of Business day as on April 22, 2024.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold an equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder

For any further assistance, the members may contact the Share Registrar at the following phone numbers, email addresses:

CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400. Telephone: 0800-23275, Email: info@cdcsrsl.com

The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTNs) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the Company name and their respective folio numbers.

6. Payment of Cash Dividend through Electronic Mode

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay a cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to provide their IBAN by filling the Electronic Credit Mandate Form provided in the Annual Report and also available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400 in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to the shareholder's broker/participant/CDC account services.

7. E-Voting / Postal ballot

Members can exercise their right to poll/postal ballot subject to meeting the requirement of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website https://fatima-group.com/wp-content/uploads/2024/02/6.-Postal-Ballot-Paper.pdf to download.

Procedure for e-Voting

a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on April 22, 2024.

b) The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

c) Identity of the Members intending to cast vote through e Voting shall be authenticated through electronic signature or authentication for login.

d) Members shall cast vote online at any time from April 23, 2024, 9:00 a.m. to April 28, 2024. Voting shall close on April 28, 2024, at 5:00 p.m. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

Procedure for voting through postal ballot paper

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's address at E 110 Khayaban e Jinnah Lahore Cantt. or email corporate.affairs@fatima-group.com one day before the day of poll, during working hours. The signature on the ballot paper shall match with the signature on CNIC.

Appointment of Scrutinizer

In accordance with the Regulation 11 of the Regulations, the Board of the Company has appointed M/s Yousuf Adil Chartered Accountants, (a QCR rated audit firm and external auditors of the Company) to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.

8. Dissemination of Annual Audited Accounts and Notice of Annual General Meeting

The audited financial statements of the Company together with the auditors' report, directors' report and the chairman's review report for the year ended December 31, 2023 (Annual Report) have been made available on the Company's website (https://fatima-group.com/financial-reports/). In accordance with the requirements of section 223 of Companies Act 2017, the Company has electronically transmitted the Annual Report through email to shareholders whose email addresses are available with Company's Share Registrar (CDCSRSL). In those cases, where email addresses are not available with Company's Share Registrar (CDCSRSL), Annual Report can be accessed using the weblink and QR enabled code mentioned on the printed notice of the AGM circulated to the members.

9. Conversion of physical shares into the Book-Entry Form

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

10. Unclaimed dividend / shares

Shareholders who have not collected their dividend / physical shares are advised to contact our shares registrar to collect / enquire about their unclaimed dividend or shares, if any.

11. Change of Address

1. Members having physical shareholding are requested to notify changes in address immediately, if any, in their registered addresses to our Share Registrar, CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400.

2. In case shares are held in CDC then the request notifying the change in address must be submitted directly to broker/participant/CDC Investor Account Services.

12. Submission of Copy of CNIC

1. Individual members having physical shareholding and who have not yet submitted photocopy of their valid CNIC are requested to send notarized copy of their valid CNIC immediately to our Share Registrar, CDC Share Registrar Services Limited.

2. In case shares are held in CDC then the request to update CNIC must be submitted directly to broker/participant/CDC Investor Account Services.

13. Proxy

1. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a attested copy of power of attorney must be deposited at the Registered Office of the Company situated at E 110 Khayaban e Jinnah Lahore Cantt. at least 48 hours before the time of the meeting.

2. For appointing proxies, the shareholders will further have to follow the under mentioned guidelines:

a. In case of individuals having physical shareholding or the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly.

b. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

c. Notarized copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

MARKETING AND SALES

In FY 2023, Fatima Fertilizer's Marketing and Sales department achieved numerous milestones and achievements. The biggest of them includes the highest ever invoicing of all products in the Company's history and attaining 1 million MT Nitrophos sales. Cohesive and collaborative team was the main thrust behind achieving all these records.

For the seventh year running, Fatima Fertilizer continued with its support to the premier Pakistan Super League (PSL) competition through its sponsorship of the Multan Sultans franchise which ended up as the runner up of the 2023 edition. Marketing activities were carried out across Pakistan. Content pieces and digital videos were also developed for audience engagement. The PSL campaign garnered 12.5 million views on Facebook and Instagram, 2 million views on Youtube and 15 million views on TikTok. Other sports partnerships were successfully executed including tent-pegging and Kabbadi, aimed at increasing brand loyalty among the Sarsabz user base.

Sarsabz continued with its farmer incentive scheme titled 'Nitrophos ko Laga Aur Jettata Ja' based on Sarsabz Nitrophos, to facilitate farmers in purchasing authentic products from our registered channel network. The program used methods of SMS and Sarsabz Pakistan Farmer App to register entries. Campaign was pushed on digital and regional channels creating a lot of excitement in the farmer community.

Sarsabz Kahani, the first ever Agriculture based web series, seeks to bring true stories from Pakistan's rural community to the world, in a series of short films. Following the successful launch of the 1st episode Nazo in 2021 and the 2nd episode 'Khaki Desan' in 2022, the third episode 'Dahani' was launched this year - a story of Shahnawaz Dahani who came from the quiet corners of rural Pakistan to the global cricketing stage. This short film unveils the unspoken challenges, the sacrifices, and the unwavering determination that shaped Shahnawaz's extraordinary journey. This edition garnered 12 million views on Facebook and Instagram, 4.7 million views on Youtube and 19 million views on TikTok.

On the product development end, we continued to focus on our brand promise of giving more than 10% yields against conventional fertilizers. We brought to mass media farmer testimonials from regional level and executed focused campaigns in areas with high potential. We successfully executed the launch of a new SKU of Sarsabz Nitrophos in 25 KG packaging in selected regions to promote phosphate usage among small scale farmers. By continuing the partnership between brands and our on-ground technical advisory team, we managed to execute 19 technical seminars in partnership with Federal and Provincial governments along with 4 Mega Farmer Conventions across Pakistan. These events served as a platform to engage over 3 million farmers, in not only disseminating useful crop production technology but also recognizing the achievements of our hardworking farmers who are attaining record high yields in their districts, regions and provinces.

Continuing on our legacy of paying tribute to our farmers, Fatima Fertilizer celebrated the 5th Kissan Day on December 18, 2023 by launching a new campaign to honor the resilience and unwavering dedication of farmers in the face of unprecedented floods and rainfalls that inflicted suffering on the entire agricultural value chain and compromised the farmers' livelihoods. We recognize and stand by our farmers, commemorating their hard work and commitment that drives our nation forward. The campaign was pushed on all traditional and digital mediums. On social media, the hashtag #Sarsabz Pakistan was trending at No.1 in Pakistan while simultaneously creating strong footprint on TV, Radio and Print. The campaign attained 3.5 million views on Youtube, 28.6 million views on Facebook and 38.5 million views on TikTok. We are proud to have effectively created a platform for farmers to not only be recognized but also be at the forefront in influencing policy making and setting a long term vision for Agriculture in Pakistan.

Under our commitment to serve all tiers of customers, the Channel team achieved remarkable milestones. The Sarsabz Royals loyalty program reached record breaking redemption, demonstrating a 44% growth over last year, which testifies strong business partnership approach with our Business Associates. We also broke new ground in FY 2023 with the introduction of innovative fixtures for branding retail shops. This industry-first initiative sets us apart and establishes a fresh benchmark for modernization, demonstrating our unwavering commitment to pushing boundaries and driving positive change within the sector. The inaugural "Sarsabz Royals NP Gala" served as a cornerstone initiative, solidifying Nitrophos' position as the market leader and resulting in a 76% growth in the 1,500+ MT network. Moreover, multiple visibility initiatives were taken during the year to drive brand awareness which included in-store and on-store branding. These achievements collectively assisted in demand generation and established Sarsabz brands strongly in the market.

Keeping up with our annual tradition, we celebrated Pakistan's 76th Independence Day by launching a new campaign 'Ye Hath Salamat Hain Jab Tak' on 14th August to associate Sarsabz's relationship with the soil and Pakistan. The campaign garnered 8.4 million views on Youtube, 4.7 million views on Facebook and 27.8 million views on TikTok.

'Sarsabz Tabeer', was launched to provide female farmers with a voice, a platform, and resources to improve their livelihoods and bring prosperity to their families and villages. Trainings were conducted across Pakistan in collaboration with a USAID Certified trainer. This training has already been provided to over 1,000 females in rural communities across Pakistan. One of the program's key objective is to empower females in rural areas through vocational training programs on farm food processing and assisting them in setting up their businesses.

In Marketing HSE, the team continued to move towards fostering a culture where safety is priority. We achieved 8.5 million Safe Hours without any recordable injury reported and achieved 15 million Safe Mileage (KM) without any recordable injury reported. Under excellence sustainability, we were able to succeed in Recertification of Multan Plant IFA Protect & Sustain at Excellence score of 96% whereas in Mid-Term Reviews of IFA Protect & Sustain certification for Sadiqabad Plant and Sheikhupura Plant, we managed scores of 98.5% and 97.5% respectively.

In line with our focus on enhancing operational efficiency via technology, we worked on multiple existing and new initiatives. Under mobile and web applications, our Sarsabz Farmer App reached 200k+ organic downloads as we added multiple new features to assist our on-ground technical team and farmers. The community is now regularly using our tailor-made crop plans integrated into the App to maximize their yields. The award-winning Sarsabz Asaan App crossed another landmark figure of 201.7 Billion PKR+ Order Value and 2.96 Million MT+ online orders since its roll out in first half of 2022. We also launched an industry-first Marketing HSE App named "SARSABZ CONNECT". Key features include real-time incident reporting, HSE reward system, and online trainings amongst others.

On the local and international front, Sarsabz won many renowned accolades.

- THREE Pakistan Digital Awards for "Best Social Media Influencer Communication for Salam Kissan", "Best Web Series of the Year for Sarsabz Kahani" and "Best Innovative App for Sarsabz Asaan"
- Chief Marketer Award (Hong Kong) in the business category awarded by the globally acclaimed Campaign Asia-Pacific Awards 2023
- Digital Leaders Award Pakistan in recognition of being one of the top digital leaders in the country.
- Asian Experience Award (Singapore) won by Salam Kissan for "Digital Experience of the Year"
- The prestigious DRUM Award (London), which stands as the epitome of prestige in the advertising industry globally, won by Salam Kissan in "Social Purpose" category for Social Media.

Amidst a volatile and uncertain social/business environment, the Marketing and Sales persisted through every obstacle and managed to keep the fertilizer business on a consistent growth trajectory. The team made sure that despite all the socio-economics pressures on dealers and farmers, our business relationship did not suffer and continued to flourish. It resulted in enriched mutual respect and trust which augurs well for the future. The team is committed to sustain this momentum and achieve even greater landmarks in 2024.

سرسبز تعبیر

میری اُڑان میری پہچان!

INFORMATION TECHNOLOGY

2023 marked a year of significant strides and innovations in Information Technology (IT) for Fatima Fertilizer Company Limited. With a steadfast commitment to leveraging innovative solutions and enhancing business efficiency, IT played a pivotal role in driving the Company towards its strategic objectives.

Winning the Best Innovated Mobile App 2023 at Pakistan Digital Awards and earning runner-up for the Digital Technology Award from ICAP for our SARSABZ ASAAN App was a testimony to our commitment to customer focus. With a record PKR 148 billion in orders processed through the App, it offers exceptional customer experience, featuring 24/7 order placement, seamless funds transfer, authorization capabilities, real-time tracking, and an intuitive interactive dashboard. These functionalities not only elevate convenience but also exemplify our relentless pursuit of innovation in enhancing customer satisfaction and engagement.

Ensuring safety and manufacturing excellence is another top priority for our Company. The seamless integration between IT and plant operations has established high standards for plant safety and process efficiency. This synergy has digitized crucial processes, contributed to the reduction of plant downtime, streamlined management of critical inventory, optimized resource allocation, and mitigated the risk of workplace injuries. Additionally, our sales team has been empowered with a Safety Management mobile application to record and monitor safety events, further enhancing workplace safety across the organization.

We have leveraged advanced analytics and AI capabilities across multiple functions. Notably, AI-driven Demand Management has achieved a remarkable 95% accuracy in sales forecasting. Furthermore, these capabilities have been extended to HR data analysis, enabling deeper insights into recruitment, retention, and predictive analytics for various HR KPIs. Additionally, financial planning, budgeting, and forecasting processes have been significantly boosted through the utilization of these powerful tools.

ISO 27001:2022 certification marked as milestone as the Company became the first manufacturing organization in Pakistan to adopt to this international standard. We fortified our Company's security posture through rigorous security protocols, including Two-Factor authentication, quarterly vulnerability assessments, regular audits, and employee awareness programs, ensuring the safeguarding of the Company's digital assets.

A significant portion of resources was allocated towards infrastructure modernization initiatives, including transitioning from 3-tier cloud infrastructure to the latest Hyper-converged infrastructure (HCI), network expansion, upgrade of enterprise backup solution and unified communication. These efforts optimized resource utilization and laid a solid foundation for future scalability.

By virtue of this solid technological footprint some other benefits realized were as follows:

- Savings of 28,000 Manhours and PKR 200 million annually
- 35-50 % efficiencies for targeted processes
- Exceeded uptime commitments for IT services, and
- Executed two successful live DR drills for critical IT services.

2023 ended as a year of remarkable progress and innovation for Company's IT needs. As we embark on the journey ahead, we remain committed to pushing the boundaries of technological innovation, driving sustainable growth, and delivering value to our stakeholders.

OPERATIONAL PERFORMANCE

Operational Performance

Cumulative fertilizer production of all three sites was recorded at 2.58 Million MT. The pursuit to enhance plant assets reliability, team professional focus, resilience and perseverance remained continued and have contributed to the unprecedented achievements in plant safety, reliability and operational performance.

Sadiqabad Plant

Sadiqabad Plant achieved the Highest Ever Annual Production Record of 1,406,836 MT (Turn Around Year). It broke last best production record of 1,380,295 MT achieved in the year 2021. Ammonia Plant achieved record on-stream factor of 99.6% (Top 25% International Plants averages at 97.3%) through safe management of various operational and maintenance hiccups throughout the year.

Multan Plant

Multan Plant successfully produced 742 KMT of fertilizer. Despite undergoing a major revamp of the Furnace and Towers (ENCON-1), the Plant managed to achieve a 98% onstream factor for the Ammonia Plant. The modernization of the Plant through DCS, ESD, and Machine Controls upgrade was completed simultaneously. Following the implementation of the ENCON1 Project, the Ammonia Plant's energy efficiency improved by approximately 6%, making a significant contribution to our sustainability goals. The Plant also surpassed 28.5 million safe manhours: a remarkable achievement given the extensive scope of work during the 61 days turnaround.

Sheikhupura Plant

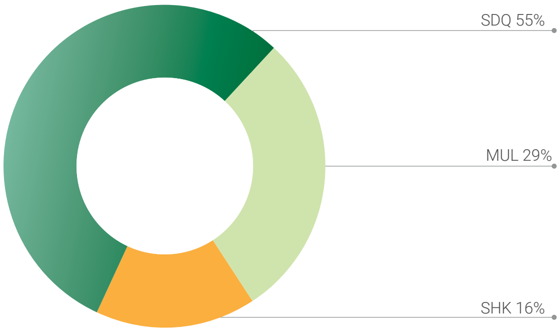
Sheikhupura Plant achieved ever highest daily Urea production of 1,630MTPD (121%) in 2023 with cumulative Urea production of 397,843 MT. The Highest ever Ammonia sales of 7,277 MT were achieved and site achieved Energy Index of 28.93 MMBTU/MT in 2023 against 29.53 MMBTU/MT of 2022.

TurnAround-2023 completed safely with 3,500+ jobs, 36 Foreign VSMs, overhauling of critical machines, catalyst replacements and major maintenance and modification jobs. 1st time in any fertilizer plant in Pakistan, Process air compressor on-site complete overhauling was conducted successfully. Post TA 80 MT/Day production increased along with major reduction in energy and operational cost.

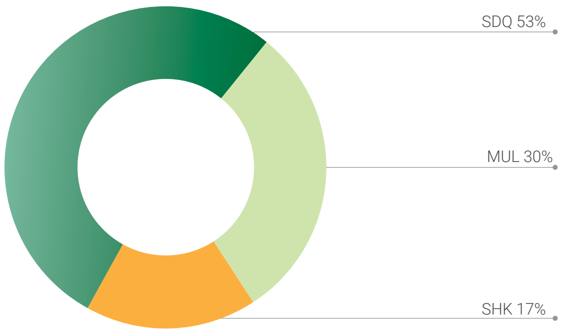
Learning and Development

Sadiqabad Plant partnered with Unilever on "Gender Diversity". Organized first ever of its kind "The Bently Nevada Conference". IMS and ISO-29993 Surveillance Audit conducted with Zero NC. Industrial Liaisons carried out with NUST, GIKI & LUMS for Final Year Project and internships. Sheikhupura Plant 2nd Party audit for ISO-29993 conducted and Multan Plant road map for ISO-29993 certification developed.

2023 Site Wise Production



2022 (Restated) Site Wise Production



Multan Plant digitalised SKILL CERTIFICATION TESTs and Annual Management training plans launched based on DNA analysis. Competency Matrix and Heat Map also launched for Production Department. 30 external trainings and 10 external Organizations visits were organised. GTEs Graduation and connect session were arranged and internship services extended to around 140 students.

Sheikhupura Plant initiated ISO-29993 certification preparations. GTE's Annual Graduation event held. Revived an old DCS server for hands on training in model lab. Achieved IFA certification with a score of 97.5% and IMS surveillance audit was conducted without any major NC. Foreign trainings of 01 Process engineer by Haldor Topsoe and 03 Operations engineers by Buckman were also done.

Manufacturing Site	Total	HSE	Technical	Soft Skills
	Hours			
Sadiqabad	52,293	5,863	42,152	4,278
Sheikhupura	29,334	3,247	22,337	3,750
Multan	11,421	2,223	4,698	4,500

SUSTAINABILITY OVERVIEW

"We continue to work beyond Corporate Social Responsibility and strive for a higher level of sustainability for creating value for the shareholders and the communities we work and live with. We endeavour to bring continuous excellence in our operations, energy efficiency, reducing environmental footprint and bringing more safety and better occupational health standards at work."

Sustainability Strategy

Fatima's sustainability strategy incorporates the key principles of responsible business initiatives, which focus on the following parameters:

a) Ensuring Health, Safety and Environmental protection at its productions facilities, for its employees and for the communities it works and live with;

b) Ensuring employee safety and welfare at all levels;

c) Conserve energy, water and reduce carbon emissions;

d) Supporting communities for socio economic and environmental development, with particular focus on health and education, and by supporting projects through in house resources and volunteer staff;

e) By supporting other institutions and NGO's working for social sector;

f) By raising awareness on social and environmental causes within and outside the Company; and

g) Top level involvement of the Board of Directors and Key Management in philanthropic initiatives.

Key Sustainability Indicators (GRI 3.1 Specific)

Key performance indicator	GRI	2023 Consolidated	2023 Sadiqabad Plant	2023 Multan Plant	2023 Sheikhupura Plant	2022
Economic						
Total Fertilizer Sales	EC1	2,866 (MT in 000)	-	-	-	*2,716 (MT in 000)
Net Profit	EC1	23,008 (Rs in million)	-	-	-	*14,714 (Rs in million)
Revenue	EC1	235,423 (Rs in million)	-	-	-	*159,745 (Rs in million)
Contribution to national exchequer		46,328 (Rs in million)	-	-	-	*30,600 (Rs in million)
Rural development and responsible sourcing						
Farms addressed for capacity building (numbers)		101,697	-	-	-	29,043
Water						
Total water withdrawal (m³)	EN8	20,678,112	8,855,900	7,545,804	4,276,408	23,433,943
Environmental sustainability						
Materials						
Raw Material used (Natural gas, Metric Tons)	EN1	1,469,652	847,324	367,008	255,320	1,612,799
Materials for packaging purposes (Metric Tons)	EN1	7,501	4,067	2,276	1,158	8,286

*Restated

Key performance indicator	GRI	2023 Consolidated	2023 Sadiqabad Plant	2023 Multan Plant	2023 Sheikhupura Plant	2022
Energy						
Total direct energy consumption (gigajoules)	EN3	54,075,869	26,501,908	14,606,611	12,967,350	60,267,072
Total direct energy consumption from renewable sources (% total direct)	EN3	N/A	N/A	N/A	N/A	N/A
Energy saved due to conservation and efficiency improvement	EN5	672,031	-	672,031	-	-
Biodiversity						
Total size of manufacturing sites located in projected areas (Acres)	EN11	1,548	1,112	302	134	1,548
Trees Planted		9,725	6,395	300	3,030	25,799
Emissions, Effluents and Waste						
Direct GHG emissions (Metric Tons CO_2 eq), (i.e. Surplus CO_2 from Ammonia Plant + CO_2 emissions from other sources)	EN16	1,166,905 + 860,553	767,703 + 399,164	399,202 + 178,803	0 + 282,586	884,752 + 1,245,205
Indirect GHG emissions (million tons CO_2eq)	EN16	N/A	N/A	N/A	N/A	N/A
Environmental Sustainability Governance						
Human rights and compliance						
Total number of significant products recalls or incidents of non-Compliance	PR2	Nil	Nil	Nil	Nil	Nil
Our People						
Total Workforce - Permanent (number of employees)	LA1	2,477	-	-	-	2,545
Lost time injuries and illnesses rate (per million hours worked) (employees, on site contractors and on site	LA7	Nil	Nil	Nil	Nil	Nil
Total number of fatalities (employees, on site contractors and on site members of public)	LA7	Nil	Nil	Nil	Nil	Nil
Man Hours of training per year (All functions)	LA10	126,448*	52,293	11,421	29,334	112,647
Female staff at the head office	LA13	71	-	-	-	62

* Including 33,400 training hours on leadership skills.

HEALTH, SAFETY AND ENVIRONMENT STANDARDS, SYSTEMS AND POLICIES

Health, Safety and Environment

Fatima is committed to the highest standards of corporate governance. Our plants not only comply with the requirements of applicable Regulations but also aim towards implementing globally recognized HSE standards while benchmarking with industry best practices.

We take pride that our fertilizer plants accomplished the following certifications and awards in 2023:

Certifications and awards

i. International Fertilizer Association (IFA) Protect and Sustain Stewardship
ii. Quality Management System (QMS) ISO 9001:2015
iii. Environment Management System (EMS) ISO 14001:2015
iv. Occupational Health and Safety Management Systems (OHSMS) ISO 45001:2018
v. WWF Green Office Program
vi. British Safety Council International Safety Awards
vii. Excellence Award in Fire & Safety - National Forum for Environment & Health (NFEH)
viii. AEEA Award for Environment Excellence - NFEH
ix. RoSPA (Royal Society for Prevention of Accidents) Gold Category Award (Sadiqabad Plant)
x. RoSPA Health & Safety Award (Sheikhupura Plant)
xi. Best Tree Plantation Award NFEH (Sheikhupura Plant)
xii. Perfect Record Award & Safety Leadership Award - National Safety Council (Multan Plant)
xiii. International Award on Environment, Health & Safety (Sadiqabad Plant)

Process Safety Excellence

Fatima is committed to implement the world class DuPont Process Safety Management (PSM) system, in accordance with Occupational Safety and Health Administration (OSHA) - USA guidelines. The PSM model is enhanced by implementing the Risk-Based Approach as per the latest guidelines. Following activities have been performed to improve PSM effectiveness:

- Transition from conventional Compliance-Based to Risk-based PSM.
- Development and implementation of HAZOP Guidelines based on DuPont and other global leaders in fertilizer, Oil & Gas sectors.
- Launch and implementation of Risk-Based KPIs under the Risk-Based PSM model from Center for Chemical Process Safety (CCPS) at all three Plants.
- DuPont Risk-Based PSM 2nd Party audits of all three plants by Corporate HSE.
- First ever PSM Maturity Assessment on Risk Based Approach by CCPS (Sadiqabad Plant).

Safety studies conducted

- Quantitative Risk Assessment (QRA) of Ammonia Spheres (Multan Plant)
- QRA of Ammonia Storage Tank (Sheikhupura Plant)
- Community Risk Assessment (CRA) and implementation of Layer of Protection Analysis (LOPA) (Multan Plant)
- Fire Risk Management and Assessment through Fire Prevention Programs (Multan Plant)

Installation of Live Air Breathing System (Sadiqabad and Multan Plants)

Policy on Quality, Health, Safety and Environment (QHSE)

Fatima considers the Health, Safety, and Environment of its employees, stakeholders, contractors, and the community equal to its production targets. The long-term business success of the organization depends on the ability to continually improve the quality of the products while protecting people and the environment. Fatima emphasizes ensuring quality enhancement, occupational health, operational and process safety, environmental protection, and community well-being.

Fatima is committed to

- Conduct its business in a manner that protects the health and safety of employees, contractors, and others involved in our operations and the community in which we live and operate.
- Conform to the requirements of all legislation, regulations, and codes of practice pertaining to quality, health, safety, and environment.
- Implement environmental protection measures that address pollution prevention in all aspects of our business.
- Prevent injuries, occupational illnesses, safety incidents, and environmental excursions.
- Encourage off-the-job safety awareness among employees and their families.
- Ensure that quality, health, safety, and environment is a major responsibility of appropriately trained, empowered, and accountable employees and management.
- Encourage and promote a culture where best quality, health, safety, and environment practices and lessons learned from internal and external incidents are transparently shared with the stakeholders.
- Reaffirm its corporate sustainability commitments towards business excellence and be a responsible global corporate organization throughout its lifecycle.
- Maintain a high standard of quality, health, safety, and environment in all aspects of its business conduct and continuously improve its performance.
- Recognize and reward outstanding quality, health, safety, and environmental performance.

Global Benchmarking on Systems and Standards

Fatima benchmarks global industry standards and best practices to achieve the highest levels of excellence in its businesses. The Company aspires not only to implement global standards and guidelines but also to transcend toward being an industry leader in HSE and PSM performance.

In 2023, Fatima Fertilizer Plants focused on strengthening the HSE and PSM culture, which is directly evident from the decreasing trend of process safety incidents and the increasing trend of Safe Million Man-hours.

Fatima's Contribution to the International and National Process Safety and HSE Forums

Fatima showcased Process Safety, HSE, Plant operations, Reliability, and Technological advancements at various international and national conferences and forums:

Sheikhupura Plant	Workshop on Peaceful Development and use of Chemistry for Member States of the OPCW in the Asia Region	Sheikhupura Plant PSM Story- A Journey of Cultural Transformation
Sadiqabad Plant	8th HSE Conference at Attock Refinery Limited	Paradigm Shift from Conventional Compliance Based Process Safety to Risk Based Process Safety

Safety Training Programs

- HAZOP Capability Enhancement
- Risk-Based PHA Leader and Team competence enhancement
- Root Cause Analysis (RCA) and Incident Investigation
- Risk-Based PSM Approach
- First Aid and CPR (Cardiopulmonary Resuscitation)
- Emergency Response Team trainings with Rescue 1122
- Practical training for Pool Fires
- Injury Prevention Program

Environmental Excellence & ESG Initiatives

Corporate HSE has taken all stakeholders onboard and constituted an Environment Social Governance (ESG) Committee for devising ESG targets and plans in line with UN SDGs. A comprehensive set of sustainability targets already launched and implemented at the Sheikhupura Plant.

DuPont Environment Management System (EMS) has been implemented at fertilizer plants to ensure compliance with global environmental standards. Several environmental improvement projects were executed to reduce environmental impact of Plants operations. Comprehensive Footprint reports also developed to monitor and improve environmental performance.

Sheikhupura Plant was selected as the best site in the vicinity by EPA Punjab for launch of the Spring Tree Plantation Campaign. The event was jointly organized with the Environment Protection Department, Punjab.

TALENT SUSTAINABILITY

Talent Sustainability

Fatima Fertilizer's Human Resources function plays a key role in achieving our strategic objectives by fostering employee growth, cultivating a culture of excellence, and building a competitive advantage. Committed to diversity, equity, and inclusion, we've increased female representation in leadership by 18%, creating a more inclusive and innovative workplace. Through HR Digital Excellence, we've streamlined processes and boosted efficiency, enabling faster decision-making and cost savings.

Our leadership development programs, in partnership with Blue Ocean Strategy and Harvard Mentor Manager, have equipped managers with crucial skills, contributing to a significant rise in employee engagement. Additionally, our internal mentorship program, FG ASCEND, has helped high-potential employees advance their careers, leading to reduction in talent turnover.

Looking ahead, we remain committed to investing in human capital development. By continuously adapting and innovating through DE&I, digitalization, and talent initiatives, we ensure Fatima Fertilizer has the skilled and motivated workforce needed to thrive in the future.

1. **Best Place to Work Award**

   Fatima Group is proud to announce that we have been recognized as the "Best Place to Work" in the Manufacturing and Engineering industry. This esteemed award is a testament to our unwavering commitment to creating a workplace that promotes growth, innovation, and employee well-being. We believe that a positive work environment is essential for both individual and organizational success, and this award reaffirms that our efforts are yielding significant results.

2. **NUST Best Engagement Award**

   In addition to being recognized as the best employer, Fatima Group has received the prestigious NUST Best Engagement Award. This award is a testament to our dedication to employee engagement through the largest and most consistent E2L (Empower to Lead) drives. Our commitment to involving every team member in the decision-making process, encouraging open communication, and promoting a culture of inclusivity has been pivotal in earning this recognition.

As we reflect on these achievements, we extend our gratitude to every member of the Fatima Group family for their dedication, hard work, and commitment to excellence. Together, we will continue to build on these accomplishments and strive for even greater heights in the coming years.

Value-Based Culture

At Fatima Group, our values stand as the foundation of our organizational philosophy, representing a persistent commitment to continuous business improvement and strategic vision. We firmly assert that these values serve as the guiding principles of our organization, encapsulating our brand and culture. To fortify this commitment, we have implemented a governance mechanism, demonstrating a "Zero" tolerance policy for any corporate values violations.

Our strategic initiatives include the creation of a specialized module on Values and Behavior. This module serves as a meticulous framework, designed to deeply integrate our values into the behavior and decision-making processes of our workforce. A significant achievement in this regard is the certification of 100% of our management employees. This certification program was strategically crafted not only to instil values but to tangibly demonstrate our organizational commitment to upholding and reinforcing this fundamental principle.

Building Succession Pipeline

Consistent 6th year of our University Graduate program, Empower to lead, continues to focus on hiring onboarding and development of high-potential Business & Engineering graduates from leading local and international universities. Our Future Leaders Development Program Lead From the Front, LFF has developed 3 batches LFFI, II & III for targeted moves against critical positions.

Ensuring Robust Career Progression and Sustained Leadership Bench

Our people strategy is an embodiment of people enablement and ensures robust career progression. The year 2023 marked the implementation of our well-rounded career progression framework that ensures employee performance and potential-based career progression.

Continuing from last year and further building on the leadership bench, in-depth Talent Review Meetings were conducted across the Company for more than 750 employees followed by the development of individual career plans. Structured Leadership development interventions also included the Management Development & Transformation program, Lead from the Front, Stanford Coaching, Stanford Power of Stories to fuel innovation, business simulation on building high-performance teams and Harvard ManageMentor.

Diversity, Equity, and Inclusion – Sab Saath

In 2023, Fatima Group initiated a significant effort to strengthen our workplace culture and promote inclusivity through our Diversity, Equity, and Inclusion (DE&I) agenda—Sab Saath. This comprehensive effort underscores our enduring commitment to fostering a diverse and inclusive organizational environment.

To drive this initiative, a dedicated DE&I council, comprising representatives from various departments, played a pivotal role in shaping our approach and aligning strategic planning with inclusivity principles. Subsequently, an implementation team was formed to translate our DE&I vision into actionable plans, focusing on three key pillars: Gender, Generational Workforce, and Different Abilities. These pillars are instrumental in ensuring that our DE&I initiatives contribute to creating a more inclusive and diverse workplace.

Our DE&I agenda is strategically aligned to fortify the business case for international investment, ensuring that our workforce remains a key asset in driving Fatima Group's strategy and future aspirations. We are pleased to announce that our CEO has endorsed the proposed DE&I strategic objectives and action plan, emphasizing leadership's commitment to embedding diversity and inclusion as core elements of our organizational DNA. As we transition into 2024, our primary focus is on executing the approved action plan, encompassing initiatives designed to enhance diversity, promote equity, and foster a culture of inclusion. This strategic approach not only mitigates workplace culture risks but also positions Fatima Group as an organization responsive to evolving social expectations.

People Development and Cultivating an Engaged Workforce

Fatima Group is committed to fostering a culture of continuous learning and development for our employees. Recognizing that our people are our greatest asset, we prioritize initiatives aimed at enhancing their skills and capabilities. In the past year, we delivered a total of 33,400 training hours across various programs, resulting in an impressive employee satisfaction index of 4.4 out of 5

Our dedication to nurturing leadership potential is exemplified by the success of the "Building Future Leaders Program." This initiative has not only fortified our commitment to structured people development but has also proven instrumental in shaping the future leaders within our organization. Following this success, The FG Business Academy takes our commitment to talent development further, covering 100% of the M9 and M10 population with an SI of 4.3/5. We're proud to share that we've already conducted 12 academies, benefiting over 350 management employees underscores our holistic approach to nurturing talent at all levels within the organization.

Moreover, the implementation of the FG Leadership Model, integrated with ITLEM into our HR ecosystem, reflects a significant investment of 500+ man-hours. This investment ensures standardized leadership expectations at every stage, from hiring to employee exit, showcasing our unwavering commitment to building a leadership culture that aligns with our organizational values and goals.

HR Transformation: Achieving Competitive Advantage through Digitization

In our relentless pursuit of harnessing competitive advantage through HR Digital Excellence, Fatima Fertilizer has achieved remarkable strides in optimizing efficiency and fostering strategic decision-making within our integrated HR digital ecosystem.

Every facet of our HR has transitioned into a fully digitalized and paperless environment, marking a significant milestone in our journey. Embracing cutting-edge technologies and Artificial Intelligence has remained central to our strategic agenda throughout 2023. Our HR Digital ecosystem, fueled by Artificial Intelligence, continues to serve as a cornerstone in shaping our people-centric strategies.

The deployment of an Integrated HR AI Dashboard has enabled us to analyze over 200,000 data points, empowering us to develop proactive people-centric initiatives that drive tangible business outcomes. Our commitment to leveraging Artificial Intelligence extends beyond strategy formulation; Customized Generative AI integrated with Fatima Fertilizers WhatsApp bot – FG BOLT was introduced to all employees. This innovative solution empowers employees to set high-quality performance objectives and KPIs for themselves and their teams, thus fostering a culture of continuous improvement and enhancing organizational performance.

Strategic Value Enhancement: Total Reward Strategy

Fatima Group has implemented a robust Total Reward Strategy and undertaken impactful Organizational Development initiatives. Our Compensation Philosophy and Rewards Strategy, meticulously crafted for employee retention, have not only resulted in a significant 3% improvement in employee attrition compared to the previous year but also led to a noteworthy increase in the employee index, which stands at 88%. This emphasizes our commitment to not only attract and retain top talent but also to foster a performance-driven rewards structure that is internally and externally equitable.

Furthermore, our dedication towards talent management is demonstrated through the meticulous evaluation of 100% of unique jobs (M9 & Above), resulting in the realignment of reward structures for both internal placements and external hirings. Notably, our Offer Acceptance metrics reveal a commendable increase in the offer acceptance rate since 2021, signaling our success in crafting compelling value propositions. These collective efforts highlight the strategic nature of our Compensation Strategy, positioning us as an employer of choice, committed to creating, retaining, and enhancing value for our stakeholders and investors.

Employee Well-being Initiative: FG Wellness 360

In line with our unwavering commitment to prioritize employee well-being and foster a highly productive workforce, Fatima Group executed a comprehensive overhaul of its Wellness program in 2023. This strategic initiative comprehensively addresses six key dimensions of well-being: mental, social, physical, financial, psychological, and professional wellness. Our primary objective is to elevate overall energy levels, reduce absenteeism, and proactively prevent chronic health issues.

The program's efficacy is evident through the implementation of physical activity challenges and insightful awareness sessions tailored for our employees. These initiatives, strategically designed under the umbrella of mental, psychological, and financial wellness, aim to create a supportive and inclusive environment. By nurturing a holistic approach to well-being, the Wellness 360 program not only supports the overall health of our employees but also drives heightened engagement. Ultimately, this initiative contributes to cultivating a more resilient and thriving workforce, aligning with our commitment to long-term sustainability and stakeholder value.

CORPORATE SOCIAL RESPONSIBILITY

Fatima Flagship Health Project – Mukhtar A. Sheikh Hospital

Located in the heart of Southern Punjab, Mukhtar A. Sheikh Hospital (MASH) is a multidisciplinary tertiary care hospital that aims to provide exceptional healthcare services through its state-of-the-art facility. MASH's goal is to provide unparalleled services by employing cutting-edge technology in its operations.

Mukhtar A. Sheikh Hospital strives to embrace the best international healthcare practices by aligning with the most notable medical professionals both nationally and internationally. With compassion and commitment at its heart, Mukhtar A. Sheikh Hospital opens its door to serve individuals from all walks of life. MASH strives to become a pioneer in the healthcare industry, with a special focus on infection prevention and control and a paperless environment. Complying with the International standards of quality, MASH aims to bring value-based patient-centered healthcare the Southern Punjab For more details please visit our website www.mashospital.org

Spring Clinic Spring Clinic / Institute of Psychiatry

Spring Clinic is a medium sized medical facility for psychiatric / psychological patients. Its medical team comprises Psychiatrists, Clinical Psychologists and Speech Therapists. The patients include adults and children. Spring is a subsidiary of Mukhtar A. Sheikh Hospital. Spring has its own identity and separate infrastructure.

Fatima Fertilizer Welfare Trust Hospital

Under this is the Fatima Fertilizer Welfare hospital and various other healthcare and education facilities at our largest Plant Site in Sadiqabad. A dialysis center was inaugurated to further benefit the communities, the main objective of which is to eradicate hepatitis in the vicinity of Plant areas and the district Rahim Yar Khan.

Our Contributions to the Education Sector

At Fatima, we aim to ensure that quality education is accessible and affordable to the underprivileged segment the society. The need to invest in the education sector – primary, secondary & higher - is critical and it is imperative that we divert our resources to constantly introduce new technologies and adopt innovative, creative methodologies so that our youth may flourish and we, as a country, can realize our true potential.

In 2023, we have actively sponsored the following organizations' students, besides operating the schools inside our plant premises.

- Care Foundation
- TCF (The Citizens Foundation)
- Lahore University of Management Sciences (LUMS)

Empowering Communities

We are deeply committed to playing our part in the social and economic empowerment of our communities. This year we continued our collaboration with Deaf Reach to support the primary education of the Deaf Community, while also continuing our support of Rising Sun Institute.

We further built on our collaborations with Deaf Reach, Pakistan Foundation Fighting Blindness (PFFB) & LABARD. Through their platforms, we on-boarded individuals with different abilities for an Internship Program at our Head Offices and Plant Sites.

OUR REPORTING PARAMETERS

This report contains the Directors' Report to shareholders along with the audited financial statements as per the statuary requirements for disclosure for listed companies in Pakistan. Additionally, the report also contains the voluntary reporting on sustainability and is published as part with the Company Annual Report. In general the sustainability highlights uses the G3.1 reporting framework issued by the Global Reporting Initiative (GRI) on volunteer basis and is aiming for a B Level report as per this framework. The Company also considered the requirements of Association of Chartered Certified Accountants (ACCA), World Wide Fund for Nature - Pakistan (WWF-P) and Pakistan Environment Reporting Awards (PERA) in order to adopt best sustainability reporting practices within the Country.

Report Boundary

This report covers all fertilizer production facilities and the Corporate Head Office in Lahore.

Reporting Period

The reporting period is January 01, 2023 to December 31, 2023 and the data has mainly been obtained from Finance, Operations, Marketing and Sales, Human Resources, Corporate Secretariat, Internal Audit, Information Technology, Supply Chain, External Auditors, HSE and CSR Functions.

Report Content

The Company identified key issues to be responded on as corporate strategy by using its materiality matrix. The purpose of the engagement was to prioritize the materiality of outcomes for management attention and further actions. All the issues which are significant in nature considering the concerns of the stakeholders and the Company are analysed and covered in detail in the report.

