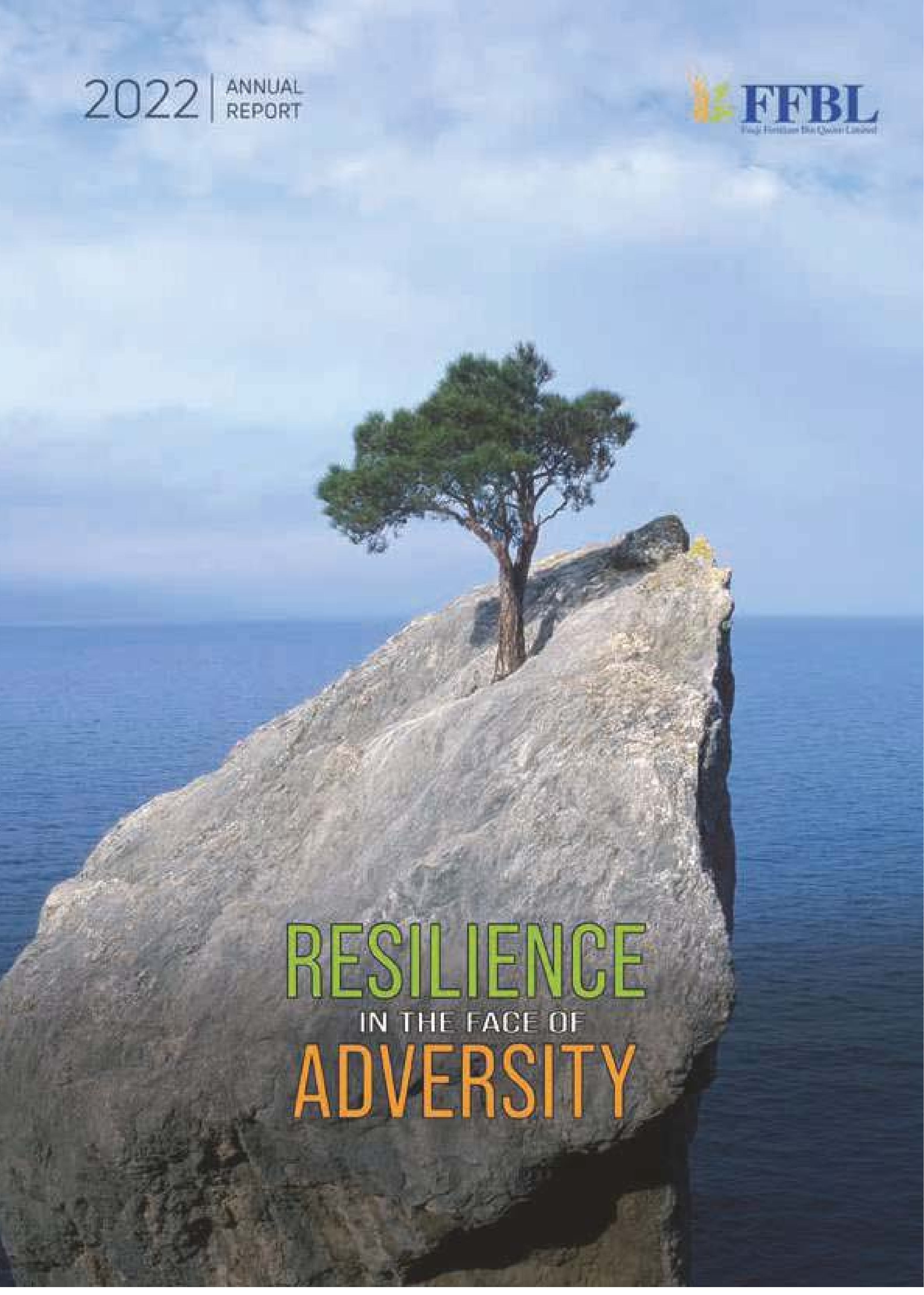
2022 | ANNUAL REPORT

FFBL



RESILIENCE
IN THE FACE OF
ADVERSITY

Cover Story

FFBL and farming community of Pakistan go hand in hand in prosperity and adversity. The challenges of 2022 including highly unstable phosphatic fertilizer market, unprecedented floods, stringent economic measures and inconsistent fiscal developments- we faced it all together. During the times of hardship for our community in wake of devastating floods, FFBL actively participated in our group's relief efforts. FFBL is also proud of supporting the Government in Kissan Package 2022 through DAP price revisions. It was only through well-coordinated and collective efforts that we conquered the adversities of these challenges- and we are determined to do so again.

About this Report

The FFBL Annual Report 2022 (the Report) integrates the following sections:

- Company Overview
- Directors' Report
- Sustainability Report
- Chairman Audit Committee Report
- Statement of Compliance with CCG
- Standalone Financial Statements
- Consolidated Financial Statements
- Shareholders' Information

The Report is structured to assist our readers in assessing our business by providing information about state of affairs, performance and the outlook of FFBL. It fairly addresses the material matters pertaining to the long term sustainability of the Company and its integrated performance. This Report comprises of strategic and operational review by the Board of Directors which encompasses financial reviews and analyses, overview of governance, risk management and internal control frameworks. 'Navigating through this Report' given on page 4 shall further facilitate the reader in comprehending this Report. Our value creating business model supported by the outputs, outcomes and impacts of various forms of capitals associated with business activities, and how we look forward towards business opportunities, has also been explained. The Board has endorsed and authorized the release of their report on January 30, 2022.

Scope and Boundary

Our Report covers the period from January 1, 2022 to December 31, 2022 and subsequent events up to the issuance of this report have also been explained in various sections of the Report. Operational and financial analyses and reviews are carried out by extracting financial information from the Audited Financial Statements for the year ended December 31, 2022 with relevant comparative information. The Financial Statements consistently comply with the requirements of:

- International Financial Reporting Standards (IFRS)
- Companies Act, 2017 and other applicable regulations

Chairman's Review, Directors' Report, Audit Committee's Report, Report on Compliance of Code of Corporate Governance (CCG), and other information contained in this Report have been structured in compliance with the requirements of Companies Act 2017, CCG, Listing Regulations of the Pakistan Stock Exchange (PSX) and other local and international good governance practices as promoted by ICAP / ICMAP, and PSX etc.

Forward Looking Statement

This Report includes 'Forward Looking Statement' which addresses our expected future business and financial performance / condition, sources of information and assumption used for projections / forecasts and our future course of action to manage the risks and capitalize on opportunities (known and unknown). Such statements are valid only for the date of publication.

External Assurances / Reviews

Description of the Report	External Reviews / Assurances
Review Report on the Statement of Compliance with the Code of Corporate Governance	EY Ford Rhodes
Independent Auditor's Report on the Audit of Financial Statements	EY Ford Rhodes
Independent Auditor's Report on the Audit of Consolidated Financial Statements	EY Ford Rhodes
Entity Credit Rating	VIS Credit Rating Company Limited

Contents

Vision

To be an inspiring business, transforming opportunities into sustainable realities.

Mission

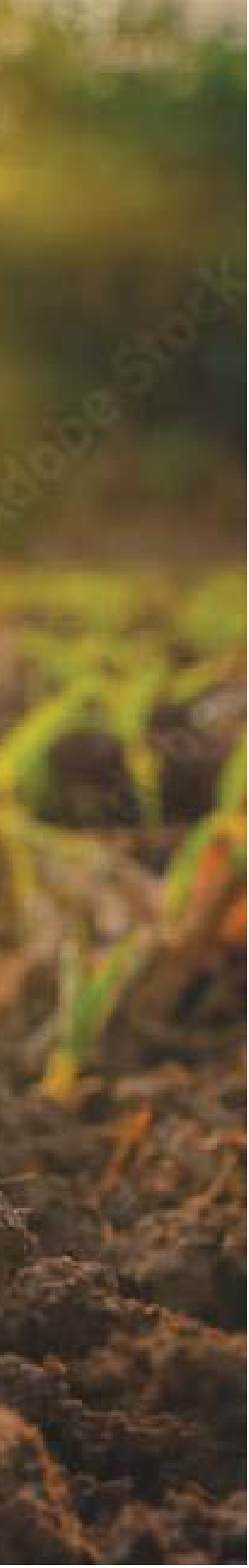
Ensure business sustainability with sharp focus on people development, growth and stakeholder value, thus contributing towards food security and group's CSR efforts.

Navigating through this Report

The key objective of this Report is to provide a comprehensive information about our Company, driven through a robust business model that illustrates our strategies to create value for the stakeholders in the long run while managing key risks and capitalizing on opportunities.

Navigating through this Report will assist the reader to understand and address following key questions:

Core Question	Where to Look	Page No.
Performance and Position		
To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	Highlights for the year	22
	How we evolved	14
	Chairman's review	48
	Chief Executive Officer's review	50
	Financial Capital	54
	Information Communication Technology	94
	Human Capital	100
Outlook		
What are the challenges and uncertainties that the Company is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	Forward Looking Statement	112
Stakeholders Relationship and Engagement		
What is the state of key stakeholder relationships and how the Company has responded to key stakeholders' legitimate needs and interests?	Analyst Briefing	90
	Encouraging Minority Shareholders to Attend General Meetings	90
	Investors' relations section on FFBL website	90
	Stakeholders' engagement	92
	Issues raised at last AGM	91
	Wealth Statement	69
Financial Statements		
What is the financial performance of the Company and the Group?	Financial Statement	147
	Consolidated Financial Statement	223



01 Company Overview

General information about the Company and its operations

Product Portfolio

The principal activity of the Company is manufacturing and marketing of fertilizer. The Company has also made investments in numerous other projects related to power generation, meat, food and dairy products processing, financial services and production of other chemicals.

Fertilizers provide essential elements for nourishment, development and growth of plant as well as grain or fruit. FFBL produces and markets following two fertilizers under the brand name of SONA (meaning Gold);

- SONA DAP
- SONA Urea (Granular)

SONA DAP

Agricultural Use

Di-Ammonium Phosphate (DAP) is the most concentrated phosphatic fertilizer which contains both Phosphorus (P) and Nitrogen (N) which are primary nutrient for plant nourishment. DAP belongs to a series of water-soluble ammonium phosphates that is produced through a reaction of ammonia and phosphoric acid. Whereas, ammonia is compound of nitrogen and hydrogen.

Phosphorus to Nitrogen ratio in SONA DAP is 46:18 and it is produced in free-flowing granular form. Granules are stronger, harder and of uniform size and being non- hygroscopic, it stores well even in high rainfall areas.

It is essential for plants to build a healthy root system as well as in providing the energy required to extract nutrients from the soil. It helps plant to capture and transform the sun's energy into chemical energy (photosynthesis) and ensures optimal growth and maturity of plant as well as its grain or fruit. Furthermore, as basal DAP application, accompanying nitrogen content also meets the early stage nitrogen requirements of crop plants.

The solubility of SONA DAP is more than 90%, which is the highest among the phosphatic fertilizers available in the Country; due to which it can also be applied post planting through fertigation. DAP goes through chemical reactions with a net acidic effect, after its application in soil, making it the most suitable phosphatic fertilizer for farmlands in Pakistan.

FFBL is the sole producer of DAP in Pakistan.

Industrial Use

It is also used as Fire retardant in commercial fire fighting products, metal finisher, yeast nutrient and sugar purifier.

SONA Urea Granular

Agricultural Use

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

SONA Urea is produced in the form of white solid granules and has the added advantage of ease in application on standing crops due to bigger size granules.

Being hygroscopic, Urea is packed in moisture proof High Density Polyethylene (HDPE) liners in addition to Woven Polypropylene (WPP) bags.

In irrigated areas, urea is applied (top dressed) in the standing crop followed by irrigation to minimize gaseous losses as ammonia volatilization occurs.

In rain fed areas, it is often spread just before rain or after rains to minimize gaseous as well as runoff losses.

Industrial Use

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


FFC
سونا
ڈی اے پی
18 - 46 - 0
GUARANTEED ANALYSIS
50 KG. NET
MANUFACTURED BY
MARKETED BY
FFC
سونا
یوریا گرینولر
GUARANTEED ANALYSIS
NITROGEN 46%
50 KG. NET

Product Portfolio

Dairy

Fauji Foods Limited (FFL)

Considering the importance of healthy food production, scarcity and demand in market, FFL has continued to engage in processing and marketing of high quality dairy products. These brands include the House of Nurpur, a range filled with top line dairy products. Nurpur's portfolio of brands ensures quality and nourishment to our consumers. In addition, FFL is also engaged in tea creamer category providing the Pakistani consumer with a leading brand i.e. DOSTEA.

Food Quality and sustainability are high priorities level set by the company in order to maximize sustainable achievements.

Power

FFBL Power Company Limited (FPCL)

A coal fired power generation project having gross capacity of 118 MW.

FPCL supplies reliable and uninterrupted electricity to FFBL and K-Electric. FPCL is contributing towards economic growth of Pakistan and is lighting our houses since it's start of operations in 2017.

Meat

Fauji Meat Limited (FML)

FML is catering to fulfill meat demand by offering chilled, frozen, bone in and de-boned / boneless products.

Legislative & Regulatory Environment

The Company operates in highly sensitive market as its products ultimately contribute in meeting nutrition requirements and national food security of Pakistan.

The Government regularly monitors the production, sales as well as costs and selling price trends for timely and effective decision making. Moreover, FFBL, being a law-abiding corporate citizen and listed on stock exchange, is required to comply with the national laws with respect to its governance, transactions and activities.

Policy statement on Ethics and Business Practice

FFBL is a purpose oriented, value driven organization and aspires to meet the highest standards of ethics. FFBL is committed to have a lasting impact on society through its products and conduct of its business.

Our code of conduct defines a set of expectations for the behavior of our people. It serves as a guide to understand the essentials of our policies and how those policies are anchored in our values. We expect our people to comply with our code of conduct and we also expect our business partners, such as bankers, contractors and advisors to act in a manner that is consistent with our code.

Company Information

Board of Directors

Mr. Waqar Ahmed Malik - Chairman
Mr. Arif Ur Rehman - CEO
Mr. Sarfaraz Ahmed Rehman
Dr. Nadeem Inayat
Mr. Qamar Haris Manzoor
Syed Bakhtiyar Kazmi
Ms. Pouruchisty Sidhwa
Ms. Saira Nasir
Mr. Bahauddin Khan

Company Secretary

Brig Asif Ali, SI(M), (Retd)

Chief Financial Officer

Mr. Muhammad Javed Akhtar

Registered Office:

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

Plant Site:

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

Shares Registrar:

M/s Corplink (Pvt) Limited

Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Tel: +92 42 35839182, +92 42 35916719
Fax: +92 42 35869037

Auditors:

M/s EY Ford Rhodes

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

Legal Advisors:

M/s Orr Dignam & Co Advocates

Marina Heights, 2nd Floor, 109 East,
Jinnah Avenue, Blue Area, Islamabad.

How we evolved

1993

- Incorporation of the Company

1996

- Listed with Karachi, Lahore and Islamabad Stock Exchanges

2000

- Commencement of commercial production

2003

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

2008

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

2010

- Investment in Wind Power Projects
- Successful implementation of SAP-ERP system.

2011

- Rewarding year for FFBL, exhibiting highest standards of performance, surpassing all previous records
- PMP production increased to 382 KT of P_2O_5 (surpassing the name plate capacity of 375 KT in any year)

2013

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

2017

- Start of commercial production by FPCL
- Record yearly DAP production of 808,808 MT
- Record monthly DAP production of 74,500 MT
- Highest ever daily DAP production of 2,513 MT
- Highest ever Sona DAP sales of 831,173 MT

2018

- Achieved highest daily DAP production of 2,523 MT on 7 August, 2018
- Highest ever monthly DAP production of 75,494 MT in August, 2018
- Highest ever monthly Ammonia production of 49,834 MT in August, 2018

2019

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

2020

- Highest ever yearly DAP sales of 926,273 MT
- Highest ever daily DAP production of 2,533 MT on October 14, 2020
- 6th International Award in category of "Environment, Health & Safety Performance"
- Disposal of investment in Fauji Cement Company Limited by selling in open market

2005

- Incorporated PMP as a joint venture with OCP (to secure reliable supply of Phosphoric acid)

2006

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

2007

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

2014

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

2015

- Highest ever yearly DAP production of 768,004 MT
- Highest ever daily DAP production of 2,461 MT on December 19, 2015
- Highest ever monthly sale of DAP 223,186 MT in October 2015
- Highest ever yearly production of 429,398 MT of phosphoric acid by PMP

2016

- Highest ever yearly DAP production of 791,256 MT
- Highest ever yearly DAP sales of 790,622 MT
- SAP Bronze Medal Customer COE of the Year Award 2016, Berlin Germany

2021

- Crossed PKR 100 billion sales revenue hallmark
- Successfully completed sale of equity investment in Wind power projects
- Achieved 42% DAP market share
- Achieved highest daily DAP production of 2,552 MT on 31 March 2021
- Highest ever monthly Ammonia production of 50,875 MT in March, 2021

2022

- Crossed PKR 150 Billion sales revenue hallmark
- Highest ever quarterly DAP production of 226KT in 2nd quarter
- Highest ever monthly DAP production of 79KT in May 2022
- Achieved 56% DAP market share

Core Values

Innovation

We encourage innovative practices that help set us apart in the marketplace by challenging convention, we hope to create greater value for our stakeholders.

Teamwork

We believe that through collaboration with partners that come from diverse cultures, we are better able to grow and achieve success.

Perseverance

We create an environment that encourages everyone to perform to the best of their abilities to achieve the goals they have set out.

Diversity

We believe that by embracing diversity, with a country as ethnically diverse as Pakistan, we can add new perspectives that help us shape the marketplace and better serve the needs of our stakeholders.

Empowerment

We empower people so that they have the confidence to achieve greatness. We believe in delegating the right tools needed for everyone to achieve their goals, regardless of race or gender.

Code of Conduct

Corporate Image 1

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

Health and Safety 2

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

Confidentiality 3

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

Stakeholders 4

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

Respect for People and Team Work 5

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

Integrity and Honesty 6

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

Dedication to Quality 7

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

Legal Compliance 8

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

Unauthorized Use of Corporate Assets 9

Every employee is obligated to protect the assets of the Company.

Conflict of Interest 10

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

Corporate Records 11

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

FFBL Investments

FFBL
Fauji Fertilizer Bin Qasim Limited

Subsidiaries

FPCL – FFBL POWER COMPANY LIMITED – FUELING POSSIBILITIES! – 75.00%

FAUJI MEAT LTD. – 95.07%

fauji foods – 71.63%

Associate

askaribank LIMITED – 21.57%

Joint Venture

PAKMAROC – Pakistan Maroc Phosphore S.A. – 25.00%

FPCL

FPCL owns and operates a coal based power generation facility at Port Qasim Karachi with a net capacity of 103 MW (Gross Capacity of 118 MW). FPCL achieved its commercial operations date (COD) on 19 May 2017.

FML

Built with the aim and capacity to provide 100 percent certified halal meat, was incorporated in 2013 as a subsidiary of the Company. COD was achieved on April 2, 2016.

FFL

Fauji Foods Limited, a majority owned Company of FFBL, is engaged in processing, marketing and sale of products including Milk, Cheese, Butter, Tea Whitener, Chocolate Dip, Jams, Marmalade and Fruit Drinks. The Company's brand 'Nurpur' is one of the oldest and highly recognizable brand in Pakistan.

AKBL

Askari Bank's branch footprint comprises 559 branches, including 101 Islamic Banking Branches, a Wholesale Banking Branch in Bahrain and a representative office in Beijing, China. Every year FFBL earns dividend income form investment in AKBL and show diversification into different sector by the company.

PMP

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

Value Creation Business Model

Our value creation business model and process shows how we take in value, use our manufacturing facilities, people, systems and relationships to create additional value for our communities, farmers, shareholders and business partners.

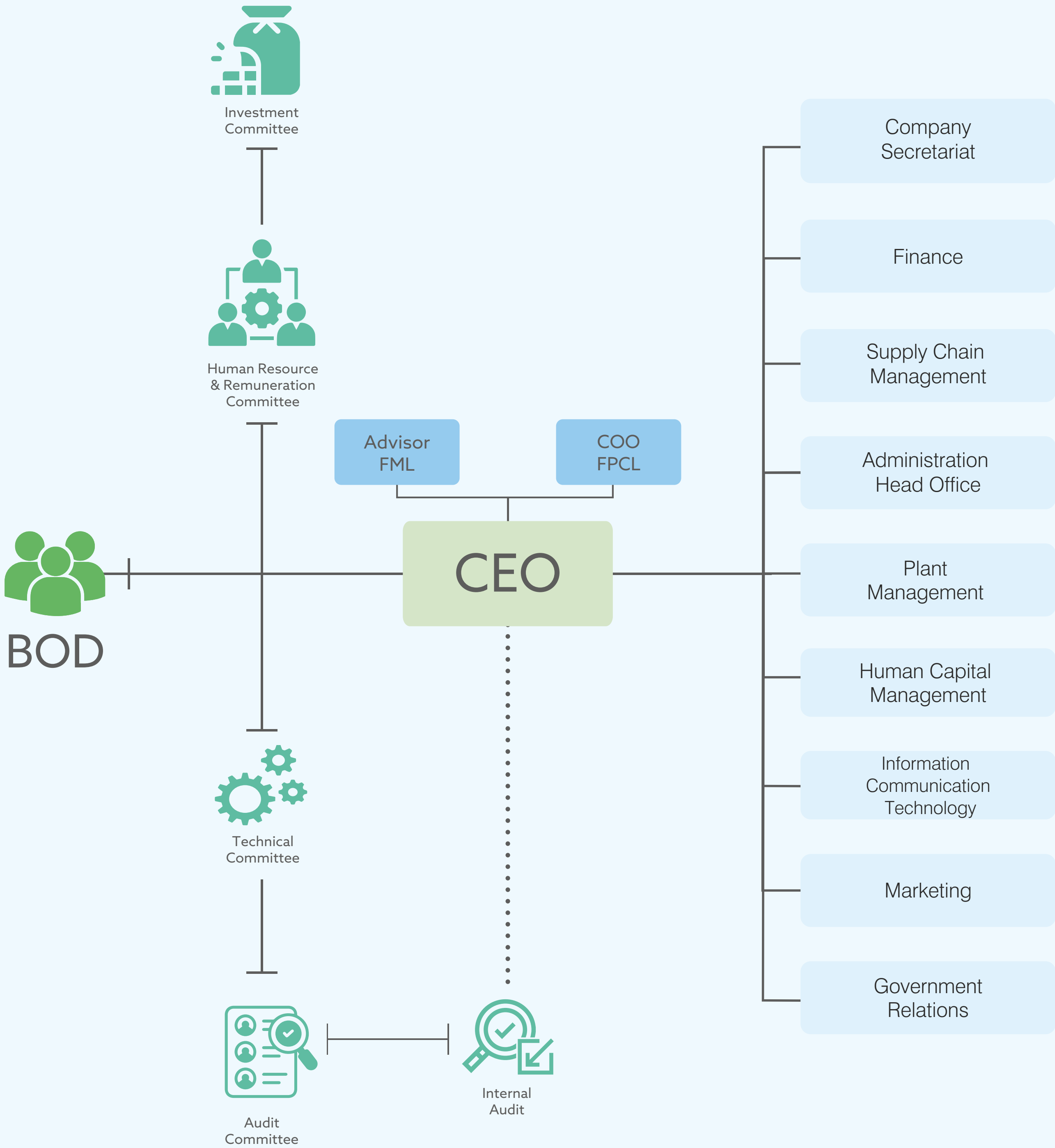
Year 2022 Number of Employees

Plant
646

Head Office
163

Total
809

Company Structure / Organogram



Highlights for the Year

(PKR Million)

159,226
Sales Revenue

(PKR Million)

2,328
Profit After Tax

(PKR Million)

149,863
Total Assets

(PKR)

1.80
Earning Per Share

Market share

Combined Share of FFBL and FFC

Urea 45%

DAP 62%

Major Events Calendar

- **January** — BOD Meeting & 1st Corporate Briefing
- **March** — 28th AGM
- **April** — BOD Meeting
- **May** — 2nd Corporate Briefing
- **July** — BOD Meeting & 3rd Corporate Briefing
- **August** — EOGM (Election of Directors)
- **September** — BOD Meeting
- **October** — BOD Meeting
- **November** — 4th Corporate Briefing
- **December** — BOD Meeting

1st Quarter
Jan - March

2nd Quarter
Apr - June

3rd Quarter
July - Sep

4th Quarter
Oct - Dec

Objectives and Strategies

FFBL strives to have a unique, positive and lasting impact on the society as well as its own people. We live up to mission of being a reliable partner in national food security as well as our in group's corporate social responsibility efforts. Accordingly, we have finely calibrated our corporate objectives and strategies with our mission.

	Market Share	Business Processes
Strategy	Allocate resources to sustain market share in fertilizer market through quality products and enhanced interaction with dealers/ farmers.	Identify and implement synergies among business and function units and processes at organization and group level for optimization of existing business operations.
Nature	Medium term and long term	Short term, medium term and long term
Priority	High	High
Resource allocated	Human capital, financial capital and manufactured capital.	Human capital and financial capital.
Key Performance Indicator	Production, Sales and Market Share	Synergies identified, implemented and efficiencies achieved
Status	Evaluation of option for increasing productivity without compromising quality and securing reliable supply of raw material.	It is an on-going process.
Future relevance of KPI	KPI will remain relevant in future.	KPI will remain relevant in future.
Opportunities / Threats	Increasing nutrition requirement and fertilizer's role in better farm economics is driving fertilizer demand. Fertilizer market's competitive environment, growing conditions, availability of natural gas (feed stock), supply chain disruptions pose a level of uncertainty.	Diverse business units within FFBL and business functions across group necessitate optimization of processes as well as identifying, quantifying and capturing synergies.

Investments	Organization Purpose and Value	Corporate Social Responsibility
Pro-actively manage existing and new investments and position portfolio to derive long term value and growth.	Strive to achieve organization purpose with a culture that nurtures innovation, agility and perseverance among our people.	Demonstrate sustainable social, environmental and corporate governance commitment through devising/ adopting a framework for its implementation, measurement, monitoring and improvement.
Short term and medium term	Long Term	Long Term
High	High	High
Financial Capital.	Human capital, social and relationship capital.	Human capital, financial capital, social and relationship capital and natural capital.
ROI and Dividend from investments	Employee Engagement	Commitments achieved
It is an on-going process.	System is being reinforced to promote a culture of innovation.	Evaluating policies and system to achieve the desired goals.
The KPI will remain relevant in future.	The KPI will remain relevant in future.	The KPI will remain relevant in future.
Dynamic business environment warrants evaluation of existing position and new opportunities for capital shift to more profitable, strategic and growing sectors prudently.	Engaged employee shall deliver increased productivity and FFBL shall be able to leave a positive and lasting impact on society through its products.	FFBL's commitment to sustainable environmental, social and corporate governance is the key to its established name in the agricultural and industrial sector.