Data Measurement Techniques

All numeric indicators are reported on actual basis except for a few environmental KPIs which are reported on management best estimates in accordance with international standards and best practices.

Contact Us

Feedback on the Company's annual and sustainability reporting is encouraged. For comments and feedback, please contact the Corporate HSE / Corporate Communications Department at:
sustainability.reporting@fatima-group.com and
communications@fatima-group.com

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE

on Adherence to the Listed Companies (Code of Corporate Governance), Regulations, 2019.

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2023, and reports that:

- The Company has issued a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" which has also been reviewed and certified by the External Auditors of the Company.

- 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. Equitable treatment of shareholders has also been ensured.

- The Board has developed a Vision / Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

- The Company has complied with all the corporate and financial reporting requirements. Appropriate accounting policies have been consistently applied. All core & other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2023, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company.

- The Directors' Report for this year has been prepared in compliance with the requirements of the Listed Companies (Code of Corporate Governance), Regulations, 2019 and fully describes the salient matters required to be disclosed.

- The Chief Executive and the CFO have reviewed the financial statements of the Company and the Directors' Report.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with Management processes and adequate for shareholder needs.

- Directors, CEO and executives or their spouses do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

INTERNAL AUDIT

- The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board which is independent of the External Audit function.

- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.

- The Company's system of internal control is adequate and effective. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, Yousuf Adil, Chartered Accountants have completed their Audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019" for the financial year ended December 31, 2023 and shall retire on the conclusion of the 21st Annual General Meeting.

- The Audit Committee has reviewed and discussed Audit observations and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall therefore accordingly be discussed in the next Audit Committee Meeting.

- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Audit Committee had a meeting with the external auditors without the presence of the CFO and the Head of Internal Audit. The Auditors attended the General Meeting of the Company during the Year and have confirmed attendance of the 21st Annual General Meeting scheduled for April 29, 2024 and have indicated their willingness to continue as Auditors.

- Being eligible for reappointment as Auditors of the Company, the Audit Committee recommends their reappointment for the financial year ending December 31, 2024.

- The Firm has no financial or other relationship of any kind with the Company except that of External Auditors.

For and on behalf of Audit Committee

Lahore
March 21, 2024

Tariq Jamali
Chairman-Audit Committee

STATEMENT OF COMPLIANCE

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2023

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

1. The total number of directors are 7 as per the following:

a. Male: 6 members
b. Female: 1 member

2. The composition of the Board is as follows:

i	Independent directors (excluding female director)	Mr. Tariq Jamali
ii	Other Non-executive directors	Mr. Arif Habib Mr. Faisal Ahmed Mukhtar Mr. Muhammad Kashif Habib
iii	Executive directors	Mr. Fawad Ahmed Mukhtar Mr. Fazal Ahmed Sheikh
iv	Female directors (Independent)	Mrs. Julie Jannerup

For a Board comprising of seven members, one-third equates to 2.33. Two independent directors have been appointed, however, the fraction of 0.33 in such one-third is not rounded up as one since the fraction is below half (0.5). Furthermore, the two independent directors have the requisite skills, knowledge and are capable of protecting the interests of minority shareholders.

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 complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

9. Two directors of the Company, Mr. Tariq Jamali (Independent / Non Executive Director) and Mr. Muhammad Kashif Habib (Non Executive Director) have already completed the formal Directors Training Program ("DTP"). New Board member, Mrs. Julie Jannerup has also obtained the requisite training during the year 2023 whereas the remaining four directors fall under the exemption from the mandatory requirement for acquiring DTP certification.

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. There is no new appointment of Company Secretary or Head of Internal Audit during the year;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

1.	Mr. Tariq Jamali	Chairman
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Faisal Ahmed Mukhtar	Member
4.	Mrs. Julie Jannerup	Member

b) HR and Remuneration Committee

1.	Mrs. Julie Jannerup	Chairperson
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Fawad Ahmed Mukhtar	Member

c) Nomination and Risk Management Committee

1.	Mr. Fazal Ahmed Sheikh	Chairman
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Tariq Jamali	Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee

Four meetings of the Audit Committee were held during the year prior to approval of interim and final results of the Company during first, second, third and fourth quarter of the financial year.

b) HR and Remuneration Committee

The meeting of the HR and Remuneration Committee was held once during the year.

c) Nomination and Risk Management Committee

There was no meeting of the Nomination and Risk Management Committee during the year.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its 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 regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation with respect to compliance with non-mandatory requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 is specified below:

S. No.	Requirement	Explanation	Regulation No.
1.	The board may constitute a separate committee, designed as the nomination committee of such number and class of Directors, as it may deem appropriate in its circumstances.	The board has constituted a joint Nomination and Risk Management Committee and the functions of both these committees i.e., Nomination Committee, and Risk Management Committee are being performed by the joint "Nomination and Risk Management Committee".	29

Place: Lahore	Fawad Ahmed Mukhtar	Arif Habib
March 21, 2024	CEO	Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

On The Statement Of Compliance Contained In Listed Companies (Code Of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fatima Fertilizer Company Limited (the Company) for the year ended December 31, 2023 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023

Yousuf Adil

Engagement Partner:
Muhammad Sufyan

Lahore
Date: April 01, 2024
UDIN: CR202310180nDMWcjxTP

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

Opinion

We have audited the annexed consolidated financial statements of Fatima Fertilizer Company Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1 Merger / amalgamation of associated Company	
The Group's consolidated financial statements contained the impact of merger / amalgamation of Pakarab Fertilizers Limited ("PFL") with effect from July 01, 2022 after its sanction on June 27, 2023. As a result, the comparative amounts reported in financial position as of December 31, 2022 have been restated after taking its effect. The detailed scheme and breakup of assets and liabilities of PFL has been disclosed in note 1.2 to the consolidated financial statements. We identified effect of merger / amalgamation of PFL as a key audit matter because of one off nature of transaction, complexity of its settlement and accounting treatment in the consolidated financial statements.	Our audit procedures to address this Key Audit Matter included the following: • Obtained an understanding and analyze the impact and accounting treatment of the merger / amalgamation transaction. • Reviewed the relevant documentation relating to the merger / amalgamation transaction. • Evaluated the process of identifying the assets acquired and liabilities assumed and verified from valuer report. • Checked the intercompany balances and transactions between PFL and the Company to assess the accuracy and completeness of the elimination of adjustments. • Evaluated the internal controls in place for identifying, measuring and recording the merger / amalgamations related transactions. • Ensured that merger / amalgamation has been executed in compliance with the Court order. • Evaluated the adequacy of the disclosures in the consolidated financial statements made by the Group with regard to merger / amalgamation transaction.
2. Revenue Recognition	
The Group's sales comprise of revenue from the manufacturing, producing, buying, selling and importing fertilizers and chemicals which has been disclosed in note 31 to the consolidated financial statements. Revenue from the sale is recognized, when the Group satisfies the performance obligation under the contract by transferring the promised goods to the customers. Revenue recognition criteria has been explained in note 4.22 to the consolidated financial statements.	Our audit procedures to address this Key Audit Matter included the following: • Obtained an understanding of and assessed the design and implementation and operating effectiveness of key internal controls over recognition of revenue. • Assessed the appropriateness of the Group's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards.

Key audit matters	How the matter was addressed in our audit
We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction of the performance obligation under the contract with the customer in line with the accounting policy adopted or may not have been recognized in the appropriate period.	• Checked on a sample basis the recorded sales transactions with underlying sales invoices. • Verified that sales prices have been approved by the appropriate personnel. • Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents. • Evaluated the adequacy and appropriateness of related disclosures in the consolidated financial statements.

Information Other than the Consolidated financial statements and Auditor's Report Thereon

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

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.
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 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 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 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 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 year 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 Muhammad Sufyan.

Yousuf Adil

Chartered Accountants

Lahore
Date: April 01, 2024
UDIN: AR202310180OsnWKiI3e

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
3,700,010,000 (2022: 3,700,010,000) shares of Rs 10 each		37,000,100	37,000,100
Issued, subscribed and paid up share capital			
2,100,000,000 (2022: 2,100,000,000) ordinary shares of Rs 10 each	5	21,000,000	21,000,000
Reserves	6	98,385,630	86,500,734
		119,385,630	107,500,734
NON CURRENT LIABILITIES			
Long term finances	7	5,865,827	8,766,426
Subordinated redeemable preference Class A shares	8	1,473,323	1,266,286
Lease liabilities	9	115,211	163,227
Deferred taxation	10	27,534,188	24,692,436
Deferred liabilities	11	2,451,303	2,965,763
Long term deposits		466,658	435,348
		37,906,510	38,289,486
CURRENT LIABILITIES			
Trade and other payables	12	57,351,905	59,652,316
Accrued finance cost	13	570,910	1,143,959
Income tax payable		11,404,954	3,169,896
Short term finances - secured	14	937,842	16,467,085
Short term loans from related parties	15	1,626,307	1,626,307
Loan from directors		–	18,000
Unclaimed dividend		55,769	46,429
Payable to Privatization Commission of Pakistan	16	2,197,901	2,197,901
Current portion of long term liabilities	17	2,440,769	3,543,388
		76,586,357	87,865,281
CONTINGENCIES & COMMITMENTS	18		
		233,878,497	233,655,501

The annexed explanatory notes from 1 to 50 form an integral part of these consolidated financial statements.

	Note	2023	Restated 2022
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	19	112,899,021	117,219,930
Intangible assets	20	2,007,996	3,786,096
Investment property	21	164,513	165,419
		115,071,530	121,171,445
Long term investments	22	5,826,702	1,469,179
Long term advances and deposits	23	3,973,497	3,516,209
		9,800,199	4,985,388
		124,871,729	126,156,833
CURRENT ASSETS			
Stores and spares	24	13,867,718	15,991,238
Stock in trade	25	33,377,002	45,775,134
Trade debts	26	10,354,747	13,794,362
Short term loans to related parties	27	5,099,723	4,999,723
Advances, deposits, prepayments and other receivables	28	20,005,103	19,969,882
Short term investments	29	18,964,855	4,518,659
Cash and bank balances	30	7,337,620	2,449,670
		109,006,768	107,498,668
		233,878,497	233,655,501

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
Sales	31	235,423,342	159,745,182
Cost of sales	32	(161,240,415)	(107,067,335)
Gross profit		74,182,927	52,677,847
Distribution cost	33	(10,532,444)	(8,053,951)
Administrative expenses	34	(8,280,416)	(6,047,224)
		55,370,067	38,576,672
Finance cost	35	(4,902,301)	(3,465,149)
Other operating expenses	36	(7,751,625)	(6,409,454)
		42,716,141	28,702,069
Other income	37	7,227,556	2,666,808
Share of loss from associates	22.1	(1,404)	(68,408)
Other losses:			
- Unwinding of provision for GIDC	11.2	(220,083)	(311,335)
- Loss allowance on subsidy receivable from GoP	28.2	(826,377)	(114,688)
		(1,046,460)	(426,023)
Profit before tax		48,895,833	30,874,446
Taxation	38	(25,887,417)	(16,160,671)
Profit for the year		23,008,416	14,713,775
Earnings per share - basic and diluted (Rupees)	39	10.96	7.01

The annexed explanatory notes from 1 to 50 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2023

	2023	Restated 2022
	(Rupees in thousand)	
Profit for the year	23,008,416	14,713,775
Other comprehensive income:		
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of post retirement benefits obligation	(202,259)	(191,993)
Related tax thereon	103,739	72,254
Share of other comprehensive loss from associates	–	(7,725)
Related tax thereon	–	1,159
Other comprehensive income - net of tax	(98,520)	(126,305)
Total comprehensive income for the year	22,909,896	14,587,470

The annexed explanatory notes from 1 to 50 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2023

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Total
		Share premium	Unappropriated profit		
	(Rupees in thousand)				
Balance at December 31, 2021	21,000,000	1,790,000	77,593,347	(120,083)	100,263,264
Profit for the year – restated	–	–	14,713,775	–	14,713,775
Other comprehensive income – restated	–	–	(6,566)	(119,739)	(126,305)
Total comprehensive income – restated	–	–	14,707,209	(119,739)	14,587,470
Transaction with owners:					
– Final dividend for the year ended December 31, 2021 @ Rs 3.50 per share	–	–	(7,350,000)	–	(7,350,000)
Balance at December 31, 2022 – restated	21,000,000	1,790,000	84,950,556	(239,822)	107,500,734
Profit for the year	–	–	23,008,416	–	23,008,416
Other comprehensive income	–	–	–	(98,520)	(98,520)
Total comprehensive income	–	–	23,008,416	(98,520)	22,909,896
Transaction with owners:					
– Final dividend for the year ended December 31, 2022 @ Rs 3.50 per share	–	–	(7,350,000)	–	(7,350,000)
– Interim dividend for the year ended December 31, 2023 @ Rs 1.75 per share	–	–	(3,675,000)	–	(3,675,000)
Balance at December 31, 2023	21,000,000	1,790,000	96,933,972	(338,342)	119,385,630

The annexed explanatory notes from 1 to 50 form an integral part of these consolidated financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	43	74,873,800	22,322,346
Net increase in long term deposits		31,310	157,244
Finance cost paid		(5,295,074)	(3,464,409)
Taxes paid		(13,462,506)	(10,916,044)
Employee retirement benefits paid		(362,377)	(220,603)
Net cash generated from operating activities		55,785,153	7,878,534
Cash flows from investing activities			
Additions in property, plant and equipment		(6,561,467)	(9,378,123)
Additions in intangible assets		(71,780)	(148,109)
Proceeds from disposal of property, plant and equipment		8,468	31,267
Short term investments made		(12,929,725)	(2,836,305)
Short term loan to an associated company		(100,000)	–
Long term investments made		(4,017,527)	(750,001)
Proceeds from short term investments		625,099	133,545
Profit received on loans and saving accounts		2,323,641	1,541,201
Cash and cash equivalents acquired as a result of asset acquisition		–	(2,219,918)
Cash and cash equivalents acquired as a result of acquisition of subsidiary		–	(298,933)
Payment for acquisition of subsidiary - net of bank balance		–	(290,699)
Dividend income received		575,115	307,581
Net increase in long term advances and deposits		(457,288)	(532,343)
Net cash used in investing activities		(20,605,464)	(14,440,837)
Cash flows from financing activities			
Proceeds from long term finances	7.1	–	5,622,520
Repayment of long term finances	7.1	(3,641,160)	(2,852,849)
(Repayment of) / proceeds from loan from directors		(18,000)	18,000
Repayment of lease liabilities	9	(87,676)	(203,429)
Dividend paid		(11,015,660)	(9,087,386)
(Decrease) / increase in short term finances - net		(9,096,253)	3,619,355
Net cash used in financing activities		(23,858,749)	(2,883,789)
Net increase / (decrease) in cash and cash equivalents		11,320,940	(9,446,092)
Cash and cash equivalents at the beginning of the year		(4,095,306)	5,350,786
Cash and cash equivalents at the end of the year		7,225,634	(4,095,306)
Cash and cash equivalents comprises of following:			
Cash and bank balances	30	7,337,620	2,449,670
Running finance	14	(111,986)	(6,544,976)
Cash and cash equivalents at the end of the year		7,225,634	(4,095,306)

The annexed explanatory notes from 1 to 50 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

1 Legal Status and nature of business

1.1 Fatima Fertilizer Company Limited (the Holding Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and it is listed on Pakistan Stock Exchange. Fatimafert Limited, Fatima Cement Limited, Fatima Packaging Limited and Pan-Africa Fertilizers Limited are wholly owned subsidiaries of the Holding Company. Fatimafert Limited, Fatima Cement Limited and Fatima Packaging Limited are incorporated in Pakistan under the Companies Act, 2017 and Pan Africa Fertilizers Limited is incorporated in Kenya. Collectively, these would be referred to as 'the Group' in these consolidated financial statements.

The principal activity of the Group is manufacturing, producing, buying, selling, importing and exporting fertilizers, chemicals, cement and polypropylene sacks, cloth, liner & bags. The registered office of the Holding Company, Fatimafert Limited, Fatima Packaging Limited and Fatima Cement Limited is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt, whereas the registered office of Pan-Africa Fertilizers Limited is situated at Westlands District, Nairobi, Kenya. The manufacturing facilities of the Holding Company are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and Chichoki Mallian - Sheikhupura, Pakistan.

1.2 The Board of Directors of the Holding Company, in their meeting held on December 5, 2022, had approved a comprehensive business expansion plan and the Scheme of Compromises, Arrangements and Reconstruction (the Scheme) drafted under the relevant provisions of the Companies Act, 2017, aimed at further consolidation of the fertilizer business by amalgamating its associated company, Pakarab Fertilizers Limited ('PFL') with and into Fatima Fertilizer Company Limited with effect from July 01, 2022.

A petition was submitted in the Lahore High Court ('LHC') for obtaining sanction of this Scheme wherein under the supervision of the LHC, the above Scheme had been duly approved by the shareholders of the Holding Company in its extra ordinary general meeting held on December 31, 2022. The Scheme has been sanctioned on June 27, 2023, through an order by the LHC.

As per the sanctioned scheme, the assets and liabilities of PFL have been acquired by the Holding Company and in consideration, the receivables from PFL comprising trade receivable, loans and the accrued markup thereon as at June 30, 2022, stands relinquished. Further, capital contributories and the shareholders of PFL relinquished their right in the Holding Company against which they shall be compensated in the form of Subordinated Redeemable Preference Shares of the Company under the following terms and conditions:

i) Subordinated Redeemable Preference Class A Shares of the Company: Shareholders of PFL shall be issued one (1) Class A Share of the Holding Company against each ordinary share of PFL aggregating to 270,000,000 shares. Face value of such shares will be Rs 10 each. These shares are non voting, neither non cumulative nor cumulative fixed yield and have no dividend or other right. The redemption date shall be December 31, 2027, modifiable upon mutual consent of the Board of Directors of the Holding Company and at least 90% of Class A Shareholders. Redemption value shall be lower of the (i) value as determined by the Holding Company's Board of Directors unanimously, (ii) aggregate face value of Class A Shares or (iii) calculated values of assets and liabilities acquired from PFL as defined in the sanctioned Scheme; and

ii) Subordinated Redeemable Preference Class B Shares of the Holding Company: These shares shall be issued subject to fulfilment of conditions precedent to issue as defined in the sanctioned Scheme i.e. full redemption of Class A shares and unanimous approval of the Holding Company's Board of Directors for issuance. These shares shall be issued to the shareholders and capital contributories of PFL up to a maximum number of 567,369,293 shares having face value of Rs 10 each. These shares are non voting, neither non cumulative nor cumulative fixed yield and have no dividend or other right. Aggregate redemption value of entire set of Class B Shares shall be in accordance with the sanctioned scheme.

Subsequent to sanction of the Scheme effective from July 01, 2022, following assets and liabilities of PFL were taken over by the Holding Company:

ASSETS	Note	(Rupees in thousand)
Property, plant and equipment		8,854,488
Intangible assets		82,916
Long term investment (wholly owned subsidiary)		685,279
Long term advances and deposits		125,721
Stores and spares		1,199,911
Stock in trade		8,380,907
Trade debts		193,190
Income tax receivable		2,907,165
Advances, deposits, prepayments, and other receivables		4,320,035
Short term investments		66,610
Cash and bank balances		2,336,178
Total (A)		**29,152,400**
LIABILITIES		
Deferred liabilities		(1,001,946)
Long term finances – secured		(280,561)
Long term deposits		(67,000)
Trade and other payables		(4,708,236)
Accrued finance cost		(277,122)
Short term finances – secured		(4,851,096)
Short term loans from associated companies		(1,626,307)
Payable to Privatization Commission of Pakistan	16	(2,197,901)
Current portion of long term finances		(1,682,876)
Total (B)		**(16,693,045)**
RECEIVABLE ADJUSTED / PAYABLES RELINQUISHED		
Long term loan from an associated company		(2,999,000)
Long term deposit		(36,000)
Trade and other payables		(5,899,098)
Accrued finance cost		(551,310)
Short term loan from an associated company		(2,000,000)
Advances, deposits, prepayments, and other receivables		200,000
Total (C)		**(11,285,408)**
Subtotal (A + B + C)		**1,173,947**
PAYABLE AGAINST ASSET ACQUISITION		
Present value of 270,000,000 Class A shares of Rs 10 each		**(1,173,947)**

Accordingly, the comparative consolidated financial statements of the Group were restated as at December 31, 2022 to reflect the impacts of acquisition, eliminations thereon and the transactions for the six months period from July 01, 2022 to December 31, 2022. However, third balance sheet is not presented due to the fact that this transaction does not carry any retrospective implications prior to its effective date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

Following is the impact of above restatement on the consolidated statement of profit or loss of the Group:

	For the year ended December 31, 2022		
	As previously reported	Restatement	Restated
	(Rupees in thousand)		
Sales	152,231,277	7,513,905	159,745,182
Cost of sales	(100,288,585)	(6,778,750)	(107,067,335)
Gross profit	**51,942,692**	**735,155**	**52,677,847**
Distribution cost	(7,947,081)	(106,870)	(8,053,951)
Administrative expenses	(5,936,088)	(111,136)	(6,047,224)
Finance cost	(2,930,449)	(534,700)	(3,465,149)
Other operating expenses	(6,336,952)	(72,502)	(6,409,454)
	28,792,122	**(90,053)**	**28,702,069**
Other income	2,425,100	241,708	2,666,808
Share of loss from associates	(68,408)	–	(68,408)
Other losses:			
- Unwinding of provision for GIDC	(274,157)	(37,178)	(311,335)
- Loss allowance on subsidy receivable from GoP	(109,724)	(4,964)	(114,688)
Profit before tax	**30,764,933**	**109,513**	**30,874,446**
Taxation	(16,640,994)	480,323	(16,160,671)
Profit for the year	**14,123,939**	**589,836**	**14,713,775**

Following is the impact of above restatement on the consolidated statement of financial position of the Group:

	As at December 31, 2022		
	As previously reported	Restatement	Restated
	(Rupees in thousand)		
Assets			
Property, plant and equipment	110,256,748	6,963,182	117,219,930
Intangible assets	3,651,346	134,750	3,786,096
Investment property	165,419	–	165,419
Long term investments	1,469,179	–	1,469,179
Long term loan to an associated company	2,999,000	(2,999,000)	–
Long term advances and deposits	1,173,807	2,342,402	3,516,209
Stores and spares	14,722,495	1,268,743	15,991,238
Stock in trade	32,487,798	13,287,336	45,775,134
Trade debts	22,831,008	(9,036,646)	13,794,362
Short term loans to related parties	8,499,723	(3,500,000)	4,999,723
Advances, deposits, prepayments and other receivables	17,509,137	2,460,745	19,969,882
Short term investments	4,129,240	389,419	4,518,659
Cash and bank balances	2,610,617	(160,947)	2,449,670
	222,505,517	**11,149,984**	**233,655,501**

	As at December 31, 2022		
	As previously reported	Restatement	Restated
	(Rupees in thousand)		
Equity and liabilities			
Issued, subscribed and paid up share capital	21,000,000	–	21,000,000
Reserves	85,910,968	589,766	86,500,734
Long term finances	8,446,451	319,975	8,766,426
Subordinated redeemable preference Class A shares	–	1,266,286	1,266,286
Lease liabilities	1,152,880	(989,653)	163,227
Deferred taxation	22,680,356	2,012,080	24,692,436
Deferred liabilities	2,683,448	282,315	2,965,763
Long term deposits	372,600	62,748	435,348
Trade and other payables	55,371,837	4,280,479	59,652,316
Accrued finance cost	715,007	428,952	1,143,959
Income tax payable	8,336,229	(5,166,333)	3,169,896
Short term finances - secured	12,883,518	3,583,567	16,467,085
Short term loans from related parties	–	1,626,307	1,626,307
Loan from directors	18,000	–	18,000
Unclaimed dividend	46,429	–	46,429
Payable to Privatization Commission of Pakistan	–	2,197,901	2,197,901
Current portion of long term liabilities	2,887,794	655,594	3,543,388
	222,505,517	**11,149,984**	**233,655,501**

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 Standards) issued by the International Accounting Standards Board (IASB);

– Islamic Financial Accounting Standards (IFAS Standards) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 Standards and IFAS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New accounting standards / amendments and IFRS Standards interpretations that are effective for the year ended December 31, 2023

The following amendments are effective for the year ended December 31, 2023. These amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023

2.3 New accounting standards, amendments and IFRS Standards interpretations that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Group`s operations or are not expected to have significant impact on the Group`s consolidated financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non current liabilities with Convents along with Classification of liabilities as current or non current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

3 Basis of measurement

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 Critical accounting estimates and judgements

The Group's material accounting policies are stated in note 4. Not all of these material policies require the management to make difficult, subjective or complex judgements or estimates.

The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgement of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgements involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

a) Employee retirement benefits

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2 (a).

b) Useful life and residual values of property, plant and equipment and intangible assets

The Group reviews the useful lives of property, plant and equipment and intangible assets on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangible assets with a corresponding effect on the depreciation / amortization charge.

c) Provision for taxation

In making the estimates for income taxes payable by the Group, the management considers the applicable laws and the decisions of the appellate tax authorities on certain issues in the past.

3.3 Change in accounting estimate

During the year, management identified that the useful life of plant and machinery of the Holding Company requires a revision. As a result, the useful lives of plant and machinery of the Holding Company have been revised from 25 years to 17 years. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting estimate, the consolidated profit before tax for the year ended December 31, 2023 would have been higher by Rs 5,138.60 million and the carrying value of operating fixed assets as at that date would have been higher by the same amount.

4 Material accounting policy information

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

During the year, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. However, the amendments did not result in any changes to the accounting policies themselves.

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items recognised in consolidated other comprehensive income or directly in equity in which case it is included in consolidated other comprehensive income or equity, as the case may be.

4.2 Employee retirement benefits

The main features of the schemes operated by the Group for its employees are as follows:

a) Defined benefit plan - Gratuity

The Group operates non funded gratuity scheme for employees of Sadiqabad plant and funded gratuity scheme for employees of Multan and Sheikhupura plants, according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as at December 31, 2023. Projected unit credit method is used for valuation of the scheme.

All actuarial gains and losses are recognised in 'Consolidated Other Comprehensive Income' as they occur.

b) Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to the consolidated statement of profit or loss.

c) Defined contribution plan - Provident Fund

The Group operates provident fund for all its permanent employees. Equal monthly contributions are made both by the Group and the employees. Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

4.3 Basis of consolidation

These consolidated financial statements include the financial statements of Holding Company and its wholly owned subsidiaries.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These consolidated financial statements include Fatima and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

Inter company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

4.3.1 Business Combination

The Holding Company owns the 100% equity shares of Fatimafert Limited, Fatima Cement Limited, Fatima Packaging Limited and Pan Africa Fertilizers Limited. The control of Fatimafert Limited, Fatima Cement Limited and Pan Africa Fertilizers Limited was obtained on January 01, 2021, May 27, 2022 and September 02, 2021 respectively and the control of Fatima Packaging Limited was obtained with effect from July 01, 2022 as a result of asset acquisition from PFL.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non controlling interest in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to the consolidated statement of other comprehensive income. Contingent consideration that is classified as equity is not re measured, and its subsequent settlement is accounted for within equity.

4.4 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to own manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads. Cost also includes capitalized borrowing costs as referred to in note 4.17.

Depreciation on property, plant and equipment is charged to the consolidated statement of profit or loss on straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in note 19.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or made available for use, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted prospectively, if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the consolidated statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.5 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost less any recognised impairment loss. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use. Provision is made in the financial statements for obsolete and slow moving items based on management estimate.

4.6 Intangibles assets

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and that the cost of such an asset can also be measured reliably. Subsequently asset is measured as follows:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

With indefinite useful life

Intangibles assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the intangible is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment / reversal of impairment is recognised in the consolidated statement of profit or loss immediately.

With finite useful life

Expenditure incurred to acquire intangible assets are capitalized and stated at cost less accumulated amortisation and any identified impairment loss. Computer software is amortised using the straight line method over a period of four years. Amortisation on additions to computer software is charged from the month in which the asset is available for use while no amortisation is charged for the month in which asset is disposed off.

4.7 Investment property

Investment property, which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss. Depreciation on buildings is charged to profit or loss on straight line method at the rate of 4%. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed. The difference between present value of the proceeds from disposal and the carrying amount is recognised in the consolidated statement of profit or loss.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the consolidated statement of profit or loss on a straight line basis over the lease term and is included in 'other income'.

4.8 Investments in associates - at equity method

The Group's long term investments are investments in associates, entities over which the Group exercise significant influence. These investments are initially recognised at cost and subsequently carrying amount is increased or decreased to recognise the Group's share of the profit or loss or other comprehensive income or loss of the associates using the equity method. The Group's share of the associates profit or loss is recognised in the Group's consolidated statement of profit or loss and the Group's share of other comprehensive income or loss is recognised in the Group's other comprehensive income. At each reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss.

4.9 Government grant

The Group recognises the benefit of a government loan at below market rate of interest as a Government grant. The benefit of the below market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received and is presented as deferred grant. The recognition of government grants in the consolidated statement of profit or loss is done on a systematic basis over the period of the loan.

4.10 Leases

As a lessee, the Group recognises right of use asset and lease liability at the lease commencement date.

Right of use asset

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of the property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for the certain remeasurement of the lease liability.

Lease liability

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable under a residual guarantee; and
- the exercise under purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in consolidated statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

4.11 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

4.11.1 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

(i) Amortised cost, where the effective interest rate method will apply;

(ii) Fair value through profit or loss (FVTPL);

(iii) Fair value through other comprehensive income (FVTOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or consolidated other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Further, assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss.

Debt instruments

a) Debt instruments measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect the 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.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments whose objective is achieved by both collecting contractual cash flows and selling financial assets 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 are measured subsequently at fair value through other comprehensive income (FVTOCI).

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating gains / (losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

c) **Debt instruments designated as at fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of profit or loss and presented net within other operating gains / losses in the period in which it arises.

Equity instruments

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of profit or loss as other operating income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in other gains / losses in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade debts, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and other direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets general 3 stage approach is used i.e. to measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a Group of financial instruments has not increased significantly since initial recognition.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in the consolidated statement of other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

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4.11.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Group classifies its financial liabilities in the following categories:

1- At fair value through profit or loss; and

2- Amortised cost.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.

b) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortised cost, using the effective interest rate method. Gain and losses are recognised in the consolidated statement of profit or loss, when the liabilities are derecognised as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

4.12 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.13 Stores and spares

Stores and spares are valued at moving average cost. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the consolidated financial statements for obsolete and slow moving stores and spares based on management estimate.

4.14 Stock in trade

All stocks are valued at the lower of cost and net realizable value. Cost in relation to raw and packing materials, except for those in transit, signifies moving average cost and that relating to mid products and finished goods, monthly average cost comprising cost of direct materials, labour and appropriate manufacturing overheads based on normal operating capacity. Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision is made in the consolidated financial statements for obsolete and slow moving stock in trade based on management estimate.

4.15 Trade debts and other receivables

These are recognised and carried at the original invoice amounts, being the fair value and subsequently measured at amortised cost using the effective interest rate method, less loss allowance, if any. For measurement of loss allowance for trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses.

4.16 Cash and cash equivalents

Cash and bank balances are carried in the consolidated statement of financial position at amortised cost. For the purpose of cash flow statement, cash and cash equivalents comprises of cash in hand, bank balances, short term running finances and short term highly liquid investments that are readily convertible to known amounts of cash.

4.17 Borrowings and their costs

Borrowings are initially recorded at the proceeds received. They are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

4.18 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Group.

4.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for in the consolidated financial statements.

4.20 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss. Amounts accumulated in equity are recognised in consolidated statement of profit or loss in the periods when the hedged item will affect profit or loss.

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4.21 Impairment of non financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

4.22 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when or as performance obligations are satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Scrap sales and miscellaneous receipts are recognised on realized amounts.

Revenue from sale of goods is recognised at the point in time when control of the fertilizers products and chemical is transferred to the customer, generally on delivery of the goods.

Government subsidy on sale of fertilizer is recognised when the right to receive such subsidy has been established and the underlying conditions are met.

Revenue from sale of Certified Emission Reductions (CERs) is recognised on the satisfaction of performance obligation i.e. generation of the Emission Reductions when a firm commitment for sale of CERs exists with a buyer.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Interest income is recognised on accrual basis.

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gain and losses on re translation are recognised in the consolidated statement of profit or loss. All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.24 Dividend

Dividend distribution to the Group's members is recognised as a liability in the reporting period in which dividends are declared.

4.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting for the effects of all dilutive potential ordinary shares.

4.26 Acquisition of assets

The group of assets (including the liabilities assumed) acquired as a result of any arrangement that does not meet the definition of a business are recognized under the asset acquisition method.

Upon the acquisition of net assets, the Group identifies and recognizes the assets acquired and liabilities assumed at their fair values as of the acquisition date. Any difference between the net assets acquired and the fair value of the consideration is allocated to non monetary long lived assets, and no gain or loss is recorded on the date of acquisition, whereas the current assets and liabilities are measured at fair values on the acquisition date.

4.27 Redeemable preference shares

Redeemable preference shares are classified as financial liability if they meet the criteria of liability as per relevant accounting standard.

Upon issuance, the Group recognizes redeemable preference shares as a financial liability in its consolidated statement of financial position at the present value of the future cash outflows associated with the redemption. Subsequent to the initial recognition, these are measured at amortised cost and the effect of unwinding is recognised in the consolidated statement of profit or loss.

4.28 Joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement. The Group classifies a joint arrangement as joint operation when the Group has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group classifies a joint arrangement as a joint venture when the Group has the rights to the net assets of the arrangement.

In respect of an interest in a joint operation, the Group recognises its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses, including its share of any expenses incurred jointly.

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5 Issued, subscribed and paid up share capital

2023	2022		2023	2022
(Number of shares)			(Rupees in thousand)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs 10 each fully paid in cash	20,000,000	20,000,000
100,000,000	100,000,000	Ordinary shares of Rs 10 each issued on conversion of fully paid preference shares @ Rs 20 each	1,000,000	1,000,000
2,100,000,000	2,100,000,000		21,000,000	21,000,000

5.1 Ordinary shares of the Holding Company held by associates at year end are as follows:

	2023	2022
	(Number of shares)	
Arif Habib Corporation Limited	319,000,206	319,000,206
Arif Habib Equity (Private) Limited	–	19,409,500
Arif Habib Limited	30,175,774	–
Fatima Holding Limited	14,276,000	28,000,000
Fazal Cloth Mills Limited	69,114,031	69,114,031
Fazal Holdings (Private) Limited	70,180,692	–
Reliance Weaving Mills Limited	2,625,166	2,625,166
Farrukh Trading Company Limited	163,930,261	160,430,261
Fatima Management Company Limited	165,001,149	160,450,633
Fatima Trading Company (Private) Limited	171,874,016	147,706,263
Reliance Commodities (Private) Limited	500,000	500,000
	1,006,677,295	907,236,060

5.2 All ordinary shares rank equally with regard to the Group's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Holding Company.

	Note	2023	Restated 2022
		(Rupees in thousand)	
6 Reserves			
Capital reserve:			
Share premium	6.1	1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		96,933,972	84,950,556
Post retirement benefit obligation reserve	6.2	(338,342)	(239,822)
		98,385,630	86,500,734

6.1 This reserve can be utilised by the Group only for the purposes specified in section 81 of the Companies Act, 2017.

6.2 This represents cumulative actuarial adjustments in measurement of employee retirement benefits.

	Note	2023	Restated 2022
		(Rupees in thousand)	

7 Long term finances

	Note	2023	2022
Secured loans from banking companies / financial institutions	7.1 & 7.2	8,115,028	12,179,880
Less: Current portion		2,249,201	3,413,454
		5,865,827	8,766,426

7.1 Movement of long term finances

	2023	2022
Opening balance	12,179,880	7,064,604
Disbursements during the year	–	5,622,520
Addition as a result of asset acquisition	–	1,963,437
Addition as a result of acquisition of subsidiary	–	359,389
Accreditation of loan under SBP Temporary Economic Refinance Scheme	280,752	35,099
Classified as deferred government grant	(704,444)	–
Repayments during the year	(3,641,160)	(2,865,169)
	8,115,028	12,179,880

7.2 Secured loans from banking companies / financial institutions

These are composed of:

	Note	2023	2022
Faysal Bank Limited - Diminishing Musharakah	7.2.1	1,750,000	2,000,000
Meezan Bank Limited - Diminishing Musharakah	7.2.2	1,500,000	2,000,000
Pak Kuwait Investment Company Limited - Term Finance	7.2.3	1,312,500	1,500,000
National Bank of Pakistan - Demand Finance	7.2.4	937,500	1,362,469
Allied Bank Limited Term Loan - I	7.2.5	250,000	500,000
Allied Bank Limited Term Loan - II	7.2.6	750,000	1,000,000
SBP Temporary Economic Refinance Facility (TERF) 1	7.2.7	389,207	549,181
SBP Temporary Economic Refinance Facility (TERF) 2	7.2.8	649,631	631,232
SBP Temporary Economic Refinance Facility (TERF) 3	7.2.9	396,495	500,000
The Bank of Punjab Term Loan	7.2.10	–	750,000
Syndicate term finance	7.2.11	–	666,666
Allied Bank Limited - Diminishing Musharakah	7.2.12	179,695	299,491
Askari Bank Limited Term Loan	7.2.13	–	247,663
Allied Bank Limited Term Loan - III	7.2.14	–	173,178
		8,115,028	12,179,880
Less: Current portion		2,249,201	3,413,454
		5,865,827	8,766,426

7.2.1 Faysal Bank Limited - Diminishing Musharakah

This facility has been obtained from Faysal Bank Limited for an amount of Rs 2,000 million to refinance BMR / CAPEX.

The facility carries markup at the rate of 6 months KIBOR plus 0.75% per annum. The effective rate of markup charged during the year ranged from 17.76% to 22.87% per annum (2022: 16.39% to 17.76%).

The facility is secured by pari passu charge over Plant and Machinery of the Group amounting to Rs 2,667 million.

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The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from December 15, 2023. Last repayment is due on June 14, 2027. During the year, the Group has paid instalments aggregating to Rs 250 million (2022: nil).

7.2.2 Meezan Bank Limited - Diminishing Musharakah

This facility has been obtained from Meezan Bank Limited for an amount of Rs 2,000 million to refinance CAPEX already incurred by the Group.

The facility carries markup at the rate of 6 months KIBOR plus 0.85% per annum. The effective rate of markup charged during the year at 16.78% to 21.00% per annum (2022: 9.01% to 16.78%).

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 2,667 million.

The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from March 30, 2023. Last repayment is due on September 30, 2026. During the year, the Group has paid instalments aggregating to Rs 500 million (2022: nil).

7.2.3 Pak Kuwait Investment Company Limited - Term Finance

This facility has been obtained from Pakistan Kuwait Investment Company (Private) Limited for an amount of Rs 1,500 million to refinance CAPEX.

The facility carries markup at the rate of 6 months KIBOR plus 1.10% per annum. The effective rate of markup charged during the year ranged from 16.96% to 23.15% per annum (2022: 15.94% to 16.96%).

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 2,000 million.

The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from November 19, 2023. Last repayment is due on May 19, 2027. During the year, the Group has paid instalments aggregating to Rs 187.5 million (2022: nil).

7.2.4 National Bank of Pakistan - Demand Finance

This facility has been obtained from National Bank of Pakistan for an amount of Rs 1,000 million to finance import & procurement of plant, machinery & spare parts for BMR / CAPEX.

The facility carries markup at the rate of 6 months KIBOR plus 1.50% per annum. The effective rate of markup charged during the year at 18.54% to 24.47% per annum (2022: 12.96% to 16.85%).

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 1,333.34 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual equal instalments starting from December 21, 2023. Last repayment is due on 21 Jun, 2031. During the year, the Group has paid instalments aggregating to Rs 62.5 million (2022: nil).

7.2.5 Allied Bank Limited Term Loan - I

This facility has been obtained from Allied Bank Limited, for an amount of Rs 1,000 million to finance CAPEX in the Group.

The facility carries markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 16.81% to 23.64% (2022: 8.81% to 16.81%) per annum.

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 1,334 million.

The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from March 25, 2021. Last repayment is due on September 25, 2024. During the year, the Group has paid instalments aggregating to Rs 250 million (2022: Rs 250 million).

7.2.6 Allied Bank Limited Term Loan - II

This facility has been obtained from Allied Bank Limited for an amount of Rs 1,000 million to finance CAPEX in the Group.

The facility carries markup at the rate of 6 months KIBOR plus 0.80% per annum. The effective rate of markup charged during the year at 17.74% to 23.77% per annum (2022: 12.26% to 16.15%).

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 1,334 million.

The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from March 30, 2023. Last repayment is due on September 30, 2026. During the year, the Group has paid instalments aggregating to Rs 250 million (2022: nil).

7.2.7 SBP Temporary Economic Refinance Facility (TERF) 1

This facility has been obtained from Askari Bank Limited for an amount of Rs 549.19 million out of total limit of Rs 550 million, under SBP TERF Scheme.

The facility carries markup at the rate of 3.00% per annum (SBP base rate plus 2.00%) per annum. The interest rate is calculated at 11.65% to 13.42% per annum (2022: 3.00% to 17.35%) and the loan has been recognised at present value.

The facility is secured by pari passu charge over Plant and Machinery of the Group amounting to Rs 733.33 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual instalments starting from September 30, 2023. Last repayment is due on September 30, 2031. During the year, the Group has paid instalments aggregating to Rs 34.32 million (2022:nil).

7.2.8 SBP Temporary Economic Refinance Facility (TERF) 2

This facility has been obtained from National Bank of Pakistan for an amount of Rs 993.70 million out of total limit of Rs 1,000 million, under SBP TERF Scheme.

The facility carries markup at the rate of 2.50% per annum (SBP base rate plus 1.50%) / 6 month KIBOR plus 1.50% per annum. The interest rate is calculated at 13.41% to 14.13% per annum (2022: 2.50% to 17.41%) and the loan has been recognised at present value.

The facility is secured by pari passu charge over Plant and Machinery of the Group amounting to Rs 1,333.34 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual instalments starting from December 21, 2023. Last repayment is due on June 21, 2031. During the year, the Group has paid instalments aggregating to Rs 62.10 million (2022:nil).

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7.2.9 SBP Temporary Economic Refinance Facility (TERF) 3

This facility has been obtained from Bank Al Habib Limited for an amount of Rs 500 million out of total limit of Rs 500 million, under SBP TERF Scheme.

The facility carries markup at the rate of 5.00% per annum (SBP base rate plus 4.00%) per annum. The interest rate is calculated at 11.65% to 16.91% per annum (2022: 5.00% to 12.57%) and the loan has been recognised at present value.

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 666.67 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual instalments. Last repayment is due on February 15, 2032.

7.2.10 The Bank of Punjab Term Loan

This facility was been obtained from The Bank of Punjab, for an amount of Rs 3,000 million to finance BMR.

The facility carried markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 16.53% % to 18.65% (2022: 8.29% % to 16.53%) per annum.

The facility was secured by pari passu charge over plant and machinery of the Group amounting to Rs 4,000 million.

The loan was repayable in four years in eight semi annual equal instalments starting from January 31, 2020. Last repayment was made on July 31, 2023. During the year, the Group has paid instalments amounting to Rs 750 million (2022: Rs 750 million).

7.2.11 Syndicate term finance

This represents long term finance facility of Rs 6,000 million obtained from a consortium of banks led by Standard Chartered Bank (Pakistan) Limited (the 'Lead Arranger'). The overall financing is secured by way of charge over the Group's land having an area of 2,399 Kanals 7 Marlas together with all building, structure, fitting & fixture permanently fasted to land and erection building and over all present and future fixed assets excluding the complete Liquid Carbon Dioxide (LCO2) plant. The markup rate charged during the year on the outstanding balance was nil (2022: 12.39% to 18.31%) per annum.

The last instalment was due on December 30, 2022 which was completely repaid on January 03, 2023.

7.2.12 Allied Bank Limited - Diminishing Musharakah

This represents diminishing musharakah facility of Rs 600 million out of which Rs 598.98 million was availed by the Group. The facility was obtained to finance the purchase of both local and imported plant and machinery in connection with the expansion of current manufacturing facility of the Group. It is secured against lien over valid import documents, corporate guarantee of the Holding Company and first exclusive charge over present plant and machinery only for Rs 853.60 million. It carries markup at the rate of six months KIBOR plus 0.90% per annum, payable semi annually. The markup rate charged during the period ranged from 16.76% to 23.86% (2022: 8.15% to 15.86%) per annum.

7.2.13 Askari Bank Limited Term Loan

The loan was repayable in 3 equal semi annual instalments ending on April 15, 2024, whereas, markup was to be settled on a quarterly basis. The loan carried markup at the rate of three months KIBOR plus 1.75% per annum. However, the loan was completely settled on July 14, 2023. The markup rate charged during the year on the outstanding balance ranged from 17.52% to 23.82% per annum (2022: 12.29% to 17.52%). This facility was secured against exclusive first charge over the Group's Liquid Carbon Dioxide (LCO2) plant amounting to Rs 661 million including 25% margin located at Mukhtargarh - Sadiqabad.

7.2.14 Allied Bank Limited Term Loan - III

This represented a loan rescheduled from short term borrowings to long term during year 2021. The loan was repayable in 3 equal semi annual instalments ending on April 01, 2024,whereas, markup was to be settled on a quarterly basis. However the loan was completely settled on July 20, 2023. The loan carried markup at the rate of six months KIBOR plus 1.65% per annum. The mark up rate charged during the year on the outstanding balance ranged from 18.69% to 24.62% per annum (2022: 12.79% to 17.13%). This facility was secured over ranking charge on fixed assets of the Group amounting to Rs 467 million including 25% margin and corporate guarantee.

7.3 The aggregate unavailed long term financing facilities amounts to nil (2022: nil).

		Note	2023	Restated 2022
			(Rupees in thousand)	
8	**Subordinated redeemable preference Class A shares**			
	Opening balance		1,266,286	–
	Liability against subordinated redeemable preference Class A shares (270,000,000 shares of Rs 10 each)		–	2,700,000
	Remeasurement at present value at acquisition date		–	(1,526,053)
			1,266,286	1,173,947
	Unwinding for the year	36	207,037	92,339
			1,473,323	1,266,286

8.1 As explained in note 1.2, this liability is carried at present value in accordance with the provisions of IFRS 9 using effective interest rate of 16.35% per annum.

		2023	Restated 2022
		(Rupees in thousand)	
9	**Lease liabilities**		
	Opening balance	293,161	1,824,330
	Interest on lease liabilities	24,082	95,065
	Additions as a result of acquisition of subsidiary	–	1,218
	Payments made during the year	(87,676)	(202,628)
	Elimination as a result of asset acquisition	–	(1,424,824)
	Closing balance	229,567	293,161
	Less: Current portion of lease liabilities	114,356	129,934
		115,211	163,227

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for the year ended December 31, 2023

	2023	Restated 2022
	(Rupees in thousand)	
10 Deferred taxation		
The balance of deferred tax is in respect of the following:		
Taxable temporary differences:		
Accelerated tax depreciation	28,268,114	25,083,856
Gas Infrastructure Development Cess (GIDC)	21,324	96,329
Investment in associates	3,865	4,648
Investment in Defense Saving Certificates	17,788	15,051
Unrealised gain on equity investments	391,694	654
	28,702,785	25,200,538
Deductible temporary differences:		
Remeasurement of defined benefit obligation	(244,995)	(140,337)
Loss allowance on subsidy receivable from GoP	–	(210,584)
Provision for doubtful receivables	(923,602)	(46,997)
Lease liability	–	(43)
Minimum tax available for carry forward	–	(13,131)
Unrealised loss on equity investments	–	(97,010)
	(1,168,597)	(508,102)
	27,534,188	24,692,436
10.1 Movement in temporary differences for the year is as follows:		
Opening balance	24,692,436	20,274,052
Charged to statement of profit or loss:		
Accelerated tax depreciation	3,184,257	2,813,792
Gas Infrastructure Development Cess (GIDC)	(75,005)	(82,341)
Investments in associates	(783)	(10,304)
Investment in defence saving certificates	2,737	–
Unrealised gain on equity investments	391,041	–
Loss allowance on subsidy receivable from GoP	210,584	(192,935)
Provision for doubtful receivables	(876,605)	–
Unrealised loss on equity investments	97,010	(95,705)
Unused tax losses	–	1,254,774
Minimum tax available for carry forward	13,131	(13,131)
Lease liability	43	359
Remeasurement of defined benefit obligation	(1,508)	(905)
	2,944,902	3,673,604
Charged to other comprehensive income:		
Investments in associates	–	(1,159)
Remeasurement of defined benefit obligation	(103,150)	(72,254)
	(103,150)	(73,413)
Addition as a result of assets acquisition	–	402,760
Addition as a result of acquisition of subsidiary	–	415,433
Closing balance	27,534,188	24,692,436

	Note	2023	Restated 2022
		(Rupees in thousand)	
11 Deferred liabilities			
Employee retirement benefits	11.1	1,948,628	1,622,224
Provision for Gas Infrastructure Development Cess (GIDC)	11.2	–	1,343,539
Deferred government grant	11.3	502,675	–
		2,451,303	2,965,763
11.1 Employee retirement benefits			
Gratuity	11.1.1	1,769,318	1,490,110
Accumulating compensated absences	11.1.2	179,310	132,114
		1,948,628	1,622,224
11.1.1 Gratuity			
a) Amount recognised in the statement of financial position			
Present value of defined benefit obligations	(f)	2,549,231	1,971,472
Fair value of plan assets	(g)	(779,913)	(481,362)
Net liability at the end of the year		1,769,318	1,490,110
b) Movement in net liability			
Net liability at the beginning of the year		1,490,110	877,217
Charge for the year	(c)	430,945	270,392
Transfer (to) / from associated companies		(172,504)	186,044
Addition as a result of asset acquisition		–	58,122
Addition as a result of acquisition of subsidiary		–	23,933
Remeasurement changes chargeable		–	104
Benefits paid during the year		(181,492)	(117,591)
Charged to other comprehensive income	(e)	202,259	191,889
Net liability at the end of the year		1,769,318	1,490,110
c) Charge for the year			
Current service cost		229,661	155,053
Past service cost		10,722	5,938
Net interest cost		190,562	109,401
		430,945	270,392
d) Charge for the year has been allocated as follows:			
Cost of sales		300,063	199,713
Administrative expenses		74,697	52,962
Distribution expenses		56,185	17,717
		430,945	270,392

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for the year ended December 31, 2023

		2023	Restated 2022
		(Rupees in thousand)	
e)	**Total remeasurement chargeable to other comprehensive income**		
	Remeasurement of plan obligation:		
	Actuarial gains from changes in financial assumptions	97,827	9,562
	Experience adjustments	132,591	161,636
	Remeasurements of fair value of plan assets	(28,159)	20,691
		202,259	191,889
f)	**Movement in the present value of defined benefit obligations**		
	Defined benefit obligations at beginning of the year	1,971,472	1,011,303
	Transfer (to) / from associated companies	(77,046)	186,045
	Addition as a result of asset acquisition	–	379,294
	Addition as a result of acquisition of subsidiary	–	23,933
	Current service cost	229,661	155,521
	Past service cost	10,722	5,938
	Interest cost	273,522	142,829
	Adjustment for last year's payables	3,282	–
	Benefits due but not paid	(20,058)	(2,789)
	Benefit paid during the year	(92,683)	(101,904)
	Remeasurement of plan obligation	250,359	171,302
	Defined benefit obligations at end of the year	2,549,231	1,971,472
g)	**Movement in the fair value of plan assets**		
	Fair value at beginning of the year	(481,362)	(134,086)
	Addition as a result of asset acquisition	–	(321,173)
	Contributions	(211,638)	(70,860)
	Interest income on plan assets	(82,960)	(33,427)
	Return on plan assets excluding interest income	(48,100)	20,691
	Benefits due but not paid	14,059	–
	Benefits paid	30,088	57,493
	Fair value at end of the year	(779,913)	(481,362)
h)	**Plan assets comprise of:**		
	Deposit with banks	189,502	391,687
	Mutual funds	93,352	89,675
	Sukuks	125,000	–
	Investment in TDRs / T-Bills / TFCs	372,059	–
		779,913	481,362

		2023	Restated 2022
i)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	14.50%	11.75%
	Discount rate for year end obligation	16.00%	14.50%
	Salary increase used for year end obligation	16.00%	14.50%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
j)	**Sensitivity analysis**			
	Discount rate	1%	(199,108)	215,187
	Salary growth rate	1%	217,279	(204,414)

k) The expected contribution to defined benefit obligation for the year ending December 31, 2024 will be Rs 251.82 million.

		Note	2023	Restated 2022
			(Rupees in thousand)	
11.1.2	**Accumulating compensated absences**			
a)	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligations	(e)	179,310	132,114
	Net liability at the end of the year		179,310	132,114
b)	**Movement in net liability**			
	Net liability at the beginning of the year		132,114	78,202
	Transferred from associated companies		–	499
	Addition as a result of asset acquisition		–	29,847
	Addition as a result of acquisition of subsidiary		–	8,592
	Charge for the year	(c)	55,577	30,018
	Benefits paid during the year		(8,381)	(15,044)
	Net liability at the end of the year		179,310	132,114
c)	**Charge for the year**			
	Current service cost		10,471	4,307
	Past service cost		–	(3,284)
	Loss arising on plan settlements		11,666	11,664
	Interest cost		18,353	10,662
	Experience adjustment		15,087	6,668
			55,577	30,017

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

		2023	Restated 2022
		(Rupees in thousand)	
d)	**Charge for the year has been allocated as follows:**		
	Cost of sales	50,975	26,449
	Administrative expenses	3,875	2,956
	Distribution expenses	727	612
		55,577	30,017
e)	**Movement in the present value of obligation**		
	Obligation at beginning of the year	132,114	78,202
	Transferred from associated companies	–	499
	Addition as a result of asset acquisition	–	29,847
	Addition as a result of acquisition of subsidiary	–	8,592
	Current service cost	10,471	4,307
	Past service cost	–	(3,284)
	Interest cost	18,353	10,662
	Benefits due but not paid (payables)	(2,728)	159
	Adjustment for last year's payables	2,432	–
	Benefit paid during the year	(8,085)	(15,202)
	Remeasurement during the year	498	–
	Actuarial loss from changes in demographic assumptions	–	1,952
	Actuarial loss from changes in financial assumptions	2,796	10,885
	Experience adjustment	23,459	5,495
	Defined benefit obligations at end of the year	179,310	132,114

		2023	Restated 2022
f)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	14.50%	11.75%
	Discount rate for year end obligation	16.00%	14.50%
	Salary increase used for year end obligation	16.00%	14.50%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
g)	**Sensitivity analysis**			
	Discount rate	1%	(11,914)	11,358
	Salary growth rate	1%	11,318	(12,070)

	Note	2023	Restated 2022
		(Rupees in thousand)	
11.2 Provision for Gas Infrastructure Development Cess (GIDC)			
Provision for GIDC	11.2.1 & 11.2.2	7,576,270	7,358,943
Less: Current portion of provision for GIDC	12	7,576,270	6,015,404
		–	1,343,539
11.2.1 Movement of provision for GIDC			
Opening balance		7,358,943	5,359,025
Addition as a result of asset acquisition		–	1,688,583
Unwinding of provision for GIDC		220,083	311,335
Payment made		(2,756)	–
Closing balance		7,576,270	7,358,943

11.2.2 The Group has accrued Rs 7,649.34 million (2022: Rs 7,652.10 million) on account of Gas Infrastructure Development Cess (GIDC). On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act as intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly instalments starting from August 01, 2020.

Subsequently, SCP also dismissed all review petitions on November 2, 2020, against the gas consumers including the Holding Company and stated that the Government of Pakistan is agreeable to recover the arrears in forty eight monthly instalments instead of twenty four equal monthly instalments.

Although, the Holding Company has filed a suit for declaration and injunction in the High Court of Sindh and obtained a stay on October 06, 2020 against collection / recovery of GIDC by Mari Petroleum Company Limited on fuel stock on account of issues of computation of the liability. On a prudent basis, the Group has continued to recognise the provision against GIDC on fuel stock.

The Holding Company's Sadiqabad Plant was entitled to receive feed stock at fixed price inclusive of all taxes, duties, levies, fees and charges under Sovereign Commitment from Government of Pakistan pursuant to Fertilizer Policy 2001, has not booked GIDC on feed stock.

The Holding Company has also filed a suit for declaration and permanent injunction in the High Court of Sindh on these grounds on September 29, 2020 and obtained a stay on October 06, 2020 against collection / recovery of GIDC on feed stock.

The management has applied the requirements of IAS 37 and "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) for recognition, measurement and presentation of the provision for GIDC and had recognised a present value adjustment on remeasurement of such provision amounting to Rs 1,133.41 million. During the year, this adjustment has been unwinded by Rs 220.08 million accumulating to Rs 1,060.33 million as at reporting date, in accordance with the requirements of IFRS and the guidance referred above. GIDC arrears relating to housing colony of PFL was also paid during the year as the same was inadverdently left out from the suit in the SHC. Further, application from SHC for inclusion of the same has already been filed by the Holding Company.

11.3 This represents deferred government grant in respect of Temporary Economic Refinance Facility by SBP as disclosed in note 7.2.7, 7.2.8 and 7.2.9 to these consolidated financial statements. These facilities carry markup at subsidised rates, as specified by SBP. These loans have been recognised at their fair value which is the present value of the loan proceeds received discounted at the market interest rates for similar instruments. The differential between the fair value and the present value is recognised as deferred government grant, which is being amortised over the term of the respective facilities at the effective interest rate.

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		Note	2023	Restated 2022
			(Rupees in thousand)	
12	**Trade and other payables**			
	Creditors	12.1	14,690,492	28,248,006
	Current portion of provision for GIDC	11.2	7,576,270	6,015,404
	Contract liabilities	12.2	10,688,989	8,442,788
	Accrued liabilities		13,155,529	8,785,431
	Withholding tax		171,673	124,175
	Workers' profit participation fund	12.3	8,320,567	6,288,300
	Workers' welfare fund	12.4	1,331,505	1,400,598
	FED payable		948,534	–
	Retention money payable		89,657	66,095
	Provident fund payable		33,176	37,016
	Others		345,513	244,503
			57,351,905	59,652,316

12.1 This includes balance of Rs 251.65 million (2022: nil) to OSOL Tech (Private) Limited, a related party, in the nature of normal course of business.

12.2 Contract liabilities as at the beginning of the year, aggregating to Rs 8,437.05 million (2022: Rs 11,031.79 million), have been recognised as revenue upon meeting the performance obligations.

		Note	2023	Restated 2022
			(Rupees in thousand)	
12.3	**Workers' profit participation fund**			
	Opening balance		6,288,300	4,260,908
	Addition as a result of asset acquisition		–	781,200
	Addition as a result of acquisition of subsidiary		–	88,288
	Charge for the year	36	2,644,368	1,628,008
	Interest accrued for the year		5,098	2,549
	Payments made during the year		(617,199)	(472,653)
	Closing balance		8,320,567	6,288,300
12.4	**Workers' welfare fund**			
	Opening balance		1,400,598	757,668
	Charge for the year		1,150,268	694,600
	Adjusted during the year		25,001	(108,921)
	Net charge for the year	36	1,175,269	585,679
	Addition as a result of asset acquisition		–	27,439
	Addition as a result of acquisition of subsidiary		–	32,382
	Excess provision written back		–	(2,570)
	Payments made during the year		(1,244,362)	–
	Closing balance		1,331,505	1,400,598

	Note	2023	Restated 2022
		(Rupees in thousand)	
13 Accrued finance cost			
On long term finances		313,373	454,611
On short term finances		59,558	527,097
On short term loans from related parties		197,979	162,251
		570,910	1,143,959
14 Short term finances			
Secured loans from banking companies			
Cash finance	14.1	825,856	1,780,051
Finance against imported merchandise	14.2	–	8,142,058
		825,856	9,922,109
Running finance	14.3	111,986	6,544,976
		937,842	16,467,085

14.1 These facilities have been obtained from various banks for working capital requirements and portion of which are secured by pledge of raw material and finished goods and a portion by ranking charge over all the current assets. The facilities carry markup ranging from 16.92% to 25.86% (2022: 13.78% to 18.47%) per annum.

14.2 These facilities have been obtained from various banks against imported merchandise. These facilities carry markup ranging from 17.18% to 23.97% (2022: 8.30% to 17.51%) per annum.

14.3 These facilities have been obtained from various banks for working capital requirements, and are secured by pari passu charge of Rs 22,342.01 million (2022: Rs 22,342.01 million) on present and future current assets (except carbon dioxide liquefaction and storage tank) and by personal guarantees of sponsoring directors. These facilities carry markup ranging from 16.11% to 24.45% (2022: 8.87% to 18.71%) per annum.

14.4 The aggregate unavailed short term borrowing facilities amount to Rs 33,217.15 million (2022: Rs 20,726.65 million).

	2023	Restated 2022
	(Rupees in thousand)	
15 Short term loans from related parties		
Fatima Trading Company Limited	225,619	225,619
Fatima Management Company Limited	225,619	225,619
Farrukh Trading Company Limited	225,619	225,619
Fazal Holdings (Private) Limited	136,296	136,296
Arif Habib Corporation Limited	813,154	813,154
	1,626,307	1,626,307

These represent short term loans obtained from related parties for a period of one year commencing from March 29, 2022 which was subsequently renewed further for a period of one year. As per the terms of the agreements, the loans will be repayable within a period of 30 days of notice of demand unless renewed by mutual consent by the parties. The loans carry mark up at the rate of three months KIBOR plus 1.80% per annum, payable quarterly. These carry markup ranging from 18.86% to 24.70% (2022: 16.10% to 17.84%) per annum.

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for the year ended December 31, 2023

16 Payable to Privatization Commission of Pakistan

Reliance Exports (Pvt) Limited ('REL'), under the terms and conditions stated in the 'Share Purchase Agreement' ('the Agreement'), acquired 100% shares in PFL on July 14, 2005 through the process of privatization. Under the terms of the Agreement, the purchase consideration, in addition to lump sum cash payment, included a further payment equivalent to 90% of PFL's claim of tax refund aggregating to Rs 2,814.51 million for the assessment years 1993-94, 1995-96 through 2002-2003 and tax years 2003 and 2004. The amount is payable to the Privatization Commission ('PC') in the event of and at the time of cash receipt of the refund from the concerned tax authorities.

The amount recognized in the financial statements as payable to PC is net off Rs 240.12 million which, according to the management, has already been withdrawn by the previous members as part of the dividend distribution for the year ended June 30, 2005. The management felt that the Agreement as presently worded, if executed, would result into double payment of the same amount to PC / previous members, firstly, as part of the profits for the year ended June 30, 2005 (computed without recognition of the tax expense for the years for which when the refund is issued, an amount equivalent to 90% would be the right of PC / previous members) and secondly, at the time the refund is received from the tax authorities when an amount equivalent to 90% of such refund is paid off to PC, as agreed. The management felt that such double payment is neither the intention nor warranted under the specific provisions of the Agreement. Upon dissolution of REL and its amalgamation with PFL on July 14, 2005, this liability was recognised in the books of PFL being the surviving entity upon REL's amalgamation with PFL in accordance with the Scheme of Arrangement for Amalgamation. As mentioned in note 1.2, with effect from the effective date of the Scheme, this liability has now been recognised in the books of the Group.

	Note	2023	Restated 2022
		(Rupees in thousand)	
17 Current portion of long term liabilities			
Long term finances	7	2,249,201	3,413,454
Lease liabilities	9	114,356	129,934
Deferred government grant	11.3	77,212	–
		2,440,769	3,543,388

18 Contingencies and commitments

18.1 Contingencies

(i) Till final decision in the matter, the Honorable Lahore High Court (the Court) has suspended the operation of the impugned order of Commissioner Inland Revenue Appeals [CIR(A)] Multan, who rejected the Holding Company's application under section 65 of the Sales Tax Act, 1990 (STA) regarding the exemption of sales tax estimating Rs 690 Million inadvertently short levied / paid on its fertilizer product, Calcium Ammonium Nitrate (CAN) for the period from April 18, 2011 to December 31, 2011.

The court had ordered the Holding Company to file a fresh application under the said section after declaring the earlier rejection of the Holding Company's application filed with FBR as unlawful and ultra vires.

(ii) The Holding Company has filed an appeal before the ATIR dated August 5, 2020 against the order passed by CIR(A) whereby the order passed under section 11 of STA by the assessing officer amounting to Rs 501 Million was set aside. CIR(A), through its order dated June 8, 2020, set aside the impugned order instead of 'deleting /annulling' the same and resultantly the Company assailed the same before ATIR. The assessing officer had raised the demand by charging sales tax on advances received from customers.

(iii) The Holding Company's appeal filed with CIR(A) against the order amounting to Rs 7,745 Million has been succeeded and the order has been annulled. CIR(A) through order dated February 19, 2022 decided the case in the favour of the Company on legal touchstone thereby quashing the selection of case for audit u/s 25 by placing reliance on the judgment of LHC in case of M/s Hyundai Nishat Motors (Pvt.) Ltd vs FBR vide

WP 25793/2021. The tax department has also filed an appeal before the ATIR dated June 11, 2022 against the order of CIR(A) which is pending for adjudication as of date. Initially, the demand was raised against the Holding Company by selecting it for the sales tax audit u/s 25 of STA for the tax periods from July 2016 to June 2017.

(iv) The Holding Company's appeal filed before CIR(A) dated July 13, 2022 against the impugned order u/s 11 of STA has not been succeeded. Resultantly, the Holding Company has filed an appeal before the ATIR in May 2023 against the adverse order of CIR(A) which is pending for adjudication as of date. The assessing officer had earlier raised a demand of Rs 122 Million against the Holding Company by disallowing the admissibility of sales tax on various items claimed during July 2020 to June 2021 and invoking the provisions of section 8 of STA.

(v) The Holding Company's appeal filed with CIR(A) against the impugned order has not been succeeded. Resultantly, the Holding Company has filed an appeal before the ATIR in October 2022 against the adverse order of CIR(A) which is pending for adjudication as of date. The assessing officer had raised the impugned demand of Rs 4,272 million against the Holding Company by disallowing the admissibility of sales tax on various items claimed during January 2021 to November 2021 and invoking the provisions of section 8 of STA.

(vi) The Holding Company has filed a constitutional petition (CPLA) before Supreme Court of Pakistan dated January 17, 2023 against the adverse order of LHC, through which, the rectification order of ATIR had been declared void ab initio on legal infirmity. Resultantly, the original order passed by the assessing officer stood reinstated wherein, the assessing officer alleged that the Company had short paid sales tax by suppression of its production during June 2014 to September 2014. Total demand raised was Rs 628 million.

(vii) The Court, through ex-parte order dated December 15, 2022, remanded the case back to CIR(A) for afresh adjudication and dismissed the favourable order of ATIR. Previously, the Department filed the appeal before ATIR against the order of CIR(A) wherein the order issued u/s 11 of STA was set aside. The assessing officer had earlier raised the impugned demand of Rs 123 million on account of sales tax audit conducted u/s 72B of STA for the periods from July 2013 to June 2014.

(viii) The Holding Company has filed an appeal before CIR (A) in September, 2023 against the order dated August 18, 2023 issued u/s 11 of the STA. The assessing officer raised a demand of Rs 2,531 million against the Holding Company by disallowing the admissibility of sales tax on various items claimed during December 2021 to June 2022 thereby invoking the provisions of section 8 of STA.

(ix) The Department filed an appeal before ATIR in September 2019 against the order passed by CIR(A), whereby the order passed u/s 122(5) of the Income Tax Ordinance 2001 (ITO 2001) by the Deputy Commissioner Inland Revenue (DCIR) Multan amounting to Rs 1,055 million was annulled. The DCIR had declared the Holding Company's trial run production / gain as 'Commercial production' thereby imposing consequential income tax towards taxable income for Tax Year 2011.

(x) The Holding Company has preferred an appeal before ATIR in June 2021 against the order passed by the CIR(A), whereby the adverse order passed u/s 122(5A) of ITO 2001 by the assessing officer amounting to Rs 1,577 Million was confirmed. The assessing officer disallowed and added back various admissible deductions and credits claimed by the Holding Company towards its taxable income for Tax Year 2016.

(xi) The Department has filed an appeal before ATIR in May 2019 against the order passed by CIR(A) whereby the order passed u/s 122(5A) of the ITO 2001, passed by the Additional Commissioner Inland Revenue ('ACIR') Multan amounting to Rs 1,592 Million was annulled. The ACIR had disallowed and added back various admissible deductions claimed by the Holding Company towards its taxable income for Tax Year 2017.

(xii) The Holding Company preferred an appeal before ATIR dated August 5, 2021 against the order passed by CIR(A), whereby the adverse order passed under section 122(5A) of ITO 2001 by the assessing officer amounting to Rs 930 million was confirmed. The assessing officer earlier raised an alleged demand by disallowing tax credits and adding back various admissible deductions of the Holding Company towards its taxable income thereby imposing consequential income tax for Tax Year 2018.

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(xiii) The Holding Company filed an Intra Court Appeal (ICA) at the Honorable Lahore High Court (LHC) in April, 2022 against dismissal of the petition challenging levy of Alternative Corporate Tax (ACT) dated March 28, 2022. ACT was imposed at the rate of 17% of 'accounting profit before tax' through Finance Act 2014, by inserting Section 113C in ITO 2001. The Holding Company has challenged the levy of ACT for Tax Years 2015 and 2014, on the grounds that it deprived the Company of certain rights already accrued to it. Such appeal regarding challenging the vires of ACT is still pending for adjudication at LHC.

However, the assessing officer through orders dated May 17, 2022 and December 27, 2022 passed u/s 122(5A) of ITO 2001, raised alleged demands of Rs 2,031 Million and Rs 1,580 million on account of ACT pertaining to tax years 2015 and 2014 respectively. The Holding Company contested the issue before CIR(A) in June 2022 against such adverse orders and has also paid the outstanding tax demands to the extent of ACT involved therein. Moreover, CIR(A) through order dated February 27, 2023, decided the appeal in the favour of Holding Company for Tax Year 2015.

(xiv) The Holding Company has filed appeal with the Customs Appellate Tribunal, Lahore against the following three cases decided against the Holding Company by the Collector of Customs (Adjudication), Faisalabad. Earlier these cases were remanded back to Collector of Customs (Adjudication), Faisalabad for rehearing the case by the Customs Appellate Tribunal, Lahore:

- Alleged irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.96 million.
- Alleged irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.60 million.
- Alleged irregular claim of exemptions under SRO 575 on import of 64 consignments of various items of capital nature. The Holding Company has filed an appeal before the Custom Appellate Tribunal, Lahore against the order passed by the Collector (Adjudication), Faisalabad in which he again raised a demand of Rs 495.90 million. Earlier the case had been remanded back to Collector of Customs (Adjudication), Faisalabad for re-hearing by the Custom Appellate Tribunal, Lahore.

(xv) The Customs department has filed an appeal before the Lahore High Court against of Order passed by the Custom Appellate Tribunal which had annulled the order passed by the Collector of Customs (Adjudication), Faisalabad, alleging that the Holding Company applied incorrect exchange rate of Rs 60.85 per USD instead of Rs 79 per USD on import clearance of 7 consignments of deformed steel bars. Total demand raised was Rs 17.94 million.

Further, following are the contingencies as a result of asset acquisition relating to PFL as explained in note 1.2:

(xvi) The Holding Company has netted off an amount of Rs 240.12 million from the amount payable to Privatization Commission, as part of purchase consideration, at the time and in the event the refund is received from the tax authorities. In case, the Holding Company's contention relating to possible double payment is not acceded to by the other party to the Share Purchase Agreement, the Holding Company is contingently liable to the aforesaid amount of Rs 240.12 million. In case, the amount becomes payable, the corresponding effect would be reflected in the computation of goodwill. Furthermore, the Holding Company issued a bank guarantee amounting to Rs 240 million in favour of PC in this respect, which will expire on November 1, 2024.

(xvii) The Holding Company has also issued following guarantees in favour of:

- Sui Northern Gas Pipelines Limited (SNGPL) against Regasified Liquefied Natural Gas (RLNG) and natural gas sale amounting to Rs 1,242 million.
- Mari Petroleum Company Limited (MPCL) against natural gas sale amounting to Rs 4,200 million.
- Various banks as security against finance obtained by Fatima Packaging Limited, a subsidiary company, amounting to Rs 1,475 million.

(xviii) As at June 30, 2004, the Holding Company had investment of 140,000 ordinary shares of Rs 10 each valuing Rs 100,000 in National Fertilizer Marketing Limited, being the associated company on that date. On May 20, 2005, this investment was transferred to National Fertilizer Corporation of Pakistan (Private) Limited by the management of the Holding Company. However, the new buyer, REL filed an application before PC challenging this transfer on the grounds that such transfer had been carried out against the terms and conditions of the bid documents. In case of a positive outcome to the application, this investment would be reinstated.

(xix) An amount of Rs 129.17 million was withdrawn by the previous members of the Holding Company as part of dividend for the year ended June 30, 2005 under the Share Purchase Agreement ('the Agreement'). Out of the aggregate amount, Rs 89.39 million represents the value of certain catalysts recovered in consequence of clean down operations of the plant prior to undertaking the process of privatization, which was accounted for as income in the consolidated financial statements for the year ended June 30, 2005 in the light of applicable financial reporting framework.

The management of the Holding Company feels that notwithstanding the applicability of the financial reporting framework, on the consolidated financial statements for the year ended June 30, 2005, the amount was not distributable as part of dividend for that year in view of the clear understanding behind the execution of the Agreement as categorically confirmed, in writing, by PC prior to signing of the Agreement. Similarly, the balance amount of Rs 39.78 million is considered to be dividend distribution out of the then available reserves which was also not distributable to the previous members in terms of other covenants of the Agreement.

The Holding Company has filed a claim for the recovery of the aforesaid aggregate amount on the grounds that in the present form, the distribution has been made out of the accumulated reserves, for the years up to June 30, 2004, which, under the specific provisions of the Agreement were not distributable to the previous members of the Holding Company. In case of a positive outcome to the Holding Company's claim, the excess dividend withdrawn by the previous members of the Holding Company would be recovered.

(xx) Through a show cause notice, the tax department raised the issue of short payment of output sales tax on supplies of the Holding Company's fertilizer product, Calcium Ammonium Nitrate (CAN) for the period from April 18, 2011 to December 31, 2011 involving a principal sales tax demand of Rs 500 million. Such issue was raised on the grounds that notification SRO 15(I)/2006, providing for levy of sales tax on the basis of 'notified price' of CAN, was withdrawn through notification SRO 313(I)/ 2011 dated April 18, 2011 and hence, the Holding Company was legally required to recover output sales tax on supplies of CAN on the basis of actual consideration received there against. The Holding Company had already approached the Federal Board of Revenue ('FBR') on the issue for condonation in terms of section 65 of the Sales Tax Act, 1990, which was not entertained. The Holding Company had assailed such order through institution of a writ petition before the LHC on the grounds that relevant powers have been exercised in an arbitrary manner without referring the matter to competent authority as required under the law. Such petition was allowed by the Honourable LHC through its order dated June 21, 2017 and the Holding Company was thereby directed to make a fresh application under section 65 of the Sales Tax Act, 1990. In compliance with the directions issued by the Honourable LHC in the aforementioned petition, the Commissioner Inland Revenue examined the fresh application made by the Holding Company in accordance with the procedure laid down in Para 50 of the Sales Tax General Order No. 3 of 2004. However, the application was rejected and the same was therefore not referred to the FBR. Being aggrieved, the Holding Company filed a writ petition before the Honourable LHC whereby operation of the impugned order shall remain suspended till final decision.

(xxi) Included in trade debts is an amount of Rs 18.88 million which has not been acknowledged as debts by its customers due to a dispute regarding the discount on the product's price. The Holding Company's customers had collectively filed an appeal regarding the price dispute before the Honourable Civil Court, Multan, which decided the case in favour of the Holding Company's customers. The Holding Company preferred an appeal before the Honourable District and Sessions Court, Multan which set aside the order of the Civil Court. The Holding Company's customers filed a revised petition before the Honourable Lahore High Court against the order of the District and Sessions Court, which is pending for adjudication.

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(xxii) During the year ended December 31, 2015, through a show cause notice, the tax department had raised the issue of non-payment of output sales tax on stock of fertilizer product transferred to various warehouses of the Holding Company involving a principal sales tax demand of Rs 909.13 million (not including default surcharge which will be calculated at the time of deposit) along with a penalty equal to 100% of the principal sales tax demand. Such issue was raised on the grounds that the above mentioned transfers constitute 'supply' in terms of section 2(44) of the Sales Tax Act, 1990, and hence, the same have been made without payment of sales tax. The management had assailed the subject order in usual appellate course before the CIR(A) and CIR(A) decided the matter in the Holding Company's favour through its order dated April 14, 2016 whereby the aforementioned demand stood annulled. Being aggrieved, the department filed an appeal against the aforementioned order of CIR(A) before the ATIR which has been rejected by the ATIR through order dated December 13, 2022 and the matter has been decided in the Holding Company's favour. To date, no further proceedings have been made in the aforementioned case.

(xxiii) In 2017, the Holding Company exported fertilizer to a customer, however, the customer claimed damages in respect of Holding Company's failure to comply with contractual specifications of the fertilizer. The customer served a request for arbitration before the London Court of International Arbitration (LCIA). On July 6, 2020, the LCIA declared its Final Partial Award (Award) against the Holding Company wherein the Holding Company was ordered to pay an amount aggregating to USD 6,812,151 that translates to Rs 1,942.96 million as of December 31, 2023. As per the advice of the Holding Company's legal counsel, the Award can only be enforced against the Holding Company in the courts of Pakistan. The Holding Company intends to challenge any such enforcement proceedings on the grounds that the Award is contrary to the public policy of Pakistan and has been rendered without proper appreciation of the evidence.

The customer filed an application dated February 08, 2022, under section 6 of the Recognition and Enforcement (Arbitration agreements and Foreign Arbitral Awards) Act 2011 before the LHC for recognition and enforcement of Foreign Arbitral Award in Pakistan. The Holding Company in response to that, filed a reply before the LHC, that it would be unjust and inequitable to recognize and enforce final partial award and that the LHC should dismiss the application of the aggrieved customer in its entirety with associated costs. No further proceedings have been made in the aforementioned case.

(xxiv) The Deputy Commissioner Inland Revenue ('DCIR'), through an order dated January 20, 2011, passed under sections 122 and 182 of the Income Tax Ordinance, 2001 ('Ordinance'), had raised a demand of Rs 451.42 million, including penalty of Rs 169.20 million, for tax year 2006 by disallowing certain expenses and adding into income amount representing 'service charges'. The Holding Company had preferred an appeal before the CIR(A) against the order of the DCIR, which was annulled by the CIR(A) through order dated June 25, 2011. Being dissatisfied, the department filed an appeal before the ATIR which annulled the aforementioned order of the CIR(A) through its order dated October 23, 2020 and restored the DCIR's order. The Holding Company assailed the aforementioned order of the ATIR in the usual appellate course before the LHC wherein LHC through order dated May 19, 2022 remanded back the issue to ATIR for denovo proceedings. The remand back proceedings have not yet been started.

(xxv) Based on audit proceedings conducted under section 25 of the Sales Tax Act, 1990 ('STA') for tax periods July 2016 to June 2017, the Assistant Commissioner Inland Revenue, Audit, Large Taxpayers Office, Multan raised a sales tax demand of Rs 1,176 million in the Holding Company's case, through assessment order dated July 29, 2021 passed under section 11 of the STA, inter alia on account of alleged suppression of production and sale of fertilizers. The Holding Company has assailed such order in appeal before CIR(A) under relevant legal provisions. CIR(A) through order dated February 24, 2022 decided the case in the favour of Company on legal grounds for selection of audit under section 25 of STA. The department has assailed the order of CIR(A) before ATIR for which adjudication is pending as of date.

(xxvi) The ACIR, through assessment order dated November 26, 2021, raised a sales tax demand of Rs 1,606.50 million against the Holding Company on the grounds that the Holding Company had not charged and deposited sales tax on sale of various plants and machineries to FATIMA. The order of ACIR was also confirmed by the CIR(A) through appellate order dated April 1, 2022.