Geographical Presence

LOCATION MAP	
Pakistan	
Rawalpindi/ Islamabad	FFBL Head Office FPCL Head Office FML Head Office AKBL Head Office
Karachi	FFBL DAP & Urea Plants FPCL Plant
Thatta	FML Plant
Lahore	FFL Head Office FFL Marketing Office
Bhalwal	FFL Plant
Morocco	
Casablanca	PMP Head Office
Jorf Lasfar	PMP Plant

Boards' Profile

Boards' Profile

Mr. Waqar Ahmed Malik

Chairman

Mr. Waqar Ahmed Malik is a fellow of the Institute of Chartered Accountants in England and Wales and is also an alumnus of the Harvard Business School and INSEAD.

Earlier, his career with the ICI Plc Group based in the UK spanned over 27 years and then later with Akzo Nobel N.V. based in the Netherlands. He is the former Chief Executive Officer of ICI Pakistan Limited and also the former Chief Executive Officer and Chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). During his career with ICI and AkzoNobel, he worked in Europe and America in Corporate Finance and Strategy.

Mr. Waqar Ahmed Malik joined Fauji Foundation as the Managing Director and Chief Executive Officer on 9th April 2020.

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

- Mari Petroleum Company Limited
- Fauji Fertilizer Company Limited
- Fauji Foods Limited
- Pakistan Maroc Phosphore S.A.
- Fauji Fresh n Freeze Limited
- Fauji Cement Company Limited
- Askari Bank Limited
- Fauji Akbar Portia Marine Terminal Limited
- Fauji Trans Terminal Limited
- Fauji Oil Terminal & Distribution Company Limited
- Daharki Power Holdings Limited
- Fauji Infraavest Foods Limited
- Foundation Power Company Daharki Limited
- Fauji Kabirwala Power Company Limited
- FFBL Power Company Limited
- FonGrow (Private) Limited

He is also the Chairman of Pakistan Oxygen Limited (formally Linde Pakistan, a subsidiary of Linde AG) acquired by Adira Capital Holdings (Private) that he cofounded, Director on the board of Rafhan Maize Products Company Ltd and on advisory board of Jazz Pakistan (Veon).

Earlier, Mr. Malik also served on the following prestigious boards:-

- Chairman (Non-Executive & Independent) - Pakistan Petroleum Limited
- Director (Non-Executive & Independent) - Engro Corporation Limited
- Director - State Bank of Pakistan
- President - Overseas Chamber of Commerce & Industry (OICCI)
- President - Management Association of Pakistan (MAP)
- Director - Pakistan Business Council (PBC)
- Trustee - I-Care Foundation
- Director (Non-Executive & Independent) - Standard Chartered Bank Pakistan Limited

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

A trustee of Duke of Edinburgh Trust Pakistan, he was awarded Prince of Wales Medal as a Trustee of the Prince of Wales Pakistan Recovery for the Flood Victims in 2010. Furthermore, he was also awarded with "Sitara-e-Imtiaz" in 2022 for his efforts towards the economy, public service and social welfare.

Mr. Arif Ur Rehman

Chief Executive Officer

Since 10 October 2021, Mr. Arif Ur Rehman is serving as Chief Executive Officer of Fauji Fertilizer Bin Qasim Limited, FFBL Power Company Limited and Fauji Meat Limited. He is also on Board of Directors of Fauji Foods Limited, Askari Bank Limited and Pakistan Maroc Phosphore S. A.

In July 2016 he was appointed Chief Manufacturing Officer, based at the Head Office in Lahore with responsibility for all aspects of manufacturing for the Fatima Group's three Fertilizer Manufacturing facilities, Fatima Fertilizers, Sadiqabad; Pak Arab Fertilizer Company, Multan and Fatima Fertilizers, Lahore (Ex Dawood Hercules). He had responsibility for Operations, Costs, Budgets and People aspects for all Fertilizers. In addition he was also responsible for the Supply Chain Function for the entire group where he controlled the budget of about USD 200 Million per year, growth, sustainability and strategy of the FG; Fertilizer Business.

In 2007 he joined the Fatima Group as Project Director and led the USD 750 Million Project from ground breaking till its commissioning. This was a green field project comprising of Ammonia, Urea, NP, CAN, Nitric Acid, Utilities and related facilities. One of the salient features of the job was that it was a self-managed EPC Project. Arif was engaged with dozens of international contractors directly and completed the project successfully in 2011. After the commissioning of the project Arif was appointed its Director Operations. In that role he brought the site to its full potential by a series of revamps that included the plants and organizational and systems improvement. As a result the production increased from 0.8 to 1,475 Million tons per year and the bottom line improved from -PKR 2.0 Billion to +10 Billion.

In 1996, he joined ICI Pakistan's PTA Business, which was the first and is still the only PTA plant in Pakistan with new technology. He worked as the commissioning leader for the most complex, Oxidation Plant. Later on he led all the remaining sections of the PTA plant (Purification and Utilities) and took over as the first local Production Manager for the PTA Business in 2001. He also worked as Technical Services & DBN Manager and was appointed as Site Operations Manager in 2005, where he was responsible for Operations, Maintenance, Inspection and Materials Management.

Mr. Arif started his professional career from Fauji Fertilizer Co (FFC) where he initially worked as Process Engineer in the Ammonia, Urea and Utilities plants. Later on he worked as Process Engineering In-charge, Operations Engineer-Ammonia and Ammonia DBN Commissioning Engineer. In mid-1994, his services were transferred to FJFC (now FFBL) project team. He worked at FJFC for about 3 years and was a part of the multidisciplinary team that developed the FJFC Project from inception to firm order placement. He led the engineering and improvement of the Ammonia Plant. For that project he remained in USA for about a year as Ammonia Plant Lead.

Boards' Profile

Mr. Sarfaraz Ahmed Rehman

Non-Executive Director

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

In 2005, Mr. Sarfaraz established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. Engro Foods became the only Pakistani company to receive the 'G20 Top 15 Company' award. In 2012, he took a sabbatical from Engro Foods to establish the Karachi School for Business and Leadership. Sarfaraz rejoined Engro Foods as CEO in 2013, where he remained till 2015. Engro Foods sold 50% of its shares to Royal Friesland Campina for half a billion dollars in 2015. At the time this was the biggest private foreign investment in Pakistan's history.

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

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

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

Mr. Sarfaraz was Chairman of the Broadcasters / Advertisers Council 2015-18 (joint body controlling advertising in Pakistan). Further, he was the Chairman of the 1st Effie Awards in Pakistan, in 2019. He was on the Board of MAP and is on the Board of Patient Aid Foundation. Mr. Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, to resolve the issue of literacy in Pakistan over the next decade. In the past he was associated with Shaukat Khanum Hospital as a member of the Board of Governors and with WWF as a Director. He is also associated with Hisaar Foundation and its work on water / environmental issues in Pakistan.

Mr. Sarfaraz Ahmed Rehman was appointed as Chief Executive Officer of FFBL, FPCL and FML from June 2020 to September 2021. He assumed the charge as Managing Director and Chief Executive Officer of FFC since October 2021.He is also on Board of following entities:

- Pakistan Maroc Phosphore S.A.
- Askari Bank Limited
- Hisaar Foundation
- Fauji Foods Limited
- Patients Aid Foundation
- Uniliver Pakistan Foods Limited
- International Packaging Films Limited
- Fauji Fresh n Freeze Limited
- FFC Energy Limited
- International Fertilizer Association
- OLIVE Technical Services (Private) Limited
- Thar Energy Limited
- Foundation Wind Energy - I Limited
- Fauji Meat Limited
- Foundation Wind Energy - II Limited
- FFBL Power Company Limited

Dr. Nadeem Inayat

Non-Executive Director

Dr. Nadeem Inayat holds a Doctorate in Economics and has over 38 years of diversified exposure in corporate sector. He has vast experience in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, mergers and acquisitions. He also has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics (PIDE).

He is also on the Boards of following entities:

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

Boards' Profile

Mr. Qamar Haris Manzoor

Non-Executive Director

Mr. Qamar Haris Manzoor has done his Masters in Chemical Engineering from US and holds over 37 years of experience in plant and project management. He started his career with ICI managing its Soda Ash Plant operations. He also worked on ICI's polyester plant in Pakistan in the Plant Operations and also held senior positions in Operation at Exxon Chemical Pakistan Ltd at their Fertilizer Plant. He also worked at ICI's PTA Plant as Director Manufacturing and managed various aspects of plant i.e. from Commissioning, Operations Management, Process Engineering, Project Engineering, HSE and other improvement projects. He has also been a technical advisor of Lotte for its growth strategies in Pakistan and contributed in setting up 48 MW Cogen Plant at Lotte's PTA Plant.

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

He also took the additional responsibility of Chief Executive Officer of Hawa Energy Limited, a 50 MW wind project. He successfully concluded the key contracts for the project and maintained liaison with regulators and relevant ministries/ government bodies to ensure timely approvals for the project to achieve Financial Close on time. Subsequently, he oversaw the project construction to ensure it's on cost and on time delivery. In his previous job, he worked as Chief Operating Officer of Naveena Group's Energy and Steel Projects. He played a leadership role to develop a green field project under the name of Naveena Steel Mills (Pvt) Ltd for a 300,000 TPA steel rebar plant at Port Qasim, Karachi. He also led the development of Lakeside Energy Pvt Ltd, a 50 MW wind project at Jhampir, Sindh, and was responsible to achieve financial close of the project along with securing the required regulatory approvals and conclusion of EPC contracts.

He took over as MD and CEO of Fauji Cement and Askari Cement in June 2020, post-merger he is now MD and CEO of Fauji Cement Company Limited and is responsible to spearhead cement portfolio of Fauji Foundation.

He also serves as Director on the boards of FFBL Power Company Limited, Foundation Power Company Daharki Limited, Fauji Kabirwala Power Company Limited, FFC Energy Limited and Foundation Solar Energy.

Syed Bakhtiyar Kazmi

Non-Executive Director

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

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

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

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

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

Boards' Profile

Ms. Pouruchisty Sidhwa

Independent Director

She is a Senior Human Resource Professional with 35 years of broad-based experience in roles in Banking, Pharma, Manufacturing, Textiles and Food. Having had 20 plus years in leadership roles she possesses business analytics, strong controls, good governance and excellent people management skills to contribute to organizational growth and development. She has worked as a Transformational expert in bringing change in the Human Capital area by building lean efficient teams and changing mindsets to present HR as a strategic business partner. She is currently the Chief Human Resources Officer at Telenor Bank/ Easypaisa. She is Bachelor of Commerce from University of Karachi. She is a Board Member of the Pakistan Society for Human Resource Management, Circle for Women Empowerment, member Pakistan Society for Training and Development and Pakistan Human Capital Forum, and Pakistan State Life Insurance as an independent Board Member and Chairperson of the HR Committee while also being a member of the Risk and Standing Committees.

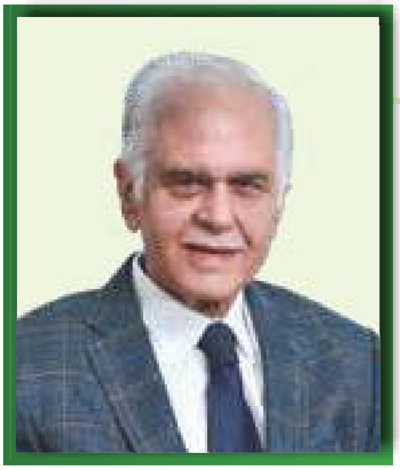
Ms. Saira Nasir

Independent Director

She is a Fellow member of the Institute of Chartered Accountants of Pakistan and is also a Fellow member of the Institute of Corporate Secretaries of Pakistan. She has carried out special assignments, relating to Corporate Governance; including Board Performance Evaluations and Director Orientation Programs.

In addition, have been actively involved in conducting various trainings, consultations, workshops, seminars, webinars, podcasts related to innovation in general and e-Learning in particular, to coaches, trainers, teachers, students and other audience. A case study-Disclosure Requirements on Corporate Governance – Pakistan, was prepared and presented by her in the 24th session of ISAR, held in Geneva in October 2009, under the auspices of United Nations Conference on Trade and Development (UNCTAD).

Presently she is the Managing Partner- Board & Governance of THK Associates (Pvt.) Limited. She is a Member of the Women Committee, Digital Board and Economic and Advisory Committee of the Institute of Chartered Accountants of Pakistan. Recently she was awarded Life-Time Achievement Award by the CA Women's Committee of ICAP. She is on the boards of Fauji Fertilizers Bin Qasim Limited and Allied Rental as an Independent Director



Mr. Bahauddin Khan

Independent Director

Mr. Bahauddin Khan is a seasoned executive with over 30 years of experience in the banking sector. He worked for Pak Oman Investments Ltd (From October 2015 till June 30, 2022) as a Managing Director & CEO. Prior to Pak Oman, Bahauddin Khan was the COO at Bank Alfalah and headed the Global Operations & Information Technology at United Bank Limited. His wide and varied leadership experience comes from working with some leading banks like Standard Chartered Bank, Deutsche Bank A.G, Union Bank Limited, United Bank Limited and Bank Alfalah Limited.

Mr. Bahauddin Khan is a results oriented professional who is respected for leading high performance teams; bringing about business transformation by driving efficiencies and revenues. His well-earned reputation comes from his ability to keep level head at all times, seek out new opportunities and deliver on innovative new solutions.

He has served on the boards of notable institutions like Siemens (Pakistan) Engineering Company Limited as Chairman to the BOD and Audit Committees, National Investment Trust Limited (NITL) as Chairman of HRCC and Audit Committees National Institutional Facilitation Technologies Limited (NIFT) as Chairman of the Board of Directors, National Refinery Limited (NRL) as nominee Director on behalf of NITL, Pak Oman Micro Finance Bank Limited POMFBL as Director, Pak Oman Asset Management Company Limited POAMCL as Director and Orient Power Company Limited as Director on behalf of Oman Oil, Muscat, Sultanate of Oman.

Mr. Bahauddin Khan holds a Masters in Business Administration from Quaid-e-Azam University and has attended senior leadership and strategic planning programs at INSEAD and Harvard Business School

Mr. Muhammad Javed Akhtar

Chief Financial Officer

He started his career with Price Waterhouse Coopers and is a fellow member of the Institute of Chartered Accountants of Pakistan, with a diverse experience of over 24 years in the fields of financial management, business planning, assurance and secretarial affairs, both in and outside of Pakistan. He was Director Finance and Company Secretary of Pakistan Maroc Phosphore, S.A., a Joint Venture with Office Chérifien des Phosphates of Morocco, for 3 years. Before joining FFBL in 2006, he has worked with Fauji Fertilizer Company Limited, Pakistan State Oil Limited, KPMG-Oman, and Attock Refinery Limited.

Brig Asif Ali, SI(M), (Retd)

Company Secretary

He has joined FFBL as Company Secretary in Dec 2021and holds Masters Degree in Operational Strategy & War Studies from National Defence University, Islamabad and graduated from Staff College, Quetta, where he also served as an Instructor. He is Qualified from Fuji School Japan and also holds a Diploma with distinction in Japanese Language from NUML. He wrote research papers on Nuclear Security and Safety, IAEA, Vienna and Nuclear Safety and Security, Finland. He also got Fellowship in Counter Terrorism, USA.

He had a distinguished career of over 34 years in Pakistan Army, during which he served on various Command, Staff and Instructional appointments including Principal Staff officer to the President, Chief Executive and COAS. He was Defense and Military Attaché/Advisor at Embassy of Pakistan, Nepal and also served as Commander Security of a Strategic Organization and Commanded Military Intelligence Sector of Balochistan.

After retirement from Pakistan Army, he held portfolios as:

- Managing Director Allmed Group. Pharma and Medical Equipment
- Secretary COA, Fauji Foundation (Head Office)
- Company Secretary/ Head of Administration & Human Resource Department of FWEL

Notice of Annual General Meeting

Notice of Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting of the shareholders of Fauji Fertilizer Bin Qasim Limited will be held at 1300 hrs on 28 March 2023 at FFBL Tower, C1/C2, Sector-B, Jinnah Boulevard, Phase-2, DHA, Islamabad to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 25 August 2022.
2. To receive, consider and approve the Audited Accounts of the Company (separate and consolidated) together with the Directors' and Auditors' reports thereon for the year ended December 31, 2022.
3. To appoint auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration. The retiring auditors M/s EY Ford Rhodes, Chartered Accountants have offered themselves for re-appointment.

Other Business:

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

By Order of the Board
Fauji Fertilizer Bin Qasim Limited

Islamabad
March 06, 2023

Brig Asif Ali SI(M), (Retd)
Company Secretary

Closure of Share Transfer Books: -

Share transfer books of the Company will remain closed from March 24, 2023 to March 28, 2023 (both days inclusive) for the purpose of holding the Annual General Meeting.

Notes: -

1. A member of the Company entitled to attend and vote at the General Meeting may appoint a person/representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at Company's registered office duly stamped and signed not later than 48 hours before the time of holding meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's CNIC must be attached with the proxy form.
2. The CDC/sub account holders are required to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan contained in Circular No. 1 of 2000 dated January 26, 2000: -

(a) For attending the meeting

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

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

(b) For appointing proxies

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

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

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

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

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

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

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

5. Shareholders who wish to receive annual reports and notice of the General Meeting through e-mail are requested to provide, through a letter duly signed by them, their particulars, i.e. Name, Folio/ CDC A/C No., E-mail Address, Contact Number, CNIC Number (attach copy). Shareholders are also requested to notify immediately any change in their e-mail address.

6. Consent for Video Conference Facility

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

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

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

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

   ____
   Signature of member

7. E-Voting

   Members can exercise their right to demand a poll subject to meeting requirements of Sections 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

8. Participation in AGM through electronic means:

   As per guidelines issued by SECP dated April 5, 2022, shareholders/members can also use following means to participate in the Annual General Meeting:

   1. WhatsApp No 03008713326
   2. Email ID shares@ffbl.com
   3. Video Link member who wish to participate through video link should intimate through above WhatsApp number / Email ID on or before March 24, 2023.

9. Unclaimed & unpaid dividend / shares

   Shareholders, who have not received previous years dividend amount, right share certificates or share certificates lodged for transfer are requested to please contact to the Company or Shares Registrar in this regard. The detail of unclaimed/ unpaid dividend and share certificates is available at Company's website www.ffbl.com.

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

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

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

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

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

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

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

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

دستخط ممبر

7۔ **ای۔ووٹنگ**

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

8- **الیکٹرانک ذرائع سے اجلاس میں شرکت**

ایس ای سی پی کی ہدایات بتاریخ 5 اپریل 2022 کے تحت شیئر ہولڈرز/ ممبران درجِ ذیل ذرائع سے بھی سالانہ اجلاسِ عام میں شرکت کر سکتے ہیں:

1- واٹس ایپ نمبر	03008713326
2- ای میل ایڈریس	shares@ffbl.com
3- ویڈیو لنک	جو ممبر ویڈیو لنک کے ذریعے شرکت کرنا چاہتا ہے وہ درجِ بالا واٹس ایپ نمبر/ ای میل ایڈریس پر 24 مارچ 2023 تک مطلع کرے۔

9- **غیر دعوہ شدہ/ غیر ادا شدہ ڈیویڈنڈ/ شیئرز**

جن شیئر ہولڈرز کو گزشتہ سالوں کے ڈیویڈنڈ کی رقم یا رائٹ شیئر سرٹیفکیٹ یا ٹرانسفر کرائے گئے شیئر سرٹیفکیٹ موصول نہیں ہوئے ان سے گزارش ہے کہ وہ اس سلسلے میں کمپنی یا اس کے شیئر رجسٹرار سے رابطہ کریں۔ غیر دعوہ شدہ/ غیر ادا شدہ ڈیویڈنڈ اور شیئر سرٹیفکیٹس کی تفصیل کمپنی کی ویب سائٹ www.ffbl.com پر دستیاب ہے۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ فوجی فرٹیلائزر بن قاسم لمیٹڈ کے شیئر ہولڈرز کا انتیسواں سالانہ اجلاس عام مورخہ 28 مارچ 2023 کو دن ایک بجے ایف ایف بی ایل ٹاور، سی 1/سی 2، سیکٹر B، جناح بلیوارڈ، فیز ۔II، ڈی ایچ اے، اسلام آباد میں منعقد ہوگا جس میں درج ذیل اُمور طے کیے جائیں گے:

عمومی اُمور

1۔ غیر معمولی اجلاس عام منعقدہ 25 اگست 2022 کی کارروائی کی توثیق وتصدیق کرنا۔

2۔ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز رپورٹس کے ساتھ کمپنی کے آڈٹ شدہ اکاؤنٹس (علیحدہ اور اکٹھے) کی وصولی، ان پر غور اور منظور کرنا۔

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

دیگر اُمور

4۔ چیئرمین کی اجازت سے کسی دوسرے مسئلہ پر غور کرنا۔

بحکم بورڈ

فوجی فرٹیلائزر بن قاسم لمیٹڈ

بریگیڈیئر آصف علی، ستارۂ امتیاز (ملٹری)، (ریٹائرڈ)

کمپنی سیکرٹری

اسلام آباد

6 مارچ 2023

شیئرز ٹرانسفر بکس کی بندش

کمپنی کی شیئرز ٹرانسفر بکس، سالانہ اجلاسِ عام کے انعقاد کیلئے، 24 مارچ 2023 سے 28 مارچ 2023 تک (بشمول دونوں ایام) بند رہیں گی۔

نوٹس:

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

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

الف)۔ اجلاس میں شرکت کیلئے:

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

ii) کارپوریٹ ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ نامزد کیے گیے شخص کے دستخط کے ساتھ اجلاس کے وقت پیش کرنا ہونگے۔

ب)۔ پراکسیوں کی تقرری کیلئے:

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

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

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

SWOT Analysis

SWOT (Strengths, Weaknesses, Opportunities, Threats) is a strategic position analysis tool which helps to identify organization's strengths and weaknesses as well as external opportunities and threats.

Internal

Strength

- Sole producer of DAP and Granular Urea in Pakistan
- Highly recognized "SONA" brand name and customer loyalty
- Market leadership position
- Secured access to raw material supplies from PMP (Phos Acid) for production of DAP
- Well established distribution network
- Committed and highly engaged human resource

Weakness

- Comparatively narrow product line
- Dependency on dealership network for sale of products to farmers

External

Opportunities

- To further enhance local production capacity (~50% of DAP market demand is met through imports)
- Increasing population deriving demand for agriculture produce and efficient agriculture inputs
- Efficiencies improvement in processes through implementation of latest technologies and achieving synergies
- Exploration of alternative sources of raw material
- Government remains focused in sustaining national food security

Threats

- Depleting natural gas resources
- Inconsistent Government policies including allocation of gas, fertilizer price control, fertilizer subsidy mechanism, changes in tax regime etc.
- Increasing raw material/ fuel prices
- Relatively homogeneous product limiting pricing strategies
- Established competitor's dealer network limiting increase in market share

Shortcomings of SWOT Analysis

- A capability or factor identified as strength can also be a weakness at the same time or as the context/ competitive environment change.
- SWOT analysis helps best to analyze strategic position if it is relative to a competitor and restricted access to relevant competitor information can impact SWOT assessment.


FFBL

PESTEL Analysis

Political

International geo-political developments i.e. Russia- Ukraine crises, fertilizer protectionist measures, resulted disruption in supply and uncertainty in pricing of raw material required for production of DAP as well as pricing and availability of DAP in domestic market.

The Government's Kissan Package 2022 (comprising interest free loans, subsidized fertilizer, machinery) is aimed at uplifting the agriculture sector.

FFBL signed an agreement with SSGCL for supply of gas to FFBL's production facilities till end of 2025, which will ensure production of Urea and DAP.

Post year end 2022, the government has revised price of gas (used as feed stock) in fertilizer production for fertilizer producers.

The Government's fiscal policy measures (imposition of super tax on fertilizer sector) has impacted profitability of the Company.

The Government has implemented "track and trace system" at fertilizer production facilities to ensure optimal availability of fertilizer in domestic market.

Economic

DAP availability and price in domestic market is dependent on International economic and DAP market dynamics as ~ 50% of DAP demand is met through imports.

Rising inflation levels coupled with climatic conditions adversely impacted food consumption and demand leading ultimately to less than expected DAP off-take.

Pak Rupee depreciation against US Dollar adversely impacted price of imported raw material (Phos Acid) for production of DAP.

Increase in interest rates resulted increase in financing costs and fertilizer pricing. It also impacted fertilizer offtake.

Overall economic situation and measures to tackle the balance of payment crises may disrupt operations of fertilizer production facilities despite imports for agriculture inputs being prioritized.

Social

Pakistan's increasing population derives food demand requiring efficient agriculture produce and growing fertilizer market.

A shift in fertilizer consumption attitude of the farming community i.e. substitution of DAP with Urea, has adversely impacts DAP demand.

A reluctance in the farming community in adopting advanced farming community due to lack of education and awareness is adversely impacting farm yields.

Social unrest can lead to disruption of business operations especially in areas adjacent to production facilities,

Technological

Technological advancements and their adoption ensure efficient and reliable production without compromising the HSE standards.

FFBL is adopting latest techniques in production and marketing of its fertilizer products.

Technology has also helped FFBL in interaction with its dealers and farming community.

Farmers have access to various essential services through online platforms which is positively contributing towards farm economics.

Environment

Recent climatic floods destroyed agricultural lands and also delayed sowing of Rabi crops- this negatively impacted DAP market with 38% decline.

Crops are highly dependent on environmental conditions (temperature, moisture, seasonality etc.) throughout their life cycle from sowing till harvest.

Farming also impact the environment through soil degradation, water consumption and emissions which necessitate fertilizer application and adoption of advanced farming techniques.

Pakistan soils are deficient in N & P (Nitrogen and phosphorus) which derives fertilizer application.