The Holding Company agitated the said order in an appeal before the ATIR, which is not disposed of to date. The management considers that supply of plant and machineries, being made as an ongoing concern to a registered person, was covered under the scope of section 49(2) of the STA and thus, such sale transaction was subject to sales tax at 'zero percent' and thus, such tax demand is not sustainable in appeal.

(xxvii) The Assistant Commissioner Inland Revenue ('ACIR') raised a sales tax demand of Rs 307.77 million against the Holding Company primarily for not charging sales tax on sale of 'aircraft', which was also confirmed by the CIR(A) through appellate order dated May 6, 2021. The Holding Company agitated the said order in an appeal before the Appellate Tribunal Inland Revenue, which stands disposed of in the Holding Company's favour as of December 31, 2022 by appellate order dated June 14, 2022. The management considers that sale of 'aircraft' was subject to sales tax at the rate of 'zero' percent in terms of section 4 read with Fifth Schedule to the Sales Tax Act, 1990 and thus, such tax demand is not sustainable in appeal.

(xxviii) The Assistant Commissioner Inland Revenue (ACIR) through order dated February 25, 2022 passed under section 11 of the STA and raised a sales tax demand of Rs 1,800 million on the grounds that since the Holding Company had sold its manufacturing plant & machineries, it was no longer classifiable as a manufacturer and thus, input sales tax of Rs 898.73 million claimed by it during the tax periods of January 2021 through November 2021 was disallowed. Further, the ACIR also imposed penalty of Rs 898.73 million against the Holding Company in terms of section 33 of the STA. The Holding Company being aggrieved, assailed such order in appeal before the CIR(A) which was decided against the Holding Company by the CIR(A) through order dated November 15, 2022. The Holding Company has challenged the said appellate order in appeal before the ATIR which is pending adjudication. The management considers that since subject input tax was incurred on goods and services acquired for the business purposes, the same was duly admissible to the Holding Company.

(xxix) The concerned assessing officer amended the Holding Company's assessment through order dated June 26, 2020 passed for tax year 2014, as rectified through order dated January 20, 2021, and in consequence thereof, income tax refunds of Rs 257.71 million declared for such tax year stood curtailed to Rs 110 million. The Holding Company's appeal against aforesaid amendment order was dismissed by the CIR(A) through appellate order dated June 7, 2021. Being aggrieved, the Holding Company has further assailed the decision of CIR(A) in appeal before the ATIR, which has not yet been taken up for hearing. The issues forming basis of subject amendment primarily include disallowance of brought forward losses of Rs 2,298.541 million, addition of various capital expenditures aggregating Rs 182.80 million towards Holding Company's taxable income in terms of section 111 of the Ordinance, imposing tax of Rs 133.721 million on preference dividend and disallowance of tax credit of Rs 10.904 million claimed by Holding Company under section 65B of the Income Tax Ordinance, 2001. In this respect, the management considers that such issues were framed/upheld by concerned officials in a disregard to the relevant legal/factual position of the case.

(xxx) The Assistant Commissioner Inland Revenue (ACIR) through order dated June 16, 2022 passed under section 11 of the STA, raised a sales tax demand of Rs 50.45 million on the grounds that since the Holding Company had sold its manufacturing plant and machineries, it was no longer classifiable as a manufacturer and thus, input sales tax of Rs 25.23 million claimed by it during the tax periods of July 2020 through June 2021 was disallowed. Further, the ACIR also imposed the penalty of Rs 25.23 million against the Holding Company in terms of section 33 of the STA. The management considers that subject input tax was duly admissible to the Company as it incurred on goods and services acquired for the business purposes. Accordingly, the Holding Company preferred an appeal before the CIR(A) against the order of the ACIR which is pending for adjudication as of date.

(xxxi) The Assistant Commissioner Inland Revenue (ACIR) amended the Holding Company's assessment for tax year 2016 under section 122(5) of the Income Tax Ordinance, 2001 through amendment order dated June 30, 2022, raising a tax demand of Rs 2,825.81 million. The Holding Company's contentions in respect of majority of the issues raised during audit proceedings have been accepted; however, adverse inferences have been drawn on account of alleged difference in actual production/sales of NP and CAN and that estimated on the basis of stoichiometric ratio, disallowance of certain expenses, addition on accent of subsidy received from GoP and disallowance of adjustment of brought forward losses.

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ACIR has made additions on account of such aforementioned issues without properly appreciating the relevant factual and legal position of the case. The Holding Company has preferred an appeal before the CIR(A).

(xxxii) The Holding Company has filed an appeal before Commissioner (Appeals), Punjab Revenue Authority (PRA) in December, 2023 against the order dated November 13, 2023 passed u/s 14, 19 and 52 of PST read with Punjab Sales Tax on Services (Withholding) Rules, 2015 by the assessing officer. The assessing officer raised a demand of Rs 169 million against the Holding Company by adjudging the withholding tax default against the Holding Company in a slipshod manner for the tax periods from July 2022 through June 2023 thereby invoking the provisions of 14 and 19 of PST.

Based on the advice of the Holding Company's legal counsels and tax advisor, management considers that reasonable grounds exist that all the above appeals will succeed. Consequently, no provision has been recognised for the above mentioned amounts.

		Note	2023	Restated 2022
			(Rupees in thousand)	
18.2	**Commitments in respect of :**			
(i)	Contracts for capital expenditure		3,793,512	1,227,199
(ii)	Contracts for other than capital expenditure		15,823,935	3,129,344
(iii)	Letter of guarantees		62,100	12,100
(iv)	The amount of future payments under ijarah rentals and short term / low value leases:			
	- Not later than one year		1,263,364	949,103
	- Later than one year but not later than five years		1,764,546	1,293,468
			3,027,910	2,242,571
19	**Property, plant and equipment**			
	Operating fixed assets	19.1	107,471,361	109,139,931
	Capital work in progress	19.2	5,427,660	8,079,999
			112,899,021	117,219,930

19.1 Operating fixed assets

2023

	Note	Cost			Accumulated Depreciation			Book value	Depreciation rate
		December 31, 2022	Additions / (deletions)	December 31, 2023	December 31, 2022	Charge / (deletions)	December 31, 2023	December 31, 2023	
		(Rupees in thousand)							%
Freehold land	19.1.1	7,879,455	478,663	8,358,118	–	–	–	8,358,118	–
Building on freehold land		6,854,569	190,507	7,041,955	2,052,372	276,678	2,328,019	4,713,936	4
			(3,121)			(1,031)			
Building on leasehold land		410,245	–	410,245	19,494	13,603	33,097	377,148	2.78 – 10
Plant and machinery		115,212,354	7,060,310	121,952,757	22,851,962	9,787,725	32,598,331	89,354,426	2.78 – 6
			(319,907)			(41,356)			
Aircraft		1,567,285	–	1,567,285	365,700	78,364	444,064	1,123,221	10
Catalysts		3,236,236	542,647	3,778,883	2,973,203	133,772	3,106,975	671,908	10 – 33.33
Furniture and fixtures		182,131	88,276	267,692	95,300	17,009	109,594	158,098	10
			(2,715)			(2,715)			
Office equipment		152,109	30,465	182,453	73,627	13,474	87,027	95,426	10 – 33.33
			(121)			(74)			
Electrical installations and appliances		2,024,146	493,541	2,516,566	1,048,241	170,226	1,217,346	1,299,220	10
			(1,121)			(1,121)			
Computers		871,519	133,308	989,091	549,729	136,976	671,888	317,203	25
			(15,736)			(14,817)			
Vehicles		970,024	474,640	1,428,039	455,123	173,702	621,133	806,906	20
			(16,625)			(7,692)			
Right of use assets – land and building		534,362	–	471,238	269,753	68,858	275,487	195,751	13.20 – 17.16
			(63,124)			(63,124)			
		139,894,435	9,492,357	148,964,322	30,754,504	10,870,387	41,492,961	107,471,361	
			(422,470)			(131,930)			

2022

	Cost				Accumulated Depreciation				Book value	Depreciation rate
					Restated					
	December 31, 2021	Addition as a result of acquisitions	Additions / (deletions)	December 31, 2022	December 31, 2021	Addition as a result of acquisitions	Charge / (deletions)	December 31, 2022	December 31, 2022	
	(Rupees in thousand)									%
Freehold land	2,546,706	3,728,467	1,604,282	7,879,455	–	–	–	–	7,879,455	–
Building on freehold land	5,933,032	861,087	61,019	6,854,569	1,797,157	–	255,215	2,052,372	4,802,197	4
			(569)				–			
Building on leasehold land	30,445	379,800	–	410,245	11,163	–	8,331	19,494	390,751	2.78 - 10
Plant and machinery	107,091,235	5,869,257	2,267,607	115,212,354	18,443,364	–	4,409,510	22,851,962	92,360,392	2.78 - 4
			(15,745)				(912)			
Aircraft	1,567,285	–	–	1,567,285	287,336	–	78,364	365,700	1,201,585	10
Catalysts	3,179,169	–	57,067	3,236,236	2,869,379	–	103,824	2,973,203	263,033	10 - 33.33
Furniture and fixtures	125,824	5,067	52,328	182,131	80,869	3,737	11,782	95,300	86,831	10
			(1,088)				(1,088)			
Office equipment	97,022	13,980	41,107	152,109	56,419	7,397	9,811	73,627	78,482	10 - 33.33
Electrical installations and appliances	1,448,688	123,625	454,245	2,024,146	924,485	–	126,168	1,048,241	975,905	10
			(2,412)				(2,412)			
Computers	671,940	83	221,924	871,519	461,887	–	110,061	549,729	321,790	25
			(22,428)				(22,219)			
Vehicles	643,045	11,392	343,626	970,024	360,416	1,701	110,105	455,123	514,901	20
			(28,039)				(17,099)			
Right of use assets – plant and machinery	1,156,485	–	–	–	157,829	–	73,556	–	–	10 - 12.5
			(1,156,485)				(231,385)			
Right of use assets – land and building	985,208	15,647	152,112	534,362	284,606	–	98,558	269,753	264,609	10 - 33.33
			(618,605)				(113,411)			
	125,476,084	11,008,405	5,255,317	139,894,435	25,734,910	12,835	5,395,285	30,754,504	109,139,931	
			(1,845,371)				(388,526)			

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for the year ended December 31, 2023

19.1.1 Particulars of free hold land in the name of the Group are as follows:

Descriptions	Location	Land Area
Free hold Land	Sadiqabad, District Rahim Yar Khan	8,902 kanals
Free hold Land	Chichoki Mallian, District Sheikhupura	1,776 kanals
Free hold Land	Jahangirabad, District Multan	2,871 kanals
Free hold Land	Dherki, District Ghotki, Sindh	340 kanals
Free hold Land	Pie Khail, District Mianwali	5,018 kanals
Free hold Land	Umer Khail, District Dera Ismail Khan	3,372 kanals

	Note	2023	Restated 2022
		(Rupees in thousand)	
19.2 Capital work in progress			
Civil works		610,062	430,395
Plant and machinery		835,234	3,300,265
Intangibles		402	402
Capital stores	19.3	3,981,962	4,348,937
		5,427,660	8,079,999
19.2.1 Movement of capital work in progress			
Opening balance		8,121,806	3,870,842
Addition as a result of asset acquisition		–	52,533
Addition as a result of acquisition of subsidiary		–	4,520
Additions during the year		2,588,776	6,391,186
		10,710,582	10,319,081
Less: Capitalization during the year		4,998,677	2,197,275
		5,711,905	8,121,806
Less: Provision for slow moving capital stores		284,245	41,807
Closing balance		5,427,660	8,079,999

19.3 This includes Rs 675.21 million (2022: nil) being Holding Company's share in Joint operation related to Gas Pressure Enhancement Facility (PEF), as disclosed in note 47 to the consolidated financial statements.

	2023	Restated 2022
	(Rupees in thousand)	
19.4 The depreciation charge for the year has been allocated as follows:		
Cost of sales	10,522,450	5,107,688
Administrative expenses	332,341	277,058
Distribution cost	15,596	10,539
	10,870,387	5,395,285

19.5 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
	(Rupees in thousand)					
Items having net book value above Rs 500,000						
Atomic Absorption Spectrometer	14,778	2,800	11,978	3,735	(8,245)	Negotiation
GT Engine	305,128	38,556	266,572	266,572	–	Negotiation
Boundary wall	3,076	1,017	2,059	–	(2,059)	Scrap
Toyota Fortuner	11,652	2,719	8,933	9,000	67	Negotiation
Items having net book value below Rs 500,000	24,712	23,714	998	7,714	6,716	Company policy
2023	359,346	68,806	290,540	287,021	(3,521)	
2022 - Restated	71,323	44,407	26,916	31,632	4,716	

20 Intangible assets

2023

	Cost			Accumulated amortization / impairment				Book value	Amortization
	December 31, 2022	Additions	December 31, 2023	December 31, 2022	Amortization	Impairment	December 31, 2023	December 31, 2023	rate
	(Rupees in thousand)								%
Bubber Sher brand	5,900,000	–	5,900,000	2,360,000	–	1,770,000	4,130,000	1,770,000	–
Computer software	352,053	71,780	423,833	240,467	50,616	–	291,083	132,750	25
Mining rights	145,642	–	145,642	11,132	29,264	–	40,396	105,246	10
	6,397,695	71,780	6,469,475	2,611,599	79,880	1,770,000	4,461,479	2,007,996	

2022

	Cost			Accumulated amortization / impairment Restated				Book value	Amortization
	December 31, 2021	Additions / merger	December 31, 2022	December 31, 2021	Amortization	Impairment	December 31, 2022	December 31, 2022	rate
	(Rupees in thousand)								%
Bubber Sher brand	5,900,000	–	5,900,000	2,360,000	–	–	2,360,000	3,540,000	–
Computer software	266,670	85,383	352,053	197,793	42,674	–	240,467	111,586	25
Mining rights	–	145,642	145,642	–	11,132	–	11,132	134,510	10
	6,166,670	231,025	6,397,695	2,557,793	53,806	–	2,611,599	3,786,096	

20.1 The amortization / impairment charge for the year has been allocated to administrative / other operating expenses.

20.2 During the year, the Group has re assessed recoverable amount of its Bubber Sher brand, through its value in use, to be in excess of carrying value. The value in use of the brand has been calculated by discounting the cost savings at the weighted average cost of capital of the Holding Company. Latest valuation of Bubber Sher brand was also carried by an independent professional valuator on December 31, 2023. The fair value of this brad is determined to be Rs 1,806.30 million.

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for the year ended December 31, 2023

21 Investment property

2023

	Note	Cost			Accumulated depreciation			Book value	Amortization
		December 31, 2022	Additions	December 31, 2023	December 31, 2022	Charge / (deletions)	December 31, 2023	December 31, 2023	rate
		(Rupees in thousand)							%
Freehold land	21.1	145,563	–	145,563	–	–	–	145,563	–
Building		22,650	–	22,650	2,794	906	3,700	18,950	4
		168,213	–	168,213	2,794	906	37,00	164,513	

2022

	Cost			Accumulated depreciation			Book value	Amortization
	December 31, 2022	Additions / (transfer)	December 31, 2023	Restated December 31, 2022	Charge / (deletions)	December 31, 2023	December 31, 2023	rate
	(Rupees in thousand)							%
Freehold land	754,577	(609,014)	145,563	–	–	–	145,563	–
Building	22,650	–	22,650	1,888	906	2,794	19,856	4
	777,227	(609,014)	168,213	1,888	906	2,794	165,419	

21.1 Freehold land consists of 8,127.78 Kanals situated in District Dera Ismail Khan, Khybar Pakhtunkhwa. The land is in possession and control of the Group and currently it is in the name of the three Directors of the Holding Company, Mr. Fawad Ahmed Mukhtar, Mr. Fazal Ahmed Sheikh and Mr. Faisal Ahmed Mukhtar, which will be transferred in the name of the Holding Company in due course of time.

21.2 Latest valuation of investment property was carried by an independent professional valuator on December 24, 2022. The fair value of these investment properties is determined to be Rs 394.13 million.

	Note	2023	Restated 2022
		(Rupees in thousand)	
22 Long term investments			
In associates - equity method			
Fatima Agri Sales & Services (Pvt) Limited	22.2	28,661	32,575
Multan Real Estate Company (Pvt) Limited	22.3	89,114	86,581
Fatima Electric Company Limited	22.4	–	23
KT Bank Pakistan Limited	22.5	25	–
Singfert PTE. Limited	22.6	–	–
		117,800	119,179
Debt instrument - Fair value through profit or loss (FVTPL)			
Silk Islamic Development REIT	22.7	941,400	600,000
Debt instrument - Amortised cost			
Bank Al-Habib Limited - Term Finance Certificate		750,000	750,000
Pakistan Investment Bonds	22.8	4,017,502	–
		5,826,702	1,469,179

22.1 Movement in investment in associates

	2023				
	Opening	Purchased during the year	Share of profit / (loss)	Share of other comprehensive income	Closing
	(Rupees in thousand)				
Fatima Agri Sales & Services (Pvt) Limited	32,575	–	(3,914)	–	28,661
Multan Real Estate Company (Pvt) Limited	86,581	–	2,533	–	89,114
Fatima Electric Company Limited	23	–	(23)	–	–
KT Bank Pakistan Limited	–	25	–	–	25
Singfert PTE. Limited	–	–	–	–	–
	119,179	25	(1,404)	–	117,800

	2022				
	Opening	Purchased during the year	Share of profit / (loss)	Share of other comprehensive income	Closing
	(Rupees in thousand)				
Fatima Agri Sales & Services (Pvt) Limited	110,301	–	(70,002)	(7,725)	32,575
Multan Real Estate Company (Pvt) Limited	84,987	–	1,594	–	86,581
Fatima Electric Company Limited	23	–	–	–	23
Singfert PTE. Limited	–	–	–	–	–
	195,311	–	(68,408)	(7,725)	119,179

22.2 This represents investment in 196,000 (2022: 196,000) fully paid ordinary shares of Rs 10 each of Fatima Agri Sales & Services (Pvt) Limited (FASS). The investment represents 49% (2022: 49%) of the total issued, subscribed and paid up share capital of FASS.

The principal activity of FASS is to carry on business as a sellers, marketers, importers, exporters, wholesalers, retailers and dealers in all types of agri inputs including fertilizers, micronutrients, pesticides and insecticides, seeds, vaternity and live stock feeds and feeds supplements, fish feeds and its supplements. The registered office of FASS is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.

22.3 This represents investment in 858,056 (2022: 858,056) fully paid ordinary shares of Rs 100 each of Multan Real Estate Company (Pvt) Limited (MREC). The investment represents 28.37% (2022: 28.37%) of the total issued, subscribed and paid up share capital of MREC. The main business of MREC is establishing and designing housing and commercial schemes, to carry on business of civil engineers for construction of private and governmental buildings and infrastructure and provision of labour and building material. The registered office of MREC is located at 2nd floor, Trust Plaza, L.M.Q Road, Multan.

22.4 This represents investment in 14,000 (2022: 14,000) fully paid ordinary shares of Rs 10 each of Fatima Electric Company Limited (FECL). The investment represents 40% (2022: 40%) of the total issued, subscribed and paid up share capital of FECL.

The main business of FECL is transmission, manufacture, supply, generation and distribution of electricity and all forms of energy and power. The registered office of FECL is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

22.5 This represents investment in 2,500 (2022: nil) fully paid ordinary shares of Rs 10 each of KT Bank Pakistan Limited (KTBPL). The investment represents 25% (2022: nil) of the total issued, subscribed and paid up share capital of KTBPL.

The main business of KTBPL is of banking as a digital bank and undertake financial transactions. The registered office of KTBPL is located at Smart Tower, C-10/2, Off Shahrah-e-Faisal, Lines Area, Sector 8/A, Opposite Finance & Trade Centre Building, Karachi, Pakistan.

22.6 This represents investment in 1 (2022: 1) fully paid ordinary share of SGD 1 each of Singfert PTE. Limited (Singfert), a company formed and registered in the Republic of Singapore. The investment represents 25% (2022: 25%) of the total issued, subscribed and paid up share capital of Singfert.

Singfert is a Special Purpose Vehicle (SPV) which will be used to route equity investment in Midwest Fertilizer Company (MFC), USA. MFC is setting up a nitrogen fertilizer project in the State of Indiana, USA.

22.7 This represents 60,000,000 (2022: 60,000,000) units of Rs. 10 each held in a privately placed closed - end shariah compliant apartment development REIT scheme which constitutes 20% (2022: 20%) of the total 300 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited.

The investment, previously classified as equity instrument at fair value through other comprehensive income, has been reassessed during the year and reclassified as fair value through profit or loss. Further, during the year, the Group has estimated a fair value of Rs 941.40 million of its investment in the REIT through a valuation technique of discounted cashflow method. Resultantly, a fair value gain amounting Rs 341.40 million has been recognised in the consolidated statement of profit or loss. The Group being strategic investor of the REIT has 25% of its subscribed units in an account marked as 'blocked' with the Central Depository Company as required by the Real Estate Investment Trust Regulations, 2022.

22.8 These Pakistan Investment Bonds (PIBs) carry profit at the rate of 16.22% and are due for maturity on July 04, 2026.

		Note	2023	Restated 2022
			(Rupees in thousand)	
23	**Long term advances and deposits**			
	Advance against investments in REITs	23.1	1,938,037	869,208
	Capital advances:			
	- Freehold land		340,820	379,986
	- Plant and machinery		1,329,021	1,956,486
			1,669,841	2,336,472
	Others		365,619	310,529
			3,973,497	3,516,209

23.1 This includes advances amounting to Rs 1,738.04 million (2022: Rs 869.21 million) paid for investments in shariah compliant development REIT schemes which are managed by Arif Habib Dolmen REIT Management Company Limited (RMC), a related party.

		Note	2023	Restated 2022
			(Rupees in thousand)	
24	**Stores and spares**			
	Stores		1,138,564	1,041,522
	Spares		10,886,795	10,830,053
	Catalyst and chemicals		4,708,130	4,514,849
			16,733,489	16,386,424
	Less: Provision for slow moving stores and spares	24.1	2,865,771	395,186
			13,867,718	15,991,238
	24.1 Movement of provision for slow moving stores and spares			
	Opening balance		395,186	100,538
	Charge for the year		2,470,585	225,460
	As a result of asset acquisition		–	69,188
	Closing balance		2,865,771	395,186
25	**Stock in trade**			
	Raw materials {including in transit Rs 3,462.70 million (2022: Rs 3,926.82 million)}		16,638,934	6,919,091
	Packing materials		254,567	78,112
			16,893,501	6,997,203
	Work in progress		115,941	58,123
	Mid products			
	Ammonia		335,489	161,252
	Nitric acid		46,766	19,941
	Others		7,632	2,318
			389,887	183,511
	Finished goods			
	Own manufactured			
	Urea		630,764	59,323
	NP		14,153,402	28,885,503
	CAN		945,647	32,477
	Others		38,880	30,051
	Certified emission reductions		–	42,810
			15,768,693	29,050,164
	Purchased for resale		208,980	9,486,133
			33,377,002	45,775,134
26	**Trade debts**			
	Secured against bank guarantees		9,061,931	13,315,294
	Unsecured - considered good		1,292,816	479,068
			10,354,747	13,794,362

26.1 All these debtors are not past due.

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for the year ended December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
27 Short term loans to related parties			
Reliance Commodities (Pvt) Limited	27.1	4,999,723	4,999,723
Silk Islamic Development REIT	27.2	100,000	–
		5,099,723	4,999,723

27.1 This represents loan given to an associated company Reliance Commodities (Pvt) Limited (RCL), against an approved limit of Rs 5,000 million. The loan is repayable within 30 business days notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2.00% per annum, which has been revised to 6 month KIBOR plus 1.25% as per the shareholders' approval in Annual General Meeting held on April 28, 2023. Effective rate of markup charged during the year ranged from 17.84% to 24.08% (2022: 10.85% to 17.84%). The loan is fully secured against a ranking charge over the present and future current assets of RCL. The maximum amount of loan outstanding during the year was Rs 4,999.72 million.

27.2 This represents loan given to an associated undertaking Silk Islamic Development REIT, against an approved limit of Rs 200 million as per the shareholders' approval in Extra Ordinary General Meeting dated September 22, 2023. The loan is repayable within 10 days notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2% per annum. Effective rate of markup charged during the year is 24.96%. The maximum amount of loan outstanding during the year was Rs 100 million.

	Note	2023	Restated 2022
		(Rupees in thousand)	
28 Advances, deposits, prepayments and other receivables			
Advances - considered good			
- to employees		65,199	32,809
- to suppliers	28.1	2,287,581	1,780,639
		2,352,780	1,813,448
Advance against investment	28.2	–	2,225,796
Impairment of advances		–	(2,225,796)
		–	–
Margin deposits held by banks		2,788,003	1,061,458
Prepayments		135,040	1,479,902
Receivable from Government of Pakistan (GoP)			
- Advance sales tax		13,444,771	13,734,556
- Subsidy receivable		2,092,159	2,092,159
- Loss allowance on subsidy receivable	28.3	(1,464,511)	(638,134)
		14,072,419	15,188,581
Markup receivable		464,782	189,390
Others		192,079	237,103
		20,005,103	19,969,882

28.1 This includes balance of Rs 28.57 million (2022: Rs 24.69 million) to Fatima Agri Sales & Services (Pvt) Limited, which is a related party of the Group and is in the nature of normal course of business.

28.2 This represented advance which the Group had invested in the technology sector. The management of the Group has determined that the balance is irrecoverable owing to prevailing economic conditions and complete closure of business. Therefore, the balance has been written off entirely during the year.

28.3 This represents loss allowance on subsidy receivable from GoP in accordance with requirement of IFRS 9. However, management is confident of recovering the full amount from GoP.

	Note	2023	Restated 2022
		(Rupees in thousand)	
29 Short term investments			
At fair value through profit or loss (FVTPL)			
Equity investments	29.1	6,017,828	4,097,799
At amortised cost			
Market Treasury Bills	29.2	6,024,008	–
Ijarah Sukuks	29.3	502,159	–
Term deposit receipts	29.4	6,354,250	354,250
Defence saving certificates		66,610	66,610
		18,964,855	4,518,659

29.1 These consist of investments made in equity instruments of various listed companies.

29.2 These Market Treasury Bills (T-Bills) have maturity of one year and carry profit at the rate of 21.23%.

29.3 These Ijarah Sukuks have maturity of one year and carry profit at the rate of 22.49%.

29.4 The term deposit receipts carry markup ranging from 9.00% to 22.50% (2022: 9.00% to 18.50%) per annum.

	Note	2023	Restated 2022
		(Rupees in thousand)	
30 Cash and bank balances			
Cash in hand		9,257	6,032
At banks:			
- saving accounts	30.1	3,963,988	1,759,261
- current accounts		3,364,375	684,377
		7,337,620	2,449,670

30.1 The balances in saving accounts carry markup ranging from 14.50% to 20.75% (2022: 8.25% to 15%) per annum.

	Note	2023	Restated 2022
		(Rupees in thousand)	
31 Sales			
Revenue from contracts with customers			
Local sales	31.1	235,359,994	159,448,288
Export sales		63,348	296,894
		235,423,342	159,745,182

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
31.1 Local sales			
Own manufactured		225,304,977	137,901,545
Toll manufacturing		–	20,185,447
Mid products		2,294,153	1,572,166
Purchased for resale		21,635,270	4,039,529
		249,234,400	163,698,687
Less: Sales tax		2,325,536	1,879,467
Federal excise duty		6,718,924	–
Discounts		4,829,946	2,370,932
		235,359,994	159,448,288

32 Cost of sales

	Note	2023	Restated 2022
Raw material consumed		81,082,743	81,908,507
Packing material consumed		720,104	2,096,900
Salaries, wages and other benefits	32.1	10,111,273	8,217,951
Fuel and power		12,352,009	13,150,059
Chemicals and catalyst consumed		3,772,120	3,321,900
Stores and spares consumed		7,684,259	4,372,320
Depreciation	19.4	10,522,450	5,107,688
Technical assistance		475,681	523,221
Repair and maintenance		10,378,183	6,153,403
Insurance		2,082,945	1,167,968
Travelling and conveyance		382,073	286,764
Rent, rates and taxes	32.2	925,572	706,231
Vehicle running and maintenance		374,639	257,823
Others		439,975	245,038
Subsidy on RLNG released by GoP to SNGPL	32.3	(10,426,437)	(7,892,654)
Manufacturing cost		130,877,589	119,623,119
Opening stock of work-in-process		58,123	65,264
Closing stock of work-in-process		(115,941)	(58,123)
Opening stock of mid products		183,511	122,564
Addition as a result of asset acquisition		–	1,509
Closing stock of mid products		(389,887)	(183,511)
Cost of goods manufactured		130,613,395	119,570,822
Opening stock of finished goods		29,050,164	5,540,330
Addition as a result of asset acquisition		–	7,961,419
Closing stock of finished goods		(15,768,693)	(29,050,164)
Cost of sales - own manufactured		143,894,866	104,022,407
Cost of sales - purchased for resale		17,345,549	3,044,928
		161,240,415	107,067,335

32.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 549.54 million (2022: Rs 362.43 million).

32.2 This includes ijarah lease rentals aggregating to Rs 370.31 million (2022: Rs 168.73 million).

32.3 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Group (Sheikhupura plant) by SNGPL and the gas price capped by GoP for fertilizer plants operating on RLNG.

	Note	2023	Restated 2022
		(Rupees in thousand)	
33 Distribution cost			
Salaries, wages and other benefits	33.1	1,741,527	943,018
Fee for services	33.2	–	617,105
Rent, rates and taxes	33.3	650,859	475,348
Advertisement and sales promotion		1,222,659	914,228
Transportation and freight		6,198,474	4,583,724
Technical services to farmers		135,510	137,165
Insurance		62,586	49,600
Travelling and conveyance		154,479	122,939
Others		366,350	210,824
		10,532,444	8,053,951

33.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 87.62 million (2022: Rs 33.04 million).

33.2 This amount represented fee for marketing and distribution services charged by an associated company - FASS for the first half of the year 2022. The Group had outsourced its marketing and distribution function to FASS. However, the arrangement had been cancelled on June 30, 2022 and all the employees had been transferred to the Group with effect from July 01, 2022.

33.3 This includes rental paid for short term leases aggregating to Rs 452.54 million (2022: Rs 380.38 million) and ijarah lease rentals aggregating to Rs 180.51 million (2022: Rs 82.083 million).

	Note	2023	Restated 2022
		(Rupees in thousand)	
34 Administrative expenses			
Salaries, wages and other benefits	34.1	3,673,765	2,420,342
Travelling and conveyance		390,837	355,170
Vehicles' running and maintenance		146,336	115,455
Insurance		32,613	15,837
Communication and postage		68,364	57,920
Printing and stationery		51,197	49,208
Repair and maintenance		260,483	91,754
Rent, rates and taxes	34.2	188,811	120,469
Fees and subscription		259,393	228,493
Entertainment		66,362	48,393
Legal and professional		995,535	612,048
Auditors' remuneration	34.3	12,950	11,098
Utilities		44,485	54,452
Aircraft operating expenses		366,935	206,441
Depreciation on operating fixed assets	19.4	332,341	277,058
Depreciation on investment property	21	906	906
Amortization	20	79,880	53,806
Charity and donation	34.4	895,588	1,021,235
Others		413,635	307,139
		8,280,416	6,047,224

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for the year ended December 31, 2023

34.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 129.10 million (2022: Rs 99.67 million).

34.2 This includes rental paid for low value leases amounting to Rs 42.10 million (2022: Rs 19 million) and ijarah lease rentals amounting to Rs 141.38 million (2022: Rs 95.31 million).

34.3 The breakup of statutory auditors' remuneration including non adjustable sales tax is as follows:

	Note	2023	Restated 2022
		(Rupees in thousand)	
Annual audit fee		7,167	4,836
Half yearly review fee		697	606
Others	34.3.1	4,035	4,625
Out of pocket expenses		1,051	1,031
		12,950	11,098

34.3.1 Others include special audits fee of Rs 3.85 million (2022: Rs 4.17 million).

34.4 Donations

34.4.1 Donations paid to Mian Mukhtar A. Sheikh Trust (the Trust) exceeds 10% of the Group's total amount of donation.

34.4.2 Donations include the following in which certain directors are interested:

Name of directors	Interest in donee	Name of donees	2023	Restated 2022
			(Rupees in thousand)	
Mr. Fawad Ahmed Mukhtar Mr. Faisal Ahmed Mukhtar Mr. Fazal Ahmed Sheikh	Trustees	Mian Mukhtar A. Sheikh Trust	494,759	658,514
Mr. Fawad Ahmed Mukhtar	Member of the Board of Governors of National Management Foundation (NMF) the sponsoring body of LUMS.	Lahore University of Management Sciences (LUMS)	23,909	9,216

	2023	Restated 2022
	(Rupees in thousand)	
35 Finance cost		
Markup on:		
- long term finances	1,776,181	1,250,633
- short term finances	1,951,690	1,344,049
- short term loans from related parties	370,208	162,026
Interest on lease liabilities	24,082	95,232
Bank charges and others	780,140	613,209
	4,902,301	3,465,149

	Note	2023	Restated 2022
		(Rupees in thousand)	
36 Other operating expenses			
Workers' Profit Participation Fund	12.3	2,644,368	1,628,008
Workers' Welfare Fund	12.4	1,175,269	585,679
Impairment of advances		76,874	2,225,796
Impairment of brand		1,770,000	–
Loss on remeasurement of investments classified as FVTPL		–	821,566
Loss on sale of investments classified as FVTPL		–	12,609
Loss on transfer of investment property		–	79,070
Loss on disposal of property, plant and equipment		3,521	–
Unwinding of payable against Subordinated redeemable preference Class A shares		207,037	92,339
Exchange loss - net		1,640,656	964,387
Others		233,900	–
		7,751,625	6,409,454
37 Other income			
Income from financial assets			
Profit on loans to related parties		1,086,127	1,090,075
Gain on sale of investment classified as FVTPL		155,215	–
Gain on remeasurement of investments classified as FVTPL		2,327,755	–
Profit on investments and saving accounts		1,512,906	301,226
Dividend income		575,115	307,581
		5,657,118	1,698,882
Income from non financial assets			
Scrap sales		48,037	24,352
Gain on disposal of property, plant and equipment		–	4,716
Gain on disposal of stores and spares		1,093	286,515
Markup on credit sale of fertilizer		1,480,656	–
Bargain purchase gain		–	562,223
Others		40,652	90,120
		1,570,438	967,926
		7,227,556	2,666,808
38 Taxation			
Current tax			
- Current year		20,717,207	10,304,785
- Prior year	38.1	2,225,308	2,182,282
		22,942,515	12,487,067
Deferred tax		2,944,902	3,673,604
		25,887,417	16,160,671

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38.1 This includes an amount of Rs 2,085 million (2022: Rs 3,494.88 million) pertaining to the super tax for the year 2022.

	2023	Restated 2022
	(%)	
38.2 Tax charge reconciliation		
Numerical reconciliation between the average tax rate and the applicable tax rate:		
Applicable tax rate	29.00	29.00
Tax effect of:		
Income exempt from income tax or taxed at lower rate	(1.24)	(0.16)
Super tax	10.00	4.00
Prior year	3.48	11.51
Impact of rate change	9.37	9.20
Deductions disallowed	2.15	2.07
Others	0.18	(3.28)
	23.94	23.34
Average effective tax rate charged to statement of profit or loss	52.94	52.34

39 Earnings per share - basic and diluted

	2023	Restated 2022
	(Rupees in thousand)	
Profit attributable to ordinary shareholders	23,008,416	14,713,775
	Number of shares	
Weighted average number of shares	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	10.96	7.01

40 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Group. Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties have been disclosed in the relevant notes to the consolidated financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

Relationship with the Group	Nature of transaction	2023	Restated 2022
		(Rupees in thousand)	
Associated companies	Purchase of packing material	–	1,537,521
	Purchase of raw material	–	1,438,446
	Purchase of stores and spares	–	653,451
	Sale of mid products	–	73,240
	Sales of packing material	1,548,763	474,821
	Lease rental and license fee	271,200	171,798
	Payment against sales collection	–	25,736,267
	Toll manufacturing revenue	–	20,185,447
	Employees retirement benefits transferred	–	186,542
	Fee for services	797,263	2,253,672
	Miscellaneous expenses	11,288	29,717
	Short term loan given	100,000	–
	Acquisition of shares	25	–
	Markup income	1,086,127	1,090,075
	Dividend paid	5,136,216	3,793,102
	Markup expense	370,208	162,026
Directors & key management personnel	Remuneration including benefits & perquisites	777,003	656,688
	Dividend paid	3,853,042	2,709,561
Retirement benefit plans	Retirement benefit expense	770,596	471,753

40.1 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place.

Name	Basis of Relationship	Aggregate % of shareholding in the Holding Company
Air One (Pvt) Limited	Common directorship	Nil
Arif Habib Equity (Pvt) Limited	Common directorship	Nil
HerBeauty (Pvt) Limited	Common directorship	Nil
OSOL (Pvt) Limited	Common directorship	Nil
Fatima AG Solutions Limited	Common directorship	Nil
Silk Islamic Development REIT	Common directorship	Nil
Fatima Sugar Mills Limited	Common directorship	Nil
Power Cement Limited	Common directorship	Nil
Reliance Commodities (Pvt) Limited	Common directorship	0.02%
Reliance Weaving Mills Limited	Common directorship	0.13%
Fatima Holding Limited	Common directorship	0.68%
Arif Habib Limited	Common directorship	1.44%
Fazal Cloth Mills Limited	Common directorship	3.29%
Fazal Holdings (Pvt) Limited	Common directorship	3.34%
Farrukh Trading Company Limited	Common directorship	7.81%
Fatima Management Company Limited	Common directorship	7.86%
Fatima Trading Company (Pvt) Limited	Common directorship	8.18%
Arif Habib Corporation Limited	Common directorship	15.19%

40.2 The Group considers its Chief Executive Officer, Executive Director, and Functional Heads as its key management personnel.

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for the year ended December 31, 2023

	2023	Restated 2022
	Metric ton	
41 Capacity and production		
Urea		
Designed production capacity	1,037,900	1,037,900
Actual production	985,419	1,095,084
CAN		
Designed production capacity	870,000	870,000
Actual production	839,721	866,620
NP		
Designed production capacity	664,500	664,500
Actual production	713,038	866,724
	Kilograms	
Tapeline		
Designed production capacity	11,629,630	11,629,630
Actual production	9,623,081	9,355,858
Liner		
Designed production capacity	2,874,375	2,874,375
Actual production	2,298,867	2,318,941

42 Remuneration of chief executive, directors and executives

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to full time working Directors and Executives of the Group are as follows:

	Chief Executive		Executive Director		Executives	
	2023	2022	2023	2022	2023	Restated 2022
	(Rupees in thousand)					
Short term employee benefits						
Managerial remuneration	66,371	45,617	63,721	41,603	2,020,731	1,394,281
Housing allowance	29,867	20,528	23,765	16,021	874,323	584,795
Utilities allowance	–	–	–	–	186,877	123,727
Conveyance and site allowance	–	–	–	–	386,195	271,526
Leave fare assistance and bonus	28,966	12,414	30,784	12,414	1,810,712	984,387
Others	21,151	30,474	14,319	15,508	101,025	42,617
	146,355	109,033	132,589	85,546	5,379,863	3,401,333
Retirement benefits						
Contribution to provident fund and gratuity	–	–	–	–	167,778	121,498
Accumulating compensated absences	–	–	–	–	12,617	6,634
	146,355	109,033	132,589	85,546	5,560,258	3,529,465
Number of persons	1	1	2	2	633	579

42.1 Non Executive Directors were paid meeting fee aggregating to Rs 1.55 million (2022: Rs 1.70 million).

42.2 The Group also provides the Chief Executive, Executive Director and some of the Executives with Group maintained cars.

42.3 Executives as mentioned above include Directors and Chief Executive of subsidiary companies.

	Note	2023	Restated 2022
		(Rupees in thousand)	
43 Cash generated from operations			
Profit before tax		48,895,833	30,874,446
Adjustments for:			
Depreciation on property, plant and equipment	19.4	10,870,387	5,395,285
Depreciation on investment property	21	906	906
Amortization of intangible assets	20	79,880	53,806
Impairment of brand	20	1,770,000	–
Finance cost	35	4,902,301	3,465,149
Provision for staff retirement benefits		486,522	300,409
Provision for slow moving stores and spares		2,713,023	253,796
Profit on loans to related parties	37	(1,086,127)	(1,090,075)
(Gain) / loss on investments classified as FTVPL		(2,482,970)	834,175
Loss allowance on subsidy receivable from GoP		826,377	114,688
Unwinding of payable against subordinated redeemable preference Class A shares		207,037	92,339
Unwinding of provision for GIDC	11.2.1	220,083	311,335
Dividend income	37	(575,115)	(307,581)
Share of loss from associates	22.1	1,404	68,408
Profit on short term investments and saving accounts	37	(1,512,906)	(301,226)
Impairment of advances	36	76,874	2,225,796
Gain as a result of elimination due to asset acquisition		–	(212,357)
Bargain purchase as a result of acquisition of subsidiary		–	(562,223)
Loss on disposal of investment property		–	79,070
Loss / (gain) on disposal of property, plant and equipment	19.5	3,521	(4,716)
		16,501,197	10,716,984
Operating cash flows before working capital changes		65,397,030	41,591,430
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		(589,503)	(3,373,362)
Stock in trade		12,398,132	(17,975,705)
Trade debts		3,439,615	(3,384,420)
Advances, deposits, prepayments and other receivables		(663,080)	(3,364,012)
Net (decrease) / increase in creditors, accrued and other liabilities		(5,108,394)	8,828,415
		9,476,770	(19,269,084)
		74,873,800	22,322,346

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2023

	2023	Restated 2022
	(Rupees in thousand)	
44 Provident fund		
The following information is based on latest un audited consolidated financial statements of the fund:		
Size of the fund	4,252,945	3,268,694
Cost of investments made	3,756,861	2,918,577
Fair value of investments	3,959,024	3,011,668
Percentage of investments made	88.34%	89.29%

	2023		2022 (Restated)	
	(Rupees in thousand)	%age	(Rupees in thousand)	%age
44.1 The breakup of fair value of investments is as follows:				
Mutual funds	2,087,254	53%	1,467,288	50%
Scheduled banks	1,871,770	47%	1,544,380	50%
	3,959,024	100%	3,011,668	100%

44.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

44.3 An amount of Rs 278.29 million (2022: Rs 195.23 million) has been contributed during the year to the provident fund.

45 Financial risk management

45.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the un predictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro (EUR) and Great British Pound (GBP). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2023	Restated 2022
	(FCY in thousand)	
Cash at banks and in hand – USD	32	10
Trade and other payables – USD	(1,712)	(1,707)
Net exposure – USD	(1,680)	(1,697)
Cash at banks and in hand – EUR	4	–
Trade and other payables – EUR	(761)	(841)
Net exposure – EUR	(757)	(841)
Trade and other payables – GBP	(269)	–
Net exposure – GBP	(269)	–

The following significant exchange rates were applied during the year:

	2023	Restated 2022
Rupees per USD		
Average rate	283.53	207.90
Reporting date rate	282.40	226.90
Rupees per EUR		
Average rate	307.95	218.39
Reporting date rate	313.11	242.33
Rupees per GBP		
Average rate	353.89	254.77
Reporting date rate	359.77	273.23

If the functional currency, at reporting date, had fluctuated by 5% against the USD, EUR and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rs 40.41 million (2022: Rs 29.44 million), respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is also exposed to equity price risk since there are investments in equity securities. The Group is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

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for the year ended December 31, 2023

Fair value sensitivity analysis - Investments through Profit or Loss

In case of 5% change in KSE 100 index on December 31, 2023, with all other variables held constant, net profit for the year would increase / decrease by Rs 183.54 million (2022: Rs 124.98 million) as a result of gains / losses on equity securities classified as at fair value through profit or loss.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long term interest bearing assets. The Group's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2023	Restated 2022
	(Rupees in thousand)	
Fixed rate instruments		
Term deposit receipt	6,354,250	354,250
Defence saving certificates	66,610	66,610
Market Treasury Bills	6,024,008	–
Ijarah Sukuks	502,159	–
Term Finance Certificate	750,000	750,000
Pakistan Investment Bonds	4,017,502	–
Floating rate instruments		
Financial assets		
Cash at bank - saving accounts	3,963,988	1,759,261
Short term loans to related parties	5,099,723	4,999,723
Financial liabilities		
Long term finance	8,115,028	12,179,880
Short term loans from related parties	1,626,307	1,626,307
Short term finance - secured	937,842	16,467,085

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the consolidated statement of profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If the markup rate on net finance at reporting date, had fluctuated by 100 basis points with all other variables held constant, the impact on profit after taxation for the year would have been Rs 9.86 million (2022: Rs 143.44 million) respectively higher / lower.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and loans, advances, deposits, prepayments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	Restated 2022
	(Rupees in thousand)	
Long term advances and deposits	2,303,656	1,179,737
Short term loans to associated companies	5,099,723	4,999,723
Advances, deposits and other receivables	3,444,864	1,487,951
Trade debts	10,354,747	13,794,362
Short term investments	12,947,027	420,860
Bank balances	7,328,363	2,443,638
	41,478,380	24,326,271

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating				Restated
	Short term	Long term	Rating Agency	2023	2022
				(Rupees in thousand)	
Al Baraka Islamic Bank Limited	A1	A+	VIS	87	872
Allied Bank Limited	A1+	AAA	PACRA	4,428	3,832
Askari Bank Limited	A1+	AA+	PACRA	20,991	1,006
Bank Alfalah Limited	A1+	AA+	PACRA	224,030	80,455
Bank Al Habib Limited	A1+	AAA	PACRA	3,411,136	49,752
Bank Islami Pakistan Limited	A1	AA-	PACRA	100,107	68
Bank Makramah Limited	A-3	BBB-	VIS	884,246	1,247,910
Citibank N.A	P-1	Aa3	Moody's	44	42
Dubai Islamic Bank Limited	A1+	AA	VIS	612	92
Faysal Bank Limited	A1+	AA	PACRA	139,330	57,097
Habib Bank Limited	A1+	AAA	VIS	290,841	506,038
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,335	1,086
Industrial and Commercial Bank of China	P1	A1	Moody's	679	-
JS Bank Limited	A1+	AA-	PACRA	280,892	182,215
MCB Bank Limited	A1+	AAA	PACRA	16,710	16,924
Meezan Bank Limited	A1+	AAA	VIS	530,928	33,402
National Bank of Pakistan	A1+	AAA	PACRA	204,818	156,488
Sindh Bank Limited	A1	A+	VIS	128	117
Soneri Bank Limited	A1+	AA-	PACRA	62,648	25
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	24,340	53,370
The Bank of Punjab	A1+	AA+	PACRA	1,088,491	46,696
The Bank of Khyber	A1	A+	PACRA	2,983	182
United Bank Limited	A1+	AAA	VIS	18,798	5,890
Zarai Taraqiati Bank Limited	A1+	AAA	VIS	–	79

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2023 the Group has Rs 30,950.00 million (2022: Rs 19,608.54 million) unutilized borrowing limits from financial institutions and Rs 13,589.77 million (2022: Rs 2,741.82 million) cash and bank balances.

The following are the carrying values of financial liabilities as at December 31, 2023:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	8,115,028	2,249,201	5,247,426	618,401
Lease liabilities	229,567	114,356	115,211	–
Short term finance – secured	937,842	937,842	–	–
Trade and other payables	39,918,714	39,918,714	–	–
Short term loans from related parties	1,626,307	1,626,307	–	–
Unclaimed dividend	55,769	55,769	–	–
Long term deposits	466,658	–	466,658	–
Accrued finance cost	570,910	570,910	–	–
	51,920,795	45,473,099	5,829,295	618,401

The following are the carrying values of financial liabilities as at December 31, 2022:

	Restated			
	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	12,179,880	3,413,454	7,373,964	1,392,462
Lease liabilities	293,161	129,934	163,227	–
Short term finance – secured	16,467,085	16,467,085	–	–
Trade and other payables	45,786,823	45,786,823	–	–
Short term loans from related parties	1,626,307	1,626,307	–	–
Unclaimed dividend	46,429	46,429	–	–
Long term deposits	435,348	–	435,348	–
Accrued finance cost	1,143,959	1,143,959	–	–
	77,978,992	68,613,991	7,972,539	1,392,462

45.2 Fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statement approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The Group is required to classify financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted market 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 the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments of the Group carried at fair value are categorised as follows:

	2023			
	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment – FVTPL	6,017,828	–	941,400	6,959,228
Investment – FVTOCI	–	–	–	–
Total financial assets at fair value	6,017,828	–	941,400	6,959,228

	2022 (Restated)			
	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value	Level 1	Level 2	Level 3	Total
Investment – FVTPL	4,097,799	–	600,000	4,697,799
Investment – FVTOCI	–	–	–	–
Total financial assets at fair value	4,097,799	–	600,000	4,697,799

45.3 Financial instruments by categories

	2023			Restated 2022		
	Amortized Cost	Fair value Through P & L	Fair value Through OCI	Amortized Cost	Fair value Through P & L	Fair value Through OCI
	(Rupees in thousand)					
Financial assets as per statement of financial position						
Long term investments	4,767,502	941,400	–	750,000	600,000	–
Long term deposits	2,303,656	–	–	3,516,209	–	–
Short term loan to related parties	5,099,723	–	–	4,999,723	–	–
Advances, deposits, prepayments and other receivables	3,444,864	–	–	1,487,951	–	–
Trade debts	10,354,747	–	–	13,794,362	–	–
Short term investments	12,947,027	6,017,828	–	420,860	4,097,799	–
Cash and bank balances	7,337,620	–	–	2,449,670	–	–
	46,255,139	6,959,228	–	27,418,775	4,697,799	–

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for the year ended December 31, 2023

	2023	Restated 2022
	(Rupees in thousand)	
Financial liabilities as per statement of financial position - at amortised cost		
Long term finance	8,115,028	12,179,880
Short term finance - secured	937,842	16,467,085
Short term loans from related parties	1,626,307	1,626,307
Unclaimed dividend	55,769	46,429
Lease liabilities	229,567	293,161
Long term deposits	466,658	435,348
Trade and other payables	39,918,714	45,786,823
Accrued finance cost	570,910	1,143,959
	51,920,795	77,978,992

45.4 Capital risk management

The Group's objectives when managing capital are to safeguard Group's ability to continue as a going concern in order to provide maximum return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure as required by the lenders. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of debt to equity ratio.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, issue new ordinary / preference shares, or obtain / repay loans.

	2023	Restated 2022
	(Rupees in thousand)	
Total debt	10,908,744	30,566,433
Total equity	119,385,630	107,500,734
Debt to equity ratio	9.14%	28.43%

46 Number of employees

	2023	2022
Average number of employees during the year	5,001	3,727
Number of employees at end of the year	5,034	4,967

47 Interest in joint arrangements

The Holding Company, Fauji Fertilizer Company Limited (FFC) and Engro Fertilizer Company Limited (EFERT) entered into a Framework Agreement (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project on November 30, 2022. Under the Agreement, the Holding Company, FFC and EFERT have decided to jointly develop and install pressure enhancement facilities at the MPCL's delivery node to sustain the current level of pressure of gas supply from HRL reservoir of Mari Petroleum Company Limited (MPCL).

All decisions with respect to development and operations of PEF would be made only with unanimous consent of the Holding Company, FFC and EFERT. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS - 11. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by the Holding Company, FFC and EFERT, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operations' in these consolidated financial statements. Current cost sharing percentages in PEF of the Holding Company, FFC and EFERT are 18.4%, 47.7% and 33.9%, respectively.

The Holding Company has recognised its share of jointly held assets of the joint operation under the appropriate heads and disclosed the same in related note to the consolidated financial statements.

48 Non adjusting events after reporting date

The Board of Directors of the Holding Company in its meeting held on March 21, 2024 proposed a final dividend of Rs 2.75 (2022: Rs 3.50) per share for the year ended December 31, 2023, aggregating to Rs 5,775 million (2022: Rs 7,350 million) for approval of the members at the Annual General Meeting to be held on April 29, 2024.

49 Date of authorization of issue

These consolidated financial statements have been authorised for issue on March 21, 2024 by the Board of Directors of the Holding Company.

50 General

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

Chief Executive Officer | **Director** | **Chief Financial Officer**

SEPARATE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Fatima Fertilizer Company Limited (the Company) which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss, the statement of 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 material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 December 31, 2023 and of the profit, comprehensive income, cash flows and changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

Report on the Audit of Financial Statements

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1 Merger / amalgamation of associated Company	
The Company's financial statements contained the impact of merger / amalgamation of Pakarab Fertilizers Limited ("PFL") with effect from July 01, 2022 after its sanction on June 27, 2023. As a result, the comparative amounts reported in financial position as of December 31, 2022 have been restated after taking its effect. The detailed scheme and breakup of assets and liabilities of PFL has been disclosed in note 1.2 to the financial statements. We identified effect of merger / amalgamation of PFL as a key audit matter because of one off nature of transaction, complexity of its settlement and accounting treatment in the financial statements.	Our audit procedures to address this Key Audit Matter included the following: • Obtained an understanding and analyze the impact and accounting treatment of the merger / amalgamation transaction. • Reviewed the relevant documentation relating to the merger / amalgamation transaction. • Evaluated the process of identifying the assets acquired and liabilities assumed and verified from valuer report. • Checked the intercompany balances and transactions between PFL and the Company to assess the accuracy and completeness of the elimination of adjustments. • Evaluated the internal controls in place for identifying, measuring and recording the merger / amalgamations related transactions. • Ensured that merger / amalgamation has been executed in compliance with the Court order. • Evaluated the adequacy of the disclosures in the financial statements made by the Company with regard to merger / amalgamation transaction.
2. Revenue Recognition	
The Company's sales comprise of revenue from the manufacturing, producing, buying, selling and importing fertilizers and chemicals which has been disclosed in note 31 to the financial statements. Revenue from the sale is recognized, when the Company satisfies the performance obligation under the contract by transferring the promised goods to the customers. Revenue recognition criteria has been explained in note 4.22 to the financial statements.	Our audit procedures to address this Key Audit Matter included the following: • Obtained an understanding of and assessed the design and implementation and operating effectiveness of key internal controls over recognition of revenue. • Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards.

Key audit matters	How the matter was addressed in our audit
We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction of the performance obligation under the contract with the customer in line with the accounting policy adopted or may not have been recognized in the appropriate period.	• Checked on a sample basis the recorded sales transactions with underlying sales invoices. • Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents. • Evaluated the adequacy and appropriateness of related disclosures in the financial statements.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the 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 is responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

Report on the Audit of Financial Statements

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 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 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 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 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 year 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, 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 Muhammad Sufyan.

Yousuf Adil

Chartered Accountants

Lahore

Date: April 01, 2024

UDIN: AR202310180T5jqLdXPN

STATEMENT OF FINANCIAL POSITION
as at December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
3,700,010,000 (2022: 3,700,010,000) shares of Rs 10 each		37,000,100	37,000,100
Issued, subscribed and paid up share capital			
2,100,000,000 (2022: 2,100,000,000) ordinary shares of Rs 10 each	5	21,000,000	21,000,000
Reserves	6	97,365,983	86,089,184
		118,365,983	107,089,184
NON CURRENT LIABILITIES			
Long term finances	7	5,805,928	8,586,731
Subordinated redeemable preference Class A shares	8	1,473,323	1,266,286
Lease liabilities	9	107,377	152,896
Deferred taxation	10	27,110,658	24,366,344
Deferred liabilities	11	2,399,441	2,927,257
Long term deposits		466,658	435,348
		37,363,385	37,734,862
CURRENT LIABILITIES			
Trade and other payables	12	56,607,722	59,394,984
Accrued finance cost	13	517,441	1,071,771
Income tax payable		11,714,000	3,602,313
Short term finances - secured	14	–	14,909,740
Short term loans from related parties	15	1,626,307	1,626,307
Unclaimed dividend		55,769	46,429
Payable to Privatization Commission of Pakistan	16	2,197,901	2,197,901
Current portion of long term liabilities	17	2,318,323	3,421,126
		75,037,463	86,270,571
CONTINGENCIES & COMMITMENTS	18		
		230,766,831	231,094,617

The annexed explanatory notes from 1 to 50 form an integral part of these financial statements.

	Note	2023	Restated 2022
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	19	110,025,290	114,338,479
Intangible assets	20	2,007,996	3,786,096
Investment property	21	164,513	165,419
		112,197,799	118,289,994
Long term investments	22	7,912,211	2,454,688
Long term advances and deposits	23	3,962,186	4,453,385
		11,874,397	6,908,073
		124,072,196	125,198,067
CURRENT ASSETS			
Stores and spares	24	13,717,907	15,861,618
Stock in trade	25	32,414,846	44,837,187
Trade debts	26	9,506,925	13,332,110
Short term loans to related parties	27	5,099,723	4,999,723
Advances, deposits, prepayments and other receivables	28	20,040,816	20,029,456
Short term investments	29	18,819,553	4,425,900
Cash and bank balances	30	7,094,865	2,410,556
		106,694,635	105,896,550
		230,766,831	231,094,617

Chief Executive Officer **Director** **Chief Financial Officer**

STATEMENT OF PROFIT OR LOSS
for the year ended December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
Sales	31	232,754,821	158,797,102
Cost of sales	32	(160,345,454)	(106,336,773)
Gross profit		72,409,367	52,460,329
Distribution cost	33	(10,435,036)	(8,010,485)
Administrative expenses	34	(8,194,659)	(5,964,194)
		53,779,672	38,485,650
Finance cost	35	(4,640,423)	(3,303,226)
Other operating expenses	36	(7,623,757)	(6,400,908)
		41,515,492	28,781,516
Other income	37	7,276,640	2,088,990
Share of loss from associates	22.1	(1,404)	(68,408)
Other losses:			
- Unwinding of provision for GIDC	11.2	(220,083)	(311,335)
- Loss allowance on subsidy receivable from GoP	28.2	(826,377)	(114,688)
		(1,046,460)	(426,023)
Profit before tax		47,744,268	30,376,075
Taxation	38	(25,344,869)	(16,074,096)
Profit for the year		22,399,399	14,301,979
Earnings per share - basic and diluted (Rupees)	39	10.67	6.81

The annexed explanatory notes from 1 to 50 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2023

	2023	Restated 2022
	(Rupees in thousand)	
Profit for the year	22,399,399	14,301,979
Other comprehensive income:		
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of post retirement benefits obligation	(200,750)	(191,889)
Related tax thereon	103,150	72,220
Share of other comprehensive loss from associates	–	(7,725)
Related tax thereon	–	1,159
Other comprehensive income - net of tax	(97,600)	(126,235)
Total comprehensive income for the year	22,301,799	14,175,744

The annexed explanatory notes from 1 to 50 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2023

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Total
		Share premium	Unappropriated profit		
	(Rupees in thousand)				
Balance at December 31, 2021	21,000,000	1,790,000	77,593,523	(120,083)	100,263,440
Profit for the year – restated	–	–	14,301,979	–	14,301,979
Other comprehensive income – restated	–	–	(6,566)	(119,669)	(126,235)
Total comprehensive income – restated	–	–	14,295,413	(119,669)	14,175,744
Transaction with owners:					
– Final dividend for the year ended December 31, 2021 @ Rs 3.50 per share	–	–	(7,350,000)	–	(7,350,000)
Balance at December 31, 2022 – restated	21,000,000	1,790,000	84,538,936	(239,752)	107,089,184
Profit for the year	–	–	22,399,399	–	22,399,399
Other comprehensive income	–	–	–	(97,600)	(97,600)
Total comprehensive income	–	–	22,399,399	(97,600)	22,301,799
Transaction with owners:					
– Final dividend for the year ended December 31, 2022 @ Rs 3.50 per share	–	–	(7,350,000)	–	(7,350,000)
– Interim dividend for the year ended December 31, 2023 @ Rs 1.75 per share	–	–	(3,675,000)	–	(3,675,000)
Balance at December 31, 2023	21,000,000	1,790,000	95,913,335	(337,352)	118,365,983

The annexed explanatory notes from 1 to 50 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

STATEMENT OF CASH FLOWS

for the year ended December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	43	73,308,739	21,939,568
Net increase in long term deposits		31,310	157,244
Finance cost paid		(5,015,877)	(2,747,926)
Taxes paid		(13,141,355)	(10,842,138)
Employee retirement benefits paid		(358,610)	(131,073)
Net cash generated from operating activities		54,824,207	8,375,675
Cash flows from investing activities			
Additions in property, plant and equipment		(6,513,747)	(9,006,578)
Additions in intangible assets		(71,780)	(148,109)
Proceeds from disposal of property, plant and equipment		8,419	31,594
Short term investments made		(12,889,572)	(3,280,835)
Short term loan to an associated company		(100,000)	–
Long term investments made		(5,117,527)	(1,050,031)
Proceeds from short term investments		625,099	335,925
Profit received on loans and saving accounts		2,387,543	989,010
Cash and cash equivalents acquired as a result of asset acquisition		–	(2,219,918)
Dividend income received		571,195	305,900
Net decrease / (increase) in long term advances and deposits		491,199	(942,823)
Net cash used in investing activities		(20,609,171)	(14,985,865)
Cash flows from financing activities			
Proceeds from long term finances	7.1	–	5,622,520
Repayment of long term finances	7.1	(3,521,364)	(2,805,271)
Repayment of lease liabilities	9	(83,963)	(201,286)
Dividend paid		(11,015,660)	(9,087,386)
(Decrease) / increase in short term finances - net		(8,611,211)	3,550,904
Net cash used in financing activities		(23,232,198)	(2,920,519)
Net increase / (decrease) in cash and cash equivalents		10,982,838	(9,530,709)
Cash and cash equivalents at the beginning of the year		(3,887,973)	5,642,736
Cash and cash equivalents at the end of the year		7,094,865	(3,887,973)
Cash and cash equivalents comprises of following:			
Cash and bank balances	30	7,094,865	2,410,556
Running finance	14	–	(6,298,529)
Cash and cash equivalents at the end of the year		7,094,865	(3,887,973)

The annexed explanatory notes from 1 to 50 form an integral part of these financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2023

1 Legal Status and nature of business

1.1 Fatima Fertilizer Company Limited ('the Company'), was incorporated in Pakistan on December 24, 2003 as a public company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals.

Registered office of the Company is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the Company are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and Chichoki Mallian - Sheikhupura, Pakistan.

1.2 The Board of Directors of the Company, in their meeting held on December 5, 2022, had approved a comprehensive business expansion plan and the Scheme of Compromises, Arrangements and Reconstruction ('the Scheme') drafted under the relevant provisions of the Companies Act, 2017, aimed at further consolidation of the fertilizer business by amalgamating its associated company, Pakarab Fertilizers Limited ('PFL') with and into Fatima Fertilizer Company Limited with effect from July 01, 2022.

A petition was submitted in the Lahore High Court ('LHC') for obtaining sanction of this Scheme wherein under the supervision of the LHC, the above Scheme had been duly approved by the shareholders of the Company in its extra ordinary general meeting held on December 31, 2022. The Scheme has been sanctioned on June 27, 2023, through an order by the LHC.

As per the sanctioned scheme, the assets and liabilities of PFL have been acquired by the Company and in consideration, the receivables from PFL comprising trade receivable, loans and the accrued markup thereon as at June 30, 2022, stands relinquished. Further, capital contributories and the shareholders of PFL relinquished their right in the Company against which they shall be compensated in the form of Subordinated Redeemable Preference Shares of the Company under the following terms and conditions:

i) Subordinated Redeemable Preference Class A Shares of the Company: Shareholders of PFL shall be issued one (1) Class A Share of the Company against each ordinary share of PFL aggregating to 270,000,000 shares. Face value of such shares will be Rs 10 each. These shares are non voting, neither non cumulative nor cumulative fixed yield and have no dividend or other right. The redemption date shall be December 31, 2027, modifiable upon mutual consent of the Board of Directors of the Company and at least 90% of Class A Shareholders. Redemption value shall be lower of the (i) value as determined by the Company's Board of Directors unanimously, (ii) aggregate face value of Class A Shares or (iii) calculated values of assets and liabilities acquired from PFL as defined in the sanctioned Scheme; and

ii) Subordinated Redeemable Preference Class B Shares of the Company: These shares shall be issued subject to fulfilment of conditions precedent to issue as defined in the sanctioned Scheme i.e. full redemption of Class A shares and unanimous approval of the Company's Board of Directors for issuance. These shares shall be issued to the shareholders and capital contributories of PFL up to a maximum number of 567,369,293 shares having face value of Rs 10 each. These shares are non voting, neither non cumulative nor cumulative fixed yield and have no dividend or other right. Aggregate redemption value of entire set of Class B Shares shall be in accordance with the sanctioned scheme.

Subsequent to sanction of the Scheme effective from July 01, 2022, following assets and liabilities of PFL were taken over by the Company:

ASSETS	Note	(Rupees in thousand)
Property, plant and equipment		8,854,488
Intangible assets		82,916
Long term investment (wholly owned subsidiary)		685,279
Long term advances and deposits		125,721
Stores and spares		1,199,911
Stock in trade		8,380,907
Trade debts		193,190
Income tax receivable		2,907,165
Advances, deposits, prepayments, and other receivables		4,320,035
Short term investments		66,610
Cash and bank balances		2,336,178
Total (A)		**29,152,400**
LIABILITIES		
Deferred liabilities		(1,001,946)
Long term finances – secured		(280,561)
Long term deposits		(67,000)
Trade and other payables		(4,708,236)
Accrued finance cost		(277,122)
Short term finances – secured		(4,851,096)
Short term loans from associated companies		(1,626,307)
Payable to Privatization Commission of Pakistan	16	(2,197,901)
Current portion of long term finances		(1,682,876)
Total (B)		**(16,693,045)**
RECEIVABLE ADJUSTED / PAYABLES RELINQUISHED		
Long term loan from an associated company		(2,999,000)
Long term deposit		(36,000)
Trade and other payables		(5,899,098)
Accrued finance cost		(551,310)
Short term loan from an associated company		(2,000,000)
Advances, deposits, prepayments, and other receivables		200,000
Total (C)		**(11,285,408)**
Subtotal (A + B + C)		**1,173,947**
PAYABLE AGAINST ASSET ACQUISITION		
Present value of 270,000,000 Class A shares of Rs 10 each		**(1,173,947)**

Accordingly, the comparative financial statements of the Company were restated as at December 31, 2022 to reflect the impacts of acquisition, eliminations thereon and the transactions for the six months period from July 01, 2022 to December 31, 2022. However, third balance sheet is not presented due to the fact that this transaction does not carry any retrospective implications prior to its effective date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2023

Following is the impact of above restatement on the statement of profit or loss of the Company:

	For the year ended December 31, 2022		
	As previously reported	Restatement	Restated
	(Rupees in thousand)		
Sales	152,231,277	6,565,825	158,797,102
Cost of sales	(100,288,585)	(6,048,188)	(106,336,773)
Gross profit	**51,942,692**	**517,637**	**52,460,329**
Distribution cost	(7,947,081)	(63,404)	(8,010,485)
Administrative expenses	(5,902,070)	(62,124)	(5,964,194)
Finance cost	(2,929,107)	(374,119)	(3,303,226)
Other operating expenses	(6,336,952)	(63,956)	(6,400,908)
	28,827,482	**(45,966)**	**28,781,516**
Other income	2,411,196	(322,206)	2,088,990
Share of loss from associates	(68,408)	–	(68,408)
Other losses:			
- Unwinding of provision for GIDC	(274,157)	(37,178)	(311,335)
- Loss allowance on subsidy receivable from GoP	(109,724)	(4,964)	(114,688)
Profit before tax	**30,786,389**	**(410,314)**	**30,376,075**
Taxation	(16,647,238)	573,142	(16,074,096)
Profit for the year	**14,139,151**	**162,828**	**14,301,979**

Following is the impact of above restatement on the statement of financial position of the Company:

	As at December 31, 2022		
	As previously reported	Restatement	Restated
	(Rupees in thousand)		
Assets			
Property, plant and equipment	109,066,170	5,272,309	114,338,479
Intangible assets	3,651,346	134,750	3,786,096
Investment property	165,419	–	165,419
Long term investments	1,769,409	685,279	2,454,688
Long term loan to an associated company	2,999,000	(2,999,000)	–
Long term advances and deposits	2,114,948	2,338,437	4,453,385
Stores and spares	14,722,495	1,139,123	15,861,618
Stock in trade	32,487,798	12,349,389	44,837,187
Trade debts	22,831,008	(9,498,898)	13,332,110
Short term loans to related parties	8,499,723	(3,500,000)	4,999,723
Advances, deposits, prepayments and other receivables	17,517,219	2,512,237	20,029,456
Short term investments	4,067,140	358,760	4,425,900
Cash and bank balances	2,609,323	(198,767)	2,410,556
	222,500,998	**8,593,619**	**231,094,617**

	As at December 31, 2022		
	As previously reported	Restatement	Restated
	(Rupees in thousand)		
Equity and liabilities			
Issued, subscribed and paid up share capital	21,000,000	–	21,000,000
Reserves	85,926,356	162,828	86,089,184
Long term finances	8,446,451	140,280	8,586,731
Subordinated redeemable preference Class A shares	–	1,266,286	1,266,286
Lease liabilities	1,142,549	(989,653)	152,896
Deferred taxation	22,680,356	1,685,988	24,366,344
Deferred liabilities	2,683,448	243,809	2,927,257
Long term deposits	372,600	62,748	435,348
Trade and other payables	55,371,289	4,023,695	59,394,984
Accrued finance cost	715,007	356,764	1,071,771
Income tax payable	8,347,535	(4,745,222)	3,602,313
Short term finances - secured	12,883,518	2,026,222	14,909,740
Short term loans from related parties	–	1,626,307	1,626,307
Unclaimed dividend	46,429	–	46,429
Payable to Privatization Commission of Pakistan	–	2,197,901	2,197,901
Current portion of long term liabilities	2,885,460	535,666	3,421,126
	222,500,998	**8,593,619**	**231,094,617**

1.3 These financial statements are the separate financial statements of the Company in which investment in subsidiary companies is accounted for on the basis of actual cost incurred to acquire subsidiary and investment in associates are accounted for under equity method. Consolidated financial statements are prepared separately.

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 Standards) issued by the International Accounting Standards Board (IASB);
- Islamic Financial Accounting Standards (IFAS Standards) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 IFRSs and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New accounting standards / amendments and IFRS Standards interpretations that are effective for the year ended December 31, 2023

The following amendments are effective for the year ended December 31, 2023. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2023

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023

2.3 New accounting standards, amendments and IFRS Standards interpretations that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non current liabilities with Convents along with Classification of liabilities as current or non current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

3 Basis of measurement

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 Critical accounting estimates and judgements

The Company's material accounting policies are stated in note 4. Not all of these material policies require the management to make difficult, subjective or complex judgements or estimates.

The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgement of estimation involved in their application and their impact on these financial statements. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgements involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Employee retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2 (a).

b) Useful life and residual values of property, plant and equipment and intangible assets

The Company reviews the useful lives of property, plant and equipment and intangible assets on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangible assets with a corresponding effect on the depreciation / amortization charge.

c) Provision for taxation

In making the estimates for income taxes payable by the Company, the management considers the applicable laws and the decisions of the appellate tax authorities on certain issues in the past.

3.3 Change in accounting estimate

During the year, management identified that the useful life of plant and machinery requires a revision. As a result, the useful lives of plant and machinery have been revised from 25 years to 17 years. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting estimate, the profit before tax for the year ended December 31, 2023 would have been higher by Rs 5,138.60 million and the carrying value of operating fixed assets as at that date would have been higher by the same amount.

4 Material accounting policy information

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

During the year, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. However, the amendments did not result in any changes to the accounting policies themselves.

4.1 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability 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 the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2023

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items recognised in other comprehensive income or directly in equity in which case it is included in other comprehensive income or equity, as the case may be.

4.2 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

a) Defined benefit plan - Gratuity

The Company operates non funded gratuity scheme for employees of Sadiqabad plant and funded gratuity scheme for employees of Multan and Sheikhupura plants, according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as at December 31, 2023. Projected unit credit method is used for valuation of the scheme.

All actuarial gains and losses are recognised in 'Other Comprehensive Income' as they occur.

b) Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to the statement of profit or loss.

c) Defined contribution plan - Provident Fund

The Company operates provident fund for all its permanent employees. Equal monthly contributions are made both by the Company and the employees. Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to own manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads. Cost also includes capitalized borrowing costs as referred to in note 4.17.

Depreciation on property, plant and equipment is charged to the statement of profit or loss on straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in note 19.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or made available for use, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted prospectively, if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.4 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost less any recognised impairment loss. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use. Provision is made in the financial statements for obsolete and slow moving items based on management estimate.

4.5 Intangibles assets

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such an asset can also be measured reliably. Subsequently asset is measured as follows:

With indefinite useful life

Intangibles assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the intangible is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment / reversal of impairment is recognised in the statement of profit or loss immediately.

With finite useful life

Expenditure incurred to acquire intangible assets are capitalized and stated at cost less accumulated amortisation and any identified impairment loss. Computer software is amortised using the straight line method over a period of four years. Amortisation on additions to computer software is charged from the month in which the asset is available for use while no amortisation is charged for the month in which asset is disposed off.

4.6 Investment property

Investment property, which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss. Depreciation on buildings is charged to profit or loss on straight line method at the rate of 4%. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed. The difference between present value of the proceeds from disposal and the carrying amount is recognised in the statement of profit or loss.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of profit or loss on a straight line basis over the lease term and is included in 'other income'.

4.7 Investments in associates - at equity method

The Company's long term investments are investments in associates, entities over which the Company exercise significant influence. These investments are initially recognised at cost and subsequently carrying amount is increased or decreased to recognise the Company's share of the profit or loss or other comprehensive income or loss of the associates using the equity method. The Company's share of the associates profit or loss is recognised in the Company's statement of profit or loss and the Company's share of other comprehensive income or loss is recognised in the Company's other comprehensive income. At each reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss.

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for the year ended December 31, 2023

4.8 Investments in subsidiaries - at cost

Investments in subsidiaries are initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries which are recognised in other income.

4.9 Government grant

The Company recognises the benefit of a government loan at below market rate of interest as a Government grant. The benefit of the below market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received and is presented as deferred grant. The recognition of government grants in the statement of profit or loss is done on a systematic basis over the period of the loan.

4.10 Leases

As a lessee, the Company recognises right of use asset and lease liability at the lease commencement date.

Right of use asset

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of the property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for the certain remeasurement of the lease liability.

Lease liability

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable under a residual guarantee; and
- the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

4.11 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

4.11.1 Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

(i) Amortised cost, where the effective interest rate method will apply;

(ii) Fair value through profit or loss (FVTPL);

(iii) Fair value through other comprehensive income (FVTOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Further, assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss.

Debt instruments

a) Debt instruments measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect the 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.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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for the year ended December 31, 2023

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments whose objective is achieved by both collecting contractual cash flows and selling financial assets 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 are measured subsequently at fair value through other comprehensive income (FVTOCI).

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating gains / (losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.

c) Debt instruments designated as at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in statement of profit or loss and presented net within other operating gains / losses in the period in which it arises.

Equity instruments

On initial recognition, the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI.

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the statement of profit or loss as other operating income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in other gains / losses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade debts, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and other direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets general 3 stage approach is used i.e. to measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a Company of financial instruments has not increased significantly since initial recognition.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company recognises an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in the statement of other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4.11.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

1- At fair value through profit or loss; and

2- Amortised cost.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.

b) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortised cost, using the effective interest rate method. Gain and losses are recognised in the statement of profit or loss, when the liabilities are derecognised as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4.12 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.13 Stores and spares

Stores and spares are valued at moving average cost. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.14 Stock in trade

All stocks are valued at the lower of cost and net realizable value. Cost in relation to raw and packing materials, except for those in transit, signifies moving average cost and that relating to mid products and finished goods, monthly average cost comprising cost of direct materials, labour and appropriate manufacturing overheads based on normal operating capacity. Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

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4.15 Trade debts and other receivables

These are recognised and carried at the original invoice amounts, being the fair value and subsequently measured at amortised cost using the effective interest rate method, less loss allowance, if any. For measurement of loss allowance for trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses.

4.16 Cash and cash equivalents

Cash and bank balances are carried in the statement of financial position at amortised cost. For the purpose of cash flow statement, cash and cash equivalents comprises of cash in hand, bank balances, short term running finances and short term highly liquid investments that are readily convertible to known amounts of cash.

4.17 Borrowings and their costs

Borrowings are initially recorded at the proceeds received. They are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

4.18 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

4.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for in financial statements.

4.20 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss. Amounts accumulated in equity are recognised in statement of profit or loss in the periods when the hedged item will affect profit or loss.

4.21 Impairment of non financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

4.22 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when or as performance obligations are satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Scrap sales and miscellaneous receipts are recognised on realized amounts.

Revenue from sale of goods is recognised at the point in time when control of the fertilizers products and chemical is transferred to the customer, generally on delivery of the goods.

Government subsidy on sale of fertilizer is recognised when the right to receive such subsidy has been established and the underlying conditions are met.

Revenue from sale of Certified Emission Reductions (CERs) is recognised on the satisfaction of performance obligation i.e. generation of the Emission Reductions when a firm commitment for sale of CERs exists with a buyer.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Interest income is recognised on accrual basis.

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gain and losses on retranslation are recognised in the statement of profit or loss. All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

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for the year ended December 31, 2023

4.24 Dividend

Dividend distribution to the Company's members is recognised as a liability in the reporting period in which dividends are declared.

4.25 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting for the effects of all dilutive potential ordinary shares.

4.26 Acquisition of group of assets

The group of assets (including the liabilities assumed) acquired as a result of any arrangement that does not meet the definition of a business are recognized under the asset acquisition method.

Upon the acquisition of net assets, the Company identifies and recognizes the assets acquired and liabilities assumed at their fair values as of the acquisition date. Any difference between the net assets acquired and the fair value of the consideration is allocated to non monetary long lived assets, and no gain or loss is recorded on the date of acquisition, whereas the current assets and liabilities are measured at fair values on the acquisition date.

4.27 Redeemable preference shares

Redeemable preference shares are classified as financial liability if they meet the criteria of liability as per relevant accounting standard.

Upon issuance, the Company recognizes redeemable preference shares as a financial liability in its statement of financial position at the present value of the future cash outflows associated with the redemption. Subsequent to the initial recognition, these are measured at amortised cost and the effect of unwinding is recognised in the statement of profit or loss.

4.28 Joint arrangements

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement. The Company classifies a joint arrangement as joint operation when the Company has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company classifies a joint arrangement as a joint venture when the Company has the rights to the net assets of the arrangement.

In respect of an interest in a joint operation, the Company recognises its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses, including its share of any expenses incurred jointly.

5 Issued, subscribed and paid up share capital

2023	2022		2023	2022
(Number of shares)			(Rupees in thousand)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs 10 each fully paid in cash	20,000,000	20,000,000
100,000,000	100,000,000	Ordinary shares of Rs 10 each issued on conversion of fully paid preference shares @ Rs 20 each	1,000,000	1,000,000
2,100,000,000	2,100,000,000		21,000,000	21,000,000

5.1 Ordinary shares of the Company held by associates at year end are as follows:

	2023	2022
	(Number of shares)	
Arif Habib Corporation Limited	319,000,206	319,000,206
Arif Habib Equity (Private) Limited	–	19,409,500
Arif Habib Limited	30,175,774	–
Fatima Holding Limited	14,276,000	28,000,000
Fazal Cloth Mills Limited	69,114,031	69,114,031
Fazal Holdings (Private) Limited	70,180,692	–
Reliance Weaving Mills Limited	2,625,166	2,625,166
Farrukh Trading Company Limited	163,930,261	160,430,261
Fatima Management Company Limited	165,001,149	160,450,633
Fatima Trading Company (Private) Limited	171,874,016	147,706,263
Reliance Commodities (Private) Limited	500,000	500,000
	1,006,677,295	907,236,060

5.2 All ordinary shares rank equally with regard to the Company`s residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Company.