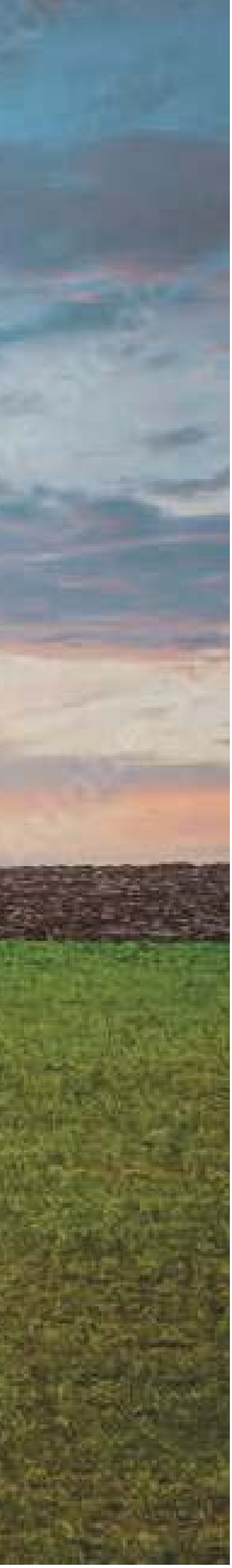
Pakistan's vulnerability to climatic changes is impacting agriculture sector and fertilizer application and demand

Legal

Through Finance Act 2022, which is primarily a fiscal development, in case of DAP, the Government has exempted import of DAP from input GST whereas local production remains subject to input GST. This has given competitive advantage to importers as compared to local producer of DAP.

Through another fiscal development, the Government imposed 10% super tax on fertilizer sector on profits of previous year and the matter is under litigation before appellate forums.

The matter of factual determination of GIDC payable by FFBL in line with the judgement of Supreme Court of Pakistan remained sub-judice before the Sindh High Court.



02 Directors' Report

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

Chairman's Review

Effective board governance is becoming more important as economic challenges are rapidly reshaping the business environment and redefining the role of the board

We entered 2022 strengthened, focused and more able to bring about purpose driven prosperity for our stakeholders while delivering sustainable food security for our communities. This year reinforced FFBL's unique and vital position in national food security of Pakistan with FFBL taking the lead in ensuring availability of fertilizer in domestic market with consistent production, despite the uncertainties in business environment and fertilizer market.

However, the year was challenging for many reasons as severe economic crises resulted in significant depreciation of Pak Rupee, high interest rates and severe inflation. The DAP business faced even bigger challenges due to the havoc played by Ukrainian war on International DAP prices and the domestic floods delayed sowing of crops. Consequently, DAP price in domestic market touched all time high of PKR 14,931/ bag and its market demand collapsed to 1,175 KT, receding to 2012 level, representing a 38% decline from previous year.

The Government made changes to sales tax regime applicable to fertilizer industry and unintentionally put the local DAP production at a competitive disadvantage in comparison to DAP imports by exempting input sales tax on DAP imports and not on local DAP production, resulting in GST becoming cost of production, unrecoverable through price increase.

The challenges continued to multiply for local DAP business as delayed announcement of Kissan Package and wheat support price further marginalized the domestic DAP market. All of this resulted in significant stocks at the year-end followed by a temporary closure of PMP plant in Morocco and DAP Plant in Pakistan.

Despite the adversities, FFBL strived to establish and maintain mutually beneficial relationship with the communities in which we operate. It is a matter of pride for FFBL that it voluntarily reduced DAP price in support of Kissan Package 2022 announced by Prime Minister of Pakistan in October 2022 to address economic woes of farming community. Moreover, FFBL actively participated in Fauji Group's humble flood relief program worth PKR 1.5 Billion in an effort to reduce the impact of devastating floods on vulnerable segments.

In my role as Chairman, I ensured an effective and valuable role of the Board through thorough engagements with the management on broad range of matters throughout the year. Since, FFBL elected new Board members during the year, I would like to appreciate the contributions by the retiring members and welcome the new members while looking forward to their contribution in shaping the agenda for the future of the Company.

Since recent past, extreme weather conditions have become a common phenomenon worldwide and particularly in Pakistan. The adverse climatic conditions coupled with poor farming techniques, especially unbalanced use of fertilizer, is leading to low farm yields and productivity. However, increasing population and changing nutritional requirements of our communities require us to produce more food. In order to address this challenge, we expect from the Government to provide direction and ambition, integrate and enforce policies and make agricultural development a part of mainstream governmental policy. It is imperative that the Government, with the help of its unmatched reach and infrastructure, initiate awareness on balanced use of fertilizer as unbalanced fertilizer application is not only keeping the yields low but also destroying the soil health beyond redemption.

It is prosperous for the Company that Sui Southern Gas Company Limited has signed an agreement for supply of gas to FFBL's plant up to December 2025. This will ensure consistent production and availability of locally produced fertilizer in the market and will also result a significant reduction in Government's import bill. We also request the Government to take all stakeholders on board while formulating a policy on pricing of gas in order to consider and address its far-reaching implications on fertilizer offtake, farm economics and farm yields ultimately leading to food inflation.

On behalf of the Board, I am thankful and acknowledge the trust placed in us by all of our stakeholders and would also like to appreciate the efforts and commitment of our people in delivering excellent operational and financial performance, defying all the challenges. The guidance and direction from the Board members to management through regular and thorough engagement is also commendable.

This year was a period of reflection and preparation for what lies ahead. We are determined to live up to our purpose and keep progressing in creating shared value on economic, social and environmental frontiers.

Together, we shall strive to achieve sustainable food security for our communities.

Waqar Ahmed Malik | Chairman

چیئرمین کا جائزہ

ہمارے معاشــــرے کے لیے ایک پائیدار غذائی تحفظ کی فراہمی کو جاری رکھتے ہوئے، ہم 2022 میں اپنے اسٹیک ہولڈرز کی خوشـــحالی کے لیے مستحکم اور مرکوز سوچ کے ساتھ داخل ہوئے۔ اس سال FFBL کی منفرد اور اہم پوزیشن کو پاکستان کے قومی غذائی تحفظ میں تقویت حاصل ہوئی ہے کاروباری ماحول اور کھاد کی منڈی میں غیر یقینی صورتحال کے باوجود بھی FFBL نے مسلسل پیداوار کے ســـاتھ مقامی منڈیوں میں کھاد کی دستیابی کو یقینی بنانے میں موثر کردار ادا کیا ہے۔

تاہم، یہ سال شدید معاشی بحران کے نتیجے میں ہونے والی پاکستانی روپے کی قدر میں کمی، شرح سود میں بے پناہ اضافے اور شدید مہنگائی جیسی وجوہات کے باعث آزمائش کا سال رہا۔ یوکرینی جنگ کی وجہ سے بین الاقوامی (ڈی اے پی) کھاد کی قیمتوں میں اضافے اور ملک میں سیلاب کے باعث بوائی کی تاخیر نے مقامی ڈی اے پی کے کاروبار کو بری متاثر کیا جس کی وجہ سے ملک میں ڈی اے پی کی قیمت اب تک کی بلند ترین ســـطح یعنی 14,931 روپے فی بوری تک جا پہنچی اور اس کی مانگ ، 2012 کی سطح پر گرتے ہوئے ، گزشتہ سال سے 38% کمی کے ساتھ 1,175 ٹن پر آگئی -

حکومت نے کھاد کی صنعت پر لاگو سیلز ٹیکس کے قانون میں تبدیلیاں کیں اور مقامی ڈی اے پی کی پیدوار کے برعکس درآمدی ڈی اے پی کو ان پٹ ســـیلز ٹیکس ســـے اســـتثنیٰ کر کے غیر ارادی طور پر مقامی ڈی اے پی کو مســـابقتی خســـارے میں ڈال دیا۔ نتیجتناً ســـیلز ٹیکس مقامی پیداوار کی لاگت کا حصہ بن گیا، جس کا حصول قیمتوں میں اضافے سے ممکن نہیں۔

کســـان پیکیج اور گندم کی امدادی قیمت کے اعلان میں تاخیر نے کاروبار کو مزید مندا کر دیا جس کے باعث ڈی اے پی کے مقامی کاروبار کی مشکلات میں مزید اضـــافہ ہو گیا۔ نتیجتاً، ســـال کے آخر میں ڈی اے پی کا بہت زیادہ اســـٹاک رہ گیا اور مراکش میں پی ایم پی پلانٹ اور پاکســـتان میں ڈی اے پی پلانٹ عارضی طور پر بند کرنے پڑے۔

مشکلات کے باوجود، FFBL نے ہمیشہ لوگوں کے ساتھ باہمی فائدہ مندی کے تعلقات قائم کرنے اور انہیں برقرار رکھنے کی کوشش کی - FFBL کے لیے یہ بات قابل فخر رہی ہے کہ اس نے کسان پیکیج 2022 کی معاونت میں رضاکارانہ طور پر ڈی اے پی کی قیمت میں کمی کی جس کا اعلان اکتوبر 2022 میں وزیر اعظم پاکستان نے کسان برادری کی معاشی مشکلات کو دور کرنے کے لیے کیا تھا۔ مزید برآں، FFBL نے کمزور طبقات پر سیلاب کے پڑنے والے تباہ کن اثرات کو کم کرنے کی کوشش میں فوجی گروپ کے 1.5 بلین پاکستانی روپے مالیت کے خدمت خلق سیلاب کے امدادی پروگرام میں فعال طور پر حصہ لیا۔

بحیثیت چیئرمین اپنا کردار ادا کرتے ہوئے، میں نے اس سال کے دوران وسیع تعداد میں معاملات پر انتظامیہ کے ساتھ مکمل اشتراک کے ساتھ بورڈ کے ایک موثر اور قابل قدر کردار کو یقینی بنایا۔ چونکہ FFBL نے سال کے دوران بورڈ کے نئے اراکین کا انتخاب کیا تھا، تو میں ریٹائر ہونے والے اراکین کے تعاون کو سراہنا اور نئے اراکین کو خوش آمدید کہنا چاہتا ہوں اور کمپنی کے مستقبل کے ایجنڈے کی تشکیل میں ان کے تعاون و کردار کا منتظر ہوں۔

ماضی قریب میں، شدید موسمی حالات دنیا بھر میں اور خاص کر پاکستان میں ایک عام رجحان بن چکے ہیں۔ خراب موسم کاشتکاری کی غیرموزوں تکنیکوں کے ســـاتھ مل کر، خاص کر کھاد کا غیر متوازن استعمال فصل اور پیداواری صلاحیت میں کمی کا باعث بن رہا ہے۔ تاہم، بڑھتی ہوئی آبادی اور ہمارے معاشرے کی بدلتی ہوئی غذائی ضروریات ہم سے زیادہ خوراک پیدا کرنے کا تقاضا کرتی ہیں۔ اس مشـــکل سے نمٹنے کے لیے، ہم حکومت سے سمت بندی اور اولوالعزمی فراہم کرنے، پالیسیوں کو مربوط اور نافذ کرنے اور زرعی ترقیات کو مرکزی دھارے کی حکومتی پالیسی کا ایک حصہ تشکیل دینے کی توقع کرتے ہیں۔ یہ انتہائی ضروری ہے کہ حکومت اپنی بے مثال رسائی اور انفراسٹرکچر کی مدد سے کھاد کے متوازن استعمال کے حوالے سے آگاہی کا آغاز کرے کیونکہ کھاد کا غیر متوازن استعمال نہ صرف کم پیداوار دیتا ہے بلکہ مٹی کی صحت کو بھی نا قابل تلافی نقصان پہنچاتا ہے۔ کمپنی کے لیے یہ خوش آئند بـات ہے کہ سوئی سدرن گیس کمپنی لمیٹڈ نے دسمبر 2025 تک FFBL کے پلانٹ کو گیس کی فراہمی کے معاہدے پر دستخط کر دئیے ہیں۔ اس معاہدے سے ملک میں مقامی طور پر تیار ہونے والی کھاد کی مستقل پیداوار اور دستیابی یقینی ہو جائے گی اور نتیجتا حکومت کے درآمدی بل میں بھی نمایاں کمی واقع ہوگی۔ ہم حکومت سے یہ بھی درخواست کرتے ہیں کہ گیس کی قیمتوں کے تعین سے متعلق پالیسی سازی میں تمام اسٹیک ہولڈرز کو ساتھ لے کر چلیں تاکہ کھاد کی خریداری، زرعی معاشیات اور فصل کی پیداوار پر اس پالیسی کے دور رس اثرات زیر غور آئیں اور ان کا ازالہ ہو ســکے جو بالآخر غذائی تحفظ کا باعث بنتے ہیں۔

بورڈ کی جانب سے، میں اپنے تمام اسٹیک ہولڈرز کے ہم پر اعتمـاد کـا شکر گزار ہوں اور تمام رکاوٹوں کا مقابلہ کرتے ہوئے فعلیاتی اور مالیاتی لحاظ سے بہترین کارکردگی پیش کرنے میں اپنے لوگوں کی جدوجہد اور عزم کو بھی سراہنا چاہوں گا۔ بورڈ کے اراکین کی طرف سے انتظامیہ کو باقاعدگی سے فراہم کی گئی رہنمائی اور ہدایات بھی قابل ستائش ہے۔

یہ سال آنے والے وقت کے لیے غور و فکر اور تیاری کرنے کا وقت تھا۔ ہم اپنے مقصد پر پورا اترنے اور اقتصادی، سماجی اور ماحولیاتی محاذوں پر مشترکہ قدر پیدا کرنے میں پیشرفت جاری رکھنے کے لیے پُرعزم ہیں۔ ہم مل کر اپنے معاشرے کے لیے پائیدار غذائی تحفظ حاصل کرنے کی جدوجہد کریں گے۔

وقار احمد ملک | چیئرمین

CEO's Review

FFBL delivered exceptional value on economic, social and environmental frontiers defying all adversities

Dear Shareholders,

the year that has gone by, in all fairness, was the toughest year for businesses and particularly for the agriculture sector. Devastating floods and high prices of fertilizers have not only damaged the agriculture sector but also increased the plight of farming community. FFBL's performance during the year, despite all the challenges, is a testament to Company's resilience backed by disciplined and well-articulated governance, operational, financial and marketing strategies.

The profitability of FFBL was severely affected by sales tax legislation by the Government granting input sales tax exemption to DAP imports and not to local DAP production. This resulted in competitive advantage to importers on one hand and significant increase in production cost of local DAP producer, on the other hand. We have engaged the Government and policy makers for intervention to end this economic injustice being met by FFBL as a sole local DAP producer. It is only through collaboration and engagement with all stakeholders that the Government can make informed decisions on policy matters relating to fertilizer production, its availability, affordability and agricultural development in the country.

Health and safety of workforce is our utmost goal at all times and FFBL's commitment and hard work has been awarded and recognized at multiple forums.

While recognizing the unfolding humanitarian and environmental crises, we are positioning FFBL into a sustainability led business, as we consider it imperative to foster the integration of responsible and sustainable practices across our value chain. In order to better reflect on our holistic approach and progressive plan, we are reporting our progress on Sustainable Development Goals (SDG) and our future targets for the first time in later part of this report.

Plant Operations

FFBL is operating Ammonia, Urea and DAP production facilities while complying with international safety standards and promoting efficient and responsible production. We take pride in being the sole national DAP producer and our Urea is also unique being granular in nature. We successfully achieved 24.01 Million Safe Man-Hours without any Loss Time Injury (LTI) in fertilizer production manifesting our commitment to healthy and safe work environment.

Our DAP plant achieved 848 Thousand Tonnes (KT) DAP production during the year in comparison to 791 KT in 2021 representing 7% increase. Whereas, our Urea plant produced 524 KT Urea in comparison to 501 KT in 2021 representing a 4% increase. This increased production is on account of improved gas availability and efficient operations.

Market Performance

Domestic DAP market observed sharp decline during the year and is estimated at 1,175 KT in comparison to 1,885 KT in 2021 representing a massive 38% decline. The decline in DAP market is primarily due to farmers' affordability concerns driven by high international DAP price, challenging economic conditions in Pakistan and calamitous floods delaying sowing of crops. There is also a growing tendency in the farming community to substitute phosphatic fertilizer with nitrogenous fertilizers due to lack of awareness on balanced use of fertilizer.

FFBL's DAP sales declined by 16% from 790 KT in 2021 to 661 KT in 2022. FFBL took a lead in ensuring availability of DAP in the market through consistent production at a time when availability and price of DAP in the international market was volatile and importers were reluctant to place orders. This resulted in an increase in FFBL's DAP market share from 42% in 2021 to 56% in 2022. Increased production and unprecedented reduction in DAP market resulted in significant carry over of inventory. Keeping in view the market fundamentals, we are confident that the inventory will be managed efficiently in future.

Domestic Urea market continued to grow and is estimated at 6,616 KT in comparison to 6,343 KT in 2021 representing 4% growth. The growth in Urea is attributable to augmented DAP price and Government subsidization of nitrogenous fertilizer. Urea availability in the market improved as compared to the previous year due to Government's imports. Though there were concerns in the market on availability and overpricing, FFBL achieved 523 KT Urea sale in comparison to 501 KT in 2021 representing 4% growth in line with market. FFBL's Sona Urea (granular) is a premium Urea fertilizer being comparatively more resistant to moisture and wear due to bigger and stronger granules.

Financial Performance

Description	2022 (PKR-Million)	2021 (PKR-Million)	Change
Gross profit	25,869	22,152	17%
Operating profit	17,396	14,918	17%
Finance cost	5,144	2,338	120%
Exchange loss	6,874	1,468	368%
Super Tax	2,849	-	100%
Profit after tax	2,328	6,391	(64%)

The Company's gross profit margin of 16% (2021: 20%) decreased by 4% primarily due to input sales tax becoming part of the cost of FFBL's DAP production as a result of changes in sales tax laws as mentioned earlier from 01 July 2022, ignoring the local DAP market dynamics, where almost half of the demand is met through local production.

FFBL's net profit reduced further due to higher borrowing cost and significant exchange loss. The increase in borrowing cost is primarily on account of 625 basis points increase in policy rate by SBP driven by challenging economic conditions. The increase in exchange loss is driven by devaluation of Pak Rupee against US Dollar. Moreover, the tax expense also increased significantly due to imposition of 10% super tax by the Government on profit of previous year and 4% on profits of current year.

During the year, the long-term credit rating of the Company was upgraded from AA- to AA, which signifies high credit quality and strong protection factors. FFBL's short-term rating is A-1, which denotes high certainty of timely payments and excellent liquidity factors supported by good fundamental protection factors.

We foresee the unbalanced use of fertilizer as a major threat on our farm yields, particularly substitution of DAP with Urea or other ineffective fertilizer products, which is damaging soil nutrition and its production potential. We request the Government to consider joining hands with us, on an immediate basis, in raising awareness among the farming community on balanced use of fertilizer to improve farm yields and productivity. The Government should also consider subsidizing the phosphatic fertilizer to address the affordability concerns of farmers.

While it is promising that SSGCL has signed an agreement for supply of gas to FFBL's production facility up to 2025, we also expect that Government takes all stakeholders on board on pricing of gas to the fertilizer sector.

Keeping in view the crop yield concerns, increasing wheat import bills and the Government's policy of prioritizing the agriculture growth and food security, it is expected that DAP market is all set to recover in 2023 and FFBL is in a good position to gain from the improving situation of the market.

We are determined to continue forging a pathway that creates lasting shared value for all of our stakeholders with the dedication of our people, support of our business partners and trust of our shareholders.

Together, we shall continue our efforts to ensure food security of Pakistan and nurturing a sustainable tomorrow for our communities.

Arif Ur Rehman | Chief Executive Officer

مالیاتی کارکردگی

تفصیل	2022 (روپے ملین میں)	2021 (روپے ملین میں)	تبدیلی
مجموعی منافع	25,869	2,152	17%
آپریٹنگ منافع	17,396	14,918	17%
مالیاتی لاگت	5,144	2,338	120%
مبادلہ کا نقصان	6,874	1,468	368%
سپر ٹیکس	2,849	-	100%
بعد از ٹیکس منافع	2,328	6,391	(64%)

کمپنی کا مجموعی منافع مارجن 4% کمی کے ساتھ 16% رہا جس کی وجہ یکم جولائی 2022 سے سیلز ٹیکس قوانین میں تبدیلیوں کے نتیجے میں بنیادی طور پر ان پٹ سیلز ٹیکس FFBL کی ڈے اے پی پیداوار کی لاگت کا حصہ بننا ہے جس میں مقامی ڈی اے پی منڈی کو نظر انداز کیا گیا، جو تقریباً نصف طلب مقامی پیداوار کے ذریعے پوری کی جاتی ہے۔

قرض کی زیادہ لاگت اور زرمبادلہ کے بڑے نقصان کی وجہ سے FFBL کے خالص منافع میں مزید کمی واقع ہوئی۔ قرض کی لاگت میں اضافہ بنیادی طور پر مشکل ترین معاشی حالات کی وجہ سے اسٹیٹ بینک کی جانب سے پالیسی کی شرح میں 625 بنیادی پوائنٹس اضافے کی وجہ سے ہے۔ مبادلہ کے نقصان میں اضافہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی سے ہوا ہے۔ مزید یہ کہ حکومت کی جانب سے گزشتہ سال کے منافع پر 10% اور رواں سال کے منافع پر 4% سپر ٹیکس عائد کرنے کی وجہ سے ٹیکس اخراجات میں بھی نمایاں اضافہ ہوا۔

سال کے دوران، کمپنی کی طویل مدتی کریڈٹ درجہ بندی کو -AA سے AA پر اپ گریڈ کیا گیا، جو کہ اعلی کریڈٹ کوالٹی اور تحفظ کے محفوظ عوامل کی نشاندہی کرتا ہے۔ FFBL کی قلیل مدتی درجہ بندی A-1 ہے، جو بروقت ادائیگیوں کے اعلی یقینی کیفیت اور بنیادی تحفظ کے اچھے عوامل سے معاونت کردہ بہترین لیکویڈٹی عوامل کی نشاندہی کرتی ہے۔

ہماری پیش گوئی کے مطابق کھاد کا غیر متوازن استعمال ہماری کھیتوں کی پیداوار کے لیے ایک بڑا خطرہ ہے، خاص کر یوریا یا دیگر غیر موثر کھاد کی مصنوعات کے ساتھ ڈی اے پی کا متبادل، جو مٹی کی غذائیت اور اس کی پیداواری صلاحیت کو نقصان پہنچا رہا ہے۔ ہماری حکومت سے درخواست ہے کہ وہ فوری طور پر کاشتکار برادری میں کھاد کے متوازن استعمال سے متعلق شعور بیدار کرنے، فصل اور پیداواری صلاحیت کو بہتر بنانے کے لیے ہمارے ساتھ تعاون کرے۔ حکومت کو فاسفیٹک کھاد پر سبسڈی دینے پر بھی غور کرنا چاہیے تاکہ کسانوں کی قوت خرید کی کمی کو ختم کیا جا سکے۔

اگرچہ یہ امید افزا ہے کہ SSGCL نے FFBL کی پیداواری جائے سہولت کو 2025 تک گیس فراہم کرنے کے لیے ایک معاہدے پر دستخط کیے ہیں، ہم یہ بھی توقع کرتے ہیں کہ حکومت کھاد کے شعبے میں گیس کی قیمتوں کے تعین کے حوالے سے تمام اسٹیک ہولڈرز کی رائے کو زیر غور لائے گی۔

فصل کی پیداوار سے متعلق خدشات، گندم کی درآمد کے بلوں میں اضافے، زراعت کی ترقی اور خوراک کے تحفظ کو ترجیح دینے کی حکومتی پالیسی کو مدنظر رکھتے ہوئے، توقع کی جاتی ہے کہ ڈی اے پی منڈی 2023 میں بحال ہونے کے لیے مکمل طور پر تیار ہے اور FFBL منڈی کی بہتر ہوتی ہوئی صورتحال سے نفع حاصل کرنے کے لیے اچھی پوزیشن میں ہے۔

ہم اپنے لوگوں کی لگن، ہمارے کاروباری شراکت داروں کی معاونت اور ہمارے شیئر ہولڈرز کے اعتماد کے ساتھ ایک ایسی

راہ ہموار کرنے کے لیے پُرعزم ہیں جو ہمارے تمام اسٹیک ہولڈرز کے لیے ایک پائیدار مشترکہ قدر تخلیق کرتی ہو۔

ہم مل کر پاکستان میں خوراک کے تحفظ کو یقینی بنانے اور اپنے معاشرے کے لیے ایک پائیدار کل کو پروان چڑھانے کے لیے اپنی کوششیں جاری رکھیں گے۔

عارف الرحمان | چیف ایگزیکٹو آفیسر

سی ای او کا جائزہ

محترم شیئر ہولڈرز،

یہ کہنا بجا ہوگا کہ گزشتہ سال کاروبار اور خاص طور پر زرعی شعبے کے لیے مشکل ترین سال تھا۔ تباہ کن سیلاب اور کھاد کی ہوشربا قیمتوں نے نہ صرف زراعت کے شعبے کو نقصان پہنچایا بلکہ کاشتکار برادری کی مشکلات میں بھی اضافہ کیا ہے۔ تمام مشکلات کے باوجود بھی اس سال کے دوران FFBL کی کارکردگی نظم و ضبط اور صریح بیان کردہ انتظامیہ، فعلیاتی، مالیاتی اور مارکیٹنگ کی حکمت عملیوں کی بدولت کمپنی کی لچکداری کا ثبوت پیش کرتی ہے۔

FFBL کا منافع حکومت کی سیلز ٹیکس کی قانون سازی سے بری طرح متاثر ہوا جس نے صرف ڈی اے پی درآمدات کو ان پٹ سیلز ٹیکس کی چھوٹ دے دی ۔ اس کے نتیجے میں ایک طرف درآمد کنندگان کو مسابقتی فائدہ حاصل ہوا، دوسری طرف مقامی ڈی اے پی بنانے والوں کی پیداواری لاگت میں نمایاں اضافہ ہوا۔ ہم نے حکومت اور پالیسی سازوں کو مداخلت کرنے کا کہا ہے تاکہ FFBL کو بطور ایک واحد مقامی ڈی اے پی پیدا کار درپیش اس معاشی ناانصافی کو ختم کیا جا سکے۔ تمام اسٹیک ہولڈرز کے ساتھ صرف تعاون اور اشتراک کے ذریعے ہی حکومت ملک میں کھاد کی پیداوار، اس کی دستیابی، قابل استطاعت ہونے اور زرعی ترقی سے متعلق پالیسی معاملات کے حوالے سے باخبر فیصلے کر سکتی ہے۔

ملازمین کی صحت و سلامتی ہر وقت ہمارا اولین مقصد ہے اور FFBL کیعزم اور لگن و محنت کو متعدد فورمز پر تسلیم اور انعام سے نوازا گیا ہے۔

اُبھرتے ہوئے فلاحی اور ماحولیاتی بحرانوں کو شناخت کرتے ہوئے، ہم FFBL کو ایک پائیدار استحکام والے کاروبار کی حیثیت دے رہے ہیں، کیونکہ ہم اپنی ویلیو چین میں ذمہ دارانہ اور پائیدار مشق عمل کے انضمام کو فروغ دینا ضروری سمجھتے ہیں۔ اپنےجامع اور ترقی پسند منصوبے کی بہتر انداز میں عکاسی کرنے کے لیے، ہم پائیدار ترقی کے اہداف (SDG) پر اپنی پیشرفت پہلی دفعہ اس رپورٹ میں شامل کر رہے ہیں۔