	Note	2023	Restated 2022
		(Rupees in thousand)	
6 Reserves			
Capital reserve:			
Share premium	6.1	1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		95,913,335	84,538,936
Post retirement benefit obligation reserve	6.2	(337,352)	(239,752)
		97,365,983	86,089,184

6.1 This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

6.2 This represents cumulative actuarial adjustments in measurement of employee retirement benefits.

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for the year ended December 31, 2023

	Note	2023	Restated 2022
		(Rupees in thousand)	
7 Long term finances			
Secured loans from banking companies / financial institutions	7.1 & 7.2	7,935,333	11,880,389
Less: Current portion		2,129,405	3,293,658
		5,805,928	8,586,731
7.1 Movement of long term finances			
Opening balance		11,880,389	7,064,604
Disbursements during the year		–	5,622,520
Addition as a result of asset acquisition		–	1,963,437
Accreditation of loan under SBP Temporary Economic Refinance Scheme		280,752	35,099
Classified as deferred government grant		(704,444)	–
Repayments during the year		(3,521,364)	(2,805,271)
		7,935,333	11,880,389
7.2 Secured loans from banking companies / financial institutions			
These are composed of:			
Faysal Bank Limited - Diminishing Musharakah	7.2.1	1,750,000	2,000,000
Meezan Bank Limited - Diminishing Musharakah	7.2.2	1,500,000	2,000,000
Pak Kuwait Investment Company Limited - Term Finance	7.2.3	1,312,500	1,500,000
National Bank of Pakistan - Demand Finance	7.2.4	937,500	1,362,469
Allied Bank Limited Term Loan - I	7.2.5	250,000	500,000
Allied Bank Limited Term Loan - II	7.2.6	750,000	1,000,000
SBP Temporary Economic Refinance Facility (TERF) 1	7.2.7	389,207	549,181
SBP Temporary Economic Refinance Facility (TERF) 2	7.2.8	649,631	631,232
SBP Temporary Economic Refinance Facility (TERF) 3	7.2.9	396,495	500,000
The Bank of Punjab Term Loan	7.2.10	–	750,000
Syndicate term finance	7.2.11	–	666,666
Askari Bank Limited Term Loan	7.2.12	–	247,663
Allied Bank Limited Term Loan - III	7.2.13	–	173,178
		7,935,333	11,880,389
Less: Current portion		2,129,405	3,293,658
		5,805,928	8,586,731

7.2.1 Faysal Bank Limited - Diminishing Musharakah

This facility has been obtained from Faysal Bank Limited for an amount of Rs 2,000 million to refinance BMR / CAPEX.

The facility carries markup at the rate of 6 months KIBOR plus 0.75% per annum. The effective rate of markup charged during the year ranged from 17.76% to 22.87% per annum (2022: 16.39% to 17.76%).

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 2,667 million.

The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from December 15, 2023. Last repayment is due on June 14, 2027. During the year, the Company has paid instalments aggregating to Rs 250 million (2022: nil).

7.2.2 Meezan Bank Limited - Diminishing Musharakah

This facility has been obtained from Meezan Bank Limited for an amount of Rs 2,000 million to refinance CAPEX already incurred by the Company.

The facility carries markup at the rate of 6 months KIBOR plus 0.85% per annum. The effective rate of markup charged during the year at 16.78% to 21.00% per annum (2022: 9.01% to 16.78%).

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 2,667 million.

The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from March 30, 2023. Last repayment is due on September 30, 2026. During the year, the Company has paid instalments aggregating to Rs 500 million (2022: nil).

7.2.3 Pak Kuwait Investment Company Limited - Term Finance

This facility has been obtained from Pakistan Kuwait Investment Company (Private) Limited for an amount of Rs 1,500 million to refinance CAPEX.

The facility carries markup at the rate of 6 months KIBOR plus 1.10% per annum. The effective rate of markup charged during the year ranged from 16.96% to 23.15% per annum (2022: 15.94% to 16.96%).

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 2,000 million.

The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from November 19, 2023. Last repayment is due on May 19, 2027. During the year, the Company has paid instalments of to Rs 187.5 million (2022: nil).

7.2.4 National Bank of Pakistan - Demand Finance

This facility has been obtained from National Bank of Pakistan for an amount of Rs 1,000 million to finance import and procurement of plant, machinery and spare parts for BMR / CAPEX.

The facility carries markup at the rate of 6 months KIBOR plus 1.50% per annum. The effective rate of markup charged during the year at 18.54% to 24.47% per annum (2022: 12.96% to 16.85%).

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 1,333.34 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual equal instalments starting from December 21, 2023. Last repayment is due on June 21, 2031. During the year, the Company has paid instalments aggregating to Rs 62.5 million (2022: nil).

7.2.5 Allied Bank Limited Term Loan - I

This facility has been obtained from Allied Bank Limited, for an amount of Rs 1,000 million to finance CAPEX in the Company.

The facility carries markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 16.81% to 23.64% (2022: 8.81% to 16.81%) per annum.

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 1,334 million.

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The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from March 25, 2021. Last repayment is due on September 25, 2024. During the year, the Company has paid instalments aggregating to Rs 250 million (2022: Rs 250 million).

7.2.6 Allied Bank Limited Term Loan - II

This facility has been obtained from Allied Bank Limited for an amount of Rs 1,000 million to finance CAPEX in the Company.

The facility carries markup at the rate of 6 months KIBOR plus 0.80% per annum. The effective rate of markup charged during the year at 17.74% to 23.77% per annum (2022: 12.26% to 16.15%).

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 1,334 million.

The loan is repayable in five years including one year grace period in eight semi annual equal instalments starting from March 30, 2023. Last repayment is due on September 30, 2026. During the year, the Company has paid instalments aggregating to Rs 250 million (2022: nil).

7.2.7 SBP Temporary Economic Refinance Facility (TERF) 1

This facility has been obtained from Askari Bank Limited for an amount of Rs 549.19 million out of total limit of Rs 550 million, under SBP TERF Scheme.

The facility carries markup at the rate of 3.00% per annum (SBP base rate plus 2.00%) per annum. The interest rate is calculated at 11.65% to 13.42% per annum (2022: 3.00% to 17.35%) and the loan has been recognised at present value.

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 733.33 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual instalments starting from September 30, 2023. Last repayment is due on September 30, 2031. During the year, the Company has paid instalments of Rs 34.32 million (2022:nil).

7.2.8 SBP Temporary Economic Refinance Facility (TERF) 2

This facility has been obtained from National Bank of Pakistan for an amount of Rs 993.70 million out of total limit of Rs 1,000 million, under SBP TERF Scheme.

The facility carries markup at the rate of 2.50% per annum (SBP base rate plus 1.50%) / 6 month KIBOR plus 1.50% per annum. The interest rate is calculated at 13.41% to 14.13% per annum (2022: 2.50% to 17.41%) and the loan has been recognised at present value.

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 1,333.34 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual instalments starting from December 21, 2023. Last repayment is due on June 21, 2031. During the year, the Company has paid instalments aggregating to Rs 62.10 million (2022:nil).

7.2.9 SBP Temporary Economic Refinance Facility (TERF) 3

This facility has been obtained from Bank Al Habib Limited for an amount of Rs 500 million out of total limit of Rs 500 million, under SBP TERF Scheme.

The facility carries markup at the rate of 5.00% per annum (SBP base rate plus 4.00%) per annum. The interest rate is calculated at 11.65% to 16.91% per annum (2022: 5.00% to 12.57%) and the loan has been recognised at present value.

The facility is secured by pari passu charge over plant and machinery of the Company aggregating to Rs 666.67 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual instalments. Last repayment is due on February 15, 2032.

7.2.10 The Bank of Punjab Term Loan

This facility was obtained from The Bank of Punjab, for an amount of Rs 3,000 million to finance BMR.

The facility carried markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 16.53% % to 18.65% (2022: 8.29% % to 16.53%) per annum.

The facility was secured by pari passu charge over plant and machinery of the Company aggregating to Rs 4,000 million.

The loan was repayable in four years in eight semi annual equal instalments starting from January 31, 2020. Last repayment was made on July 31, 2023. During the year, the Company has paid instalments amounting to Rs 750 million (2022: Rs 750 million).

7.2.11 Syndicate term finance

This represented long term finance facility of Rs 6,000 million obtained from a consortium of banks led by Standard Chartered Bank (Pakistan) Limited (the 'Lead Arranger'). The overall financing is secured by way of charge over the Company's land having an area of 2,399 Kanals 7 Marlas together with all building, structure, fitting and fixture permanently fasted to land and erection building and over all present and future fixed assets excluding the complete Liquid Carbon Dioxide (LCO2) plant. The markup rate charged during the year on the outstanding balance was nil (2022: 12.39% to 18.31%) per annum.

The last installment was due on December 30, 2022 which was completely repaid on January 03, 2023.

7.2.12 Askari Bank Limited Term Loan

The loan was repayable in 3 equal semi annual instalments ending on April 15, 2024, whereas, markup was to be settled on a quarterly basis. The loan carried markup at the rate of three months KIBOR plus 1.75% per annum. However, the loan was completely settled on July 14, 2023. The markup rate charged during the year on the outstanding balance ranged from 17.52% to 23.82% per annum (2022: 12.29% to 17.52%). This facility was secured against exclusive first charge over the Company's Liquid Carbon Dioxide (LCO2) plant aggregating to Rs 661 million including 25% margin located at Mukhtargarh - Sadiqabad.

7.2.13 Allied Bank Limited Term Loan - III

This represented a loan rescheduled from short term borrowings to long term during year 2021. The loan was repayable in 3 equal semi annual instalments ending on April 01, 2024, whereas, markup was to be settled on a quarterly basis. However the loan was completely settled on July 20, 2023. The loan carried markup at the rate of six months KIBOR plus 1.65% per annum. The mark up rate charged during the year on the outstanding balance ranged from 18.69% to 24.62% per annum (2022: 12.79% to 17.13%). This facility was secured over ranking charge on fixed assets of the Company aggregating to Rs 467 million including 25% margin and corporate guarantee.

7.3 The aggregate unavailed long term financing facilities amounts to nil (2022: nil).

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	Note	2023	Restated 2022
		(Rupees in thousand)	
8 Subordinated redeemable preference Class A shares			
Opening balance		1,266,286	–
Liability against subordinated redeemable preference Class A shares (270,000,000 shares of Rs 10 each)		–	2,700,000
Remeasurement at present value at acquisition date		–	(1,526,053)
		1,266,286	1,173,947
Unwinding for the year	36	207,037	92,339
		1,473,323	1,266,286

8.1 As explained in note 1.2, this liability is carried at present value in accordance with the provisions of IFRS 9 using effective interest rate of 16.35% per annum.

	2023	Restated 2022
	(Rupees in thousand)	
9 Lease liabilities		
Opening balance	280,364	1,812,298
Interest on lease liabilities	22,682	94,176
Payments made during the year	(83,963)	(201,286)
Elimination as a result of asset acquisition	–	(1,424,824)
Closing balance	219,083	280,364
Less: Current portion of lease liabilities	111,706	127,468
	107,377	152,896
10 Deferred taxation		
The balance of deferred tax is in respect of the following:		
Taxable temporary differences:		
Accelerated tax depreciation	27,761,959	24,664,128
Gas Infrastructure Development Cess (GIDC)	21,324	96,329
Investment in subsidiary	77,497	77,497
Investment in associates	3,865	4,648
Investment in Defense Saving Certificates	17,788	15,051
Unrealised gain on equity investments	391,695	–
	28,274,128	24,857,653
Deductible temporary differences:		
Remeasurement of defined benefit obligation	(239,868)	(136,718)
Loss allowance on subsidy receivable from GoP	–	(210,584)
Provision for doubtful receivables	(923,602)	(46,997)
Unrealised loss on equity investments	–	(97,010)
	(1,163,470)	(491,309)
	27,110,658	24,366,344

	Note	2023	Restated 2022
		(Rupees in thousand)	
10.1 Movement in temporary differences for the year is as follows:			
Opening balance		24,366,344	20,274,052
Charged to statement of profit or loss:			
Accelerated tax depreciation		3,097,831	2,813,228
Gas Infrastructure Development Cess (GIDC)		(75,005)	(82,341)
Investments in associates		(783)	(10,304)
Investment in defence saving certificates		2,737	–
Unrealised gain on equity investments		391,695	–
Loss allowance on subsidy receivable from GoP		210,584	(192,935)
Provision for doubtful receivables		(876,605)	–
Unrealised loss on equity investments		97,010	(97,010)
Unused tax losses		–	1,254,774
		2,847,464	3,685,412
Charged to other comprehensive income:			
Investments in associates		–	(1,159)
Remeasurement of defined benefit obligation		(103,150)	(72,220)
		(103,150)	(73,379)
Addition as a result of assets acquisition		–	480,259
		27,110,658	24,366,344

11 Deferred liabilities

	Note	2023	Restated 2022
Employee retirement benefits	11.1	1,896,766	1,583,718
Provision for Gas Infrastructure Development Cess (GIDC)	11.2	–	1,343,539
Deferred government grant	11.3	502,675	–
		2,399,441	2,927,257

11.1 Employee retirement benefits

	Note	2023	Restated 2022
Gratuity	11.1.1	1,730,603	1,462,253
Accumulating compensated absences	11.1.2	166,163	121,465
		1,896,766	1,583,718

11.1.1 Gratuity

a) Amount recognised in the statement of financial position

	Note	2023	Restated 2022
Present value of defined benefit obligations	(f)	2,510,516	1,943,615
Fair value of plan assets	(g)	(779,913)	(481,362)
Net liability at the end of the year		1,730,603	1,462,253

b) Movement in net liability

	Note	2023	Restated 2022
Net liability at the beginning of the year		1,462,253	877,217
Charge for the year	(c)	418,338	265,146
Transfer (to) / from associated companies		(172,504)	186,044
Addition as a result of asset acquisition		–	58,122
Benefits paid during the year		(178,234)	(116,165)
Charged to other comprehensive income	(e)	200,750	191,889
Net liability at the end of the year		1,730,603	1,462,253

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		2023	Restated 2022
		(Rupees in thousand)	
c)	**Charge for the year**		
	Current service cost	220,864	150,979
	Past service cost	6,912	5,938
	Net interest cost	190,562	108,229
		418,338	265,146
d)	**Charge for the year has been allocated as follows:**		
	Cost of sales	292,694	196,150
	Administrative expenses	70,677	51,565
	Distribution expenses	54,967	17,431
		418,338	265,146
e)	**Total remeasurement chargeable to other comprehensive income**		
	Remeasurement of plan obligation:		
	Actuarial gains from changes in financial assumptions	96,317	9,562
	Experience adjustments	132,591	161,636
	Remeasurements of fair value of plan assets	(28,159)	20,691
		200,749	191,889
f)	**Movement in the present value of defined benefit obligations**		
	Defined benefit obligations at beginning of the year	1,943,615	1,011,303
	Transfer (to) / from associated companies	(77,046)	186,045
	Addition as a result of asset acquisition	–	379,294
	Current service cost	220,864	151,447
	Past service cost	6,912	5,938
	Interest cost	273,522	141,657
	Adjustment for last year's payables	3,282	–
	Benefits due but not paid	(19,325)	(3,447)
	Benefit paid during the year	(90,158)	(99,820)
	Remeasurement of plan obligation	248,850	171,198
	Defined benefit obligations at end of the year	2,510,516	1,943,615
g)	**Movement in the fair value of plan assets**		
	Fair value at beginning of the year	(481,362)	(134,086)
	Addition as a result of asset acquisition	–	(321,173)
	Contributions	(211,638)	(70,860)
	Interest income on plan assets	(82,960)	(33,427)
	Return on plan assets excluding interest income	(48,100)	20,691
	Benefits due but not paid	14,059	–
	Benefits paid	30,088	57,493
	Fair value at end of the year	(779,913)	(481,362)

		2023	Restated 2022
		(Rupees in thousand)	
h)	**Plan assets comprise of:**		
	Deposit with banks	189,502	391,687
	Mutual funds	93,352	89,675
	Sukuks	125,000	–
	Investment in TDRs / T-Bills / TFCs	372,059	–
		779,913	481,362

		2023	Restated 2022
i)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	14.50%	11.75%
	Discount rate for year end obligation	16.00%	14.50%
	Salary increase used for year end obligation	16.00%	14.50%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	Increase in assumption	Decrease in assumption
		% age	(Rupees in thousand)	
j)	**Sensitivity analysis**			
	Discount rate	1%	(196,095)	211,569
	Salary growth rate	1%	213,561	(201,260)

k) The expected contribution to defined benefit obligation for the year ending December 31, 2024 will be Rs 246.94 million.

		Note	2023	Restated 2022
			(Rupees in thousand)	
11.1.2	**Accumulating compensated absences**			
a)	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligations	(e)	166,163	121,465
	Net liability at the end of the year		166,163	121,465
b)	**Movement in net liability**			
	Net liability at the beginning of the year		121,465	78,202
	Transferred from associated companies		–	499
	Addition as a result of asset acquisition		–	29,847
	Charge for the year	(c)	52,570	27,825
	Benefits paid during the year		(7,872)	(14,908)
	Net liability at the end of the year		166,163	121,465

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for the year ended December 31, 2023

		2023	Restated 2022
		(Rupees in thousand)	
c)	**Charge for the year**		
	Current service cost	9,469	4,485
	Past service cost	–	(3,284)
	Loss arising on plan settlements	11,666	9,794
	Interest cost	16,846	10,162
	Experience adjustment	14,589	6,668
		52,570	27,825
d)	**Charge for the year has been allocated as follows:**		
	Cost of sales	49,422	24,961
	Administrative expenses	2,767	2,372
	Distribution expenses	381	492
		52,570	27,825
e)	**Movement in the present value of obligation**		
	Obligation at beginning of the year	121,465	78,202
	Transferred from associated companies	–	499
	Addition as a result of asset acquisition	–	29,847
	Current service cost	9,469	4,485
	Past service cost	–	(3,284)
	Interest cost	16,846	10,162
	Benefits due but not paid (payables)	(2,570)	–
	Adjustment for last year's payables	2,432	–
	Benefit paid during the year	(7,734)	(14,908)
	Actuarial loss from changes in demographic assumptions	–	82
	Actuarial loss from changes in financial assumptions	2,796	10,885
	Experience adjustment	23,459	5,495
	Defined benefit obligations at end of the year	166,163	121,465

		2023	Restated 2022
f)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	14.50%	11.75%
	Discount rate for year end obligation	16.00%	14.50%
	Salary increase used for year end obligation	16.00%	14.50%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
g)	**Sensitivity analysis**			
	Discount rate	1%	(10,884)	10,159
	Salary growth rate	1%	10,086	(10,993)

		Note	2023	Restated 2022
			(Rupees in thousand)	
11.2	**Provision for Gas Infrastructure Development Cess (GIDC)**			
	Provision for GIDC	11.2.1 & 11.2.2	7,576,270	7,358,943
	Less: Current portion of provision for GIDC	12	7,576,270	6,015,404
			–	1,343,539
11.2.1	**Movement of provision for GIDC**			
	Opening balance		7,358,943	5,359,025
	Addition as a result of asset acquisition		–	1,688,583
	Unwinding of provision for GIDC		220,083	311,335
	Payment made		(2,756)	–
	Closing balance		7,576,270	7,358,943

11.2.2 The Company has accrued Rs 7,649.34 million (2022: Rs 7,652.10 million) on account of Gas Infrastructure Development Cess (GIDC). On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act as intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly instalments starting from August 01, 2020.

Subsequently, SCP also dismissed all review petitions on November 2, 2020, against the gas consumers including the Company and stated that the Government of Pakistan is agreeable to recover the arrears in forty eight monthly instalments instead of twenty four equal monthly instalments.

Although, the Company has filed a suit for declaration and injunction in the Sindh High Court (SHC) and obtained a stay on October 06, 2020 against collection / recovery of GIDC by Mari Petroleum Company Limited on fuel stock on account of issues of computation of the liability. On a prudent basis, the Company has continued to recognise the provision against GIDC on fuel stock.

The Company's Sadiqabad Plant was entitled to receive feed stock at fixed price inclusive of all taxes, duties, levies, fees and charges under Sovereign Commitment from Government of Pakistan pursuant to Fertilizer Policy 2001, has not booked GIDC on feed stock.

The Company has also filed a suit for declaration and permanent injunction in the High Court of Sindh on these grounds on September 29, 2020 and obtained a stay on October 06, 2020 against collection / recovery of GIDC on feed stock.

The management has applied the requirements of IAS 37 and "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) for recognition, measurement and presentation of the provision for GIDC and had recognised a present value adjustment on remeasurement of such provision amounting to Rs 1,133.41 million. During the year, this adjustment has been unwinded by Rs 220.08 million accumulating to Rs 1,060.33 million as at reporting date, in accordance with the requirements of IFRS and the guidance referred above. GIDC arrears relating to housing colony of PFL was also paid during the year as the same was inadvertently left out from the suit in the SHC. Further, application from SHC for inclusion of the same has already been filed by the Company.

11.3 This represents deferred government grant in respect of Temporary Economic Refinance Facility by SBP as disclosed in note 7.2.7, 7.2.8 and 7.2.9 to these financial statements. These facilities carry markup at subsidised rates, as specified by SBP. These loans have been recognised at their fair value which is the present value of the loan proceeds received discounted at the market interest rates for similar instruments. The differential between the fair value and the present value is recognised as deferred government grant, which is being amortised over the term of the respective facilities at the effective interest rate.

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		Note	2023	Restated 2022
			(Rupees in thousand)	
12	**Trade and other payables**			
	Creditors	12.1	14,171,929	28,157,810
	Current portion of provision for GIDC	11.2	7,576,270	6,015,404
	Contract liabilities	12.2	10,677,273	8,428,913
	Accrued liabilities		13,141,419	8,757,684
	Withholding tax		171,629	124,112
	Workers' profit participation fund	12.3	8,185,168	6,210,258
	Workers' welfare fund	12.4	1,273,661	1,371,297
	FED payable		948,534	–
	Retention money payable		89,404	65,842
	Provident fund payable		31,349	35,571
	Others		341,086	228,093
			56,607,722	59,394,984

12.1 This includes balance of Rs 265.38 million (2022: nil) to OSOL Tech (Private) Limited, a related party, in the nature of normal course of business.

12.2 Contract liabilities as at the beginning of the year, aggregating to Rs 8,423.18 million (2022: Rs 11,031.79 million), have been recognised as revenue upon meeting the performance obligations.

		Note	2023	Restated 2022
			(Rupees in thousand)	
12.3	**Workers' profit participation fund**			
	Opening balance		6,210,258	4,260,908
	Addition as a result of asset acquisition		–	781,200
	Charge for the year	36	2,573,210	1,629,590
	Payments made during the year		(598,300)	(461,440)
	Closing balance		8,185,168	6,210,258
12.4	**Workers' welfare fund**			
	Opening balance		1,371,297	757,668
	Charge for the year		1,121,726	695,111
	Adjusted during the year		25,001	(108,921)
	Net charge for the year	36	1,146,727	586,190
	Addition as a result of asset acquisition		–	27,439
	Payments made during the year		(1,244,363)	–
	Closing balance		1,273,661	1,371,297
13	**Accrued finance cost**			
	On long term finances		303,296	442,509
	On short term finances		16,166	467,011
	On short term loans from related parties		197,979	162,251
			517,441	1,071,771

	Note	2023	Restated 2022
		(Rupees in thousand)	
14 Short term finances			
Secured loans from banking companies			
Cash finance	14.1	–	469,153
Finance against imported merchandise	14.2	–	8,142,058
		–	8,611,211
Running finance	14.3	–	6,298,529
		–	14,909,740

14.1 These facilities have been obtained from various banks for working capital requirements and portion of which are secured by pledge of raw material and finished goods and a portion by ranking charge over all the current assets. The facilities carry markup ranging from 21.99% to 23.91% (2022: 13.78% to 18.47%) per annum.

14.2 These facilities have been obtained from various banks against imported merchandise. These facilities carry markup ranging from 17.18% to 23.97% (2022: 8.30% to 17.51%) per annum.

14.3 These facilities have been obtained from various banks for working capital requirements, and are secured by pari passu charge of Rs 22,342.01 million (2022: Rs 22,342.01 million) on present and future current assets (except carbon dioxide liquefaction and storage tank) and by personal guarantees of sponsoring directors. These facilities carry markup ranging from 16.11% to 23.91% (2022: 8.87% to 18.71%) per annum.

14.4 The aggregate unavailed short term borrowing facilities amount to Rs 30,950 million (2022: Rs 19,608.54 million).

	2023	Restated 2022
	(Rupees in thousand)	
15 Short term loans from related parties		
Fatima Trading Company Limited	225,619	225,619
Fatima Management Company Limited	225,619	225,619
Farrukh Trading Company Limited	225,619	225,619
Fazal Holdings (Private) Limited	136,296	136,296
Arif Habib Corporation Limited	813,154	813,154
	1,626,307	1,626,307

These represent short term loans obtained from related parties for a period of one year commencing from March 29, 2022 which was subsequently renewed further for a period of one year. As per the terms of the agreements, the loans will be repayable within a period of 30 days of notice of demand unless renewed by mutual consent by the parties. The loans carry mark up at the rate of three months KIBOR plus 1.80% per annum, payable quarterly. These carry markup ranging from 18.86% to 24.70% (2022: 16.10% to 17.84%) per annum.

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16 Payable to Privatization Commission of Pakistan

Reliance Exports (Pvt) Limited ('REL'), under the terms and conditions stated in the 'Share Purchase Agreement' ('the Agreement'), acquired 100% shares in PFL on July 14, 2005 through the process of privatization. Under the terms of the Agreement, the purchase consideration, in addition to lump sum cash payment, included a further payment equivalent to 90% of PFL's claim of tax refund aggregating to Rs 2,814.51 million for the assessment years 1993-94, 1995-96 through 2002-2003 and tax years 2003 and 2004. The amount is payable to the Privatization Commission ('PC') in the event of and at the time of cash receipt of the refund from the concerned tax authorities.

The amount recognized in the financial statements as payable to PC is net off Rs 240.12 million which, according to the management, has already been withdrawn by the previous members as part of the dividend distribution for the year ended June 30, 2005. The management felt that the Agreement as presently worded, if executed, would result into double payment of the same amount to PC / previous members, firstly, as part of the profits for the year ended June 30, 2005 (computed without recognition of the tax expense for the years for which when the refund is issued, an amount equivalent to 90% would be the right of PC / previous members) and secondly, at the time the refund is received from the tax authorities when an amount equivalent to 90% of such refund is paid off to PC, as agreed. The management felt that such double payment is neither the intention nor warranted under the specific provisions of the Agreement. Upon dissolution of REL and its amalgamation with PFL on July 14, 2005, this liability was recognised in the books of PFL being the surviving entity upon REL's amalgamation with PFL in accordance with the Scheme of Arrangement for Amalgamation. As mentioned in note 1.2, with effect from the effective date of the Scheme, this liability has now been recognised in the books of the Company.

	Note	2023	Restated 2022
		(Rupees in thousand)	
17 Current portion of long term liabilities			
Long term finances	7	2,129,405	3,293,658
Lease liabilities	9	111,706	127,468
Deferred government grant	11.3	77,212	–
		2,318,323	3,421,126

18 Contingencies and commitments

18.1 Contingencies

(i) Till final decision in the matter, the Court has suspended the operation of the impugned order of Commissioner Inland Revenue Appeals [CIR(A)] Multan, who rejected the Company's application under section 65 of the Sales Tax Act, 1990 (STA) regarding the exemption of sales tax estimating Rs 690 million inadvertently short levied / paid on its fertilizer product, Calcium Ammonium Nitrate (CAN) for the period from April 18, 2011 to December 31, 2011.

The court had ordered the Company to file a fresh application under the said section after declaring the earlier rejection of the Company's application filed with FBR as unlawful and ultra vires.

(ii) The Company has filed an appeal before the ATIR dated August 5, 2020 against the order passed by CIR(A) whereby the order passed under section 11 of STA by the assessing officer amounting to Rs 501 million was set aside. CIR(A), through its order dated June 8, 2020, set aside the impugned order instead of 'deleting /annulling' the same and resultantly the Company assailed the same before ATIR. The assessing officer had raised the demand by charging sales tax on advances received from customers.

(iii) The Company's appeal filed with CIR(A) against the order amounting to Rs 7,745 million has been succeeded and the order has been annulled. CIR(A) through order dated February 19, 2022 decided the case in the favour of the Company on legal touchstone thereby quashing the selection of case for audit u/s 25 by placing reliance on the judgment of LHC in case of M/s Hyundai Nishat Motors (Pvt.) Ltd vs FBR vide

WP 25793/2021. The tax department has also filed an appeal before the ATIR dated June 11, 2022 against the order of CIR(A) which is pending for adjudication as of date. Initially, the demand was raised against the Company by selecting it for the sales tax audit u/s 25 of STA for the tax periods from July 2016 to June 2017.

(iv) The Company's appeal filed before CIR(A) dated July 13, 2022 against the impugned order u/s 11 of STA has not been succeeded. Resultantly, the Company has filed an appeal before the ATIR in May 2023 against the adverse order of CIR(A) which is pending for adjudication as of date. The assessing officer had earlier raised a demand of Rs 122 million against the Company by disallowing the admissibility of sales tax on various items claimed during July 2020 to June 2021 and invoking the provisions of section 8 of STA.

(v) The Company's appeal filed with CIR(A) against the impugned order has not been succeeded. Resultantly, the Company has filed an appeal before the ATIR in October 2022 against the adverse order of CIR(A) which is pending for adjudication as of date. The assessing officer had raised the impugned demand of Rs 4,272 million against the Company by disallowing the admissibility of sales tax on various items claimed during January 2021 to November 2021 and invoking the provisions of section 8 of STA.

(vi) The Company has filed a constitutional petition (CPLA) before Supreme Court of Pakistan dated January 17, 2023 against the adverse order of LHC, through which, the rectification order of ATIR had been declared void ab initio on legal infirmity. Resultantly, the original order passed by the assessing officer stood reinstated wherein, the assessing officer alleged that the Company had short paid sales tax by suppression of its production during June 2014 to September 2014. Total demand raised was Rs 628 million.

(vii) The LHC, through ex-parte order dated December 15, 2022, remanded the case back to CIR(A) for afresh adjudication and dismissed the favourable order of ATIR. Previously, the Department filed the appeal before ATIR against the order of CIR(A) wherein the order issued u/s 11 of STA was set aside. The assessing officer had earlier raised the impugned demand of Rs 123 Million on account of sales tax audit conducted u/s 72B of STA for the periods from July 2013 to June 2014.

(viii) The Company has filed an appeal before CIR (A) in September, 2023 against the order dated August 18, 2023 issued u/s 11 of the STA. The assessing officer raised a demand of Rs 2,531 million against the Company by disallowing the admissibility of sales tax on various items claimed during December 2021 to June 2022 thereby invoking the provisions of section 8 of STA.

(ix) The Department filed an appeal before ATIR in September 2019 against the order passed by CIR(A), whereby the order passed u/s 122(5) of the Income Tax Ordinance 2001 (ITO 2001) by the Deputy Commissioner Inland Revenue (DCIR) Multan amounting to Rs 1,055 million was annulled. The DCIR had declared the Company's trial run production / gain as 'Commercial production' thereby imposing consequential income tax towards taxable income for Tax Year 2011.

(x) The Company has preferred an appeal before ATIR in June 2021 against the order passed by the CIR(A), whereby the adverse order passed u/s 122(5A) of ITO 2001 by the assessing officer amounting to Rs 1,577 million was confirmed. The assessing officer disallowed and added back various admissible deductions and credits claimed by the Company towards its taxable income for Tax Year 2016.

(xi) The Department has filed an appeal before ATIR in May 2019 against the order passed by CIR(A) whereby the order passed u/s 122(5A) of the ITO 2001, passed by the Additional Commissioner Inland Revenue (ACIR) Multan amounting to Rs 1,592 Million was annulled. The ACIR had disallowed and added back various admissible deductions claimed by the Company towards its taxable income for Tax Year 2017.

(xii) The Company preferred an appeal before ATIR dated August 5, 2021 against the order passed by CIR(A), whereby the adverse order passed under section 122(5A) of ITO 2001 by the assessing officer amounting to Rs 930 million was confirmed. The assessing officer earlier raised an alleged demand by disallowing tax credits and adding back various admissible deductions of the Company towards its taxable income thereby imposing consequential income tax for Tax Year 2018.

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(xiii) The Company filed an Intra Court Appeal (ICA) at the LHC in April, 2022 against dismissal of the petition challenging levy of Alternative Corporate Tax (ACT) dated March 28, 2022. ACT was imposed at the rate of 17% of 'accounting profit before tax' through Finance Act 2014, by inserting Section 113C in ITO 2001. The Company has challenged the levy of ACT for Tax Years 2015 and 2014, on the grounds that it deprived the Company of certain rights already accrued to it. Such appeal regarding challenging the vires of ACT is still pending for adjudication at LHC.

However, the assessing officer through orders dated May 17, 2022 and December 27, 2022 passed u/s 122(5A) of ITO 2001, raised alleged demands of Rs 2,031 Million and Rs 1,580 million on account of ACT pertaining to tax years 2015 and 2014 respectively. The Company contested the issue before CIR(A) in June 2022 against such adverse orders and has also paid the outstanding tax demands to the extent of ACT involved therein. Moreover, CIR(A) through order dated February 27, 2023, decided the appeal in the favour of Company for Tax Year 2015.

(xiv) The Company has filed appeal with the Customs Appellate Tribunal, Lahore against the following three cases decided against the Company by the Collector of Customs (Adjudication), Faisalabad. Earlier these cases were remanded back to Collector of Customs (Adjudication), Faisalabad for rehearing the case by the Customs Appellate Tribunal, Lahore:

– Alleged irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.96 million.

– Alleged irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.60 million.

– Alleged irregular claim of exemptions under SRO 575 on import of 64 consignments of various items of capital nature. The Company has filed an appeal before the Custom Appellate Tribunal, Lahore against the order passed by the Collector (Adjudication), Faisalabad in which he again raised a demand of Rs 495.90 million. Earlier the case had been remanded back to Collector of Customs (Adjudication), Faisalabad for re-hearing by the Custom Appellate Tribunal, Lahore.

(xv) The Customs department has filed an appeal before the Lahore High Court against of Order passed by the Custom Appellate Tribunal which had annulled the order passed by the Collector of Customs (Adjudication), Faisalabad, alleging that the Company applied incorrect exchange rate of Rs 60.85 per USD instead of Rs 79 per USD on import clearance of 7 consignments of deformed steel bars. Total demand raised was Rs 17.94 million.

Further, following are the contingencies as a result of asset acquisition relating to PFL as explained in note 1.2:

(xvi) The Company has netted off an amount of Rs 240.12 million from the amount payable to Privatization Commission, as part of purchase consideration, at the time and in the event the refund is received from the tax authorities. In case, the Company's contention relating to possible double payment is not acceded to by the other party to the Share Purchase Agreement, the Company is contingently liable to the aforesaid amount of Rs 240.12 million. In case, the amount becomes payable, the corresponding effect would be reflected in the computation of goodwill. Furthermore, the Company issued a bank guarantee amounting to Rs 240 million in favour of PC in this respect, which will expire on November 1, 2024.

(xvii) The Company has also issued following guarantees in favour of:

– Sui Northern Gas Pipelines Limited (SNGPL) against Regasified Liquefied Natural Gas (RLNG) and natural gas sale amounting to Rs 1,242 million.

– Mari Petroleum Company Limited (MPCL) against natural gas sale amounting to Rs 4,200 million.

– Various banks as security against finance obtained by Fatima Packaging Limited, a subsidiary company, amounting to Rs 1,475 million.

(xviii) As at June 30, 2004, the Company had investment of 140,000 ordinary shares of Rs 10 each valuing Rs 100,000 in National Fertilizer Marketing Limited, being the associated company on that date. On May 20, 2005, this investment was transferred to National Fertilizer Corporation of Pakistan (Private) Limited by the management of the Company. However, the new buyer, REL filed an application before PC challenging this transfer on the grounds that such transfer had been carried out against the terms and conditions of the bid documents. In case of a positive outcome to the application, this investment would be reinstated.

(xix) An amount of Rs 129.17 million was withdrawn by the previous members of the Company as part of dividend for the year ended June 30, 2005 under the Share Purchase Agreement ('the Agreement'). Out of the aggregate amount, Rs 89.390 million represents the value of certain catalysts recovered in consequence of clean down operations of the plant prior to undertaking the process of privatization, which was accounted for as income in the financial statements for the year ended June 30, 2005 in the light of applicable financial reporting framework.

The management of the Company feels that notwithstanding the applicability of the financial reporting framework, on the financial statements for the year ended June 30, 2005, the amount was not distributable as part of dividend for that year in view of the clear understanding behind the execution of the Agreement as categorically confirmed, in writing, by PC prior to signing of the Agreement. Similarly, the balance amount of Rs 39.78 million is considered to be dividend distribution out of the then available reserves which was also not distributable to the previous members in terms of other covenants of the Agreement.

The Company has filed a claim for the recovery of the aforesaid aggregate amount on the grounds that in the present form, the distribution has been made out of the accumulated reserves, for the years up to June 30, 2004, which, under the specific provisions of the Agreement were not distributable to the previous members of the Company. In case of a positive outcome to the Company's claim, the excess dividend withdrawn by the previous members of the Company would be recovered.

(xx) Through a show cause notice, the tax department raised the issue of short payment of output sales tax on supplies of the Company's fertilizer product, Calcium Ammonium Nitrate (CAN) for the period from April 18, 2011 to December 31, 2011 involving a principal sales tax demand of Rs 500 million. Such issue was raised on the grounds that notification SRO 15(I)/2006, providing for levy of sales tax on the basis of 'notified price' of CAN, was withdrawn through notification SRO 313(I)/ 2011 dated April 18, 2011 and hence, the Company was legally required to recover output sales tax on supplies of CAN on the basis of actual consideration received there against. The Company had already approached the Federal Board of Revenue (FBR) on the issue for condonation in terms of section 65 of the Sales Tax Act, 1990, which was not entertained. The Company had assailed such order through institution of a writ petition before the LHC on the grounds that relevant powers have been exercised in an arbitrary manner without referring the matter to competent authority as required under the law. Such petition was allowed by the Court through its order dated June 21, 2017 and the Company was thereby directed to make a fresh application under section 65 of the Sales Tax Act, 1990. In compliance with the directions issued by the Honourable LHC in the aforementioned petition, the Commissioner Inland Revenue examined the fresh application made by the Company in accordance with the procedure laid down in Para 50 of the Sales Tax General Order No. 3 of 2004. However, the application was rejected and the same was therefore not referred to the FBR. Being aggrieved, the Company filed a writ petition before the LHC whereby operation of the impugned order shall remain suspended till final decision.

(xxi) Included in trade debts is an amount of Rs 18.88 million which has not been acknowledged as debts by its customers due to a dispute regarding the discount on the product's price. The Company's customers had collectively filed an appeal regarding the price dispute before the Honourable Civil Court, Multan, which decided the case in favour of the Company's customers. The Company preferred an appeal before the Honourable District and Sessions Court, Multan which set aside the order of the Civil Court. The Company's customers filed a revised petition before the Lahore High Court against the order of the District and Sessions Court, which is pending for adjudication.

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(xxii) During the year ended December 31, 2015, through a show cause notice, the tax department had raised the issue of non-payment of output sales tax on stock of fertilizer product transferred to various warehouses of the Company involving a principal sales tax demand of Rs 909.13 million (not including default surcharge which will be calculated at the time of deposit) along with a penalty equal to 100% of the principal sales tax demand. Such issue was raised on the grounds that the above mentioned transfers constitute 'supply' in terms of section 2(44) of the Sales Tax Act, 1990, and hence, the same have been made without payment of sales tax. The management had assailed the subject order in usual appellate course before the CIR(A) and CIR(A) decided the matter in the Company's favour through its order dated April 14, 2016 whereby the aforementioned demand stood annulled. Being aggrieved, the department filed an appeal against the aforementioned order of CIR(A) before the ATIR which has been rejected by the ATIR through order dated December 13, 2022 and the matter has been decided in the Company's favour. To date, no further proceedings have been made in the aforementioned case.