پلانٹ کے آپریشنز

FFBL بین الاقوامی حفاظتی معیارات کی تعمیل کرتے ہوئے موثر اور ذمہ دارانہ طریقے سے امونیا، یوریا اور ڈی اے پی کی پیداواری سہولیات کو چلا رہا ہے۔ ہمیں واحد قومی ڈی اے پی پیدا کار ہونے پر فخر ہے اور ہمارا یوریا بھی بناوٹ میں دانے دار ہونے کی وجہ سے منفرد ہے۔ ہم نے کھاد کی پیداوار میں حادثے سے وقت کے نقصان (LTI) کے بغیر 24.01 ملین محفوظ گھنٹے کامیابی سے حاصل کیے جو صحت مندی اور کام کے محفوظ ماحول کے تئیں ہمارے عزم کو ظاہر کرتا ہے۔

ہمارے ڈی اے پی پلانٹ نے 2022 میں 791 ہزارٹن کے تقابل میں گزشتہ سال سے 7% اضافے کے ساتھ 848 ہزار ٹن (KT) ڈی اے پی کی پیداوار حاصل کی۔ جبکہ ہمارے یوریا پلانٹ نے 2022 میں گزشتہ سال کے 501 ہزار ٹن کے تقابل میں % 4 اضافے کے ساتھ 524 ہزار ٹن یوریا بنایا۔ یہ اضافی پیداوار گیس کی بہتر دستیابی اور موثر آپریشنز کی وجہ سے ہے۔

منڈی کی کارکردگی

ملکی ڈی اے پی منڈی میں اس سال کے دوران شدید کمی دیکھی گئی اور 2021 کے 1,885 ہزار ٹن کے موازنے میں 1,175 ہزار ٹن کا تخمینہ لگایا گیا ہے جو 38% کی کمی کو ظاہر کرتا ہے۔ ڈی اے پی منڈی میں گراوٹ کی بنیادی وجہ ڈی اے پی کی بلند بین الاقوامی قیمت کے باعث کسانوں کی قوت خرید میں کمی، پاکستان کے کٹھن معاشی حا لات اور فصلوں کی بوائی میں تاخیر کا باعث بننے والے تباہ کن سیلاب ہیں۔ کھاد کے متوازن استعمال کی آگاہی کے فقدان کے باعث کاشتکار برادری میں فاسفیٹ کھاد کے متبادل کے طور پر نائٹروجنی کھاد استعمال کرنے کا رجحان تقویت پا رہا ہے۔

FFBL کی ڈی اے پی کی سیلز میں گزشتہ سال کے 790 ہزار ٹن سے 16% کم ہو کر 2022 میں 661 ہزار ٹن ہو گئی ہیں۔FFBL نے ایک ایسے وقت کے دوران متواتر پیداوار کے ذریعے منڈی میں ڈی اے پی کی دستیابی کو یقینی بنانے میں پیش قدمی کی جب بین الاقوامی منڈی میں ڈی اے پی کی دستیابی اور قیمت میں اتار چڑھاؤ رہا تھا اور درآمد کنندگان کھاد درآمد کرنے سے ہچکچا رہے تھے۔ اس کے نتیجے میں FFBL کا ڈی اے پی منڈی کا شیئر 42% سے بڑھ کر 2022 میں 56% تک ہو گیا۔ پیداوار میں اضافہ اور ڈی اے پی کی منڈی میں غیر متوقع کمی کا نتیجہ اس کے بڑی تعداد میں اسٹاک بچ جانے کی صورت میں نکلا۔ منڈی کے بنیادی اصولوں کو مدنظر رکھتے ہوئے، ہمیں یقین ہے کہ مال کو مستقبل میں مؤثر طریقے سے فروخت کیا جائے گا۔

یوریا کی مانگ مسلسل بڑھ رہی ہے اور 2021 میں 6,343 ہزار ٹن کے موازنہ میں اس کا تخمینہ 6,616 ہزار ٹن لگایا گیا ہے جو 4% بڑھوتری کی نمائندگی کرتا ہے۔ یوریا میں اضافہ ڈی اے پی کی زیادہ قیمت اور نائٹروجن کھاد پر حکومت کی سبسڈی سے منسوب ہے۔ منڈی میں یوریا کی دستیابی حکومت کی درآمدات کی وجہ سے پچھلے سال کی نسبت بہتر ہوئی ہے۔ اگرچہ منڈی میں دستیابی اور زیادہ قیمتوں کے حوالے سے تشویش پائی گئی تھی، FFBL نے 2021 میں 501 ہزار ٹن کی نسبت 523 ہزار ٹن یوریا کی سیلز حاصل کیں جو منڈی کے مطابق 4% اضافے کو ظاہر کرتی ہے۔ FFBL کا سونا یوریا (دانے دار) ایک گراں قدر یوریا کھاد ہے جو اپنے بڑے اور مضبوط دانوں کی وجہ سے نمی اور فرسودگی کے خلاف نسبتاً زیادہ مزاحم ہے۔

Financial Capital

Economic Overview

The year 2022 unveiled a new era of turbulence and volatility for economy and businesses around the world. The global economy continues to face steep challenges, shaped by the lingering interconnected effects of three powerful forces: geo-political tensions particularly the Russian-Ukraine conflict, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China.

During the Financial Year 2022, Pakistan's economy observed robust 6% growth (2021: 5.74%) fueled by accommodative economic policies but at the cost of growing economic imbalances. A relaxed monetary response to inflationary pressures combined with the international food and fuel price shocks led to a marked deterioration of the external position with an unsustainable current account deficit, a significant decline in reserves, and a marked depreciation of the rupee. At the same time, inflation has increased considerably, putting pressure particularly on the more vulnerable.

Pakistan's economic growth for FY 2023 is estimated at 2% as current precarious economic situation, low foreign exchange reserve, current account deficit and recent devastating floods have deteriorated Pakistan's economic and fiscal outlook.

Agriculture Sector

The agriculture sector's share in the total economy decreased slightly from 23% in FY 21 to 22.68% in FY 22. However, it achieved 4.4% growth in FY 22. The growth in agriculture sector is primarily attributable to favorable weather conditions and improved livestock output.

It is alarming that despite increasing population, Pakistan's wheat production decreased by 4% from 27.5K tonnes to 26.4K tonnes in FY 2022 primarily due to decline in sown area and less fertilizer offtake. Wheat is a strategic crop as shortfall in its production can lead to political unrest, drainage of foreign reserves and increase in wheat flour prices.

Looking ahead, agricultural produce is expected to observe a shortfall, especially crop yields and production due to floods, unfolding climatic conditions and decreasing fertilizer offtake. The Government must take measures for revival of agriculture sector on emergency basis including subsidizing DAP, raising awareness on balanced use of fertilizer, farm friendly support pricing and availability of agricultural financing.

Fiscal Development

Pakistan's fiscal deficit (excluding grants) widened to 7.9% of GDP amounting PKR 5,260 Billion and public debt rose to 78% of GDP. Although tax revenue collections increased significantly by 28.5% to PKR 4,855.8 Billion but the increase in expenditure, primarily on energy subsidization and debt servicing, outweighed growth in tax revenue collection result widening fiscal deficit.

The fiscal deficit is expected to narrow in coming years despite flood impact owing to fiscal consolidation efforts.

Money and Credit

The State Bank of Pakistan kept on increasing policy rate throughout the year and it reached at the level of 13.75% with 675 basis points increase at the end of FY 2022. The increase in policy rate was primarily to anchor the cost led inflationary pressure. The policy rate was further increased by 225 basis points to 16% during the period July to December 2022.

As per data released by SBP, the Money Supply (M2) with expansion of PKR 3,304 Billion from FY 2021 stood at PKR 27,603 Billion at end of FY 2022 representing 13.6% increase.

Inflation

The headline inflation in Pakistan during FY 2022 is measured at 12.2% up from 8.9% in FY 21, an eleven-year high and 2nd highest in South Asia after Sri Lanka, due to increases in energy prices, surging global commodity prices and a weaker exchange rate.

Subsequently, during the period July to November 2022, the inflation increased to 25.1% (comparative period: 8.3%) due to severe devaluation of Pak Rupee against US Dollar resulting hike in energy prices, and food disruptions owing to floods. The inflation is expected to remain around 20-23% throughout the FY 2023.

Demographics

Pakistan is the 5th largest country in the world in terms of population. According to National Institute of Population Studies, total population in Pakistan is expected to have reached 224.78 Million at growth rate of 1.8%. There is a continuous shift of migration of population from rural to urban areas. As per latest estimates 63% of the population resides in rural areas and 37% resides in urban areas.

Note: The source of data for economic analysis is Economic Survey of Pakistan 2021-2022 released by the Ministry of Finance.

FFBL Performance

UREA Market Analysis

Urea market demand kept on increasing throughout the year due to augmented DAP prices compelling higher demand for urea and resultantly made it even tougher for the companies to cater for the amplified demand in wake of pressure created by GOP. Farmers started applying more of nitrogenous fertilizers as substitute to DAP due to low affordability thus urea market remained positive. Domestic urea sales for the year 2022 are estimated at 6,618 KT, around 4% higher than 6,343 KT sales, compared with same period of preceding year.

The Company's production and sales during the year in comparison to previous year are as under:

	Year 2022	Year 2021	% Variance
Production	523,581	501,236	4%
Sales	522,561	501,136	4%
Market Share	8%	8%	-

DAP Market Analysis

Year 2022 presented challenges for phosphatic fertilizers both internationally and domestically. High inflation, production shortages, Russia -Ukraine war led to unprecedented price surge, though correction was expected but it came earlier than expected and that too quiet sharply. Continuing the trend from last few months, phosphatic market was overwhelmed by abundant supplies and high inventories which stimulated sales pressure from all marketing companies and further weakness was observed in prices. DAP prices continued to follow a downward trend due to uncertainty mostly attributed on consumption side. Uncertainty created by GOP discouraged dealers and investors to carry out pre-buying, piling up DAP stocks with companies and the anticipation of Kissan Subsidy Package, impacted consumer sales / Pre-Rabi buying. Furthermore, the Government also delayed announcement of timely wheat support price thus farmers were unable to calculate their farm economics at start of Rabi.

The Company's production and sales during the year in comparison to previous year are as under:

	Year 2022	Year 2021	% Variance
Production	847,843	790,415	7%
Sales	660,946	790,196	(16%)
Market Share	56%	42%	34%

The Company's DAP production increased by 7% during the year. Domestic DAP market is estimated to have decreased from 1,885 KT to 1,175 KT representing a 38% decline.

However, due to disciplined marketing strategy, the Company sales declined only by 16%. The Company was successful in increasing its market share to 56% on backdrop of availability of DAP.

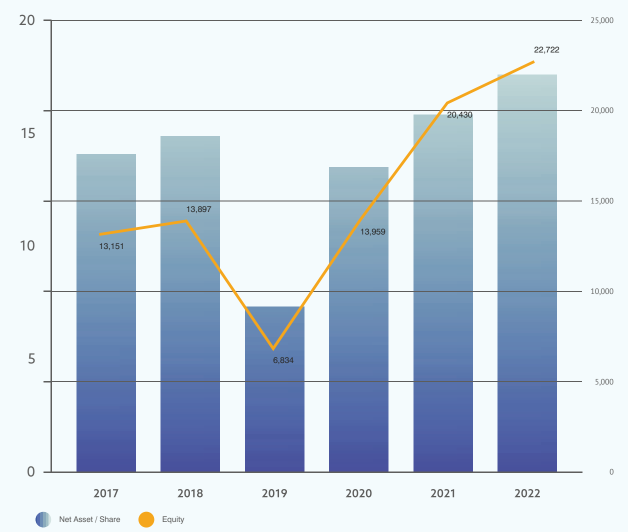
The Company put in its best efforts to ensure availability and supply of fertilizer to farming community which resulted in achieving highest ever revenue generation of PKR 159 Billion, gross profit of PKR 26 Billion and operating profit of PKR 17 Billion. At the same time, the Company remained focused on finding synergies in operations, cost reductions and evaluation of its investments. However, due to political and economic situation in the country, on one hand, policy rates were increased significantly by 625 basis points from 9.75% to 16% during the year resulting significant increase in finance cost. On the other hand, significant weakening of Pak Rupee against USD coupled with currency crises resulted in exchange loss of PKR 7 Billion. Further, GOP imposed super tax at 10% on last year profits which resulted in additional tax expense of PKR 2.8 Billion. Consequently, the Company's net profitability declined by 64% and it achieved net profit of PKR 2.3 Billion for the year ended 2022.

Financial Position Analysis

Equity Analysis

The Company's net assets increased by 11% and the Company's net worth stood at Rs 22.7 Billion. As a result, break-up value increased by 11% to Rs 17.6 per share as compared to Rs. 15.82 per share last year.

Equity Vs Net Asset/Share



Financial Capital

Liabilities Analysis

Liabilities posted an increase of PKR 32 Billion primarily due to increase in net borrowings by PKR 20 Billion and increase in trade and other payables increased by PKR 12 Billion. The increase in borrowings is primarily to fund long outstanding receivables of PKR 21 Billion from the Government comprising GST refunds and subsidy receivables and to fund significant carryover of inventory as DAP offtake was less than expected during the year.

Assets Analysis

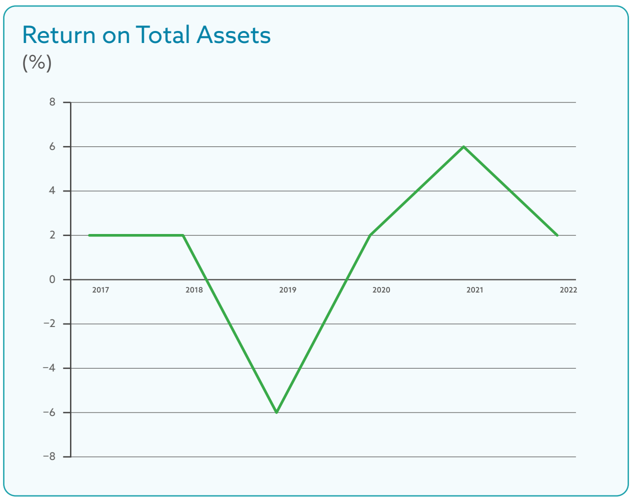
Assets exhibited an increase of PKR 35 Billion primarily due to the following:

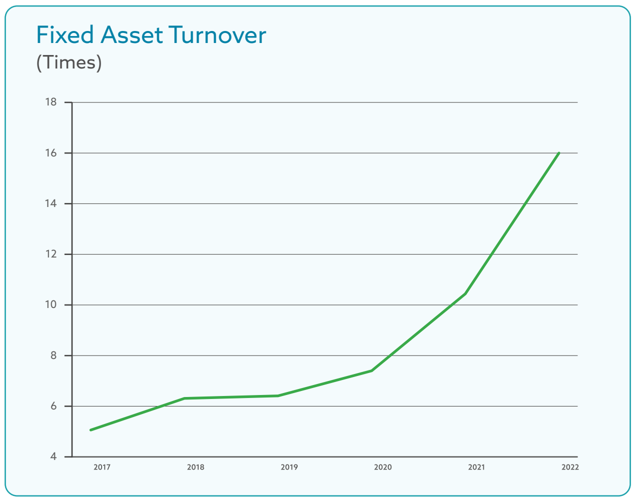
I. Stock in trade increased by PKR 31 Billion on account of significant carryover of inventory as calamitous floods delayed sowing of crops and inflation adversely impacted buying power of farmers resulting in less than expected offtake of fertilizer.

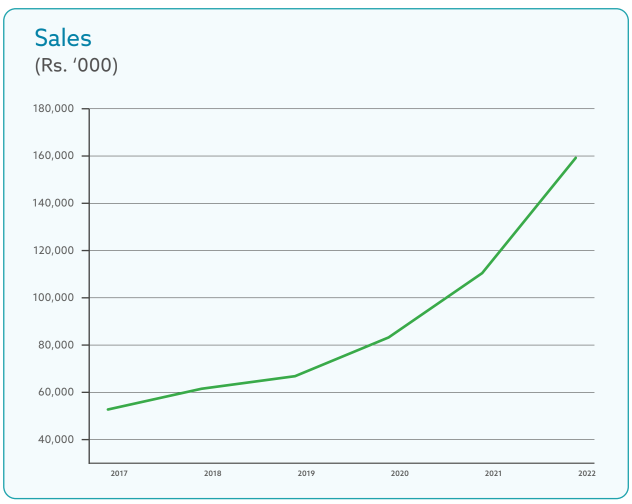
II. Trade debts of Rs 12 billion are significantly higher than last year owing to excessive increase in credit sales at year end.

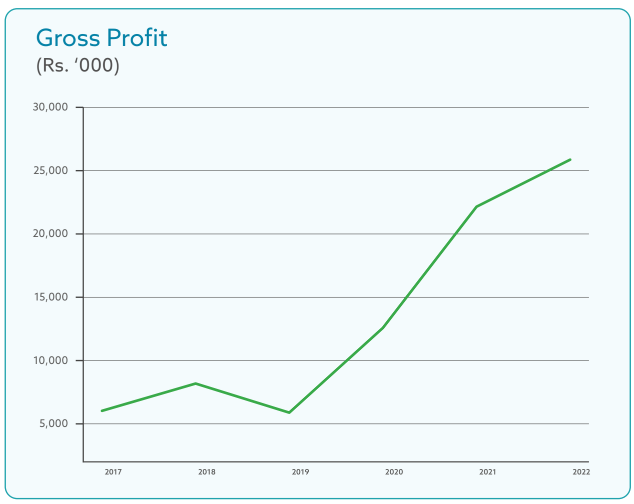
III. Sales tax refundable increased by PKR 4 Billion due to reduced output sales tax rate of 2% applicable on sale of fertilizer and a higher input sales tax rate applicable on purchases till 30 June 2022.

IV. Cash and bank balances together with short term investments decreased by PKR 10 Billion on account of overall lower sales and significant credit sales at the end of the year.









Profit or Loss Analysis

Rs. in Million

Description	2022	2021	
Sales- net	159,226	110,452	1
Cost of sales	(133,357)	(88,301)	2
Gross profit	**25,869**	**22,152**	3
Distribution expenses	(7,121)	(5,640)	4
Administrative expenses	(1,353)	(1,593)	5
Operating profit	**17,395**	**14,911**	
Finance costs	(5,144)	(2,338)	6
Other expenses	(7,776)	(2,555)	7
Other income	6,341	9,111	8
(Unwinding)/ Provision for GIDC	(891)	(1,254)	9
Allowance for expected credit losses	(242)	(4,254)	10
Impairment of equity investment	(1,179)	(2,103)	11
Profit before taxation	**8,505**	**11,525**	
Taxation	(6,174)	(5,134)	12
Profit after taxation	**2,328**	**6,391**	
Earnings per share	**1.80**	**4.96**	13

Profit / (Loss) after Taxation

(Rs. '000)

Earning / (Loss) Per Share

(Rs.)

During the year, the Company has achieved its highest ever revenue registering the growth of 44% backed by positive price variance.
Due to consistent price increase, Sona DAP turnover stood at 138 billion, 47% higher than last year.
Sona Urea prices also witnessed an increase during the year and resultantly Sona Urea revenue stood at 21 billion, 27% higher than last year. 1

Due to consistent hike in Phosphoric Acid prices ($1330/MT in Q4 of 2021 to $1,715 in Q2 of 2022), increase in energy prices and exemption of output sales tax on fertilizer in 2nd half of the year, Cost of sales witnessed an increase of 51% as compared to last year. 2

Gross Profit increased by PKR 4 Billion to PKR 26 Billion from PKR 22 Billion, representing 17% increase in gross profit. However, Gross profit margin of the Company reduced from 20% in previous year to 16% in current year due to increase in cost of sales, owing to GST's inclusion in the cost of production. 3

Distribution cost of Rs 7.1 billion was 32% higher than last year primarily due to increase in fuel prices by average 38% during the year. 4

Company has implemented strict cost control measures and as a result admin expenses have declined during the year. 5

Increase in finance cost is due to:
1- Net long-term borrowings including current portion increased by PKR 3 Billion.
2- Utilization of short-term borrowing has significantly increased due to excessive inventory carryover and slower sales throughout the year.
3- SBP increased Policy rates by 625 basis points representing a 64% increase. 6

Increase is primarily due to exchange loss of PKR 7 Billion suffered by the Company owing to currency crises resulting delay in foreign payments and a market devaluation of Pak Rupee against US Dollar. 7

Decrease of PKR 3 Billion in other income primarily relates to one time gain of Rs. 2.8 billion booked in 2021 relating to sale of equity investment in Foundation Wind Energy - I Limited and Foundation Wind Energy - II Limited. 8

This represents notional expense relating to remeasurement of GIDC liability based on the judgement of Supreme Court of Pakistan and in accordance with applicable financial reporting standards. 9

This represents allowance for expected credit loss (ECL) recorded at PKR 140 million on subsidy receivable from the Government in accordance with applicable financial reporting standards.

Last year, the Company also booked ECL on sub-ordinated loan together with accrued mark-up from Fauji Meat Limited. 10

This represents impairment of equity investment in Fauji Foods Limited during the year in accordance with applicable financial reporting standards. 11

Tax Expense increased significantly due to imposition of super tax @ 10% on the profits of last year i.e. 2021 which amounts to PKR 2.8 Billion. Further, tax expense is recorded in accordance with applicable tax laws and is consequent to increase/ decrease in above-mentioned components of FFBL's economic activity. 12

EPS declined as compared to previous year primarily due to carry over of DAP. 13

Financial Capital

Cash Flow Analysis

Rs. in Million

	2022	2021
Cash generated from operating activities	(23,526)	29,447
Finance costs paid	(4,124)	(2,557)
Taxes paid	(5,790)	(3,641)
Payment to Gratuity Fund	-	(53)
Compensated absences paid	(40)	(134)
Payment to Workers' Welfare Fund	(153)	-
Payment to Workers' (Profit) Participation Fund	(431)	(762)
Net cash generated from operating activities	**(34,064)**	**22,300**
Fixed capital expenditures and advances	(368)	(344)
Proceed from sale of long-term investment	-	5,256
Proceeds from sale of property, plant and equipment	38	30
Cash and cash equivalent acquired on amalgamation	-	26
Dividend received from related parties	2,511	4,118
Long term loan disbursed	(801)	(5,133)
Short term investments – net	(5,440)	(8,319)
Cash dividend on mutual funds	647	23
Profit received on bank balances, term deposits	1,920	1,286
Net cash used in investing activities	**(1,493)**	**(3,057)**
Long term loans – received	7,500	5,500
Long term loans – repaid	(4,692)	(6,817)
Advance against equity	-	90
Short term borrowings – net	4,300	(2,250)
Dividend paid for prior periods	(1)	-
Net cash generated from / (used in) financing activities	**7,107**	**(3,477)**
Net increase in cash and cash equivalents	**(28,450)**	**15,766**
Cash and cash equivalents at the end of beginning of year	29,442	13,676
Cash and cash equivalents at the end of year	**992**	**29,442**

1
Net cash used in operating activities amounted to PKR 34 Billion as compared to PKR 22 Billion cash generated by operating activities in previous year. This is due to numerous interdependent factors and the foremost reason is less than expected sales leading to carry over of inventory of PKR 32 Billion and that also relating to a period when cost of production was at the highest level.

Furthermore, outstanding credit sales of PKR 12 Billion, increase in mark-up payments at PKR 4 Billion (2021: PKR 2.5 Billion) relating to borrowings, tax payments at PKR 6 Billion (2021: PKR 3.6 Billion) also adversely impacted cash generation ability of operating activities.

2
The net cash utilization in investing activities amounted to PKR 1.5 Billion comprising of PKR 5 Billion cash generation and PKR 6.5 Billion investment.

The cash generation includes PKR 2.5 Billion dividend receipts from joint venture investment in Pakistan Marroc Phosphore S.A. and PKR 2.5 Billion as a return from other investments including deposits with banks, loans and investments in mutual funds.

The cash investment includes PKR 5.5 Billion in short term investments and PKR 1 Billion relating to capital expenditure and loan disbursements to subsidiaries.

3
The Company repaid PKR 5 Billion loans during the year and also availed PKR 12 Billion new loans resulting in net cash generation of PKR 7 billion from financing activities.

The Company closed the year with cash and cash equivalent of PKR 1 Billion as compared to PKR 29 Billion in the previous year.