(xxiii) In 2017, the Company exported fertilizer to a customer, however, the customer claimed damages in respect of Company's failure to comply with contractual specifications of the fertilizer. The customer served a request for arbitration before the London Court of International Arbitration ('LCIA'). On July 6, 2020, the LCIA declared its Final Partial Award ('Award') against the Company wherein the Company was ordered to pay an amount aggregating to USD 6,812,151 that translates to Rs 1,942.96 million as of December 31, 2023. As per the advice of the Company's legal counsel, the Award can only be enforced against the Company in the courts of Pakistan. The Company intends to challenge any such enforcement proceedings on the grounds that the Award is contrary to the public policy of Pakistan and has been rendered without proper appreciation of the evidence.

The customer filed an application dated February 08, 2022, under section 6 of the Recognition and Enforcement (Arbitration agreements and Foreign Arbitral Awards) Act 2011 before the LHC for recognition and enforcement of Foreign Arbitral Award in Pakistan. The Company in response to that, filed a reply before the LHC, that it would be unjust and inequitable to recognize and enforce final partial award and that the LHC should dismiss the application of the aggrieved customer in its entirety with associated costs. No further proceedings have been made in the aforementioned case.

(xxiv) The Deputy Commissioner Inland Revenue ('DCIR'), through an order dated January 20, 2011, passed under sections 122 and 182 of the Income Tax Ordinance, 2001 ('Ordinance'), had raised a demand of Rs 451.42 million, including penalty of Rs 169.20 million, for tax year 2006 by disallowing certain expenses and adding into income amount representing 'service charges'. The Company had preferred an appeal before the CIR(A) against the order of the DCIR, which was annulled by the CIR(A) through order dated June 25, 2011. Being dissatisfied, the department filed an appeal before the ATIR which annulled the aforementioned order of the CIR(A) through its order dated October 23, 2020 and restored the DCIR's order. The Company assailed the aforementioned order of the ATIR in the usual appellate course before the LHC wherein LHC through order dated May 19, 2022 remanded back the issue to ATIR for denovo proceedings. The remand back proceedings have not yet been started.

(xxv) Based on audit proceedings conducted under section 25 of the Sales Tax Act, 1990 ('STA') for tax periods July 2016 to June 2017, the Assistant Commissioner Inland Revenue, Audit, Large Taxpayers Office, Multan raised a sales tax demand of Rs 1,176 million in the Company's case, through assessment order dated July 29, 2021 passed under section 11 of the STA, inter alia on account of alleged suppression of production and sale of fertilizers. The Company has assailed such order in appeal before CIR(A) under relevant legal provisions. CIR(A) through order dated February 24, 2022 decided the case in the favour of Company on legal grounds for selection of audit under section 25 of STA. The department has assailed the order of CIR(A) before ATIR for which adjudication is pending as of date.

(xxvi) The ACIR raised a sales tax demand of Rs 307.77 million against the Company primarily for not charging sales tax on sale of 'aircraft', which was also confirmed by the CIR(A) through appellate order dated May 6, 2021. The Company agitated the said order in an appeal before the Appellate Tribunal Inland Revenue, which stands disposed of in the Company's favour as of December 31, 2022 by appellate order dated June 14, 2022. The management considers that sale of 'aircraft' was subject to sales tax at the rate of 'zero' percent in terms of section 4 read with Fifth Schedule to the Sales Tax Act, 1990 and thus, such tax demand is not sustainable in appeal.

(xxvii) The ACIR, through assessment order dated November 26, 2021, raised a sales tax demand of Rs 1,606.50 million against the Company on the grounds that the Company had not charged and deposited sales tax on sale of various plants and machineries to the Company. The order of ACIR was also confirmed by the CIR(A) through appellate order dated April 1, 2022. The Company agitated the said order in an appeal before the ATIR, which is not disposed of to date. The management considers that supply of plant and machineries, being made as an ongoing concern to a registered person, was covered under the scope of section 49(2) of the STA and thus, such sale transaction was subject to sales tax at 'zero percent' and thus, such tax demand is not sustainable in appeal.

(xxviii) The ACIR through order dated February 25, 2022 passed under section 11 of the STA raised a sales tax demand of Rs 1,800 million on the grounds that since the Company had sold its manufacturing plant and machineries, it was no longer classifiable as a manufacturer and thus, input sales tax of Rs 898.73 million claimed by it during the tax periods of January 2021 through November 2021 was disallowed. Further, the ACIR also imposed penalty of Rs 898.73 million against the Company in terms of section 33 of the STA. The Company being aggrieved, assailed such order in appeal before the CIR(A) which was decided against the Company by the CIR(A) through order dated November 15, 2022. The Company has challenged the said appellate order in appeal before the ATIR which is pending adjudication. The management considers that since subject input tax was incurred on goods and services acquired for the business purposes, the same was duly admissible to the Company.

(xxix) The concerned assessing officer amended the Company's assessment through order dated June 26, 2020 passed for tax year 2014, as rectified through order dated January 20, 2021, and in consequence thereof, income tax refunds of Rs 257.71 million declared for such tax year stood curtailed to Rs 110 million. The Company's appeal against aforesaid amendment order was dismissed by the CIR(A) through appellate order dated June 7, 2021. Being aggrieved, the Company has further assailed the decision of CIR(A) in appeal before the ATIR, which has not yet been taken up for hearing. The issues forming basis of subject amendment primarily include disallowance of brought forward losses of Rs 2,298.54 million, addition of various capital expenditures aggregating Rs 182.80 million towards Company's taxable income in terms of section 111 of the Ordinance, imposing tax of Rs 133.72 million on preference dividend and disallowance of tax credit of Rs 10.90 million claimed by Company under section 65B of the Income Tax Ordinance, 2001. In this respect, the management considers that such issues were framed/upheld by concerned officials in a disregard to the relevant legal/factual position of the case.

(xxx) The ACIR through order dated June 16, 2022 passed under section 11 of the STA, raised a sales tax demand of Rs 50.45 million on the grounds that since the Company had sold its manufacturing plant and machineries, it was no longer classifiable as a manufacturer and thus, input sales tax of Rs 25.23 million claimed by it during the tax periods of July 2020 through June 2021 was disallowed. Further, the ACIR also imposed the penalty of Rs 25.23 million against the Company in terms of section 33 of the STA. The management considers that subject input tax was duly admissible to the Company as it incurred on goods and services acquired for the business purposes. Accordingly, the Company preferred an appeal before the CIR(A) against the order of the ACIR which is pending for adjudication as of date.

(xxxi) The ACIR amended the Company's assessment for tax year 2016 under section 122(5) of the Income Tax Ordinance, 2001 through amendment order dated June 30, 2022, raising a tax demand of Rs 2,825.81 million. The Company's contentions in respect of majority of the issues raised during audit proceedings have been accepted; however, adverse inferences have been drawn on account of alleged difference in actual production/sales of NP and CAN and that estimated on the basis of stoichiometric ratio, disallowance of certain expenses, addition on accent of subsidy received from GoP and disallowance of adjustment of brought forward losses.

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The ACIR has made additions on account of such aforementioned issues without properly appreciating the relevant factual and legal position of the case. The Company has preferred an appeal before the CIR(A).

(xxxii) The Company has filed an appeal before Commissioner (Appeals), Punjab Revenue Authority (PRA) in December, 2023 against the order dated November 13, 2023 passed u/s 14, 19 and 52 of PST read with Punjab Sales Tax on Services (Withholding) Rules, 2015 by the assessing officer. The assessing officer raised a demand of Rs 169 Million against the Company by adjudging the withholding tax default against the Company in a slipshod manner for the tax periods from July 2022 through June 2023 thereby invoking the provisions of 14 and 19 of PST.

Based on the advice of the Company's legal counsels and tax advisor, management considers that reasonable grounds exist that all the above appeals will succeed. Consequently, no provision has been recognised for the above mentioned amounts.

		Note	2023	Restated 2022
			(Rupees in thousand)	
18.2	**Commitments in respect of:**			
(i)	Contracts for capital expenditure		3,793,512	1,227,199
(ii)	Contracts for other than capital expenditure		15,498,800	3,019,144
(iii)	The amount of future payments under ijarah rentals and short term / low value leases:			
	- Not later than one year		1,252,635	943,389
	- Later than one year but not later than five years		1,742,497	1,279,260
			2,995,132	2,222,649
19	**Property, plant and equipment**			
	Operating fixed assets	19.1	104,643,032	106,297,034
	Capital work in progress	19.2	5,382,258	8,041,445
			110,025,290	114,338,479

19.1 Operating fixed assets

2023

		Cost			Accumulated Depreciation			Book value	
	Note	December 31, 2022	Additions / (deletions)	December 31, 2023	December 31, 2022	Charge / (deletions)	December 31, 2023	December 31, 2023	Depreciation rate
		(Rupees in thousand)							%
Freehold land	19.1.1	6,740,773	478,664	7,219,437	–	–	–	7,219,437	–
Building on freehold land		6,854,569	190,507	7,041,955	2,052,372	276,678	2,328,019	4,713,936	4
			(3,121)			(1,031)			
Building on leasehold land		30,445	–	30,445	14,208	3,044	17,252	13,193	10
Plant and machinery		113,879,733	7,020,778	120,580,604	22,832,307	9,747,249	32,538,200	88,042,404	6
			(319,907)			(41,356)			
Aircraft		1,567,285	–	1,567,285	365,700	78,364	444,064	1,123,221	10
Catalysts		3,236,236	542,647	3,778,883	2,973,203	133,772	3,106,975	671,908	10 – 33.33
Furniture and fixtures		177,481	88,276	263,042	91,347	16,800	105,432	157,610	10
			(2,715)			(2,715)			
Office equipment		141,710	29,124	170,834	65,508	12,198	77,706	93,128	10
Electrical installations and appliances		2,024,146	493,541	2,516,566	1,048,241	170,226	1,217,346	1,299,220	10
			(1,121)			(1,121)			
Computers		871,519	133,308	989,091	549,729	136,976	671,888	317,203	25
			(15,736)			(14,817)			
Vehicles		968,982	474,640	1,426,997	454,081	173,702	620,091	806,906	20
			(16,625)			(7,692)			
Right of use assets – land and building		518,916	–	455,792	268,065	65,985	270,926	184,866	13.20 – 17.16
			(63,124)			(63,124)			
		137,011,795	9,451,485	146,040,931	30,714,761	10,814,994	41,397,899	104,643,032	
			(422,349)			(131,856)			

2022

	Cost			Restated	Accumulated Depreciation			Book value	
	December 31, 2021	Addition as a result of asset acquisition	Additions / (deletions)	December 31, 2022	December 31, 2021	Charge / (deletions)	December 31, 2022	December 31, 2022	Depreciation rate
	(Rupees in thousand)								%
Freehold land	2,546,706	3,242,078	951,989	6,740,773	–	–	–	6,740,773	–
Building on freehold land	5,933,032	861,087	61,019	6,854,569	1,797,157	255,226	2,052,372	4,802,197	4
			(569)			(11)			
Building on leasehold land	30,445	–	–	30,445	11,163	3,045	14,208	16,237	10
Plant and machinery	107,091,235	4,560,473	2,243,770	113,879,733	18,443,364	4,389,855	22,832,307	91,047,426	4
			(15,745)			(912)			
Aircraft	1,567,285	–	–	1,567,285	287,336	78,364	365,700	1,201,585	10
Catalysts	3,179,169	–	57,067	3,236,236	2,869,379	103,824	2,973,203	263,033	10 – 33.33
Furniture and fixtures	125,824	417	52,328	177,481	80,869	11,566	91,347	86,134	10
			(1,088)			(1,088)			
Office equipment	97,022	4,501	40,187	141,710	56,419	9,089	65,508	76,202	10
Electrical installations and appliances	1,448,688	123,625	456,088	2,024,146	924,485	126,355	1,048,241	975,905	10
			(4,255)			(2,599)			
Computers	671,940	83	221,924	871,519	461,887	110,061	549,729	321,790	25
			(22,428)			(22,219)			
Vehicles	643,045	9,691	343,626	968,982	360,416	111,423	454,081	514,901	20
			(27,380)			(17,758)			
Right of use assets – plant and machinery	1,156,485	–	–	–	157,829	73,556	–	–	10 – 12.5
			(1,156,485)			(231,385)			
Right of use assets – land and building	985,208	–	152,313	518,916	284,606	96,870	268,065	250,851	10 – 33.33
			(618,605)			(113,411)			
	125,476,084	8,801,955	4,580,311	137,011,795	25,734,910	5,369,234	30,714,761	106,297,034	
			(1,846,555)			(389,383)			

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for the year ended December 31, 2023

19.1.1 Particulars of free hold land in the name of the Company are as follows:

Descriptions	Location	Land Area
Free hold Land	Sadiqabad, District Rahim Yar Khan	8,902 kanals
Free hold Land	Chichoki Mallian, District Sheikhupura	1,776 kanals
Free hold Land	Jahangirabad, District Multan	2,871 kanals
Free hold Land	Dherki, District Ghotki, Sindh	340 kanals

		Note	2023	Restated 2022
			(Rupees in thousand)	
19.2	**Capital work in progress**			
	Civil works		610,030	430,395
	Plant and machinery	19.3	790,266	3,262,113
	Capital stores		3,981,962	4,348,937
			5,382,258	8,041,445
19.2.1	**Movement of capital work in progress**			
	Opening balance		8,083,252	3,870,842
	Addition as a result of asset acquisition		–	52,533
	Additions during the year		2,581,928	6,357,152
			10,665,180	10,280,527
	Less: Capitalization during the year		4,998,677	2,197,275
			5,666,503	8,083,252
	Less: Provision for slow moving capital stores		284,245	41,807
	Closing balance		5,382,258	8,041,445

19.3 This includes Rs 675.21 million (2022: nil) being Company's share in joint operation relating to Gas Pressure Enhancement Facility (PEF), as disclosed in note 47 to the financial statements.

		2023	Restated 2022
		(Rupees in thousand)	
19.4	**The depreciation charge for the year has been allocated as follows:**		
	Cost of sales	10,471,051	5,084,022
	Administrative expenses	328,912	273,429
	Distribution cost	15,031	11,783
		10,814,994	5,369,234

19.5 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
			(Rupees in thousand)			
Items having net book value above Rs 500,000						
Atomic Absorption Spectrometer	14,778	2,800	11,978	3,735	(8,245)	Negotiation
GT Engine	305,128	38,556	266,572	266,572	–	Negotiation
Boundary wall	3,076	1,017	2,059	–	(2,059)	Scrap
Toyota Fortuner	11,652	2,719	8,933	9,000	67	Negotiation
Items having net book value below Rs 500,000	24,591	23,640	951	7,665	6,714	Company policy
2023	359,225	68,732	290,493	286,972	(3,523)	
2022 - Restated	71,323	44,407	26,916	31,632	4,716	

20 Intangible assets

2023

	Cost			Accumulated amortization / impairment				Book value	Amortization
	December 31, 2022	Additions / (deletions)	December 31, 2023	December 31, 2022	Amortization	Impairment	December 31, 2023	December 31, 2023	rate
	(Rupees in thousand)								%
Bubber Sher brand	5,900,000	–	5,900,000	2,360,000	–	1,770,000	4,130,000	1,770,000	–
Computer software	352,053	71,780	423,833	240,467	50,616	–	291,083	132,750	25
Mining rights	145,642	–	145,642	11,132	29,264	–	40,396	105,246	10
	6,397,695	71,780	6,469,475	2,611,599	79,880	1,770,000	4,461,479	2,007,996	

2022

	Cost			Accumulated amortization / impairment				Book value	Amortization
				Restated					
	December 31, 2021	Additions / (deletions)	December 31, 2022	December 31, 2021	Amortization	Impairment	December 31, 2022	December 31, 2022	rate
	(Rupees in thousand)								%
Bubber Sher brand	5,900,000	–	5,900,000	2,360,000	–	–	2,360,000	3,540,000	–
Computer software	266,670	85,383	352,053	197,793	42,674	–	240,467	111,586	25
Mining rights	–	145,642	145,642	–	11,132	–	11,132	134,510	10
	6,166,670	231,025	6,397,695	2,557,793	53,806	–	2,611,599	3,786,096	

20.1 The amortization / impairment charge for the year has been allocated to administrative / other operating expenses.

20.2 During the year, the Company has reassessed recoverable amount of its Bubber Sher brand, through its value in use, to be in excess of carrying value. The value in use of the brand has been calculated by discounting the cost savings at the weighted average cost of capital of the Company. Latest valuation of Bubber Sher brand was also carried by an independent professional valuator on December 31, 2023. The fair value of this brad is determined to be Rs 1,806.30 million.

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for the year ended December 31, 2023

21 Investment property

2023

		Cost			Accumulated depreciation			Book value	Amortization
	Note	December 31, 2022	Additions / (deletions)	December 31, 2023	December 31, 2022	Charge / (deletions)	December 31, 2023	December 31, 2023	rate
		(Rupees in thousand)							%
Freehold land	21.1	145,563	–	145,563	–	–	–	145,563	–
Building		22,650	–	22,650	2,794	906	3,700	18,950	4
		168,213	–	168,213	2,794	906	37,00	164,513	

2022

	Cost			Accumulated depreciation			Book value	Amortization
				Restated				
	December 31, 2021	Additions / (deletions)	December 31, 2022	December 31, 2021	Charge / (deletions)	December 31, 2022	December 31, 2022	rate
	(Rupees in thousand)							%
Freehold land	754,577	(609,014)	145,563	–	–	–	145,563	–
Building	22,650	–	22,650	1,888	906	2,794	19,856	4
	777,227	(609,014)	168,213	1,888	906	2,794	165,419	

21.1 Freehold land consists of 8,127.78 Kanals situated in District Dera Ismail Khan, Khybar Pakhtunkhwa. The land is in possession and control of the Company and currently it is in the name of the three Directors of the Company, Mr. Fawad Ahmed Mukhtar, Mr. Fazal Ahmed Sheikh and Mr. Faisal Ahmed Mukhtar, which will be transferred in the name of the Company in due course of time.

21.2 Latest valuation of investment property was carried by an independent professional valuator on December 24, 2022. The fair value of these investment properties is determined to be Rs 394.13 million.

	Note	2023	Restated 2022
		(Rupees in thousand)	
22 Long term investments			
In associates - equity method			
Fatima Agri Sales & Services (Pvt) Limited	22.2	28,661	32,575
Multan Real Estate Company (Pvt) Limited	22.3	89,114	86,581
Fatima Electric Company Limited	22.4	–	23
KT Bank Pakistan Limited	22.5	25	–
Singfert PTE. Limited	22.6	–	–
		117,800	119,179
In wholly owned subsidiary companies - at cost			
Fatima Cement Limited	22.7	1,400,030	300,030
Fatimafert Limited	22.8	200	200
Pan-Africa Fertilizers Limited	22.9	–	–
Fatima Packaging Limited	22.10	685,279	685,279
		2,085,509	985,509
Debt instrument - Fair value through profit or loss (FVTPL)			
Silk Islamic Development REIT	22.11	941,400	600,000
Debt instruments - Amortised cost			
Bank Al-Habib Limited - Term Finance Certificate		750,000	750,000
Pakistan Investment Bonds	22.12	4,017,502	–
		7,912,211	2,454,688

22.1 Movement in investment in associates

	2023				
	Opening	Purchased during the year	Share of profit / (loss)	Share of other comprehensive income	Closing
	(Rupees in thousand)				
Fatima Agri Sales & Services (Pvt) Limited	32,575	–	(3,914)	–	28,661
Multan Real Estate Company (Pvt) Limited	86,581	–	2,533	–	89,114
Fatima Electric Company Limited	23	–	(23)	–	–
KT Bank Pakistan Limited	–	25	–	–	25
Singfert PTE. Limited	–	–	–	–	–
	119,179	25	(1,404)	–	117,800

	2022				
	Opening	Purchased during the year	Share of profit / (loss)	Share of other comprehensive income	Closing
	(Rupees in thousand)				
Fatima Agri Sales & Services (Pvt) Limited	110,301	–	(70,002)	(7,725)	32,575
Multan Real Estate Company (Pvt) Limited	84,987	–	1,594	–	86,581
Fatima Electric Company Limited	23	–	–	–	23
Singfert PTE. Limited	–	–	–	–	–
	195,311	–	(68,408)	(7,725)	119,179

22.2 This represents investment in 196,000 (2022: 196,000) fully paid ordinary shares of Rs 10 each of Fatima Agri Sales & Services (Pvt) Limited (FASS). The investment represents 49% (2022: 49%) of the total issued, subscribed and paid up share capital of FASS.

The principal activity of FASS is to carry on business as a sellers, marketers, importers, exporters, wholesalers, retailers and dealers in all types of agri inputs including fertilizers, micronutrients, pesticides and insecticides, seeds, vaternity and live stock feeds and feeds supplements, fish feeds and its supplements. The registered office of FASS is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.

22.3 This represents investment in 858,056 (2022: 858,056) fully paid ordinary shares of Rs 100 each of Multan Real Estate Company (Pvt) Limited (MREC). The investment represents 28.37% (2022: 28.37%) of the total issued, subscribed and paid up share capital of MREC. The main business of MREC is establishing and designing housing and commercial schemes, to carry on business of civil engineers for construction of private and governmental buildings and infrastructure and provision of labour and building material. The registered office of MREC is located at 2nd floor, Trust Plaza, L.M.Q Road, Multan.

22.4 This represents investment in 14,000 fully (2022: 14,000) paid ordinary shares of Rs 10 each of Fatima Electric Company Limited (FECL). The investment represents 40% (2022: 40%) of the total issued, subscribed and paid up share capital of FECL.

The main business of FECL is transmission, manufacture, supply, generation and distribution of electricity and all forms of energy and power. The registered office of FECL is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.

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22.5 This represents investment in 2,500 (2022: nil) fully paid ordinary shares of Rs 10 each of KT Bank Pakistan Limited (KTBPL). The investment represents 25% (2022: nil) of the total issued, subscribed and paid up share capital of KTBPL.

The main business of KTBPL is of banking as a digital bank and undertake financial transactions. The registered office of KTBPL is located at Smart Tower, C-10/2, Off Shahrah-e-Faisal, Lines Area, Sector 8/A, Opposite Finance & Trade Centre Building, Karachi, Pakistan.

22.6 This represents investment in 1 (2022: 1) fully paid ordinary share of SGD 1 each of Singfert PTE. Limited (Singfert), a company formed and registered in the Republic of Singapore. The investment represents 25% (2022: 25%) of the total issued, subscribed and paid up share capital of Singfert.

Singfert is a Special Purpose Vehicle (SPV) which will be used to route equity investment in Midwest Fertilizer Company (MFC), USA. MFC is setting up a nitrogen fertilizer project in the State of Indiana, USA.

22.7 This represents investment in 140,003,000 (2022: 30,003,000) fully paid ordinary shares of Rs 10 each of Fatima Cement Limited (FCL), as approved by the Board of Directors of the Company in their meeting held on April 07, 2022.

The principal activity of FCL is manufacturing, producing, buying, selling, importing and exporting cement. The registered office of FCL is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Lahore, Pakistan.

22.8 This represents investment in 20,000 (2022: 20,000) fully paid ordinary shares of Rs 10 each of its Fatimafert Limited (FFT).

The principal line of business of FFT is to carry on business of manufacture, produce, treat, refine, reduce and process all kinds of artificial manures and fertilizers, chemicals and minerals and any products and by-products which may be prepared therefrom. The registered office of the FFT is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Lahore, Pakistan.

22.9 This represents incorporation of a wholly owned subsidiary company in Kenya. The principal business of this company is trade marketing services including but not limited to manufacturing / sales / provision of fertilizer products or alike or any other business. The registered address of this company is located at Westlands District, Nairobi, Kenya.

22.10 This represents investment in 16,863,277 (2022: 16,863,277) fully paid ordinary shares of Rs 10 each of Fatima Packaging Limited (FPL).

The principal line of business of FPL is manufacturing and sale of polypropylene sacks, polypropylene cloth, liners and cement bags. The registered office of the FPL is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Lahore, Pakistan while its manufacturing facility is located at Mukhtargarh - Sadiqabad.

22.11 This represents 60,000,000 (2022: 60,000,000) units of Rs. 10 each held in a privately placed closed - end shariah compliant apartment development REIT scheme which constitutes 20% (2022: 20%) of the total 300 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited.

The investment, previously classified as equity instrument at fair value through other comprehensive income, has been reassessed during the year and reclassified as fair value through profit or loss. Further, during the year, the Company has estim`ated a fair value of Rs 941.40 million of its investment in the REIT through a valuation technique of discounted cashflow method. Resultantly, a fair value gain amounting Rs 341.40 million has been recognised in the statement of profit or loss. The Company being strategic investor of the REIT has 25% of its subscribed units in an account marked as 'blocked' with the Central Depository Company as required by the Real Estate Investment Trust Regulations, 2022.

22.12 These Pakistan Investment Bonds (PIBs) carry profit at the rate of 16.22% and are due for maturity on July 04, 2026.

		Note	2023	Restated 2022
			(Rupees in thousand)	
23	**Long term advances and deposits**			
	Advance against investments in REITs	23.1	1,938,037	869,208
	Capital advances:			
	- Freehold land		338,972	379,986
	- Plant and machinery		1,329,021	1,956,486
			1,667,993	2,336,472
	Others	23.2	356,156	1,247,705
			3,962,186	4,453,385

23.1 This includes advances amounting to Rs 1,738.04 million (2022: 869.21 million) paid for investments in shariah compliant development REIT schemes which are managed by Arif Habib Dolmen REIT Management Company Limited (RMC), a related party.

23.2 This includes nil (2022: Rs 946.14 million) as advance to Fatima Cement Limited, a wholly owned subsidiary of the Company.

		Note	2023	Restated 2022
			(Rupees in thousand)	
24	**Stores and spares**			
	Stores		988,753	1,041,522
	Spares		10,886,795	10,700,433
	Catalyst and chemicals		4,708,130	4,514,849
			16,583,678	16,256,804
	Less: Provision for slow moving stores and spares	24.1	2,865,771	395,186
			13,717,907	15,861,618
24.1	**Movement of provision for slow moving stores and spares**			
	Opening balance		395,186	100,538
	Charge for the year		2,470,585	225,460
	As a result of asset acquisition		–	69,188
			2,865,771	395,186

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for the year ended December 31, 2023

	2023	Restated 2022
	(Rupees in thousand)	
25 Stock in trade		
Raw materials {including in transit Rs 2,985.29 million (2022: Rs 3,676.14 million)}	15,728,528	6,059,033
Packing materials	353,565	83,756
	16,082,093	6,142,789
Mid products		
Ammonia	335,489	161,252
Nitric acid	46,766	19,941
Others	7,632	2,318
	389,887	183,511
Finished goods		
Own manufactured		
Urea	630,764	59,323
NP	14,153,402	28,885,503
CAN	945,647	32,477
Others	4,073	4,641
Certified emission reductions	–	42,810
	15,733,886	29,024,754
Purchased for resale	208,980	9,486,133
	32,414,846	44,837,187
26 Trade debts		
Secured against bank guarantees	9,061,931	13,315,294
Unsecured - considered good	444,994	16,816
	9,506,925	13,332,110

26.1 All these debtors are not past due.

	Note	2023	Restated 2022
		(Rupees in thousand)	
27 Short term loans to related parties			
Reliance Commodities (Pvt) Limited	27.1	4,999,723	4,999,723
Silk Islamic Development REIT	27.2	100,000	–
		5,099,723	4,999,723

27.1 This represents loan given to an associated company Reliance Commodities (Pvt) Limited (RCL), against an approved limit of Rs 5,000 million. The loan is repayable within 30 business days notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2.00% per annum, which has been revised to 6 month KIBOR plus 1.25% as per the shareholders' approval in Annual General Meeting held on April 28, 2023. Effective rate of markup charged during the year ranged from 17.84% to 24.08% (2022: 10.85% to 17.84%). The loan is fully secured against a ranking charge over the present and future current assets of RCL. The maximum amount of loan outstanding during the year was Rs 4,999.72 million.

27.2 This represents loan given to an associated undertaking Silk Islamic Development REIT, against an approved limit of Rs 200 million as per the shareholders' approval in Extra Ordinary General Meeting dated September 22, 2023. The loan is repayable within 10 days notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2% per annum. Effective rate of markup charged during the year is 24.96%. The maximum amount of loan outstanding during the year was Rs 100 million.

	Note	2023	Restated 2022
		(Rupees in thousand)	
28 Advances, deposits, prepayments and other receivables			
Advances - considered good			
- to employees		65,164	31,822
- to suppliers	28.1	2,280,456	1,849,468
		2,345,620	1,881,290
Advance against investment	28.2	–	2,225,796
Impairment of advances		–	(2,225,796)
		–	–
Margin deposits held by banks		2,785,468	1,061,458
Prepayments		119,172	1,467,997
Receivable from Government of Pakistan (GoP)			
- Advance sales tax		13,506,001	13,734,556
- Subsidy receivable		2,092,159	2,092,159
- Loss allowance on subsidy receivable	28.3	(1,464,511)	(638,134)
		14,133,649	15,188,581
Markup receivable		464,805	187,921
Others		192,102	242,209
		20,040,816	20,029,456

28.1 This includes balance of Rs 66.19 million (2022: Rs 127.84 million) to Fatima Packaging Limited and Rs 28.57 million (2022: Rs 24.69 million) to Fatima Agri Sales & Services (Pvt) Limited, which are related parties of the Company and are in the nature of normal course of business.

28.2 This represented advance which the Company had invested in the technology sector. The management of the Company has determined that the balance is irrecoverable owing to prevailing economic conditions and complete closure of business. Therefore, the balance has been written off entirely during the year.

28.3 This represents loss allowance on subsidy receivable from GoP in accordance with requirement of IFRS 9. However, management is confident of recovering the full amount from GoP.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2023

		Note	2023	Restated 2022
			(Rupees in thousand)	
29	**Short term investments**			
	At fair value through profit or loss (FVTPL)			
	Equity investments	29.1	5,974,626	4,067,140
	At amortised cost			
	Term Deposit Receipts	29.2	6,252,150	292,150
	Market Treasury Bills	29.3	6,024,008	–
	Ijarah Sukuks	29.4	502,159	–
	Defence saving certificates		66,610	66,610
			18,819,553	4,425,900

29.1 These consist of investments made in equity instruments of various listed companies.

29.2 The term deposit receipts carry markup ranging from 9.00% to 22.50% (2022: 9.00% to 18.50%) per annum.

29.3 These Market Treasury Bills (T-Bills) have maturity of one year and carry profit at the rate of 21.23%.

29.4 These Ijarah Sukuks have maturity of one year and carry profit at the rate of 22.49%.

		Note	2023	Restated 2022
			(Rupees in thousand)	
30	**Cash and bank balances**			
	Cash in hand		9,156	6,004
	At banks			
	- saving accounts	30.1	3,963,988	1,759,261
	- current accounts		3,121,721	645,291
			7,094,865	2,410,556

30.1 The balances in saving accounts carry markup ranging from 14.50% to 20.75% (2022: 8.25% to 15%) per annum.

		Note	2023	Restated 2022
			(Rupees in thousand)	
31	**Sales**			
	Revenue from contracts with customers			
	Local sales	31.1	232,754,821	158,546,041
	Export sales - Certified Emission Reductions		–	251,061
			232,754,821	158,797,102

	Note	2023	Restated 2022
		(Rupees in thousand)	
31.1 Local sales			
Own manufactured		221,506,570	136,616,564
Toll manufacturing		–	20,185,447
Mid products		2,294,153	1,572,166
Purchased for resale		21,635,270	4,039,529
		245,435,993	162,413,706
Less: Sales tax		1,132,302	1,496,733
Federal excise duty		6,718,924	–
Discounts		4,829,946	2,370,932
		232,754,821	158,546,041

32 Cost of sales

	Note	2023	Restated 2022
Raw material consumed		76,878,972	80,114,860
Packing material consumed		4,682,541	3,491,244
Salaries, wages and other benefits	32.1	9,851,450	8,108,729
Fuel and power		12,352,009	13,052,813
Chemicals and catalyst consumed		3,772,120	3,321,900
Stores and spares consumed		7,591,978	4,350,988
Depreciation	19.4	10,471,051	5,084,022
Technical assistance		475,681	523,221
Repair and maintenance		10,376,858	6,153,207
Insurance		2,063,667	1,158,115
Travelling and conveyance		376,297	284,216
Rent, rates and taxes	32.2	915,977	699,743
Vehicle running and maintenance		369,313	254,497
Others		181,904	241,326
Subsidy on RLNG released by GoP to SNGPL	32.3	(10,426,437)	(7,892,654)
Manufacturing cost		129,933,381	118,946,227
Opening stock of mid products		183,511	122,564
Addition as a result of asset acquisition		–	1,509
Closing stock of mid products		(389,887)	(183,511)
Cost of goods manufactured		129,727,005	118,886,789
Opening stock of finished goods		29,024,754	5,514,312
Addition as a result of asset acquisition		–	7,961,419
Closing stock of finished goods		(15,733,886)	(29,024,754)
Cost of sales - own manufactured		143,017,873	103,337,766
Cost of sales - purchased for resale		17,327,581	2,999,007
		160,345,454	106,336,773

32.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 535.14 million (2022: Rs 357.81 million).

32.2 This includes ijarah lease rentals aggregating to Rs 365.74 million (2022: Rs 165.91 million).

32.3 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Company (Sheikhupura plant) by SNGPL and the gas price capped by GoP for fertilizer plants operating on RLNG.

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for the year ended December 31, 2023

		Note	2023	Restated 2022
			(Rupees in thousand)	
33	**Distribution cost**			
	Salaries, wages and other benefits	33.1	1,722,013	935,695
	Fee for services	33.2	–	617,105
	Rent, rates and taxes	33.3	648,347	474,520
	Advertisement and sales promotion		1,222,659	914,228
	Transportation and freight		6,131,778	4,551,207
	Technical services to farmers		135,510	137,165
	Insurance		62,216	49,855
	Travelling and conveyance		152,128	121,212
	Others		360,385	209,498
			10,435,036	8,010,485

33.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 85.29 million (2022: Rs 32.49 million).

33.2 This amount represented fee for marketing and distribution services charged by an associated company - FASS for the first half of the year 2022. The Company had outsourced its marketing and distribution function to FASS. However, the arrangement had been cancelled on June 30, 2022 and all the employees had been transferred to the Company with effect from July 01, 2022.

33.3 This includes rental paid for short term leases aggregating to Rs 452.54 million (2022: Rs 380.38 million) and ijarah lease rentals aggregating to Rs 178.24 million (2022: Rs 82.08 million).

		Note	2023	Restated 2022
			(Rupees in thousand)	
34	**Administrative expenses**			
	Salaries, wages and other benefits	34.1	3,620,079	2,382,786
	Travelling and conveyance		388,288	352,478
	Vehicles' running and maintenance		143,327	114,334
	Insurance		31,364	15,631
	Communication and postage		68,020	55,162
	Printing and stationery		51,170	49,192
	Repair and maintenance		260,483	91,754
	Rent, rates and taxes	34.2	183,630	118,366
	Fees and subscription		249,458	198,394
	Entertainment		65,475	48,209
	Legal and professional		993,874	610,543
	Auditors' remuneration	34.3	11,019	11,098
	Utilities		43,107	53,510
	Aircraft operating expenses		366,935	206,441
	Depreciation on operating fixed assets	19.4	328,912	273,429
	Depreciation on investment property	21	906	906
	Amortization	20	79,880	53,806
	Charity and donation	34.4	895,588	1,021,235
	Others		413,144	306,920
			8,194,659	5,964,194

34.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 126.77 million (2022: Rs 99.12 million).

34.2 This includes rental paid for low value leases amounting to Rs 41.04 million (2022: Rs 18.47 million) and ijarah lease rentals amounting to Rs 137.26 million (2022: Rs 93.74 million).

34.3 The breakup of statutory auditors' remuneration including non adjustable sales tax is as follows:

	Note	2023	Restated 2022
		(Rupees in thousand)	
Annual audit fee		5,561	4,836
Half yearly review fee		697	606
Others	34.3.1	3,779	4,625
Out of pocket expenses		982	1,031
		11,019	11,098

34.3.1 Others include special audits fee of Rs 3.65 million (2022: Rs 4.17 million).

34.4 Donations

34.4.1 Donations paid to Mian Mukhtar A. Sheikh Trust (the Trust) exceeds 10% of the Company's total amount of donation.

34.4.2 Donations include the following in which certain directors are interested:

Name of directors	Interest in donee	Name of donees	2023	Restated 2022
			(Rupees in thousand)	
Mr. Fawad Ahmed Mukhtar Mr. Faisal Ahmed Mukhtar Mr. Fazal Ahmed Sheikh	Trustees	Mian Mukhtar A. Sheikh Trust	494,759	658,514
Mr. Fawad Ahmed Mukhtar	Member of the Board of Governors of National Management Foundation (NMF) the sponsoring body of LUMS.	Lahore University of Management Sciences (LUMS)	23,909	9,216

35 Finance cost

	2023	2022
Markup on:		
- long term finances	1,725,192	1,223,393
- short term finances	1,752,340	1,214,817
- short term loans from related parties	370,208	162,026
Interest on lease liabilities	22,682	94,176
Bank charges and others	770,001	608,814
	4,640,423	3,303,226

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		Note	2023	Restated 2022
			(Rupees in thousand)	
36	**Other operating expenses**			
	Workers' Profit Participation Fund	12.3	2,573,210	1,629,590
	Workers' Welfare Fund	12.4	1,146,727	586,190
	Impairment of advances		76,874	2,225,796
	Impairment of brand		1,770,000	–
	Loss on remeasurement of investments classified as FVTPL		–	815,721
	Loss on sale of investments classified as FVTPL		–	12,609
	Loss on disposal of investment property		–	79,070
	Loss on disposal of property, plant and equipment		3,523	–
	Unwinding of payable against subordinated redeemable preference Class A shares		207,037	92,339
	Exchange loss - net		1,612,675	959,593
	Others		233,711	–
			7,623,757	6,400,908
37	**Other income**			
	Income from financial assets			
	Profit on loans to related parties		1,162,956	1,090,075
	Gain on sale of investment classified as FVTPL		142,825	–
	Gain on remeasurement of investments classified as FVTPL		2,327,755	–
	Profit on investments and saving accounts		1,501,471	298,876
	Dividend income		571,195	305,900
			5,706,202	1,694,851
	Income from non financial assets			
	Scrap sales		48,037	24,352
	Gain on disposal of property, plant and equipment		–	4,716
	Gain on disposal of stores and spares		1,093	286,515
	Markup on credit sale of fertilizer		1,480,656	–
	Others		40,652	78,556
			1,570,438	394,139
			7,276,640	2,088,990
38	**Taxation**			
	Current tax			
	- Current year		20,242,562	8,919,081
	- Prior year	38.1	2,254,843	3,469,603
			22,497,405	12,388,684
	Deferred tax		2,847,464	3,685,412
			25,344,869	16,074,096

38.1 This includes an amount of Rs 2,085 million (2022: 3,494.88 million) pertaining to the super tax for the year 2022.

	2023	Restated 2022
	(%)	
38.2 Tax charge reconciliation		
Numerical reconciliation between the average tax rate and the applicable tax rate:		
Applicable tax rate	29.00	29.00
Tax effect of:		
Income exempt from income tax or taxed at lower rate	(1.24)	(0.16)
Super tax	10.00	4.00
Prior year	3.48	11.51
Impact of rate change	9.37	9.20
Deductions disallowed	2.15	2.07
Others	0.32	(2.70)
	24.08	23.92
Average effective tax rate charged to statement of profit or loss	53.08	52.92

	2023	Restated 2022
	(Rupees in thousand)	

39 Earnings per share - basic and diluted

Profit attributable to ordinary shareholders	22,399,399	14,301,979
	Number of shares	
Weighted average number of shares	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	10.67	6.81

40 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties have been disclosed in the relevant notes to the financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

		2023	Restated 2022
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
Subsidiary companies	Acquisition of shares	1,100,000	300,030
	Disposal of investment property	–	529,945
	Payments made on behalf	18,000	367,292
	Markup income	76,829	–
	Miscellaneous expenses	247,124	59,177
	Purchase of packing material	4,781,643	1,637,985

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Relationship with the Company	Nature of transaction	2023 (Rupees in thousand)	Restated 2022 (Rupees in thousand)
Associated companies	Purchase of packing material	–	1,537,521
	Purchase of raw material	–	1,438,446
	Purchase of stores and spares	–	653,451
	Sale of mid products	–	73,240
	Lease rental and license fee	271,200	171,798
	Payment against sales collection	–	25,736,267
	Toll manufacturing revenue	–	20,185,447
	Employees retirement benefits transferred	–	186,542
	Fee for services	797,263	2,253,672
	Miscellaneous expenses	11,288	29,717
	Short term loan given	100,000	–
	Acquisition of shares	25	–
	Markup income	1,086,127	1,090,075
	Dividend paid	5,136,216	3,793,102
	Markup expense	370,208	162,026
Directors & key management personnel	Remuneration including benefits & perquisites	706,230	554,332
	Dividend paid	3,853,042	2,709,561
Retirement benefit plans	Retirement benefit expense	747,205	466,186

40.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Name	Basis of Relationship	Aggregate % of shareholding in the Company
Fatimafert Limited	Subsidiary company	Nil
Fatima Cement Limited	Subsidiary company	Nil
Fatima Packaging Limited	Subsidiary company	Nil
Air One (Pvt) Limited	Common directorship	Nil
Arif Habib Equity (Pvt) Limited	Common directorship	Nil
HerBeauty (Pvt) Limited	Common directorship	Nil
OSOL (Pvt) Limited	Common directorship	Nil
Fatima AG Solutions Limited	Common directorship	Nil
Silk Islamic Development REIT	Common directorship	Nil
Reliance Commodities (Pvt) Limited	Common directorship	0.02%
Reliance Weaving Mills Limited	Common directorship	0.13%
Fatima Holding Limited	Common directorship	0.68%
Arif Habib Limited	Common directorship	1.44%
Fazal Cloth Mills Limited	Common directorship	3.29%
Fazal Holdings (Pvt) Limited	Common directorship	3.34%
Farrukh Trading Company Limited	Common directorship	7.81%
Fatima Management Company Limited	Common directorship	7.86%
Fatima Trading Company (Pvt) Limited	Common directorship	8.18%
Arif Habib Corporation Limited	Common directorship	15.19%

40.2 The Company considers its Chief Executive Officer, Executive Director, and Functional Heads as its key management personnel.