Direct Method Cash Flow

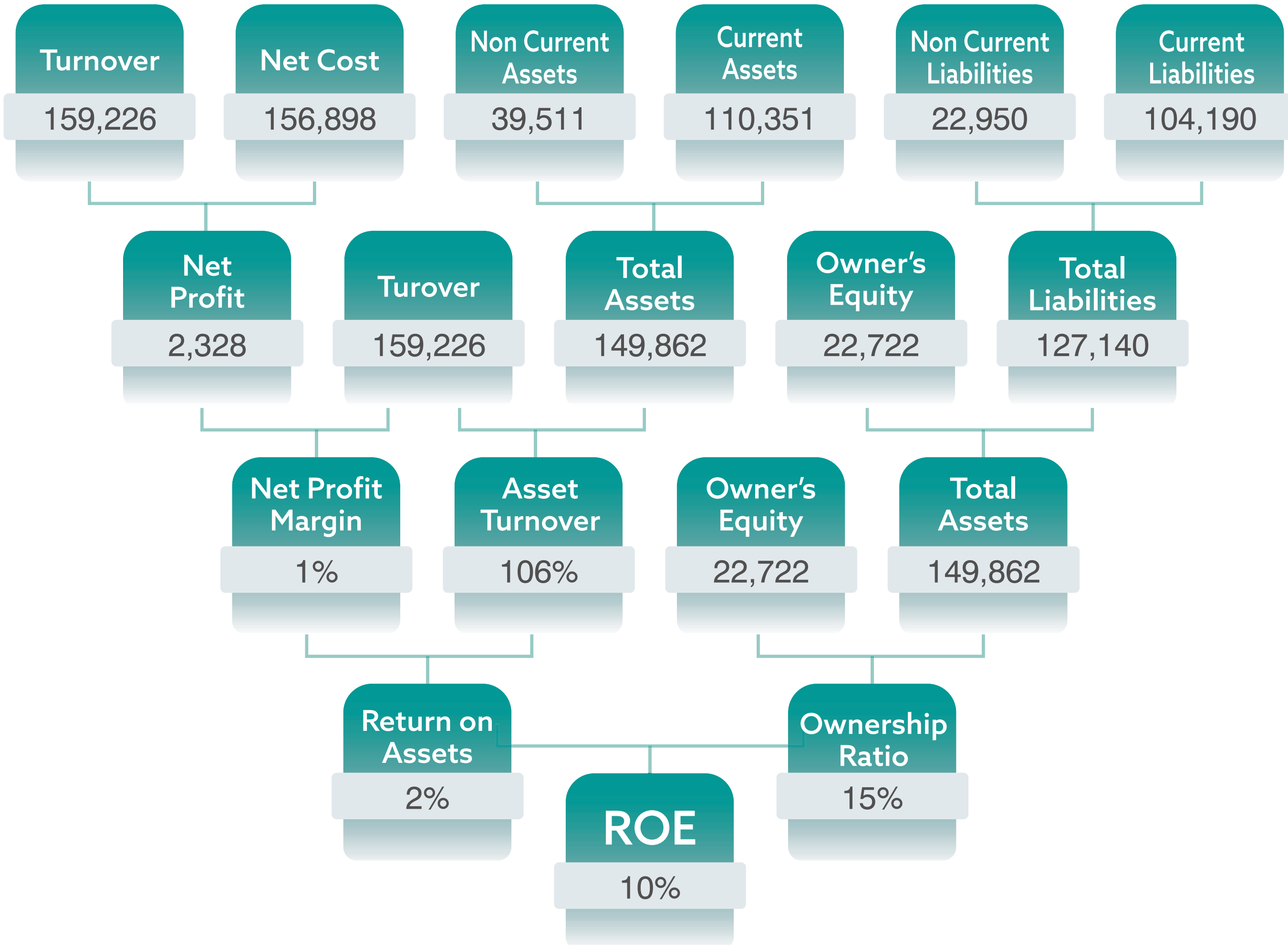
Rs. in Million

	2022	2021
Cash Flows from Operating Activities		
Cash receipts from customers-net	146,198	114,970
Cash paid to suppliers / service providers and employees-net	(169,724)	(85,523)
Finance cost paid	(4,124)	(2,557)
Taxes paid	(5,790)	(3,641)
Payment to Gratuity Fund	-	(53)
Compensated absences paid	(40)	(134)
Payment to workers' welfare fund	(153)	-
Payment to workers' (Profit) Participation Fund	(431)	(762)
Net cash generated from operating activities	**(34,064)**	**22,300**
Cash Flows from Investing Activities		
Fixed capital expenditure	(368)	(344)
Net assets acquired (excluding cash & cash equivalent)	-	26
Long term Investment - receipts	-	5,256
Cash dividend mutual fund	647	-
Dividend received	2,511	4,118
Investment at fair value through profit & loss	(5,440)	(8,319)
Long term loan	(801)	(5,133)
Profit on bank balances	1,920	1,309
Proceeds from sale of fixed assets	38	30
Net cash used in investing activities	**(1,493)**	**(3,057)**

Rs. in Million

	2022	2021
Cash Flows from Financing Activities		
Long term financing - net	2,808	(1,317)
Advance against equity	-	90
Short term borrowings	4,300	(2,250)
Dividend paid for prior periods	(1)	-
Net cash (used in) / generated from financing activities	**7,107**	**(3,477)**
Net increase in cash and cash equivalents	**(28,450)**	**15,766**
Cash and cash equivalents at beginning of the period	29,442	13,676
Cash and cash equivalents at end of the period	**992**	**29,442**

Dupont Analysis



Dupont Analysis	2022	2021
Tax charge	73%	45%
Interest burden	38%	17%
EBIT Margin	9%	14%
Asset turnover	106%	96%
Leverage	85%	82%
Return on equity	10%	32%

Analysis

Operational Efficiency:

The increase in total costs was 51% which was relatively more as compared to the increase in turnover at 44%. The Company was unable to build in the impact of cost increase in the selling price due to competitiveness driven by inconsistent sales tax legislation passed during the year.

Asset Utilization

Asset turnover improved slightly from 96% to 106%. Resultantly, the return on assets decreased from 6% in 2021 to 2% in 2022.

Leverage:

The non-equity-based funding of total assets increased significantly resulting in decrease in the equity/ ownership ratio in total assets from 18% to 15%.

Overall, with decrease in return on assets as well as in ownership ratio, return on equity decreased from 31% in 2021 to 10% in 2022.

Horizontal Analysis

of Statement of Financial Position

Rs. in Million

	2022 Rs	22 Vs. 21 %	2021 Rs	21 Vs. 20 %	2020 Rs	20 Vs. 19 %	2019 Rs	19 Vs. 18 %	2018 Rs	18 Vs. 17 %	2017 Rs	17 Vs. 16 %
EQUITY AND LIABILITIES												
Equity												
Share capital	12,913	-	12,913	38.23	9,341	-	9,341	-	9,341	-	9,341	-
Advance against issue of shares	-	-	-	(100.00)	4,886	100.00	-	-	-	-	-	-
Reserves	1,633	-	1,633	(100.00)	228	(0.15)	228	-	228	-	228	0.15
Accumulated profit	8,177	38.94	5,885	(1,286.59)	(496)	(81.87)	(2,735)	(163.20)	4,328	20.85	3,581	12.33
	22,723	11.22	20,431	46.36	13,959	104.26	6,834	(50.83)	13,897	5.68	13,151	3.09
Non Current liabilities												
Long term Loans	18,458	13.71	16,233	5.24	15,425	11.84	13,792	(14.25)	16,083	4.89	15,333	(7.31)
Deferred liabilities	4,492	(52.53)	9,462	(34.88)	14,530	820.41	1,579	66.36	949	80.99	524	(64.69)
	22,950	(10.68)	25,696	(14.22)	29,955	94.88	15,371	(9.76)	17,032	7.41	15,858	(12.03)
Current liabilities												
Trade creditors, other payables, taxation & current portion of long term loan	74,733	29.14	57,871	87.97	30,787	(22.59)	39,773	13.38	35,079	32.19	26,536	63.66
Interest and mark - up accrued	1,243	454.35	224	(49.62)	445	(53.75)	962	117.61	442	155.89	173	(59.44)
Short term borrowings	28,213	156.77	10,988	(30.55)	15,822	(43.95)	28,227	102.88	13,913	40.06	9,934	(36.82)
Current portion of deferred Government assistance	-	-	-	-	-	-	-	-	-	-	-	(100.00)
	104,189	50.82	69,083	46.82	47,054	(31.77)	68,962	39.50	49,434	34.91	36,644	11.00
	149,862	30.08	115,210	26.65	90,968	(0.22)	91,167	13.44	80,364	22.41	65,652	2.91
ASSETS												
Non-Current Assets												
Property, plant, equipment & advances	10,261	(5.72)	10,884	(3.30)	11,255	7.75	10,446	6.06	9,849	(5.54)	10,427	(7.71)
Long term Loans	-	(100.00)	3,231	(53.78)	6,990	123.32	3,130	30.42	2,400	-	-	(100.00)
Deferred tax asset - net	-	-	-	-	-	-	-	-	-	(100.00)	1,322	100.00
Long term investments	29,171	13.91	25,610	4.33	24,546	(6.24)	26,180	6.58	24,565	6.50	23,065	14.86
Long term deposits & prepayments	79	-	79	(0.45)	79	0.45	79	-	79	-	79	(0.45)
	39,511	(0.73)	39,803	(7.16)	42,870	7.62	39,835	7.97	36,893	5.73	34,892	10.84
Current assets												
Stores, spares and loose tools	1,918	6.91	1,794	(2.33)	1,835	(38.61)	2,989	9.83	2,722	(0.86)	2,745	1.86
Stock in trade	39,236	367.75	8,388	193.09	2,862	(80.60)	14,756	160.95	5,655	204.94	1,854	(23.60)
Trade debts	11,828	12,451.38	94	(94.31)	1,656	(80.76)	8,607	50.49	5,719	469.33	1,005	(71.49)
Loans and advances	474	(64.43)	1,333	6.91	1,247	6.49	1,171	(22.64)	1,514	23.28	1,228	7.51
Deposits and prepayments	181	45.61	125	24.61	100	(24.81)	133	174.27	48	(21.79)	62	16.99
Other receivables	20,244	18.38	17,101	11.41	15,350	(11.64)	17,373	31.73	13,188	115.35	6,124	(8.62)
Short term investments	13,764	31.82	10,442	100.00	-	(100.00)	1,009	(90.77)	10,936	(22.96)	14,194	42.67
Cash and bank balances	22,705	(37.16)	36,130	44.24	25,048	373.14	5,294	43.48	3,689	4.01	3,547	(39.08)
	110,350	46.34	75,407	53.40	48,098	(6.30)	51,332	18.08	43,471	41.33	30,760	(4.81)
	149,862	30.08	115,210	26.65	90,968	(0.22)	91,167	13.44	80,364	22.41	65,652	2.91

Vertical Analysis

of Statement of Financial Position

Rs. in Million

	2022		2021		2020		2019		2018		2017	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
EQUITY AND LIABILITIES												
Equity												
Share capital	12,913	8.62	12,913	11.21	9,341	10.27	9,341	10.25	9,341	11.62	9,341	14.23
Advance against issue of shares	-	-	-	-	4,886	5.37	-	-	-	-	-	-
Reserves	1,633	1.09	1,633	1.42	228	0.25	228	0.25	228	0.28	228	0.35
Accumulated profit	8,177	5.46	5,885	5.11	(496)	(0.55)	(2,735)	(3.00)	4,328	5.39	3,581	5.45
	22,723	15.16	20,431	17.73	13,959	15.34	6,834	7.50	13,897	17.29	13,151	20.03
Non Current liabilities												
Long term Loans	18,458	12.32	16,233	14.09	15,425	16.96	13,792	15.13	16,083	20.01	15,333	23.36
Deferred liabilities	4,492	3.00	9,462	8.21	14,530	15.97	1,579	1.73	949	1.18	524	0.80
	22,950	15.31	25,696	22.30	29,955	32.93	15,371	16.86	17,032	21.19	15,858	24.15
Current liabilities												
Trade creditors, other payables, taxation & current portion of long term loan	74,733	49.87	57,871	50.23	30,787	33.84	39,773	43.63	35,079	43.65	26,536	40.42
Interest and mark - up accrued	1,243	0.83	224	0.19	445	0.49	962	1.06	442	0.55	173	0.26
Short term borrowings	28,213	18.83	10,988	9.54	15,822	17.39	28,227	30.96	13,913	17.31	9,934	15.13
Current portion of deferred Government assistance	-	-	-	-	-	-	-	-	-	-	-	(100.00)
	104,189	69.52	69,083	59.96	47,054	51.73	68,962	75.64	49,434	61.513	36,644	55.81
	149,862	100.00	115,210	100.00	90,968	100.00	91,167	100.00	80,364	100.00	65,652	100.00
ASSETS												
Non-Current Assets												
Property, plant, equipment & advances	10,261	6.85	10,884	9.45	11,255	12.23	10,446	11.46	9,850	12.26	10,427	15.88
Long term Loans	-	-	3,231	2.80	6,990	7.60	3,130	3.43	2,400	2.99	-	-
Deferred Tax asset - net	-	-	-	-	-	-	-	-	-	-	1,322	2.01
Long term investments	29,171	19.47	25,610	22.23	24,546	26.67	26,180	28.72	24,565	30.57	23,065	35.13
Long term deposits & prepayments	79	0.05	79	0.07	79	0.09	79	0.09	79	0.10	79	0.12
	39,511	26.36	39,803	34.55	42,870	46.58	39,835	43.69	36,893	45.91	34,892	53.15
Current assets												
Stores, spares and loose tools	1,918	1.28	1,794	1.56	1,835	2.02	2,989	3.28	2,722	3.39	2,745	4.18
Stock in trade	39,236	26.18	8,388	7.28	2,862	3.11	14,756	16.19	5,655	7.04	1,854	2.82
Trade debts	11,828	7.89	94	0.08	1,656	1.80	8,607	9.44	5,719	7.12	1,005	1.53
Loans and advances	474	0.32	1,333	1.16	1,247	1.36	1,171	1.28	1,514	1.88	1,228	1.87
Deposits and prepayments	181	0.12	125	0.11	100	0.11	133	0.15	48	0.06	62	0.09
Other receivables	20,244	13.51	17,101	14.84	15,350	16.68	17,373	19.06	13,188	16.41	6,124	9.33
Short term investments	13,764	9.18	10,442	9.06	-	-	1,009	1.11	10,936	13.61	14,194	21.62
Cash and bank balances	22,705	15.15	36,130	31.36	25,048	27.22	5,294	5.81	3,690	4.59	3,547	5.40
	110,350	73.64	75,407	65.45	48,098	52.87	51,332	56.31	43,471	54.09	30,760	46.85
	149,862	100.00	115,210	100.00	90,968	100.00	91,167	100.00	80,364	100.00	65,652	100.00

Horizontal Analysis

of Statement of Profit or Loss

Rs. in Million

	2022	22 Vs. 21	2021	21 Vs. 20	2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17	2017	17 Vs. 16
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
Sales - net	159,226	44	110,452	33	83,234	25	66,839	9	61,511	17	52,733	17
Cost of Sales	133,357	51	88,301	25	70,655	16	60,955	14	53,327	14	46,705	7
Gross profit	25,869	17	22,151	76	12,579	114	5,884	(28)	8,183	36	6,028	394
Selling & distribution expenses	7,121	26	5,640	2	5,518	3	5,344	18	4,525	(7)	4,872	11
Administrative expenses	1,352	(15)	1,592	27	1,255	(12)	1,422	(8)	1,549	(10)	1,727	5
	17,396	17	14,919	157	5,806	(759)	(882)	(142)	2,109	(469)	(571)	(88)
Finance cost	5,144	120	2,338	(47)	4,444	(15)	5,199	134	2,223	14	1,942	(10)
Other operating expenses	10,089	(1)	10,166	131	4,394	104	2,158	71	1,259	198	423	140
	2,163	(10)	2,415	(180)	(3,032)	(63)	(8,239)	500	(1,373)	(53)	(2,936)	(59)
Other income	6,342	(30)	9,110	15	7,925	81	4,370	37	3,182	(27)	4,377	(50)
Profit before taxation	8,505	(26)	11,525	136	4,893	(226)	(3,869)	(314)	1,809	26	1,441	(10)
Taxation	6,177	20	5,134	90	2,700	32	2,052	451	373	(15)	437	67
Profit for the year	2,328	(64)	6,391	192	2,192	(137)	(5,921)	(512)	1,437	43	1,004	(25)

Vertical Analysis

of Statement of Profit or Loss

Rs. in Million

	2022		2021		2020		2019		2018		2017	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
Sales - net	159,226	100.00	110,452	100.00	83,234	100.00	66,839	100.00	61,511	100.00	52,733	100.00
Cost of Sales	133,357	83.75	88,301	79.94	70,655	84.89	60,955	91.20	53,327	86.70	46,705	88.57
Gross profit	25,869	16.25	22,151	20.06	12,579	15.11	5,884	8.80	8,183	13.30	6,028	11.43
Selling & distribution expenses	7,121	4.47	5,640	5.11	5,518	6.63	5,344	8.00	4,525	7.36	4,872	9.24
Administrative expenses	1,352	0.85	1,592	1.45	1,255	1.51	1,422	2.13	1,549	2.52	1,727	3.28
	17,396	10.93	14,919	13.50	5,806	6.98	(882)	(1.32)	2,109	3.43	(571)	(1.08)
Finance cost	5,144	3.23	2,338	2.12	4,444	5.34	5,199	7.78	2,223	3.61	1,941	3.68
Other operating expenses	10,089	6.34	10,166	9.20	4,394	5.28	2,158	3.23	1,259	2.05	423	0.80
	2,163	1.36	2,415	2.19	(3,032)	(3.64)	(8,239)	(12.33)	(1,373)	(2.23)	(2,936)	(5.57)
Other income	6,342	3.98	9,110	8.25	7,925	9.52	4,370	6.54	3,182	5.17	4,377	8.30
Profit before taxation	8,505	5.34	11,525	10.43	4,893	5.88	(3,869)	(5.79)	1,809	2.94	1,441	2.73
Taxation	6,177	3.88	5,134	4.65	2,700	3.24	2,052	3.07	373	0.61	437	0.83
Profit for the year	2,328	1.46	6,391	5.79	2,192	2.63	(5,921)	(8.86)	1,437	2.34	1,004	1.90

Quarterly Analysis

Rupees in million

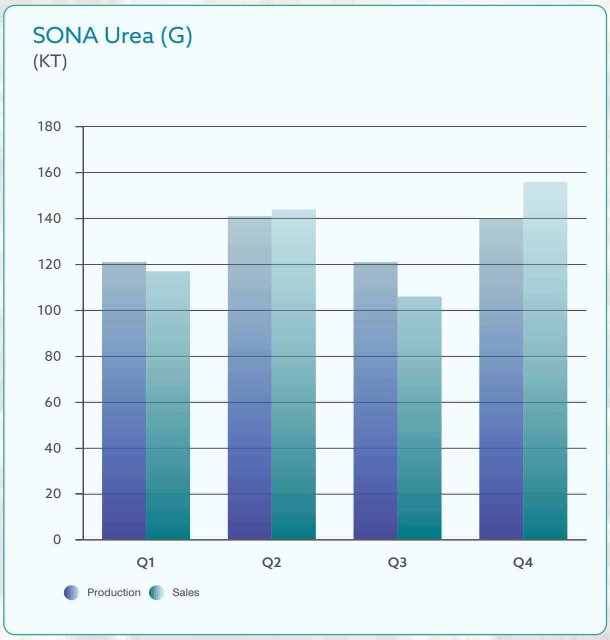
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual
Sales - net	24,784	46,149	22,568	65,725	159,226
Cost of sales	(19,395)	(37,358)	(18,813)	(57,791)	(133,357)
Gross Profit	**5,389**	**8,791**	**3,755**	**7,934**	**25,869**
Selling and distribution expenses	(1,687)	(1,322)	(1,054)	(3,058)	(7,121)
Administrative expenses	(355)	(396)	(237)	(364)	(1,352)
Finance cost	(706)	(907)	(1,193)	(2,338)	(5,144)
Other operating expenses	(1,206)	(3,156)	(4,404)	(1,323)	(10,089)
Other income	1,116	3,251	964	1,011	6,342
Profit Before Taxation	**2,551**	**6,261**	**(2,169)**	**1,862**	**8,505**
Taxation	(924)	(4,478)	473	(1,248)	(6,177)
Profit for the year	**1,627**	**1,783**	**(1,696)**	**614**	**2,328**
Earnings per share - basic and diluted (Rupees)	1.26	1.38	(1.31)	0.47	**1.80**

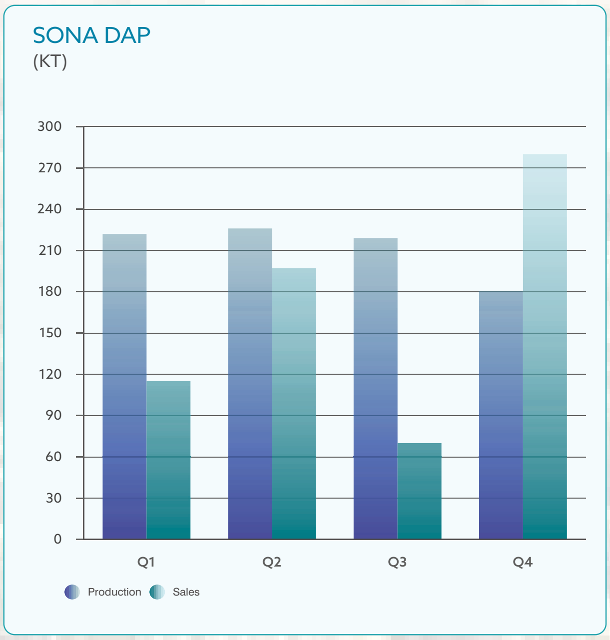
Analysis of Variation in Interim Results and Final Accounts

The Company achieved 22% gross profit margin in Q1, however rising cost of raw materials reduced the gross margin to 19% in Q2. The net profit margin in Q1 was 7%, however, it was reduced to 4% in Q2 primarily due to imposition of 10% super tax on profits pertaining to last year.

The Government through Finance Act 2022 amended sales tax laws applicable to fertilizer industry, whereby, sale of fertilizer was exempted from output sales tax whereas corresponding input tax exemption, in case of DAP, was only granted to import of DAP and not to local production of DAP. This resulted in input sales tax becoming cost of locally produced DAP and FFBL was most affected being the sole local producer of DAP. With increase in cost and decline in sales due to rising inflation impacting affordability and floods delaying sowing of crops, FFBL's gross profit margin in Q3 and Q4 stood at 17% and 12% displaying a significant decline. Moreover, the net profitability was deteriorated due to worsening economic situation leading to increase in finance cost and exchange loss as FFBL reported net loss of PKR 1.7 billion in Q2 and net profit of PKR 0.6 Billion in Q4.

The Company closed the year at net profit of PKR 2.3 Billion. Net profit margin was 1.5% as compared to 6% for 2021.





Financial Capital

Production

DAP production in Q1 at 222 KT represented an increase of 84% as compared to comparative quarter due to reduction in downtime, increased efficiency and deferral of annual turnaround.

Urea production in Q1 at 121 KT represented 50% increase from comparative quarter as the Company diverted ammonia consumption from DAP to Urea production.

Market Performance

DAP sales in Q1 at 115 KT 3% were lower than comparative quarter. Whereas, Urea sales at 117 KT represented 67% increase due to improved production and availability of Urea.

Turnover & Other Income

Turnover in Q1 at PKR 25 Billion represented 91% increase from comparative quarter primarily due to better pricing of DAP.

Operating Costs

Operating costs in Q1 at PKR 21 Billion represented 83% increase from comparative quarter primarily driven by increase in raw material price and an increase in the level of production.

Profit

Gross profit margin in Q1 improved to 22% from 19% in comparative quarter due better DAP pricing.

Net profit margin in Q1 at 7% was lower than 10% of comparative period. The lower net profit margin was due to higher operating costs.

Q1

Production

During the second quarter, Urea production of 141 KT was 6% lower than corresponding quarter of 2021. However, DAP production increased by 2% during the quarter.

Market Performance

The Company achieved highest ever DAP sale of 196 KT during the second quarter of 2022. Whereas, Sona Urea sales declined slightly by 3% during the quarter.

Turnover & Other Income

Turnover at PKR 46 Billion increased by 86% in comparison to first quarter and 173% higher than the turnover recorded in 2021 mainly due to highest ever offtake of DAP during the quarter and elevated pricing. Other income of PKR 3.25 Billion in Q2 primarily comprised of dividend income of PKR 2.5 Billion from PMP.

Operating Costs

Cost of sales for the second quarter stood at PKR 37.3 Billion which is 93% above the first quarter and 178% higher than corresponding quarter of 2021 due to higher sales and increasing costs. Distribution cost at PKR 1.32 Billion was 1% lower than the corresponding quarter of last year.

Profit

Gross profit for the quarter at PKR 8.8 Billion represents 152% increase in comparison to corresponding quarter of last year due better sales volume and pricing.

Net profit reduced from PKR 2.6 Billion in comparative quarter to PKR 1.7 Billion in Q2 of 2022 primarily due to imposition of additional super tax at the rate of 10% on profits of 2021 and 4% super tax on profits of 2022 amounting to PKR 2.7 billion for the period.

Q2

Production

The Company's Urea production at 121 KT observed 21% decline from the corresponding quarter. However, Sona DAP production at 220 KT remained consistent with corresponding quarter.

Market Performance

During the Q3, Sona DAP offtake at 70 KT and Sona Urea offtake at 106 KT was respectively 76% and 35% lower than from the comparative quarter. This was primarily due to devastating floods delaying sowing of crops leading to lack of DAP affordability.

Turnover & Other Income

The Company's turnover recorded a significant decrease of 41% compared to the corresponding quarter of last year due to significant decline in the sales volumes. Decrease in other income is primarily due to one-off gain on disposal of wind projects of PKR 2.8 Billion booked last year in comparative quarter.

Operating Costs

The Cost of sales at PKR 18.8 Billion in the third quarter declined by 37% from comparative quarter due to a significant decline in sales. Transportation cost also decreased by 36% from comparative quarter due to fewer dispatches.

Profit

Gross profit at PKR 3.75 Billion declined by 56% from comparative quarter of last year due to lower sales volumes. The Company also suffered exchange loss of PKR 4.2 billion in the third quarter because of significant devaluation of Pak Rupee against US Dollar. Finance cost also increased by 113% due to increase in borrowings and significant policy rate. Overall, the Company reported in net loss of PKR 1.7 billion as compared to net profit of PKR 2.3 Billion during the same quarter last year.

Q3

Production

DAP production in Q4 at 180 KT represented 20% decline as compared to the same quarter last year, as the Company curtailed DAP production in December 2022 to efficiently manage its inventory.

Urea production in Q4 at 225 KT represented 19% increase from comparative quarter as the Company diverted ammonia consumption from DAP to Urea production.

Market Performance

DAP sales in Q4 at 280 KT were almost at the same level as in comparative quarter. Whereas, Urea sales at 156 KT represented 31% increase due to better availability in the quarter.

Turnover & Other Income

Turnover in Q4 at PKR 66 Billion represented 56% increase from comparative quarter primarily due to better pricing of DAP.

Operating Costs

Operating costs in Q4 at PKR 61 Billion represented 69% increase from comparative quarter primarily due to higher sales, input GST becoming cost of production and increasing transportation costs driven by increasing fuel prices.

Profit

Gross profit margin in Q4 declined to 12% from 18% in the same quarter last year as the Company was unable to build the impact of increase in production cost driven by inconsistent GST legislation in its selling price due to competitiveness.

Net profit margin in Q4 at 1% was at the same level as in previous quarter. The lower net profit margin is due to significant increase in finance cost and impairment on equity investments.

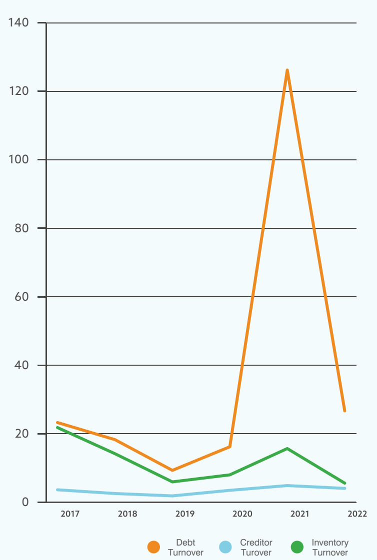
Q4

Financial Capital

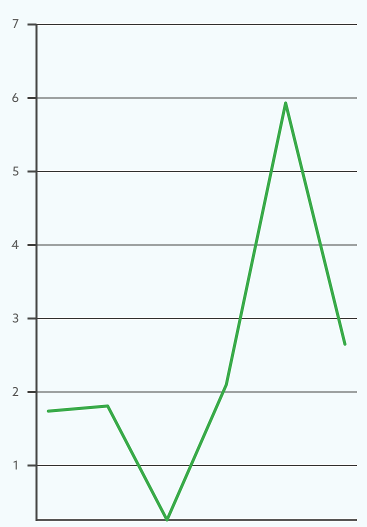
Six Year Financial Ratios

FINANCIAL PERFORMANCE		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross profit ratio	(Rs)	16.25	20.06	15.11	8.80	13.30	11.43
EBITDA margin to sales	(%)	9.19	13.42	12.33	4.48	9.21	9.45
Net profit to sales	(%)	1.46	5.79	2.63	(8.86)	2.34	1.90
Operating Leverage	Ratio	0.20	0.18	0.49	0.09	0.17	0.28
Return on equity	Ratio	10.25	31.28	15.71	(86.64)	10.34	7.64
Return on capital employed	(%)	5.65	17.43	7.46	(28.71)	4.79	3.46
Return on shareholder fund	(%)	18.03	49.50	15.41	(63.38)	15.38	10.75
Liquidity Ratios							
Current ratio	(Times)	1.06	1.09	1.02	0.74	0.88	0.84
Quick / Acid test ratio	(Times)	0.66	0.94	0.92	0.49	0.71	0.71
Cash and cash equivalent to current liabilities	%	35	67	53	9	30	48
Cash flow from operating activities to sales	%	(21)	20	31	(25)	(11)	23
Cash flow to capital expenditure	(Times)	0.08	45.89	30.54	(3.96)	(9.04)	(0.77)
Cash flow coverage ratio	(Times)	(0.66)	0.70	0.67	(0.36)	(0.19)	0.42
Activity / Turnover Ratios							
Inventory turnover	(Times)	5.60	15.70	8.02	5.97	14.20	21.82
Inventory turnover	(Days)	65	23	46	61	26	16.73
Debtors turnover	(Times)	26.71	126.19	16.22	9.33	18.30	23.29
Debtors turnover	(Days)	14	3	23	39	20	15.67
Creditors turnover	(Times)	4.07	4.89	3.50	1.88	2.57	3.66
Creditors turnover	(Days)	90	75	104	194	142	100
Total assets turnover	(Times)	1.06	0.96	0.91	0.73	0.77	0.80
Fixed assets turnover	(Times)	16.00	10.44	7.40	6.41	6.31	5.06
Operating cycle	(Days)	(11)	(48)	(77)	(94)	(96)	(67)

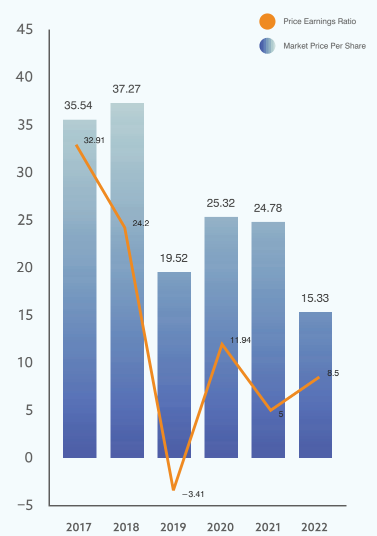
Activity / Turnover Ratios



Interest Cover

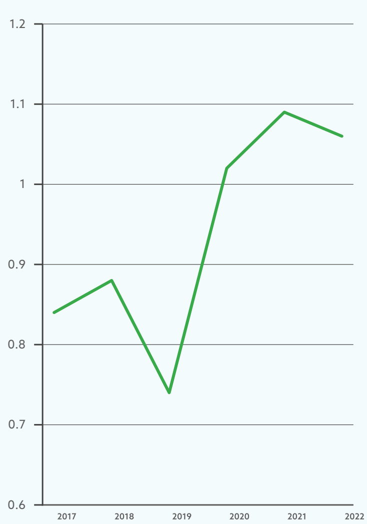


Market Price Per Share Vs Price Earning Ratio

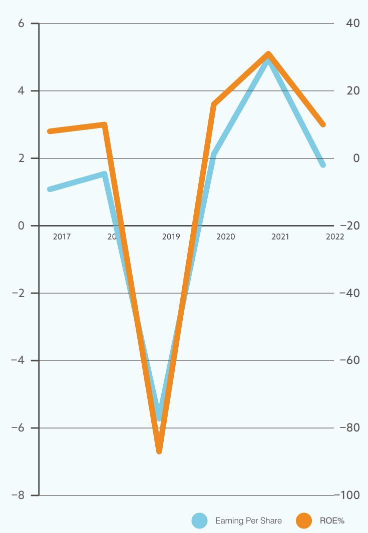


FINANCIAL PERFORMANCE		2022	2021	2020	2019	2018	2017
Investment / Market Ratios							
Earnings per share (pre-tax)	(Rs)	6.59	8.94	4.73	(3.74)	1.94	1.54
Earnings per share (after-tax)	(Rs)	1.80	4.96	2.12	(6.34)	1.54	1.08
Diluted EPS	(Rs)	1.80	4.96	2.12	(6.34)	1.54	1.08
Price earning ratio	(Times)	8.50	5.00	11.94	(3.08)	24.20	32.91
Dividend yield ratio	(%)	-	-	-	-	2.68	2.39
Dividend payout ratio	(%)	-	-	-	-	64.94	78.70
Dividend cover ratio	(%)	-	-	-	-	154.00	127.06
Dividend per share - Interim	(Rs)	-	-	-	-	-	0.10
Dividend per share - Proposed Final	(Rs)	-	-	-	-	1.00	0.75
Market Price Per Share							
- Year end	(Rs)	15.33	24.78	25.32	19.52	37.27	35.54
- High during the year	(Rs)	27.30	29.15	27.45	44.20	45.65	59.60
- Low during the year	(Rs)	14.15	20.22	11.56	14.35	30.62	31.55
Breakup value per share	(Rs)	17.60	15.86	13.49	7.32	14.88	14.08
Price to book ratio	(Times)	1.53	2.48	2.53	1.95	3.73	3.55
Market price to breakup value	(Times)	0.87	1.56	1.88	2.67	2.50	2.52
Capital Structure Ratios							
Financial leverage ratio	Ratio	2.29	1.56	2.73	6.82	2.53	2.17
Weighted average cost of debt	(%)	15.94	8.25	10.54	12.45	7.48	6.61
Debt : Equity	Ratio	51:49	51:49	61:39	73:27	60:40	59:41
Interest cover ratio	(Times)	2.66	5.93	2.10	0.26	1.81	1.74
Others							
Spares Inventory as % of Assets Cost	(%)	1	2	2	3	3	4
Maintenance Cost as % of Operating Expenses	(%)	1	1	2	2	3	2

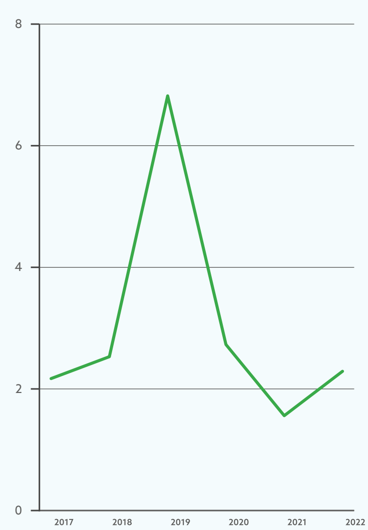
Current Ratio



EPS Vs ROE%



Financial Leverage



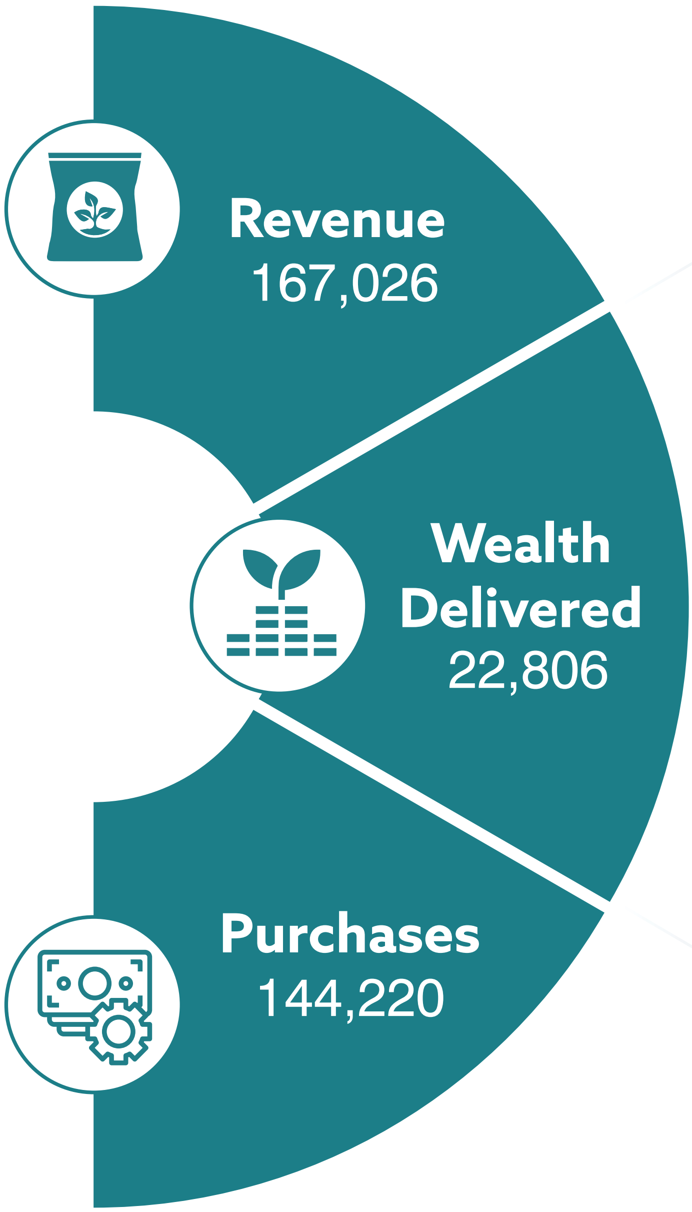
Financial Capital

Rs in Million

	2022	2021	2020	2019	2018	2017
Summary of Balance Sheet						
Shareholders' equity	22,722	20,431	13,959	6,834	13,897	13,151
Capital employed	41,181	36,664	29,384	20,626	29,981	28,484
Property, plant & equipment	9,953	10,575	10,193	10,428	9,748	10,405
Total non - current assets	39,511	39,803	42,871	39,835	36,893	34,892
Working capital	6,161	6,324	2,103	(17,630)	(5,963)	(5,884)
Non current liabilities	22,950	25,696	29,955	15,370	17,032	15,858
Long term loans	18,458	16,233	15,425	13,792	16,083	15,333
Current portion of long-term loans	5,275	4,692	6,817	4,567	5,125	3,208
Summary of Profit or Loss						
Sales - net	159,226	110,452	83,234	66,839	61,511	52,733
Gross profit	25,869	22,152	12,579	5,885	8,183	6,028
Profit / (loss) before taxation	8,505	11,525	4,893	(3,869)	1,809	1,441
EBITDA	14,631	14,827	10,263	2,997	5,666	4,983
Profit / (loss) after taxation	2,328	6,391	2,192	(5,921)	1,437	1,004
Summary of Cash Flows						
Net cash flows from operating activities	(34,064)	22,300	25,432	(16,843)	(6,549)	12,009
Net cash flows from investing activities	(1,493)	(3,057)	(3,040)	3,327	(3,832)	(3,719)
Net cash flows from financing activities	7,107	(3,477)	267	4,167	1,400	(8,873)
Changes in cash and cash equivalents	(28,450)	15,766	22,659	(9,349)	(8,982)	(582)
Cash and cash equivalents - year end	992	29,442	13,676	(8,983)	366	9,348
Free Cash Flows						
Profit / (loss) before taxation	8,505	11,525	4,893	(3,869)	1,809	1,441
Adjustment for non-cash items	10,916	5,596	3,444	5,143	2,642	3,001
Changes in working capital	(42,947)	12,327	23,097	(12,182)	(7,053)	12,516
	(23,526)	29,448	31,434	(10,908)	(2,602)	16,958
Less: Capital expenditure	(369)	(308)	(711)	(2,360)	(994)	(738)
Free cash flows	(23,895)	29,140	30,723	(13,268)	(3,596)	16,220
Quantitative Data (in KT)						
Sona Urea (G) Production	524	501	559	508	562	543
Sona Urea (G) Sales	523	501	559	508	562	546
Sona DAP Production	848	790	740	831	730	809
Sona DAP Sales	661	790	926	688	687	831

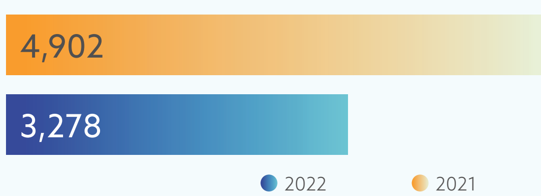
Wealth Statement

Rs in million



	2022
To Employees	2,884
To Government	13,243
To Society	227
To Providers of Capital	4,124
Retained in the Company	2,328

Economic Value Added
(Rs in Million)



Contribution to National Exchequer

During the year, the Company's contribution to national exchequer comprising of taxes and levies was PKR 17.1 Billion (2021: PKR 11.3 Billion). The increase is primarily owing to substantial increase in income tax and sales tax. Moreover, value addition in terms of foreign exchange savings was USD 335 million through import substitution of 523 thousand tonnes Sona urea (G) and 691 thousand tonnes Sona DAP sold in 2022.

Subsequent Events

There has been no subsequent event after the reporting date.

Adequacy of Internal Controls

The Board of Directors has implemented an effective and efficient system of internal financial and operational controls throughout the Company as a part of governance framework.

The internal audit function monitors the implementation and effectiveness of internal controls and reports on quarterly basis to Audit Committee of the Board. The Audit Committee, chaired by the Independent director, is entrusted with the role of overseeing the effectiveness of internal controls across the Company.

Liquidity and Cash Flow Management

Strategy to Overcome Liquidity Problems

The Company determines net cash position by forecasting inflows and outflows. Primary sources of cash inflows are sales revenue, income from investments with financial institutions and dividend income from equity investments.

Outflows involve payment against purchase of raw material and other capital and operating expenses as well as investments. Future cash plans are carefully evaluated and subsequently updated based on actual results and changes in underlying assumptions and estimates.

The working capital as well as financing requirements of the Company are managed through a proactive treasury management function. Treasury function ensures effective cash flow management while safeguarding against any related risks.

Liquidity Generation

The Company generates sufficient cash surplus from its business operations through effective cash flow management and from its long-term investments in the form of dividends. The surplus cash is invested in assets which can be easily converted into cash based on requirement. Furthermore, the Company holds significant debt capacity to meet any future funding requirements.

Investments and Placement of Funds

In order to minimize liquidity and credit risks, funds are placed only with high credit rated institutions. The Company's investment portfolio therefore comprises of investments in the money market and term deposits with banks / financial institutions to enhance profitability

and increase shareholders' return. A periodic evaluation of return on these investments is conducted to ensure that best possible options have been exercised.

Repayment of Debt and Recovery of Losses

Total debts, including short term and current maturity of long-term debt, increased by 63% compared to last year, and stood at PKR 51.9 Billion, which included an increase of PKR 17 Billion in short term financing.

All debt repayments maturing this year were paid on their due time and there has been no defaults in repayment of any debt during the year. The Company recorded ECL on Government subsidy amounting to PKR 140 Million during the year.

Credit Rating

The long-term credit rating of the Company was upgraded from AA- to AA, which signifies high credit quality and strong protection factors. FFBL's short-term rating is A-1, which denotes high certainty of timely payments, excellent liquidity factors supported by good fundamental protection factors.

Significant Plans and Decisions

Over the years, Fauji group has established itself as a market leader in the fertilizer industry, contributing towards food security by providing high quality fertilizers. Keeping in view the growing demand of fertilizer, we keep on evaluating strategies to maintain as well as enhance our production capacity.

During the year, the Company converted its sub-ordinated loan to Fauji Meat Limited into equity amounting to PKR 7.58 Billion.

Moreover, the Company has signed an agreement with Sui Southern Gas Company Limited for supply of gas for its production facilities up to December 2025. Foreseeing the declining gas availability in the Country, FFBL is actively looking for alternate options to ensure uninterrupted production and supply of fertilizer to farmers.

Capital Structure

FFBL's equity comprises of share capital amounting to PKR 12.91 Billion representing ordinary shares of PKR 10 per share. Fauji Fertilizer Company Limited is the major shareholder of Company with an equity stake of 49.88%. The increase of PKR 2.3 Billion

Financial Capital

in Company's equity is on account of retained profit during the year.

The Company's debt to equity ratio of 51:49 remained unchanged as compared to 2021, whereas, financial leverage (non-equity-based funding of total assets) increased from 0.82 to 0.85 due to higher short-term borrowings availed to meet working capital needs. The Company's capital structure is adequate for the foreseeable future keeping in view the current projections.

Capital Market and Market Capitalization

FFBL is listed on the Pakistan Stock Exchange, which is the sole indicator of Country's capital market performance.

The Company's 210.6 million shares were traded at Stock Exchange during the year and the free float stood at 31.50%. The Company's market capitalization stood at Rs 19 billion (2021: 32 billion) with a decrease of 42% as compared to last year, due to overall worsening economic situation in the country.

Trading at an average of Rs 20.9 per share, market price experienced major fluctuations between the highest of Rs 27.3 per share to the lowest of Rs 14.15 per share, closing the year at Rs 15.33 per share.

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

Prospects of the Entity

Depleting gas reserves can have significant impact on the profitability of the Company, therefore, in order to address the situation, the Company is making efforts and is in regular discussion with relevant stakeholders to secure uninterrupted supply of gas.

The Company has signed an agreement with SSGCL for supply of gas to FFBL's production facilities till 2025.

During the year, FPCL recorded net earnings of Rs 4.1 billion (2021: Rs. 3.6 billion). The management expects consistent returns from the project in future.

FFL also demonstrated improvement in its financial performance through increase in sales revenue.

Financial Measures

Targets for the year were set after estimation of various factors and variables, majority of which are outside the control of the Company while others can either be monitored or their impact alleviated to a possible extent.

The Company's cost of production is susceptible to external factors such as price of raw material, Government intervention over fertilizer pricing, currency fluctuation, changes in taxes and levies, in addition to changes in weather and natural calamities.

Thorough evaluation and effective implementation were carried out during the year in order to achieve the Company's set goals and targets. This is also evident from the production and sales levels achieved during the year.

Looking ahead, Government policies enabling a positive environment for the agriculture and fertilizer sector, in the forthcoming times, are crucial for the farming community, sustained food supply and economic stability of the country.

Non-Financial Measures

The Company has identified the following areas as key non-financial performance measures:

- Stakeholders' engagement
- Relationship with business partners
- Maintenance of product quality for fulfilment of customer needs
- Compliance with regulatory frameworks
- Transparency, accountability and good governance
- Brand preference
- Corporate image and reputation
- Employee satisfaction and wellbeing
- Responsibility towards the society
- Environmental protection
- Energy conservation

Responsibility for implementation of these measures is delegated to the management with periodic monitoring and supervision by the Board.

Methods and Assumptions Used in Compiling the Indicators

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

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

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

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

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

Profitability ratios analyze the Company's financial health.

Changes in Financial and Non-Financial Indicators

Changes in financial indicators compared to previous years have been explained in detail in the 'Financial Capital' section of this Report. There were no significant changes in the non-financial indicators as compared to previous years.

Management's Responsibility Towards the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards and the requirements of Companies Act, 2017. Management is also responsible for such internal control as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Financial Capital

Market Share Information

FFBL markets, through Fauji Fertilizer Company Limited, premium products domestically produced to fulfil the needs of farmers. The Company has been outperforming its competitors both in terms of sales and brand preference. This is evident from combined FFC / FFBL's sizeable market share over the years.

Statement of Unreserved Compliance of IFRS Issued by IASB

The Company's 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017
- Provisions and directives issued under the Companies Act, 2017

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

Note 3.23 of the financial statements specifies the standards and interpretations which are yet to be effective in Pakistan. The Company believes that the impact of these standards and interpretations does not have any material impact on the financial statements.

Business Rationale of Major Capital Expenditure and Projects

FFBL gives due credence to the importance of maintaining existing equipment and property and at the same time having enough capital to invest in growth through diversification. All types of capital expenditure requirements go through in-depth evaluation procedures by committees of the Board before final approval of the Board.

Dividend Declaration and Future Prospects

The Board has not recommended dividend keeping in view future plans of the Company.

Going forward, the Board remains focused to take measures which result in value creation including appreciation of investment in the Company.

GIDC Status

The Company, along with other industry members, has filed a suit with the Sindh High Court (SHC) for determination of due amount of GIDC based on the judgement of Honorable Supreme Court of Pakistan. SHC has granted a stay order against recovery of GIDC and the case is pending adjudication.

CEO Presentation Video

Video presentation by the Chief Executive Officer, explaining the business overview, performance, strategy and outlook of the Company, is available on FFBL's Corporate Website and can be accessed through the following web link:

https://www.ffbl.com/about/leadership/ceo-message/

Risk and Opportunity Report

FFBL recognizes the importance of Enterprise Risk Management (ERM) in identifying, monitoring and pro-actively addressing the risks and capitalizing the opportunities arising out of macro & micro economic environment for the continuous delivery of value to its stakeholders.

Risk management supports the Company to achieve its strategic and operational objectives. It is an essential part of FFBL's governance model and helps to:

- Drive a culture where everyone takes responsibility for risk
- Empower our people to make informed decisions
- Enhance performance and organizational resilience

ERM Policy

ERM Policy is the core document which affirms our commitment to build a robust risk management culture. The Policy is approved and mandated by the Board of Directors and outlines scope, risk principles, and broader roles & responsibilities for enterprise risk management across the organization as per defined risk appetite / tolerance level.

ERM Framework

ERM Framework outlines risk methodology and processes to support a consistent approach to manage risk. It sets out the procedures and guidelines for implementing, monitoring, reviewing and continually improving risk management throughout the Company. Enterprise risk management is aligned with the principles and guidelines of ISO 31000, Three Lines of Defense Model and Institute of Internal Auditors (IIA). It contains:

- Risk Management Principles
- Governance Structure
- Risk Categories
- Risk Management Process
- Roles & Responsibilities
- Risk Consequence / Impact Criteria
- Likelihood Table
- Heatmap

Risk Reporting Hierarchy

Risk and Opportunity Report

The ERM framework has been developed to:

- allow the Company to proactively manage its risks in a systematic and structured way and to continually refine its processes to reduce its risk profile, thereby maintaining a safer environment for its stakeholders.
- ensure appropriate strategies are in place to mitigate risks and maximize opportunities.
- embed the Risk Management process and ensure it is an integral part of Company's planning process at a strategic and operational level.
- help create a risk awareness culture from a strategic, operational, individual and fraud perspective; and
- give credibility to the process and engage management's attention to the treatment, monitoring, reporting and review of identified risks as well as considering new and emerging risks on a continuous basis.

Risk Appetite & Tolerance Statement

The Board of Directors is responsible for providing strategic oversight and is also responsible for ensuring that a sound risk management and internal control system is in place. Listed Companies (Code of Corporate Governance) Regulations 2019 also reiterate this requirement and assign the overall responsibility for governance of the company's risk to the Board. The Board's Audit Committee facilitates the Board in discharging this responsibility.

The Audit Committee ensures that an appropriate control environment is established and maintained, covering the Company's operations, strategy, finances, reporting and compliance activities. This is further driven by identification of risks and alignment of risks appetite and tolerance levels to Strategic, Operational, Financial, Regulatory, Legal & Compliance Risks.

Risk Appetite has been approved by the Board of Directors which sets boundaries to identify and control the risks while evaluating and pursuing strategic objectives.

Key Sources of Uncertainty

Financial statements of the Company are prepared using estimates, judgements and assumption which could be expected to have impact on presentation of income, expenses, assets and liabilities.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies have been disclosed in note 2.4 to both separate and consolidated financial statements of the Company.

The key sources of uncertainty in estimation carry a significant risk which may cause a material adjustment to the carrying amounts of assets and liabilities upon maturity.

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

Strategic, Commercial, Operational & Financial Risks

The Company has embedded risk management into its culture. Risk identification, analysis, evaluation and mitigation is being carried out at unit, departmental and organizational level. The strategic, commercial, operational and financial risks can arise from uncertainty in financial markets, system breakdowns, project delays, fluctuations in product markets including Government pricing pressures, competitive position, legal liabilities, credit risk, accidents, natural causes and disasters, or other events of uncertain or unpredictable nature.

Strategic Risk

Strategic risk refers to the internal and mostly external events that may make it difficult, or even impossible, for an organization to achieve its objectives and strategic goals. These risks can have severe consequences that impact organizations in the long-term. The Board of Directors actively oversees the management of these risks and devises mitigating strategies wherever required.

Commercial Risk

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

Operational Risk

Operational risks are such risks which may adversely impact the strategic capability of the organization caused by internal factors, operational and administrative procedures, such as workforce turnover, supply-chain disruption, IT system shutdowns or control failures, fraud or other criminal activity.

Financial Risk

Financial risks are divided in the following categories:

- Credit risk
- Liquidity risk
- Market risk

These risks are explained in note 38 and 39 of the Company's separate and consolidated financial statements respectively.

Plans and Strategies for Mitigating Risks and Potential Opportunities

Risk Governance

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

The Board of Directors acknowledges its role for governance of risk and determining the company's level of risk tolerance through risk management policies and risk appetite statement. Periodic review of key business risks is being carried out to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the company and shareholders.

The Audit Committee monitors the Company's overall risk management process on half yearly basis, focusing primarily on key business risks. Though, any unexpected adverse change in risks is immediately brought to the attention of the stakeholders.

The Human Resources & Remuneration Committee focuses on risks posed by their operational mechanisms including compensations packages to ensure they do not escalate corporate risk, in addition to succession planning with a view to ensure availability of competent human resources in each area of critical Company operations.

The Investment Committee focuses on exploring new opportunities for expansion, diversification and divestment, ensuring that thorough due diligence is carried out covering all aspects of the project including risks before its recommendation to the Board.

The Technical Committee focuses on risks in relation to technical matters of annual capex / opex budget along with overall progress of ongoing projects, review of plant production & performance as well as review of proposals related to recent trends in use of technology in production of fertilizers.