	2023	Restated 2022
	Metric ton	
41 Capacity and production		
Urea		
Designed production capacity	1,037,900	1,037,900
Actual production	985,419	1,095,084
CAN		
Designed production capacity	870,000	870,000
Actual production	839,721	866,620
NP		
Designed production capacity	664,500	664,500
Actual production	713,038	866,724

42 Remuneration of chief executive, directors and executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to full time working Directors and Executives of the Company are as follows:

	Chief Executive		Executive Director		Executives	
	2023	2022	2023	2022	2023	Restated 2022
	(Rupees in thousand)					
Short term employee benefits						
Managerial remuneration	66,371	45,617	63,721	41,603	2,020,731	1,394,281
Housing allowance	29,867	20,528	23,765	16,021	874,323	584,795
Utilities allowance	–	–	–	–	186,877	123,727
Conveyance and site allowance	–	–	–	–	386,195	271,526
Leave fare assistance and bonus	28,966	12,414	30,784	12,414	1,810,712	984,387
Others	21,151	30,474	14,319	15,508	101,025	42,617
	146,355	109,033	132,589	85,546	5,379,863	3,401,333
Retirement benefits						
Contribution to provident fund and gratuity	–	–	–	–	167,778	121,498
Accumulating compensated absences	–	–	–	–	12,617	6,634
	146,355	109,033	132,589	85,546	5,560,258	3,529,465
Number of persons	1	1	2	2	633	579

42.1 Non Executive Directors were paid meeting fee aggregating to Rs 1.55 million (2022: Rs 1.70 million).

42.2 The Company also provides the Chief Executive, Executive Director and some of the Executives with Company maintained cars.

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	Note	2023	Restated 2022
		(Rupees in thousand)	
43 Cash generated from operations			
Profit before tax		47,744,268	30,376,075
Adjustments for:			
Depreciation on property, plant and equipment	19.4	10,814,994	5,369,234
Depreciation on investment property	21	906	906
Amortization of intangible assets	20	79,880	53,806
Impairment of brand	20	1,770,000	–
Finance cost	35	4,640,423	3,303,226
Provision for staff retirement benefits		470,908	292,971
Provision for slow moving stores and spares		2,713,023	253,796
Profit on loans to related parties	37	(1,162,956)	(1,090,075)
(Gain) / loss on investments classified as FTVPL		(2,470,580)	828,330
Loss allowance on subsidy receivable from GoP		826,377	114,688
Unwinding of payable against subordinated redeemable preference Class A shares		207,037	92,339
Unwinding of provision for GIDC	11.2.1	220,083	311,335
Dividend income	37	(571,195)	(305,900)
Share of loss from associates	22.1	1,404	68,408
Profit on short term investments and saving accounts	37	(1,501,471)	(298,876)
Impairment of advances	36	76,874	2,225,796
Gain as a result of elimination due to asset acquisition		–	(212,357)
Loss on disposal of investment property		–	79,070
Loss / (gain) on disposal of property, plant and equipment	19.5	3,523	(4,716)
		16,119,230	11,081,981
Operating cash flows before working capital changes		63,863,498	41,458,056
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		(569,312)	(3,349,670)
Stock in trade		12,422,341	(18,124,499)
Trade debts		3,825,185	(3,484,612)
Advances, deposits, prepayments and other receivables		(637,727)	(3,183,686)
Net (decrease) / increase in creditors, accrued and other liabilities		(5,595,246)	8,623,979
		9,445,241	(19,518,488)
		73,308,739	21,939,568

44 Financial risk management

44.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the un predictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro (EUR) and Great British Pound (GBP). Currently, the Company's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2023	Restated 2022
	(FCY in thousand)	
Cash at banks and in hand – USD	32	10
Trade and other payables – USD	(1,712)	(1,707)
Net exposure – USD	(1,680)	(1,697)
Cash at banks and in hand – EUR	4	–
Trade and other payables – EUR	(761)	(841)
Net exposure – EUR	(757)	(841)
Trade and other payables – GBP	(269)	–
Net exposure – GBP	(269)	–

The following significant exchange rates were applied during the year:

	2023	Restated 2022
Rupees per USD		
Average rate	283.53	207.90
Reporting date rate	282.40	226.90
Rupees per EUR		
Average rate	307.95	218.39
Reporting date rate	313.11	242.33

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	2023	Restated 2022
Rupees per GBP		
Average rate	353.89	254.77
Reporting date rate	359.77	273.23

If the functional currency, at reporting date, had fluctuated by 5% against the USD, EUR and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rs 40.41 million (2022: Rs 29.44 million), respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is also exposed to equity price risk since there are investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

Fair value sensitivity analysis - Investments through Profit or Loss

In case of 5% change in KSE 100 index on December 31, 2023, with all other variables held constant, net profit for the year would increase / decrease by Rs 182.23 million (2022: Rs 124.05 million) as a result of gains / losses on equity securities classified as at fair value through profit or loss.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2023	Restated 2022
	(Rupees in thousand)	
Fixed rate instruments		
Term deposit receipt	6,252,150	292,150
Defence saving certificates	66,610	66,610
Market Treasury Bills	6,024,008	–
Ijarah Sukuks	502,159	–
Term Finance Certificate	750,000	750,000
Pakistan Investment Bonds	4,017,502	–

	2023	Restated 2022
	(Rupees in thousand)	
Floating rate instruments		
Financial assets		
Cash at bank - saving accounts	3,963,988	1,759,261
Short term loans to related parties	5,099,723	4,999,723
Financial liabilities		
Long term finances	7,935,333	11,880,389
Short term loans from related parties	1,626,307	1,626,307
Short term finance - secured	–	14,909,740

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the statement of profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If the markup rate on net finance at reporting date, had fluctuated by 100 basis points with all other variables held constant, the impact on profit after taxation for the year would have been Rs 3.04 million (2022: Rs 132.11 million) respectively higher / lower.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and loans, advances, deposits, prepayments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023	Restated 2022
	(Rupees in thousand)	
Long term advances and deposits	2,294,193	2,116,913
Short term loan to associated companies	5,099,723	4,999,723
Advances, deposits and other receivables	3,442,375	1,491,588
Trade debts	9,506,925	13,332,110
Short term investments	12,844,927	358,760
Bank balances	7,085,709	2,404,552
	40,273,852	24,703,646

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

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	Rating				Restated
	Short term	Long term	Rating Agency	2023	2022
				(Rupees in thousand)	
Al Baraka Islamic Bank Limited	A1	A+	VIS	87	872
Allied Bank Limited	A1+	AAA	PACRA	746	1,882
Askari Bank Limited	A1+	AA+	PACRA	8,123	823
Bank Alfalah Limited	A1+	AA+	PACRA	224,030	80,455
Bank Al Habib Limited	A1+	AAA	PACRA	3,404,092	49,082
Bank Islami Pakistan Limited	A1	AA-	PACRA	100,040	–
Bank Makramah Limited	A-3	BBB-	VIS	803,446	1,245,378
Citibank N.A	P-1	Aa3	Moody's	44	42
Dubai Islamic Bank Limited	A1+	AA	VIS	612	92
Faysal Bank Limited	A1+	AA	PACRA	139,330	57,097
Habib Bank Limited	A1+	AAA	VIS	279,996	506,034
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,335	1,086
Industrial and Commercial Bank of China	P1	A1	Moody's	679	–
JS Bank Limited	A1+	AA-	PACRA	280,892	182,215
MCB Bank Limited	A1+	AAA	PACRA	16,710	16,924
Meezan Bank Limited	A1+	AAA	VIS	404,732	55
National Bank of Pakistan	A1+	AAA	PACRA	204,155	156,475
Sindh Bank Limited	A1	A+	VIS	128	117
Soneri Bank Limited	A1+	AA-	PACRA	62,648	25
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	24,340	53,370
The Bank of Punjab	A1+	AA+	PACRA	1,088,077	46,453
The Bank of Khyber	A1	A+	PACRA	2,983	182
United Bank Limited	A1+	AAA	VIS	18,722	5,814
Zarai Taraqiati Bank Limited	A1+	AAA	VIS	–	79

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2023 the Company has Rs 30,950.00 million (2022: Rs 19,608.54 million) unutilized borrowing limits from financial institutions and Rs 13,347.02 million (2022: Rs 2,702.71 million) cash and bank balances.

The following are the carrying values of financial liabilities as at December 31, 2023:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	7,935,333	2,129,405	5,187,527	618,401
Lease liabilities	219,083	111,706	107,377	–
Trade and other payables	39,369,645	39,369,645	–	–
Short term loans from related parties	1,626,307	1,626,307	–	–
Unclaimed dividend	55,769	55,769	–	–
Long term deposits	466,658	–	466,658	–
Accrued finance cost	517,441	517,441	–	–
	50,190,236	43,810,273	5,761,562	618,401

The following are the carrying values of financial liabilities as at December 31, 2022:

	Restated			
	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	11,880,389	3,293,658	7,194,269	1,392,462
Lease liabilities	32,559	127,468	(94,909)	–
Short term finance - secured	14,909,740	14,909,740	–	–
Trade and other payables	45,638,342	45,638,342	–	–
Short term loans from related parties	1,626,307	1,626,307	–	–
Unclaimed dividend	46,429	46,429	–	–
Long term deposits	435,348	–	435,348	–
Accrued finance cost	1,071,771	1,071,771	–	–
	75,640,885	66,713,715	7,534,708	1,392,462

44.2 Fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statement approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The Company is required to classify financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Level 1: Quoted market 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 the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Investments of the Company carried at fair value are categorised as follows:

	2023			
	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment – FVTPL	5,974,626	–	941,400	6,916,026
Investment – FVTOCI	–	–	–	–
Total financial assets at fair value	5,974,626	–	941,400	6,916,026

	2022 (Restated)			
	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment – FVTPL	4,067,140	–	600,000	4,667,140
Investment – FVTOCI	–	–	–	–
Total financial assets at fair value	4,067,140	–	600,000	4,667,140

44.3 Financial instruments by categories

	2023			Restated 2022		
	Amortized Cost	Fair value Through P & L	Fair value Through OCI	Amortized Cost	Fair value Through P & L	Fair value Through OCI
	(Rupees in thousand)					
Financial assets as per statement of financial position						
Long term investments	4,767,502	941,400	–	750,000	600,000	–
Long term deposits	2,294,193	–	–	2,116,913	–	–
Short term loan to related parties	5,099,723	–	–	4,999,723	–	–
Advances, deposits and other receivables	3,442,375	–	–	1,491,588	–	–
Trade debts	9,506,925	–	–	13,332,110	–	–
Short term investments	12,844,927	5,974,626	–	358,760	4,067,140	–
Cash and bank balances	7,094,865	–	–	2,410,556	–	–
	45,050,510	6,916,026	–	25,459,650	4,667,140	–

	2023	Restated 2022
	(Rupees in thousand)	
Financial liabilities as per statement of financial position - at amortised cost		
Long term finance	7,935,333	11,880,389
Short term finance - secured	–	14,909,740
Short term loans from related parties	1,626,307	1,626,307
Unclaimed dividend	55,769	46,429
Lease liabilities	219,083	280,364
Long term deposits	466,658	435,348
Trade and other payables	39,369,645	45,638,342
Accrued finance cost	517,441	1,071,771
	50,190,236	75,888,690

44.4 Capital risk management

The Company's objectives when managing capital are to safeguard Company's ability to continue as a going concern in order to provide maximum return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure as required by the lenders. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of debt to equity ratio.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, issue new ordinary / preference shares, or obtain / repay loans.

	2023	Restated 2022
	(Rupees in thousand)	
Total debt	9,780,723	28,696,800
Total equity	118,365,983	107,089,184
Debt to equity ratio	8.26%	26.80%

45 Provident fund

The following information is based on latest un audited financial statements of the fund:

	2023	Restated 2022
	(Rupees in thousand)	
Size of the fund	4,187,680	3,219,512
Cost of investments made	3,693,423	2,870,840
Fair value of investments	3,895,586	2,963,931
Percentage of investments made	88.20%	89.17%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2023

	2023		2022 (Restated)	
	(Rupees in thousand)	%age	(Rupees in thousand)	%age
45.1 The breakup of fair value of investments is as follows:				
Mutual funds	100%	2,087,254	1,467,288	50%
Scheduled banks	87%	1,808,332	1,496,644	50%
	187%	3,895,586	2,963,932	100%

45.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

45.3 An amount of Rs 270.02 million (2022: Rs 187.79 million) has been contributed during the year to the provident fund.

	2023	Restated 2022
	(Rupees in thousand)	
46 Number of employees		
Average number of employees during the year	4,593	3,727
Number of employees at end of the year	4,626	4,559

47 Interest in joint arrangements

The Company, Fauji Fertilizer Company Limited (FFC) and Engro Fertilizer Company Limited (EFERT) entered into a Framework Agreement (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project on November 30, 2022. Under the Agreement, the Company, FFC and EFERT have decided to jointly develop and install pressure enhancement facilities at the MPCL's delivery node to sustain the current level of pressure of gas supply from HRL reservoir of Mari Petroleum Company Limited (MPCL).

All decisions with respect to development and operations of PEF would be made only with unanimous consent of the Company, FFC and EFERT. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS - 11. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by the Company, FFC and EFERT, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operations' in these financial statements. Current cost sharing percentages in PEF of the Company, FFC and EFERT are 18.4%, 47.7% and 33.9%, respectively.

The Company has recognised its share of jointly held assets of the joint operation under the appropriate heads and disclosed the same in related note to the financial statements.

48 Non adjusting events after reporting date

The Board of Directors of the Company in its meeting held on March 21, 2024 proposed a final dividend of Rs 2.75 (2022: Rs 3.50) per share for the year ended December 31, 2023, aggregating to Rs 5,775 million (2022: Rs 7,350 million) for approval of the members at the Annual General Meeting to be held on April 29, 2024.

49 Date of authorization of issue

These financial statements have been authorised for issue on March 21, 2024 by the Board of Directors of the Company.

50 General

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

Chief Executive Officer	**Director**	**Chief Financial Officer**

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Item 5 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company, however, the directors have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors

1) Mr. Fawad Ahmed Mukhtar
2) Mr. Fazal Ahmed Sheikh
3) Mr. Faisal Ahmed Mukhtar

The Directors have carried out the required due diligence for the purpose of this loan.

The information required under S.R.O 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required
(a)	**Disclosure for all types of Investments**	
(A)	**Disclosure regarding associated company**	
(i)	Name of associated company or associated undertaking	Reliance Commodities (Pvt) Limited (RCL)
(ii)	Basis of relationship	Due to common directorship by the following: 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar
(iii)	Earnings per share for the last three years	PKR 45.51 for the year 2021 PKR 85.86 for the year 2022 PKR 7.01 for the year 2023
(iv)	Break-up value per share, based on latest audited financial statements	PKR 460.34
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the audited Financial Statements for the year ended June 30, 2023 **PKR in Million** Authorized Capital 350 Paid-up capital and reserves 3,101 Surplus on revaluation of property, plant and equipment 584 Non-Current Liabilities 645 Current Liabilities 6,022 Current Assets 8,994 Non-Current Assets 1,358 Revenue 6,351 Gross Profit 1,922 Finance Cost 1,026 Profit After Tax 56

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(vi)	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; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	Not applicable
(B)	**General Disclosures**	
(i)	Maximum amount of investment to be made	Loan Investment in the nature of running finance facility up to PKR 5,000 Million (Already made).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To support the functionality and operations of the associated undertaking and to continue investment of the Company's funds at an attractive rate of mark-up for a further period of one year.
(iii)	Sources of funds to be utilized for investment and 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	Already given/Own sources of the Company.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Salient terms of the agreement to be entered as follows: 1. The parties agree to extend the repayment period of the Running Finance Facility to be repaid within 30 days of the notice of demand for a further period of one year. The limit in the nature of Running Finance Facility shall be renewable in the next general meeting(s) for a further period(s) of one year. 2. Markup will be charged on the entire loan at the rate of 6M KIBOR+1.25% but not less than the borrowing cost of Fatima. Markup is payable on a six monthly basis.
(v)	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	The following directors of the Company are also the directors in the investee company, however, the directors have no direct or indirect interest except to the extent of shareholding/directorship in the investee company: **Directors** 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar

Sr. No.	Description	Information Required
(vi)	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	A loan of an aggregate amount of up to PKR 5,000 million in the nature of a renewable running finance facility has already been granted to RCL. The Company is now seeking renewal of this running finance facility for a further period of one year at the mark-up rate of 6M KIBOR + 1.25% but not less than the borrowing cost of Fatima and to be repaid within 30 days of the notice of demand. There is no impairment or write-offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None
(b)	**Additional Disclosures regarding Loan Investment**	
(i)	Category-wise amount of investment	Loan Investment in the nature of running finance facility up to PKR 5,000 Million (Already made).
(ii)	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	The average borrowing cost of investing company is 19.822%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	6M KIBOR+1.25% per annum but not less than the borrowing cost of Fatima.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The security for the loan shall continue in the form of a charge over the present and future current assets of RCL and the charge shall be vacated on the repayment of the entirety of the loan.
(v)	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	None
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The Loan will be repayable within a year within 30 days of the notice of demand unless renewed by mutual consent of the parties, provided shareholders of Fatima approve any renewal.

Item 6 of the Agenda:

The transactions carried out with associated companies/related parties have been approved by the Board as recommended by the Audit Committee on a quarterly basis pursuant to provisions of applicable laws. However, as majority of Company Directors were interested in certain related party transactions due to their common directorship and holding of shares in the associated companies/related parties, the Board has recommended for placement of the same before the shareholders of the Company in general meeting for ratification/approval.

All these related party transactions during the mentioned period were executed at Arm's Length Price in a fair and transparent manner and there was no departure from the guidelines mentioned in the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and Code of Corporate Governance for such transactions.

Pursuant to the above, these transactions have to be approved/ratified by the shareholders in the General Meeting.

The directors and their relatives have no direct or indirect interest in the aforesaid except to the extent of their shareholding/ common directorship with associated companies/related parties.

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Item 7 of the Agenda:

Due to the composition of the Board of Directors of the Company, many Directors may be deemed to be treated as interested in transactions with certain related parties due to their common directorships and/or shareholding. Therefore the shareholders are being approached to grant a broad and prior approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board and irrespective of its composition and interest of directors due to their common directorship and holding of shares in the associated companies/related parties, triggering approval of shareholders under section 207 and/or 208 of the Companies Act, 2017, for the year ending December 31, 2024, which transactions shall be deemed to be approved by the shareholders. The Company shall ensure that such transactions with related parties, if needed, continue to be carried out in a fair and transparent manner and at Arm's Length Basis.

Transactions intended to be carried out by the Company include, but are not limited to, sale and purchase of stores and spares, shared expenses, toll manufacturing, sale and purchase of products/mid-products/raw material/assets, and purchase of packaging material with the following related parties but are not limited to:

Company Name and Nature of Relationship

1. Fatimafert Limited – Wholly owned subsidiary
2. Fatima Cement Limited – Wholly owned subsidiary
3. Fatima Packaging Limited - Wholly owned subsidiary

The shareholders should note that it is not possible for the Company or the directors to accurately predict the nature of related party transaction or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad/ prior approval of the shareholders that the Board may cause the Company to enter into related party transactions in its discretion and in accordance with the policy of the Company. Such transactions shall be presented in the next annual general meeting of shareholders for their formal approval/ratification.

The following directors of the Company are also the directors in Fatimafert Limited and Fatima Cement Limited, however, the directors have no direct or indirect interest except to the extent of their shareholding/directorship in Fatimafert Limited and Fatima Cement Limited. Mr. Asad Murad, CFO of the Company, is also the CFO of Fatimafert Limited:

Directors

1) Mr. Arif Habib
2) Mr. Fawad Ahmed Mukhtar
3) Mr. Fazal Ahmed Sheikh
4) Mr. Faisal Ahmed Mukhtar
5) Mr. Muhammad Kashif Habib

Mr. Muhammad Kashif Habib, director of the Company and Mr. Asad Murad, CFO of the Company, are also the directors in Fatima Packaging Limited, however, they have no direct or indirect interest except to the extent of their shareholding/directorship in Fatima Packaging Limited.

The Directors/Key managerial personnel are interested in the resolution only to the extent of their shareholding and/or directorships in such related parties.

Item 8 of the Agenda:

Annexure - A

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that Mr. Arif Habib, Director/Chairman of the Company is also the Director/Chairman of Arif Habib Dolmen REIT Management Limited (which is the RMC of proposed REIT Schemes), however, he has no interest except to the extent of shareholding/directorship in the investee companies:

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

The information required under S.R.O. 1240(I)/2017 is provided below:

Investment in Securities - Existing and / or proposed REIT Schemes

Sr. No.	Description	Information Required
(a)	**Disclosure for all types of Investments**	
(A)	**Disclosure regarding associated company**	
(i)	Name of associated company or associated undertaking	Existing and / or proposed REIT Schemes under the management of Arif Habib Dolmen REIT Management Limited ("AHDRML"). This approval is being sought for the sake of good corporate governance to enable the Company to be in ready position to capitalise on investment opportunities as and when available.
(ii)	Basis of relationship	REIT Schemes managed / to be managed by Arif Habib Dolmen REIT Management Limited (AHDRML) (an associated company).
(iii)	Earnings per share for the last three years	As this approval is being sought for various existing / proposed funds under management of AHDRML, EPS of such entities is not available at the time of this statement.
(iv)	Break-up value per share, based on latest audited financial statements	As this approval is being sought for various existing / proposed funds under management of AHDRML, Break-up value of such entities is not available at the time of this statement.
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As this approval is being sought for various existing / proposed funds under management of AHDRML, financial position of such entities is not available at the time of this statement.
(vi)	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; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	Various existing / proposed funds under management of AHDRML are launched or are in pipeline under different stages of launching. These include Dolmen City REIT, Globe Residency REIT, Silk World Islamic REIT, Naya Nazimabad Apartments REIT, Rahat Residency REIT, DHA Dolmen Lahore REIT, Signature Residency REIT, Meezan Center REIT, Gymkhana Apartment REIT and Park View Apartment REIT. This approval is being sought for other proposed REITS as specified above and any other REITS that may be launched under the management of AHDRML, for which required information is not presently available.

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(B)	**General Disclosures**	
(i)	Maximum amount of investment to be made	Renewal of unutilized limit of PKR 2.250 billion is requested for approval.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment. Approval of limit shall remain valid for a period upto next annual general meeting and shall be renewable thereon for further period(s).
(iii)	Sources of funds to be utilized for investment and 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	The investment may be made from Company's own available liquidity and/or credit lines. (I) Higher rate of return (II) Pledge of listed securities and / or charge over assets of the Company, if and where needed. (III) Company expects to time the investment to earn return over and above the borrowing cost.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	There is no agreement to date for proposed REIT Schemes.
(v)	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	Directors of the Company have no interest in the investee entity except in their capacity as sponsor / director / shareholder of the RMC or possibility of being a unitholder of the REIT Scheme.
(vi)	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	N/A
(vii)	Any other important details necessary for the members to understand the transaction	None
(b)	**Additional Disclosures regarding Equity Investment**	
(i)	Maximum price at which securities will be acquired	At par / premium / offered / negotiated price prevailing on the date of transaction / investment.
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	N/A
(iii)	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with / bases on Sr. Nos. (B) i & (b) i
(iv)	Number of securities and percentage thereof held before and after the proposed investment	N/A
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	N/A
(vi)	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	N/A

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Statement under Section 134(3) of the Companies Act, 2017, in compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for decision to make investment under the authority of a resolution passed pursuant to provisions of section 199 of the Companies Act, 2017 is not fully implemented:

The Company in its extraordinary general meeting held on September 22, 2023 had sought approval under section 199 of the Companies Act, 2017 for investments in the following Associated Companies and Associated Undertakings in which investment has not been fully made so far. Approval of renewal of unutilized portion of equity investments is also being sought for the associated undertakings as mentioned above. The directors of the Company have no interest except in their capacity as director/shareholder:

Name of associated company / undertaking: REIT Schemes under management of Arif Habib Dolmen REIT Management Limited (AHDRML)

Sr. No.	Description	Information Required Equity investment in existing and / or proposed REIT Schemes under management of Arif Habib Dolmen REIT Management Limited.
(a)	Total Investment approved	PKR 2,250 million
(b)	Amount of Investment made to date	Nil
(c)	Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	Waiting for an appropriate time in the interest of the shareholders for complete utilization. The limit of investment was approved by the shareholders on September 22, 2023 for a period upto next annual general meeting. Accordingly, renewal of unutilized investment limit out of already approved limit is now being sought.
(d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	Nil. Details relating to REIT Schemes are disclosed in Annexure A above.

PATTERN OF SHAREHOLDING

as at December 31, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and Their Spouse(s) and Minor Children			
Mr. Fawad Ahmed Mukhtar	3	80,900,389	3.85
Mr. Fazal Ahmed Sheikh	4	101,016,205	4.81
Mr. Faisal Ahmed Mukhtar	4	131,932,979	6.28
Mr. Muhammad Arif Habib	2	258,944,773	12.33
Mrs. Ambreen Fawad	2	15,473,526	0.74
Farah Faisal	2	56,250	0.00
Fatima Fazal	2	1,884,311	0.09
Mrs. Julie Jannerup	1	1	0.00
Mohammad Kashif	1	62,293,675	2.97
Tariq Jamali	1	1	0.00
Associated Companies, Undertakings and Related Parties	14	906,320,829	43.16
Sponsors	48	318,953,397	15.19
Executives	28	444,500	0.02
Nit and ICP	2	596	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions	15	33,995,819	1.62
Insurance Companies	3	541,252	0.03
Modarabas and Mutual Funds	9	2,123,552	0.10
General Public			
a. Local	9,230	50,469,937	2.40
b. Foreign	166	1,323,366	0.06
Foreign Companies	5	20,727,983	0.99
Others	108	112,596,659	5.36
Totals	**9,650**	**2,100,000,000**	**100.00**

Share holders holding 10% or more	Shares held	Percentage
Arif Habib	258,944,773	12.33
Arif Habib Corporation Limited	319,000,206	15.19

PATTERN OF SHAREHOLDING
as at December 31, 2023

No. of Shareholders	From	Having Shares	To	Shares Held
2539	1	to	100	90,279
3629	101	to	500	1,452,210
1009	501	to	1000	892,764
1360	1001	to	5000	3,629,737
410	5001	to	10000	3,209,266
167	10001	to	15000	2,120,321
91	15001	to	20000	1,662,592
67	20001	to	25000	1,558,738
28	25001	to	30000	787,862
23	30001	to	35000	750,038
15	35001	to	40000	565,624
18	40001	to	45000	769,930
32	45001	to	50000	1,576,208
13	50001	to	55000	682,187
25	55001	to	60000	1,462,045
6	60001	to	65000	380,741
8	65001	to	70000	551,520
10	70001	to	75000	724,540
1	75001	to	80000	78,750
4	80001	to	85000	338,102
1	85001	to	90000	85,500
3	90001	to	95000	278,900
18	95001	to	100000	1,794,449
1	100001	to	105000	105,000
5	105001	to	110000	539,334
3	110001	to	115000	337,037
1	120001	to	125000	121,715
1	125001	to	130000	129,000
2	130001	to	135000	264,104
3	135001	to	140000	416,023
1	140001	to	145000	143,008
5	145001	to	150000	746,400
4	155001	to	160000	633,501
3	160001	to	165000	491,500
1	170001	to	175000	171,225
2	185001	to	190000	375,566
3	195001	to	200000	595,115
1	205001	to	210000	206,753
1	210001	to	215000	210,419
2	220001	to	225000	445,500
1	225001	to	230000	229,000
2	230001	to	235000	464,940
1	235001	to	240000	235,752
1	240001	to	245000	240,784
3	245001	to	250000	750,000
2	270001	to	275000	550,000
1	275001	to	280000	278,906
4	295001	to	300000	1,200,000
1	300001	to	305000	305,000

No. of Shareholders	From	Having Shares	To	Shares Held
1	310001	to	315000	310,180
1	320001	to	325000	321,500
1	335001	to	340000	335,581
1	340001	to	345000	342,500
1	345001	to	350000	347,000
2	360001	to	365000	730,000
1	365001	to	370000	370,000
1	375001	to	380000	379,000
1	380001	to	385000	383,672
2	415001	to	420000	833,749
1	425001	to	430000	428,865
1	445001	to	450000	450,000
2	475001	to	480000	958,000
1	485001	to	490000	486,000
3	495001	to	500000	1,500,000
1	505001	to	510000	505,241
2	585001	to	590000	1,176,361
1	590001	to	595000	593,937
3	595001	to	600000	1,797,626
1	605001	to	610000	609,292
1	620001	to	625000	622,776
1	670001	to	675000	675,000
1	745001	to	750000	749,500
1	750001	to	755000	753,687
1	755001	to	760000	758,797
2	780001	to	785000	1,567,950
1	795001	to	800000	800,000
1	880001	to	885000	880,686
1	950001	to	955000	955,000
1	975001	to	980000	979,000
2	995001	to	1000000	2,000,000
1	1005001	to	1010000	1,009,500
1	1095001	to	1100000	1,095,270
1	1185001	to	1190000	1,188,724
2	1345001	to	1350000	2,699,050
1	1385001	to	1390000	1,389,674
1	1415001	to	1420000	1,415,185
1	1445001	to	1450000	1,450,000
2	1540001	to	1545000	3,081,895
1	1550001	to	1555000	1,550,855
1	1590001	to	1595000	1,591,500
1	1605001	to	1610000	1,605,638
1	1695001	to	1700000	1,698,357
1	1860001	to	1865000	1,863,218
1	1895001	to	1900000	1,900,000
1	1995001	to	2000000	2,000,000
2	2015001	to	2020000	4,030,430
1	2400001	to	2405000	2,403,669
1	2605001	to	2610000	2,610,000

PATTERN OF SHAREHOLDING

as at December 31, 2023

No. of Shareholders	From	Having Shares	To	Shares Held
1	2625001	to	2630000	2,625,166
1	2795001	to	2800000	2,800,000
1	2920001	to	2925000	2,925,000
1	2980001	to	2985000	2,981,177
1	3495001	to	3500000	3,500,000
1	3920001	to	3925000	3,924,459
1	4570001	to	4575000	4,570,888
1	5115001	to	5120000	5,116,285
3	5155001	to	5160000	15,474,978
2	5355001	to	5360000	10,718,543
1	5370001	to	5375000	5,373,907
3	5375001	to	5380000	16,125,084
1	5655001	to	5660000	5,658,075
1	7425001	to	7430000	7,429,576
2	7735001	to	7740000	15,474,978
1	7995001	to	8000000	8,000,000
1	8035001	to	8040000	8,038,869
1	8865001	to	8870000	8,866,946
2	10015001	to	10020000	20,039,578
1	10065001	to	10070000	10,066,585
1	11925001	to	11930000	11,927,500
1	12490001	to	12495000	12,492,349
1	14275001	to	14280000	14,276,000
1	15670001	to	15675000	15,675,000
2	16625001	to	16630000	33,254,639
1	17910001	to	17915000	17,913,706
2	18785001	to	18790000	37,579,583
1	19610001	to	19615000	19,613,553
1	30175001	to	30180000	30,175,774
1	39255001	to	39260000	39,258,014
1	39510001	to	39515000	39,512,487
1	41160001	to	41165000	41,163,375
1	46610001	to	46615000	46,610,769
1	53875001	to	53880000	53,878,336
1	62290001	to	62295000	62,293,675
1	64520001	to	64525000	64,521,043
1	64795001	to	64800000	64,800,000
1	69110001	to	69115000	69,114,031
2	75535001	to	75540000	151,076,076
1	82635001	to	82640000	82,638,426
2	84890001	to	84895000	169,784,446
1	91900001	to	91905000	91,900,380
1	163870001	to	163875000	163,874,016
1	254200001	to	254205000	254,200,206
1	258940001	to	258945000	258,944,772
9650				2,100,000,000

FORM OF PROXY

21st Annual General Meeting

I/We ____

of ____

being a member(s) of Fatima Fertilizer Company Limited hold ______________________________

Ordinary Shares hereby appoint Mr. / Mrs. / Miss ______________________________

of ____________________ or falling him / her ______________________________

of ____________________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 21st Annual General Meeting of the Company to be held on April 29, 2024 and / or any adjournment thereof.

As witness my/our hand/seal this ____________________ 2024.

Signed by ____

in the presence of ____

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on Fifty Rupees Revenue Stamp

The Signature should agree with the specimen registered with the Company

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the office of our Shares Registrar not later than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

AFFIX
CORRECT
POSTAGE

Company Secretary
FATIMA FERTILIZER COMPANY LIMITED
E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.

پراکسی فارم

21واں سالانہ عمومی اجلاس

فاطمہ فرٹیلائزر کمپنی لمیٹڈ

میں / ہم ---

ساکن --بطور ممبر(ز) فاطمہ فرٹیلائزر کمپنی لمیٹڈ

حامل ------------------------------عام حصص، محترم / محترمہ --

ساکن ---یا ان کے حاضر نہ ہوسکنے کی صورت میں---------------------------------

ساکن --کو اپنے / ہمارے ایما پر کمپنی کے مورخہ 29 اپریل 2024 بروز

پیر کو ہونے والے یا کسی بھی التوا کی صورت میں 21 واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ہمارا بطور نمائندہ (پراکسی)

مقرر کرتا ہوں / کرتے ہیں۔

بطور گواہ آج ------------بتاریخ------------اپریل 2024------------------------------کی موجودگی میں دستخط ہوئے۔

پچاس روپے کے رسیدی
ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط
کے نمونے سے مشابہت ہونا لازمی ہے

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیے جائیں گے۔

3۔ سی ڈی سی اکاؤنٹ رکھنے والے /کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

AFFIX
CORRECT
POSTAGE

Company Secretary
FATIMA FERTILIZER COMPANY LIMITED
E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.

If undelivered, please return to:
The Company Secretary
Fatima Fertilizer Company Limited
E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.
UAN:111FATIMA (111-328-462) Fax: 042-36621389
www.fatima-group.com

MANDATORY REQUIREMENT OF BANK ACCOUNT DETAILS FOR ELECTRONIC CREDIT OF CASH DIVIDEND PAYMENT AS PER THE COMPANIES ACT, 2017

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is **mandatory** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information **to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) OR to our Share Registrar CDC Share Registrar Services Limited ,CDC House, 99-B, B lock B,S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form)**:

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No. (Copy attached)	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) “**Mandatory**”	**PK**______________________________ **(24 digits)** (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank’s name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly. ______________________ **Signature of shareholder**	

موصول نہ ہونے کی صورت میں، براہِ کرم یہاں واپس بھیج دیں:

کمپنی سیکرٹری

فاطمہ فرٹیلائزر کمپنی لمیٹڈ

E-110، خیابانِ جناح لاہور کینٹ، پاکستان

یو اے این: (111-328-462) 111FATIMA، فیکس: 042-36621389

www.fatima-group.com

کمپنیز ایکٹ 2017 کے مطابق کمپنی منافع (ڈیویڈنڈ) کی نقد ادائیگی کے واسطے الیکٹرانک کریڈٹ کے بینک اکاؤنٹ تفصیلات کی لازمی شرائط

معزز شیئر ہولڈر،

آپ کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق، **نقد کی صورت میں ادا کیے جانے والے کسی بھی کمپنی منافع کو (ڈیویڈنڈ) صرف الیکٹرانک ذریعہ سے حقدار شیئر ہولڈر کی طرف سے نامزد کردہ بینک اکاؤنٹ میں براہِ راست ادا کیا جائیگا۔** براہِ مہربانی نوٹ فرمائیں کہ کمپنی منافع (ڈیویڈنڈ) ادائیگیوں کے لئے بینک مینڈیٹ کا دیا جانا **لازمی** ہے اور اس انضباطی شرط کے مطابق عمل در آمد کے لئے نیز کمپنی منافع (ڈیویڈنڈ) کی رقم کی اپنے بینک میں براہِ راست منتقلی کی سہولت سے بہرہ مند ہونے کے لئے، آپ سے درخواست کی جاتی ہے کہ براہِ مہربانی **اپنے متعلقہ سی ڈی سی حصہ دار / سی ڈی سی سرمایہ کار اکاؤنٹ سروسز (آپ کے شیئر ہولڈنگ کے بک انٹری فارم میں ہونے کی صورت میں) یا ہمارے شیئر رجسٹرار سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہِ فیصل کراچی۔74400 (آپ کا شیئر ہولڈنگ فزیکل فارم میں ہونے کی صورت میں) کو درج ذیل معلومات فراہم کریں:**

شیئر ہولڈر کی تفصیلات	
شیئر ہولڈر کا نام	
فولیو / سی ڈی ایس اکاؤنٹ نمبر	
کمپیوٹرائزڈ شناختی کارڈ نمبر (لف شدہ کاپی)	
شیئر ہولڈر کا سیل فون نمبر	
شیئر ہولڈر کا لینڈ لائن نمبر، اگر کوئی ہو تو	
ای میل	
بینک اکاؤنٹ کی تفصیلات	
بینک اکاؤنٹ کا عنوان	
بین الاقوامی بینک اکاؤنٹ نمبر (آئی بین) **"لازمی"**	**(24 حروف)** ________________________________ **PK** (براہِ مہربانی اپنے متعلقہ بینک برانچ سے مشورہ کرکے اپنا درست آئی بین نمبر فراہم کریں کیونکہ آئی بین نمبر میں کسی بھی غلطی یا بھول چوک کے باعث آپ کے نقد کمپنی منافع (ڈیویڈنڈ) ادائیگی میں نقصان یا دیر ہو جانے کی صورت میں کمپنی کسی بھی طرح ذمہ دار نہ ہوگی)
بینک کا نام	
برانچ کا نام اور پتہ	

فراہم کی گئی درج بالا تمام معلومات بالکل درست ہیں اور ان میں کسی بھی قسم کی تبدیلی واقع ہونے کی صورت میں، میں / ہم فوری طور پر حصہ دار / شیئر رجسٹرار کو مطلع کریں گے۔

____

دستخط شیئر ہولڈر

www.fatima-group.com

Fatima
Fertilizer Company Limited
JV of Fatima and Arif Habib Group

E-110, Khayaban-e-Jinnah
Lahore Cantt., Pakistan

PABX : +92 42 111 328 462

Fax : +92 42 3662 1389