To ensure effective implementation of Risk Management throughout the organization and to promote culture of risk informed decision making at FFBL, a Risk Management Committee of all Functional Heads has been formulated, which is chaired by the CEO. The Committee will ensure that all functions are proactively performing their duties to support cultural transformation and review adequacy and appropriateness of mitigation plans.

Policies and Procedures

Enterprise Risk Management Policy, affirms our commitment to build a robust and ethical risk management culture and ensure management of all business risks. Board and its committees have adopted a set of policies and procedures based on best practices, promoting a culture of ethics and values with authority delegated to senior management for uniform environment of practice along the functional lines.

Control Activities

Senior management assesses the risks and places appropriate controls to mitigate and respond to these risks through preventive, investigative and corrective measures which involves collaborating all people to embrace the high standard of vigilance and responsibility.

Performance Management

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

Internal Audit

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

Key Risks, Related Opportunities & Mitigation Strategies

Description	Categorization	Mitigation Measures	Rating
Continuity of Gas Associated Objective: Sustainable fertilizer business to ensure food security.		Pursue GoP for NG supply / subsidized RLNG, consistent NG supply policy for all fertilizer plants to meet national requirements, workout viable alternate sources of NG, collaborate with Gas Exploration Companies for other options, **Opportunity:** Exploration of alternate sources of natural gas and technological advancement for optimal utilization of resources.	
Import restrictions / Non-availability of USD Associated Objective: Ensuring availability of critical spares & raw materials.		Pursue GoP to prioritize imports for food security, increase mix of local coal consumption, ensure availability of critical items including alternate arrangements, explore opportunities for local alternatives, coordination with banks for timely actions, regular analysis of Government policies, assessing their implications and continued engagement with Authorities. **Opportunity:** Exploring alternative / local sources of raw material to reduce dependencies.	
Performance of FFBL Investments Associated Objective: Spreading risk by diversifying and achieving synergies.		Continuous monitoring of operational and financial performance of investments and regularly assessing the remedial plans. **Opportunity:** Horizontal and vertical integration.	
Decrease in fertilizer offtake Associated Objective: To increase market share while maintaining profitability.		Pursue GoP for adopting farmer friendly policies including raising awareness on balanced use of fertilizer and Agri financing. Also pursue for protecting indigenous industry. **Opportunity:** Explore other strategies to increase sale volumes.	
Natural Gas Pricing Associated Objective: To achieve cost economization that remain affordable to farmers.		Ensure continuity of urea cost pass through and seek GoP concessions to maintain DAP margins, ensure GoP maintains network gas price equivalent to MPCL, for long term sustainability, FFBL product portfolio has to be diversified to minimize dependability on single product, ensure operational excellence. **Opportunity:** Explore alternate sources of cheaper raw materials and incorporate operational excellence.	

Legend

Source

External

Internal

Risk Category

Operational

Financial

Liquidity

Interest

Nature

Short Term

Medium Term

Long Term

Description	Categorization	Mitigation Measures	Rating
Non-availability of funds Associated Objective: To enhance operational capacity.		Proactively managing working capital requirements, arranging / retaining working capital lines. Regular monitoring of market trends, sales, production & inventory levels. Proactively involved with GOP for settlement of subsidy receivable and tax refunds. Exploring alternate arrangements for funds availability. **Opportunity:** Efficient working capital management.	
Adverse movements of PKR against USD Associated Objective: Ensuring availability of cheaper product to farmers.		Regular analysis of economic situation, inflation levels & interest rates. To some extent, synthetically hedged against price of imported fertilizer. Regular analysis of political situation, Government policies and assessing their implications. Regular monitoring of balance of payment transactions and assessing their impact. **Opportunity:** Exploring alternative / local sources of raw material.	
Unstable fertilizer prices Associated Objective: Sustainable fertilizer business.		Increase in levies, duties, and gas costs are beyond the control of the Company. The Company constantly engages with the Government at relevant forums to ensure availability of fertilizer at affordable prices through subsidization of DAP. FFBL plays its role in accessing supply gap in the Country to ensure that only required product quantities are imported. **Opportunity:** Increase market share.	
Adverse movement of interest rates Associated Objective: To meet working capital requirements through operations.		Keeping borrowings at optimal level, evaluating financing needs and alternative availability of funds. Favorable early payment clauses as part of financing agreement. Regular analysis of inflation levels and movement in forex rates. political situation, Government policies & assessing their implications. **Opportunity:** Optimization of working capital requirements.	

Legend

Risk Rating

Low | Medium | Significant | High | Critical

Magnitude

Insignificant | Minor | Moderate | Major | Severe

Likelihood

Rare | Unlikely | Possible | Likely | Almost Certain

Corporate Governance and Compliance

Corporate governance is a system through which the Board of Directors of the Company and the management align themselves with stakeholders' interest in order to make strategic decision. We have put in place a value focused corporate governance system which ensures that our economic activity creates greater value for all of our stakeholders through greater transparency and effective decision making.

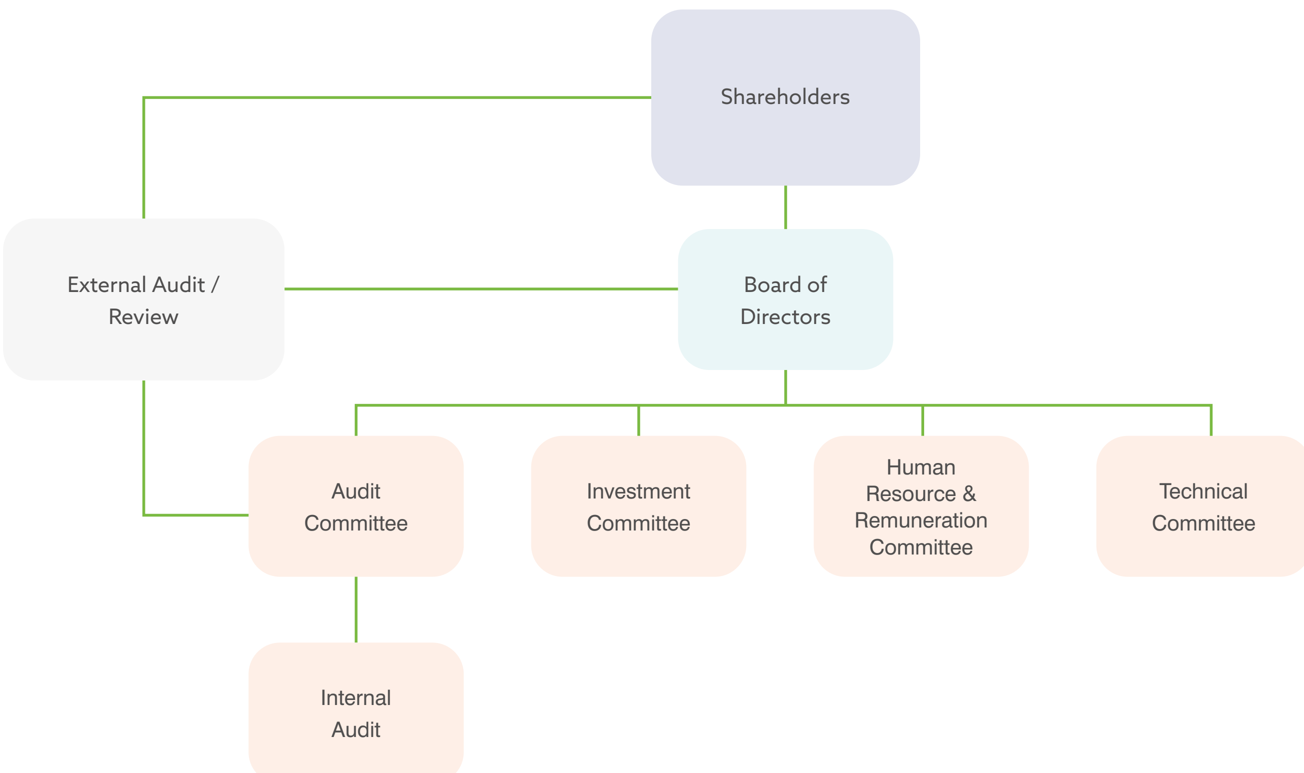
Code of Conduct

Our code of conduct defines a set of expectations for the behavior of our people. It serves as a guide to understand the essentials of our policies and how those policies are anchored in our values. We expect our people to comply with our code of conduct and we also expect our business partners, such as bankers, contractors and advisors to act in a manner that is consistent with our code.

Best Corporate Practices

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

Corporate Governance Structure



Changes in the Board

The existing Board members retired upon completion of their three years term in August 2022. Accordingly, the Company held an election of Directors in August 2022 in accordance with applicable laws and regulations.

The current Board of Directors comprises of nine directors including eight elected Board members and the CEO as a deemed director by virtue of its appointment under the applicable laws and regulations.

The Board of Directors places on record their appreciation for the invaluable contributions rendered by the retiring members.

The Board is confident that the new team would operate cohesively for the benefit of the Company and that the new members shall lend a fresh perspective and spirit towards Company's progress.

Composition of the Board

The composition of the Company's Board of Directors is in line with the requirements governed by the Companies Act 2017, Code of Corporate Governance, 2019 and other best practices adopted under the Articles of Association.

FFBL has a balanced Board; a diverse group of highly qualified professionals having appropriate mix of core competencies, diversity, requisite skills, knowledge and experience.

The present composition of the Board is as follows:

Name	Category
Mr. Waqar Ahmed Malik	Non-Executive Directors
Dr. Nadeem Inayat	
Mr. Sarfaraz Ahmed Rehman	
Mr. Qamar Haris Manzoor	
Syed Bakhtiyar Kazmi	
Ms. Saira Nasir	Independent Directors- Female
Ms. Pouruchisty Sidhwa	
Mr. Bahauddin Khan	Independent Director
Mr. Arif Ur Rehman	Chief Executive Officer

None of the Board members hold directorship of more than seven listed companies.

Female Directors

FFBL continues to maintain female representation on the Board of Directors with two female members on the Board which exceeds the minimum regulatory requirement.

Independent Directors

The Board comprises of three independent directors, all of whom have provided their consent to act as director, along with 'Declaration to the Company' that they qualify the criteria of independence notified under the Companies Act 2017.

Diversity in Board

Board consists of members with diversified portfolio. They have experience of companies quite versatile in terms of nature and working environment. The experience includes Financial Management, Corporate governance, Audit, Human Resource Management, Procurement & Contract Administration, Development Administration and Insurance & Planning.

The Board collectively has the responsibility for ensuring that the affairs of the Company are governed competently and with integrity.

Meetings of the Board

As per regulatory requirements, the Board of Directors is required to meet at least once in each quarter of the year. Additionally, special meetings to discuss important matters are also held upon requirement.

All proceedings of the Board of Directors' meetings were meticulously recorded by the Company Secretary and timely circulated to all directors for endorsement and approval in subsequent Board meetings.

During the year, FFBL's Board of Directors following meetings were held to discuss routine and special matters besides providing guidance to the management. In compliance with the applicable laws notices and agendas were circulated in advance. The quorum was complete in all Board meetings held during the year through arrangements for virtual attendance of the meetings by directors.

Corporate Governance and Compliance

	26 Jan 22	22 Apr 22	25 Jul 22	5 Sep 22	25 Oct 22	13 Dec 22
Mr. Waqar Ahmed Malik	✓	✓	✓	✓	✓	✓
Mr. Arif Ur Rehman	✓	✓	✓	✓	✓	✓
Dr. Nadeem Inayat	✓	✓	✓	✓	✓	✓
Mr. Sarfaraz Ahmed Rehman	✓	✓	✓	✓	✗	✓
Mr. Qamar Haris Manzoor	✓	✓	✓	✓	✓	✓
Syed Bakhtiyar Kazmi	✓	✓	✓	✓	✓	✓
Ms. Pouruchisty Sidhwa	✓	✓	✓	✓	✓	✓
Ms. Saira Nasir	✓	✓	✓	✓	✓	✓
Mr. Bahauddin Khan	Not applicable being newly elected in Aug 2022			✓	✓	✓
Mr. Moeez ur Rehman	✓	✓	✓	Retired		
Syed Khalid Siraj Subhani	✓	✓	✓	Retired		
Mr. Muhammad Aleem Khan	N/A	✓	✗	Retired		
Mr. Mohammad Munir Malik	✓	✓	✗	Retired		

Casual Vacancies filled during the Year

Appointed	Date	Resigned	Date
Mr. Muhammad Aleem Khan	22 February 2022	Mr. Rehan Ahmed	20 January 2022

Roles and Responsibilities Of The Board

FFBL's Board of Directors is fully cognizant of its roles and responsibilities towards the Company's esteemed shareholders. Its primary aim is to enhance shareholders' value in a transparent and efficient manner. The Board exercises responsibilities conferred to it in the Company's governance framework which exceeds the requirements of the regulatory framework.

The Board exercises all its powers with responsibility, diligence, and in compliance with the legal framework after due deliberations.

Compliance with the Best Practices of Code of Corporate Governance

The Company adheres to the best practices of Corporate Governance. The Statement of Compliance with the Code of Corporate Governance signed by the Chairman Board and Chief Executive along with the Auditor's Review Report thereon also form part of this Report.

Role of Chairman

Mr. Waqar Ahmed Malik was re-elected as Chairman of the Board in August 2022 represents the non-executive directors and is entrusted with providing effective leadership and direction to the Board. He ensures a conducive environment that encourages directors to carry out Board's business in line with legal and regulatory requirements. Chairman sets the agenda of Board meetings, ensures reasonable time is available for respective discussion and minutes of the meetings are kept in accordance with the requirements of Companies Act 2017.

He is responsible for: -

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

Role of CEO

Mr. Arif Ur Rehman was appointed by the Board as Chief Executive Officer is an executive director, responsible for providing effective leadership to the management. He oversees the routine operations along with management of the Company ensuring implementation of the Board's policies, within delegated limits.

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

The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management. He also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

As a leader of the Company, the CEO motivates employees and drives change within the organization.

Directors' Training Program

In compliance with regulatory requirements, the Board members have been appropriately certified under the Directors' Training Program from SECP approved institutions.

Performance Evaluation of Directors Including CEO

At FFBL, performance evaluation of the Board is a regular feature to assess Board's own degree of effectiveness of collective working including its committees as well as individual members, CEO and Chairman. Purpose is to identify performance issues that impede Board's effectiveness, pay particular attention to high-impact/low-performance and area of improvement. Individual evaluation of Directors is being conducted by opting peer evaluation to include every member in evaluation process and generate comprehensive feedback.

Corporate Governance and Compliance

The Board has developed a formal mechanism for evaluation of Board's own performance, members of board and of its Committees.

FFBL is conducting Board evaluation through a consultant in order to achieve external view which brings more transparency into the process, whilst maintaining anonymity. The Board has awarded the said task to Pakistan Institute of Corporate Governance (PICG) in order to focus on following objectives:

- Recalibrating focus and agreeing priorities
- Raising issues and prompting open discussion
- Improving board dynamics and engagement

Directors' Orientation

FFBL conducted an industry orientation session for its new directors on 27 September 2022 to equip them with the affairs of FFBL for and on behalf of shareholders. Pursuant to requirement of Companies Act 2017, the Chairman of the Board also communicates comprehensively, the duties, roles and responsibilities, powers, term of office and remuneration, the Articles of Association of the Company and the Code of Corporate Governance to newcomers on Board.

Directors' Remuneration Policy

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

Related Party Transaction

All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions, under the Company's Related Party policy.

In compliance with the regulatory requirements, all related party transactions are placed before the Audit Committee for review and recommendation to the Board of Directors at the end of each quarter.

The same are then considered and approved by the Board keeping in view the Committee's recommendations. Any transactions where majority of the directors are interested, are referred to the shareholders in General Meeting for approval.

Details of all related party transactions including the name, basis of relationship, percentage holding, nature and amount have been appropriately disclosed in Note 39 of the Financial Statements.

The Company's Code of Business Ethics obligates all directors to formally disclose any vested interests held by them in their individual capacity. The Company Secretary finalizes agenda points of Board meetings after obtaining information regarding vested interests and extent thereof.

No director of the Company takes part in the discussion or vote relating to contract or agreement where they are concerned or interested. Where majority of directors are interested, the matter is laid before the General meeting for approval.

Matters Delegated to Management

The CEO is responsible for ensuring execution of the Company's routine business operations, in an efficient and ethical manner, in line with the Board's approved strategies and in compliance with legal requirements.

The management is responsible for the identification and administration of key risks and opportunities in the Company's ordinary course of business. It is also responsible to establish and maintain a system of internal controls, prepare / present financial statements in conformity with the approved accounting standards and the requirements of the Companies Act, 2017.

Key Board Polices

Insider Trading

The Board of Directors of FFBL has approved the insider trading policy for the Company. This policy also applies to material, unpublished price sensitive information relating to any other company, especially FFBL group companies, with publicly-traded securities. The Company expects that insiders will maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated. Unauthorized disclosure or use of Company information, including improper trading in the Company's securities, is prohibited, as insider trading is both unethical and illegal.

Investor Grievances Policy

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

Committees of the Board

Audit Committee

The purpose of the Committee is to assist the Board of Directors in overseeing the Companies’ financial reporting process, including the internal control structure. It also monitors risk management process and review the effectiveness of internal audit function.

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

Presence of the Chairperson Audit Committee at the AGM

Board is acting on behalf of shareholders, in order to comply within fiduciary duty. In order to address any concerns and queries raised by the shareholders, Chairperson Audit Committee, was present at General Meetings held during the year.

Composition of Audit Committee

The Committee comprises of four members, including its Chairperson, all of whom are non-executive directors, while three are independent directors. The Audit Committee consists of following Directors:

- Ms. Saira Nasir
  Chairperson
- Syed Bakhtiyar Kazmi
  Member
- Ms. Pouruchisty Sidhwa
  Member
- Mr. Bahauddin Khan
  Member

Terms of Reference

Salient features of Audit Committee’s TOR are as follows:

- Review of annual and interim financial statements of the Company including Director’s Report, prior to their approval by the Board of Directors.
- Review of the scope, terms of reference and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- Review the annual business plan/ budget, including cash flow projections, forecasts and strategic plan before recommending it to the Board.
- Ensure that the Company implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of risks.
- Ensure that Company’s overall risk exposure is maintained at prudent levels and consistent with the Company’s strategy.
- Ensuring effectiveness of whistleblowing mechanism.
- Monitoring compliance with laws and regulations.

Meetings during the year

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities. Separate meetings were also held with the Company’s external and internal auditors in compliance with regulatory requirements. During the year, following meeting were held:

	20 Jan 22	19 Apr 22	20 Jul 22	20 Oct 22	01 Dec 22
Ms. Saira Nasir	✓	✓	✓	✓	✓
Mr. Moeez ur Rehman	✓	✓	✓	Retired	
Dr. Nadeem Inayat	✗	✓	✓	N/A	
Syed Bakhtiyar Kazmi	✓	✓	✓	✓	✓
Ms. Pouruchisty Sidhwa	Newly appointed			✓	✓
Mr. Bahauddin Khan	Newly appointed			✓	✓

Corporate Governance and Compliance

Investment Committee

The Investment Committee facilitates the Board in making decisions pertaining to new investments / divestments / diversifications by presenting its findings for Board's review and seeks approval for acquisition or expansion involving attractive returns, satisfactory growth and success potential.

Composition of Investment Committee

The Committee comprises of four members, including its Chairman. The Investment Committee consists of following Directors:

- Dr. Nadeem Inayat — Chairman
- Mr. Sarfaraz Ahmed Rehman — Member
- Ms. Saira Nasir — Member
- Mr. Bahauddin Khan — Member

Terms of Reference

Salient features of Investment Committee's TOR are as follows:

- Review external growth opportunities, potential diversification projects, acquisitions, or divestment of existing projects/ventures, as proposed by the Management.
- Review Management's proposals for strategic alliances with other entities / companies to achieve growth or diversification objectives of the Company.
- Review and approve financial model of investments including source of funding.
- Review and monitor quarterly reports on investment / divestment activities, portfolio performance and capital requirements and usage.

Meetings during the year

The Committee meets as and when required. During the year, following meeting were held:

	21 Jan 22	10 Oct 22
Dr. Nadeem Inayat	✓	✗
Mr. Sarfaraz Ahmed Rehman	Newly Appointed	✓
Mr. Arif Ur Rehman	✓	N/A
Syed Bakhtiyar Kazmi	✓	N/A
Mr. Qamar Haris Manzoor	✗	N/A
Ms. Saira Nasir	✓	✓
Mr. Bahauddin Khan	Newly Appointed	✓

Human Resource and Remuneration Committee

FFBL's HR&R Committee assists the Board in fulfilling its oversight responsibilities in relation to human resources and remuneration policies and to establish a plan of continuity for Company's executives and other senior management.

Composition of Human Resource and Remuneration Committee

The Committee comprises of three members, including its Chairperson, all of whom are non-executive directors, while chairperson is an independent director. The HR&R Committee consists of following Directors:

- Ms. Pouruchisty Sidhwa — Chairperson
- Mr. Sarfaraz Ahmed Rehman — Member
- Dr. Nadeem Inayat — Member

Terms of Reference

Salient features of HR&R Committee's TOR are as follows:

- To assist the Board in the fulfilment of its Enterprise Risk Management oversight specifically relating to succession planning risks, labor risks and business risk implications of company's compensation policies and programs.
- To periodically review and recommend to the Board, human resource remuneration management policies.
- To review and approve the annual salary increments review and approve management recommendations on performance evaluation, development programs, total remuneration, proposed personnel changes and succession planning of all executives reporting to CEO.
- Periodic review of Organizational structure for its effectiveness and efficiency.
- Review and approve management recommendations on performance evaluation, development programs, total remuneration, proposed personnel changes and succession planning of all executives reporting to CEO.

Meetings during the year

The Committee meets at least once every quarter. During the year, following meeting were held:

	17 Jan 22	5 Apr 22	21 Jun 22	10 Oct 22	24 Nov 22
Ms. Pouruchisty Sidhwa	✓	✓	✓	✓	✓
Mr. Sarfaraz Ahmed Rehman	✓	✓	✓	✓	✓
Dr. Nadeem Inayat	Newly Appointed			✗	✓
Mr. Qamar Haris Manzoor	✓	✓	✓	N/A	
Syed Khalid Siraj Subhani	✓	✓	✓	Retired	

Technical Committee

The Technical Committee facilitates the Board in making decisions pertaining to technical matters relating to plant operations including CAPEX, production plan and HSE performance by presenting its findings for Board's review.

Composition of Technical Committee

The Committee comprises of a minimum of three members, including at least one independent Director. The technical Committee consists of following Directors:

- Mr. Qamar Haris Manzoor
  Chairman
- Mr. Sarfaraz Ahmed Rehman
  Member
- Mr. Arif Ur Rehman
  Member
- Mr. Bahauddin Khan
  Member

Terms of Reference

Salient features of technical committee's TOR are as follows:

- Review of the Company's Technical part of annual CAPEX / OPEX Budget including yearly production plan and KPIs and recommend for Board's approval.
- Review of the HSE Performance and plant performance / KPI's actual vs budgeted on quarterly basis.
- Review of the plant KPIs and its benchmarking with local and foreign industry (Yearly Basis)
- Review the proposals, suggested by the Management, on the recent trends in use of technology in production and marketing of fertilizers.

Meetings during the year

The Committee meets at least twice and otherwise as required. During the year, following meeting were held:

	5 Jan 22	22 Jul 22	11 Oct 22	26 Nov 22
Mr. Qamar Haris Manzoor	✓	✓	✓	✓
Syed Khalid Siraj Subhan	✓	✓	Retired	
Mr. Moeez ur Rehman	✓	✓	Retired	
Mr. Arif Ur Rehman	✗	✓	✓	✓
Mr. Sarfaraz Ahmed Rehman	✗	✓	✗	✓
Mr. Bahauddin Khan	Newly Appointed		✓	✓

Corporate Governance and Compliance

Internal Control

The internal control system of FFBL is very comprehensive and is effectively implemented and monitored regularly.

It is designed to reasonably ensure that the Company complies with policies, plans and laws and efficiently uses the resources to accomplish goals, besides availability and integrity of financial and management information.

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

Whistle Blowing

FFBL has placed a well-defined whistle blowing policy to achieve the highest possible standards of transparency, honesty, integrity, fairness and accountability by fearlessly participating in the process.

The whistle blowing policy provides an internal procedure to resolve work- related issues fairly. The work problems may be related to situations where employee feels that established Organizational policies and practices have been violated or have not been consistently applied, or any other matter of serious concern (i.e. money laundering, bribe, malicious act, violation of laws or unethical practices etc.) to employees and other stakeholders.

As per the requirements of the policy, confidentiality of complainants is maintained to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith. Further, all concerns reported are investigated confidentially by the Internal Audit Department which are also presented on a quarterly basis to the Audit Committee.

Concerns can be raised at https://www.ffbl.com/about/governance/whistle-blowing/.

Board Statement of Compliance and Authorization of Financial Statements

Directors are pleased to state that:

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

Stakeholders' Engagement

We believe that fostering strong relationships with communities, customers, shareholders, and other groups of external stakeholders can help companies understand and meet their needs. We regularly engage and interact with our stakeholders to apprise them on our performance and to seek their valuable input and insight on how we can further improve and create lasting impact on our society.

Analysts' Briefing

FFBL conducted four analysts' briefings during the year. During these briefings, the Chief Executive Officer and Chief Financial Officer explained the Company's operational as well as financial performance and also discussed future outlook. These sessions were followed up by detailed 'Questions & Answers' sessions, exhibiting FFBL's commitment to a transparent and continuously evolving stakeholders' engagement approach

The briefings were keenly attended by PSX representatives as well as analysts from all over the Country.

Encouraging Minority Shareholders to Attend General Meetings

The Company encourages shareholders to regularly attend shareholders' meetings. Notices of Annual General Meetings (AGM) and any Extra Ordinary General Meetings (EoGM) are sent to all Shareholders of the Company well in advance i.e. more than 21 days before the date of meeting. Notices of these meetings are also published in two leading newspapers in English as well as in Urdu having Country-wise circulation.

All shareholders irrespective of their shareholding can appoint proxy, participate through video conference (VC) and vote through e-voting. They can suggest, propose, comment, record their reservations during the meeting, and enjoy full rights to propose and second any agenda item presented.

They can demand the draft minutes of meeting within stipulated time post the event and are privileged to object on any intended major investments, planned acquisitions, mergers and takeovers or any other corporate / capital restructuring.

FFBL values and honors the shareholders' inputs, records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions

Investor Relations Section on FFBL Website

FFBL's corporate website provides comprehensive information regarding the Company and its Group in addition to requirements of the applicable regulatory framework. The 'investor relations' section is regularly updated to provide all information pertaining to dividend history, financial highlights, financial results, detail of unpaid / unclaimed dividend & shares, pattern of shareholding, free float of shares, average share price and other requisite information.

To update shareholders about the operations, growth and state of affairs of the Company, the management promptly disseminates all material information including announcement of interim and final results to Pakistan Stock Exchange (PSX). Quarterly, half yearly and annual financial statements are accordingly circulated within stipulated timeframe to all concerned.

In compliance with the requirements of applicable regulatory framework and to better facilitate the stakeholders, the website is maintained in both English and Urdu languages. The Company's website may be accessed through the link Home - FFBL

The online pdf version of the report will be considered the most current version and takes precedence over any previously printed version. The online PDF version can be accessed at Investor Relations - FFBL

Shareholders' Meeting

FFBL held its AGM on March 17, 2022 and one EOGM on August 25 2022. Apart from statutory requirements, AGM was held to approve the annual financial results for the year 2021 while the EOGM was held to elect Directors of the Company for the period of three years commencing from August 26, 2022 to August 25, 2025. During these meetings, general queries and clarifications were sought by shareholders regarding the agenda points and different areas of business, which were resolved to their satisfaction.

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

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

Non-Payment of Dividend by Company

Shareholders were apprised that the Company is continuously improving its capital structure and is in the process of strengthening overall fundamentals. Keeping in view the return to shareholders, the price for subscribing to latest right issue was set well below the market value of the share.

Performance of subsidiaries companies

Shareholders were apprised that FPCL is generating decent return on investment and a turnaround plan has been implemented to enhance performance of food and meat business.

GIDC issue

Shareholders were apprised that the Company is making efforts at all available forums for factual determination of GIDC payable in line with the judgment of Supreme Court of Pakistan. It was also informed that SHC has granted stay against recovery of GIDC from the Company.

Gearing Ratio

On the question of Gearing Ratio, it was informed that the Company has improved its gearing in two years from 84% to 51% on account of capital restructuring, cash generation from operations and loan repayments.

Other matters and suggestions from shareholders

Shareholders were also apprised on matters relating to health and safety environment at production facilities.

Shareholders expressed concerns on brand image of the fertilizer producers including the Company and stressed enhanced public communication to dispel the false impression.

All the suggestions from the shareholders were appreciated.

Stakeholders' Engagement

Stakeholders	Institutional Investors	Customers And Suppliers	Banks and Other Lenders
Engagement Management	FFBL acknowledges and honours the trust our investors pose in us by providing a steady return on their investment. We rigorously enforce a transparent relationship with all our stakeholders.	FFBL has invested significantly over the years in customer relationship management. Through Agri. Services, FFBL has been continuously inducing changes in agricultural production and is highlighting the importance of rapid and efficient transfer of advance knowledge to farmers for their sustainable economic growth. Our continuous and sustainable growth is also attributable to engaging reputed and dependable suppliers as business partners for supply of raw material, industrial inputs, equipment and machinery.	Banks and other financial institutions are engaged by the Company regularly for borrowing and investments as well as other financial transactions.
Engagement Frequency	Regular	Regular	Regular
Engagement Process	General meetings, Annual and Quarterly Reports	Periodic formal and informal meetings	Regular meeting are held on financing requirements, capital restructuring and other financial transactions on regular basis
Effect and value	The providers of capital allow FFBL the means to achieve its vision.	Our success and performance depend upon the loyalty of our customers, their preference of the our brand and our supply chain management.	Dealings with banks and lenders is key to FFBL's performance in terms of efficiency and effectiveness in financial transactions

	Regulators	Analysts	Employees	Local Community And General Public
	FFBL prides itself in being a responsible corporate citizen and abides by the laws and regulations of Pakistan.	In order to attract potential investors, FFBL regularly engages with analysts on details of projects already disclosed to the regulators, with due regard to regulatory restrictions imposed on inside information and / or trading, to avoid any negative impact on the Company's reputation or share price	FFBL's commitment to its most valued resource, a dedicated and competent workforce, is at the core of its human resource strategy. FFBL provides a nurturing and employee friendly environment while investing considerably in local and foreign employee trainings.	FFBL engages with general public at large through its CSR activities. This engagement helps to identify needed interventions in the field of education, health and general economic uplift of the society.
	Regular	Quarterly	Regular	Regular
	Meetings with officials, submissions of data for review and compliance purposes.	Analysts' Briefing	Top leadership CEO interact with all employee on regular coffee sessions held throughout the year. Town hall meeting is arranged where employees are informed on performance, upcoming challenges and future plans by the CEO.	Meetings and one-on-one engagements
	Laws and regulations, determination of prices and other factors controlled by the Government affect FFBL and its performance	Providing all the required information to analysts helps in clarifying any misconception / rumour in the market and creates a positive investor perception.	FFBL's employees represent its biggest asset, implementing every strategic and operational decision and representing the Company in the industry and community	The people of the Country provide the grounds for FFBL to build its future on.

Information Communication Technology

FFBL allocates resources to develop and sustain Intellectual Capital as we believe that it contributes significantly towards enhancing operational efficiency and securing competitive advantage in the modern technological era. Our Information Communication Technology (ICT) function is at the heart of our digital transformation.

Over the years, FFBL has invested heavily in Information & Communication Technology infrastructure to enhance operational efficiency and enable effective and efficient decision making.

ICT Governance and Cybersecurity

Information & Communication Technology (ICT) Governance is an integral part of enterprise governance and consists of the leadership, organizational structures and processes. ICT Governance aims to ensure that ICT activities are aligned with business objectives and that stakeholder requirements of value delivery, risk optimization, and resource optimization are addressed.

Oversight on ICT Governance and Cybersecurity Matters

Regular updates on critical / significant matters related to ICT governance and cybersecurity (including ICT infrastructure and assets confidentiality, integrity and availability) are provided to the Management.

ICT Strategy Committee

FFBL Strategy committee is tasked to align ICT Services and Resources with the strategic direction of the organization. Committee carries out following actions:

- Approve all ICT Projects to enhance efficiency and realize full potential of ICT system.
- Monitor progress of all ICT Projects and compare with the planned progress.
- Approve ICT Policies to align FFBL's strategic objectives with ICT operations.

ICT Steering Committee

FFBL steering Committee has been established with the objective of deriving maximum value from all related ICT investments. It reports progress to ICT strategy committee on quarterly basis. Committee carries out following actions:

- Undertake projects which have been duly approved.
- Monitor progress of projects and compare with the planned progress as anticipated.
- Draft / Formulate ICT Policies according to strategic and operational needs.

ICT Governance and Cyber Security Policy and Programs

The ICT governance policy is designed to ensure that ICT activities are aligned with business objectives and stakeholder requirements. Programs such as value delivery, risk optimization and resource optimization have been initiated under this policy.

Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks

Information Security unit regularly evaluates the legal and regulatory framework with respect to cyber risks. Best practices are being studied / adopted continuously with an aim to adequately manage / monitor cyber risks. Any changes in the laws and regulations, such as Copyright Ordinance 1962, Prevention of Electronic Crimes Act 2016 are monitored by the function in coordination with the legal department. Also, cybersecurity policy of Pakistan 2021 has been adopted in letter and spirit and practices aligned accordingly and disclosed as such in the outlined ICT governance and cybersecurity programs, policies and procedures in place at FFBL. There was no breach of cyber security during the year.

Early Warning System

FFBL information security follows NIST identify, protect, detect, respond and recover framework. Attack surface identification, protection and detection of threats carried out on an ongoing basis.

Security Assessment

FFBL has devised comprehensive management system procedures to incorporate provisions for third party independent security assessments of is technology environment. The Company regularly engages with leading cybersecurity companies and third-party solution providers for penetration testing, security assessment and hardening of its information systems, and plans to continue expanding its professional associations in future as well. Since 2021, the Company has adopted an ongoing methodology for regular penetration testing of its information assets by cyclically testing client and server computing machines and communication and storage devices using its in-house resources.

Cybersecurity Training and Education

FFBL is fully cognizant of its responsibilities towards imparting knowledge about latest risks and cybersecurity trends to its employees, realizing the role of human beings in upholding the efficacy of a cybersecurity program. In-house awareness sessions covering various aspects of cybersecurity, are conducted for all employees. In addition to that, awareness related to emerging cyber threats is disseminated via emails to all Company users. Latest cybersecurity news and international developments are closely monitored for staying abreast with global trends.

Infrastructure Security & Operations

As a continual improvement program of ICT infrastructure security & operations, some of the initiatives taken in this regard are;

Optimized Data Centre(s) Operations

Data center(s) at FFBL are being designed by creating the needs of swift operations, convenience, and efficiency. As a strategic road map, we are bringing automation in Data Center Operations as a journey towards software-defined data center(s).

Server virtualization of data center(s) has been done, resulting therein reduced carbon footprint, lessen energy consumption, improved fault tolerance, swift recovery operations in any disaster situation with considerably improved Total Cost of Ownership (TCO).

Going forward, network virtualization is targeted that will combine physical networking equipment into one software-based resource. In this regard, Virtual Switching System (VSS) has been implemented at our Plant Data Center, a journey towards software defined data center, that will help us in addressing our operational and budgetary challenges of meeting internal customers' growing demand as well as further improvement in TCO of ICT operations.

Enhanced Security of Enterprise Network

FFBL keeps a very close eye on growing risk vectors in cyber security as well as on solutions that provide users with enhanced visibility into the computing devices on their enterprise networks. At FFBL, Network Security has been strengthened by implementing a new generation Network Admission Control (NAC) security solution, that will be helpful to meet today's ever-expanding attack surface, delivering not only visibility of the network environment, but also ensuring enforcement of dynamic policy control.

Information Communication Technology

Digital Transformation

FFBL has been a leader in adopting technological innovations as a frontrunner in sustainability and operational excellence. The Company strongly believes in heightened collaboration between its technical and other functional areas which help steer the selection and implementation of its information systems. The latter provides greater integration amongst cross-functional teams to induce effective planning, coordination and decision making during various activities.

In pursuance of gaining process efficiency & paperless office operations, digital transformation is part of Company's ICT Strategy. In this regard, during the year 2022 the Company automated a number of manual processes and transformed various paper-based approvals to online workflows. The Company has also initiated a project for Enterprise Data Management and Analytics for helping the management in making data driven decisions. In this regard, various business intelligence (BI) dashboards are developed for FFBL's senior management and operational staff, to facilitate insightful decision making.

SuccessFactors (Performance & Goals Management)

SAP SuccessFactors has enabled FFBL to track real-time achieved goals and performances including self-service features for employees using people profile. To avoid duplications of work for employees' master data maintenance, SuccessFactors has been integrated with SAP On-premises solution as a single data source.

Review of Business Continuity Plan & Disaster Recovery Plan

The Company's all-encompassing Business Continuity Plan including the Disaster Recovery Plan is reviewed and tested periodically to minimize probability of operational disruption in case of any disaster.

Business Continuity Planning

Realizing the significance of uninterrupted business operations for maintaining competitive advantage, FFBL has enacted a comprehensive Business Continuity Plan that ensures effective response to any adversity with minimal operational disruption. External as well as internal stakeholders from across the Company are involved in the system for identification and formulation of risk mitigation strategies of critical business functions in case of disaster. Several mock exercises were conducted during the year to enhance readiness of employees to cope with a disaster.

Disaster Recovery Planning

FFBL's Disaster Recovery Plan is the linchpin of its overall Business Continuity strategy. As part of the Plan, the Company has established an alternate Disaster Recovery site with back-up servers and other necessary infrastructure to mitigate operational disruption in case of disaster.

Policies and procedures are in place to provide smooth transition of operations from primary site to Disaster Recovery site with assigned responsibilities of critical roles which ensures recovery of data, communications and network operations in the event of an unexpected and unscheduled interruption.

Offline Back-Up Solution

Enterprise Information Systems' confidentiality, integrity and availability are crucial for business success. Cyber threats are on the rise, which may compromise any or all of these areas. As protection against ransomware, an 'offline backup' solution has been designed and deployed for business-critical assets by repurposing existing equipment.

Social and Relationship Capital

While aspiring to lead in serving agriculture industry of Pakistan, FFBL also strives to maintain the highest level of social responsibility towards stakeholders. We have embedded our CSR strategy in our culture and our core values. We are committed to be the source of value creation for all of our stakeholders including the well-being of communities where we operate. We truly wish to have lasting impact on our society and believe in inclusive and sustainable growth.

Highlights of Corporate Social Responsibility

Philanthropic Donations

FFBL has regularly donated for the promotion of education, sports, basic health facilities for the under privileged and for national cause/welfare activities.

CSR remains an ever evolving and continuous process at the heart of FFBL, striving to accommodate the local needs on priority basis, involving the community and local government.

We are aware of participative relationship that we share with society, persistently investing in the interventions related to education, health, sports and sponsorships. During the year, FFBL's monetary contributions towards this cause amounted to PKR 227 Million.

Flood Relief Donations

FFBL actively participated in Fauji Group's humble Flood Relief program of PKR 1.5 Billion to help families affected by devastating floods in the Country.

FFBL Energy Management Policy

As a company in an energy intensive business, FFBL considers that reducing energy intensity of its product is in best interest of the Company and a corporate social responsibility. In pursuit of its interests and corporate social responsibility of preserving energy, FFBL has taken several steps towards Energy Conservation and Energy efficiency improvement. These include ammonia plant BMR, DAP revamp, commissioning of Hydrogen Recovery and Reverse Osmosis unit. FFBL management believes that protecting the environment is not only an ethical and legal obligation but also a mechanism for success. The policy states:

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

Social and Relationship Capital

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

Environment Excellence Awards 2022

FFBL was awarded with Environment Excellence Award at the 19th Annual Environment Conference & Excellence Awards 2022 ceremony by National Forum for Environment & Health (NFEH).

Annual CSR Award 2022

FFBL's Corporate Social Responsibility (CSR) initiatives won accolade at the 11th International CSR Summit 2022.

Environmental Protection Measures

FFBL recognizes its responsibility towards protecting, preserving and improving the environment since commissioning of plants. In order to streamline and strengthen its efforts towards the prevention of pollution in air, water and soil, FFBL achieved ISO certification of Environmental Management System in 2006. At present FFBL is certified according to latest version of EMS i.e. ISO 14001:2015. FFBL is also the forerunner fertilizer manufacturer in the country which opted for environment friendly Phosphate based cooling water treatment program. Addition of the latest equipment / instruments to enhance environmental monitoring is a regular feature at FFBL.

In pursuit to maintain flora and fauna, we focus on tree plantation both in and outside the plant premises and run awareness programs for our young engineers and operators.

Highlights regarding environment protection measures by FFBL that fulfills the environmental obligations, applicable to the Company are as follows:

- To strengthen the competency of FFBL Laboratory; we have implemented ISO 17025 standard in Lab Unit. By implementing this ISO standard FFBL Lab is now the accredited Lab by Pakistan National Accreditation Council.
- Effective in-house monitoring and control of gaseous emissions and liquid effluents.
- Use of environment friendly oxo-biodegradable polyethylene liner for packaging of DAP and Urea products. This initiative was taken by FFBL to fulfill the responsibility towards preservation of environment.
- Third party analysis of gaseous emissions and liquid effluents by SEPA approved Lab to fulfill the requirement as per Self-Monitoring and Reporting Tool (SMART) requirement of Sindh Environment Protection Agency (SEPA).
- Support to neighboring industries for monitoring of gaseous emissions.
- Installation of Reverse Osmosis (RO) plant for water conservation and reduction in use of hazardous chemicals (sulfuric acid & Caustic) for Demin water production.
- Use of cooling water blow down for horticulture and as makeup water in FPCL Cooling Tower to preserve the non-renewable water resource.
- Sampling and analysis of exhaust from vehicles at Head Office & Plant Site, (including cars, buses and heavy plant machinery like cranes & fork lifters).
- Analysis of exhaust from Diesel Generators at Head Offices & Plant Site.
- Acquisition of license for use and storage of hazardous chemicals and substances under Sindh Hazardous Substance Rule 2014.
- Approval of FFBL Environment Management Plan (EMP) as per requirement of SEPA.
- Reporting of results of gaseous emissions and liquid effluents to SEPA on "Self-Monitoring and Reporting Tool" (SMART) program under the guidelines of SEPA.
- World Wildlife Fund (WWF) has awarded diploma to FFBL for implementing effective Green Offices Operations at FFBL.
- Focus on plantation of trees inside and outside the plant to minimize the disturbance in Ecosystem.

Certifications Acquired and International Standards Adopted

FFBL always aims to produce quality fertilizer which contribute towards increasing with due consideration to

highest standards in health and safety and environmental impact. In this respect, FFBL has sought following recognitions and certifications based on surveillance audits by independent third parties:

- ISO 9001: 2015- Quality Management System
  ISO 9001: 2015 requires and organization to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction. FFBL is certified under ISO 9001: 2015.
- EMS 14001:2015 – Environment Management System
  ISO 14001:2015 requires an organization to achieve the intended outcomes of its environmental management system, which provide value for the environment, the organization itself and interested parties. FFBL has been certified under EMS 14001:2015 Environmental Management System.
- ISO 45001:2018- Occupational Health & Safety Management System
  ISO 45001:2018 specifies requirements for occupational health and safety (OH&S) management system, and gives guidance for its use, to enable organizations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance. FFBL is certified under ISO 45001:2018.

In relation to above certifications, surveillance audit was carried out by Bureau Veritas Pakistan at plant site and Head office of FFBL and certificates were granted for a period of three years.

Human Capital

Human Capital Management (HCM) establishes formal mechanisms to ensure the effective and efficient use of human talent in achieving organizational goals. HCM is not only responsible for planning, recruiting, selection, induction, safety and determining suitable compensation but also for enhancing the quality of its employees in the form of Training & Development for their professional and personal growth that also enables them to transmit knowledge to others. This propagates a culture of innovation, teamwork, perseverance, diversity and empowerment among our employees, and brings purpose and value to their lives.

Diversity, Equity & Inclusion (DEI)

One of the essential elements of Diversity, Equity & Inclusion is Gender Diversity. In mid-2021, FFBL embarked on the diversity journey and looked to go with Gender Diversity as the first step to contribute to SDG-5 Gender Equality. Aligning diversity initiatives with sustainable efforts has strengthened FFBL efforts towards DEI initiatives resulting in more focused use of resources and the ability to achieve goals.

We aim to provide a workplace culture that generates equal employment opportunities for everyone. People are respected and can share their views and opinions without fear. We aim to become an Employer of Choice that encourages diverse talent to work with us. We do that by focusing on four pillars:

- DEI Vision
- Enabling Culture
- Employer Value Proposition
- Policy Framework.

Our Talent strategy is derived from the DEI vision, which attracts and retains diverse talent. Our systems are designed to enable diverse talent to be transferred within different corporations of Fauji Group.

Following initiatives were taken by the Company in its journey towards DEI vision:

Equal Opportunities:

We are committed to create equal opportunities for each individual. Pulsifi and The Talent Games' multi-functional software are part of the Recruitment and Selection process that involves sourcing, finding, filtering, campaigning, marketing, engaging, attracting, and communicating with our job candidates. To create bias-free, equitable and transparent opportunities irrespective of gender, FFBL measures the effectiveness of recruitment interventions through KPIs. Our recruitment dashboard indicates the diverse workforce at each stage. These efforts have helped us to increase females to 185% in the last 1.5 years.

Day Care:

Our head office in Islamabad has a state-of-the-art daycare facility to support working Parents. We encourage Parents to visit their kids' multiple times a day.

We Value Perspective:

FFBL established Women Council and branded it as "We Value Perspective", a collective forum for females, that allows members to celebrate and raise their voices. Under this flagship program, International Women's Day 2022 was celebrated, for a whole week with our ladies working both at the Head office and Plant site, to emphasize that we, as an employer, are committed to breaking the bias for every individual.

Learning & Development

FFBL believes that L&D is crucial for its employees' productivity, efficiency, adaptability, and skill enhancement, including communication, critical thinking, and problem-solving. L&D

highlights developing self and others, which is a behavior that demonstrates a commitment to ongoing professional development, both your own and that of the people around you. Under this initiative, we developed training calendar, which is extensively structured around business sustainability with a sharp focus on people development.

In 2022 FFBL has successfully conducted training with well-renowned training institutes such as Franklin Covey, PSTD, IBA, ICAP, AHK National Center for Rural Development, HR metrics, Learning Minds Group, Schuitema, Basadur, Applied Innovation Abacus International and Rausing Executive Development Centre.

LinkedIn Learning

In line with our objective of building learning culture, FFBL introduced self-paced learning and partnered with LinkedIn Learning. The learning system has helped develop business, technology-related, and creative skills through availability of more than 8000 expert-led course videos. LinkedIn Learning monthly challenges have driven engagement amongst users to win rewards associated with them.

Total Training Hours	Total Management Employees Trained	209/262	80%
3,530	Head Office	70/79	89%
	Plant-site	139/183	76%

Human Resource Management Policies

We continue to remain progressive and dynamic in our policies / practices to address Company's changing needs and remain aligned with contemporary market. The Human Resource Management policies focus on designing appropriate employee recruitment and development measures, which ensure availability of competent personnel for each function according to the emerging and ever-changing needs and challenges faced by the Company.

Compensation and Benefits Policy

FFBL believes and understands that compensation & benefit policies are key in building goodwill for the organization amongst the employees. To meet the organizational objective of attracting, rewarding and retaining talent. Compensation & Benefit policies at FFBL are not only market competitive but also provide an excellent benefit program for its employees including performance rewards and retirement benefits. Total Remuneration Survey (TRS) has been conducted to align our compensation philosophy with market.

Compensation Philosophy

- External competitiveness is ensured through a comparison of the organization's pay structure with its Competitors.
- Internal equity is ensured by fixing min and max limit of different levels through periodic revision of Salary Scales and is based on the principle of "Like Job - like performance - like pay".
- Statutory / Legal compliance: Statutory / legal compliance is an organization's adherence to laws, regulations, guidelines and specifications relevant to its business processes or function.

Health Care Policy

FFBL ensures the provision of health care facilities to its employees and their families. Employees good health has always been a matter of priority for FFBL. In order to have multiple options available for medical treatment, FFBL has taken top class hospitals, labs and dental clinics on its panels which provide state of the art treatments and services to its employees.

Leave Policy

FFBL's management believes in work-life balance and understands that employees besides their business commitment need some time off for relaxation and recuperation which is vital for employee's motivation. FFBL has introduced Paternity leave to facilitate the male employees to support their spouses and to celebrate their happiness together.

Recruitment Policy

Our recruitment policy is designed to attract the best talent that ensures fair and merit-based hiring at all levels. Selection includes considering a number of factors such as individual's skills, qualifications and company's requirements. Everyone is given a fair opportunity to perform to the highest standard and progress within the organization.

Health and Safety

FFBL's production facilities have achieved "24 Million Safe Man-Hours" of Plant operation. Completing 5,066 days of plant operation without LTI is a confirmation of these successful efforts from everyone in FFBL team. This achievement reflects firm commitment and dedication to safety by all employee in establishing a culture where every task demonstrates that FFBL actively cares for well-being of each individual working and contributing for its growth.

Occupational Health and Safety

We are committed to maintain an incident free environment by giving safety the highest priority. To achieve the goal of incident free atmosphere, a robust system of checks and balances is in vogue which includes series of activities i.e. management safety audits, behavior-based safety audits, weekly safety meetings, emergency mock drills, safety slogans/housekeeping competitions, Job safety analysis, HAZOP study of plant's operating units and skill improvement safety trainings.

Process Safety Management

The Company is in the process of implementing Process Safety Management (PSM). The intent of PSM program is to avoid "loss of containment of hazardous materials" and ultimate goal is to improve the safety culture. PSM is the application of programs, procedures, audits and evaluations to a manufacturing or industrial process to identify, understand and control process hazard risks, creating systematic business improvements and safety standards. Integration of PSM with existing management system will improve efficiency and reduce costs.

Strong Management commitment reflect that 05 modules of PSM has not only been validated but implemented within a year, which is a commendable achievement.

Promoting Health & Well-Being

The Occupational Health Program at the Company includes aspects of industrial hygiene and occupational health. Accordingly, various health awareness programs including Ergonomics and risk assessment studies were performed in 2022. Other initiatives launched by the Company to inculcate HSE practices amongst our employees, were:

Biennial Health examination of FFBL employees	Process Safety Management
Risk Assessments (JSA / PHA)	Hazardous Waste Management
Ergonomics Evaluation and Health Risk Assessment	Safety recognition and incentive schemes
Emergency response trainings for Operations	COS workers Safe Man hours statistics.

With strong emphasis on elimination of safety hazards, adhering to safe work practices and emergency response, the Company achieved following safety statistics in year 2022.

Our HSE Performance	2022
Total Recordable Injury Rate (TRIR)	Nil
Lost Time Injury (LTI)	Nil

Our HSE Performance	2022
Safe Man Hours Without LTI (Million Man Hours)	24.01 M
Days without any LTI (as on 31st Dec 2022)	5,066

HSE Awards and Recognitions

FFBL has been awarded the "Environment & Health & Safety Performance Award 2022", in recognition of our commitment and remarkable effort towards health, safety and environment activities.

Superior Safety Performance Safety Award 2022

FFBL has been awarded the "Superior Safety Performance Safety Award" by National Safety Council America

Royal Society of Prevention of Accidents 2022

FFBL has been awarded the "Sliver award for Prevention of Accidents 2022" by Royal Society of Accident Prevention

Annual Environment, Health & Safety Excellence Award 2022

FFBL was awarded "8th International Summit on Environment, Health and Safety 2022", organized by The Professionals Network, supported by United Nations Environment Programme (UNEP)

Environment Excellence Awards 2022

FFBL was awarded with Environment Excellence Award at the 19th Annual Environment Conference & Excellence Awards 2022 ceremony, hosted by the National Forum for Environment & Health (NFEH), at Karachi

Environment Health & Safety Award 2022

FFBL's EHS initiatives achieved award at the 5th Climate Change & Green Finance Summit 2022 organized by The Future Forum at Karachi

Fire Safety Award 2022

FFBL was awarded with Fire Safety Award at 12th Annual Fire Safety & Security Convention and Awards Ceremony hosted by the National Forum for Environment & Health (NFEH) and Fire Protection Association of Pakistan (FPAP)

Annual CSR Award 2022

FFBL's Corporate Social Responsibility (CSR) initiatives won accolade at the 11th Inte'l CSR Summit 2022

Health and Safety

HSE Audits & Certifications

- Surveillance audit for Integrated Management certification carried out by M/s Bureau Veritas Pakistan at plant site and Head office including ISO 45001:2018, EMS 14001:2015 and ISO 9001: 2015 and FFBL has been certified for another 03 years term.
- To further strengthen HSE culture in 2022, refresher trainings on Work permit systems and MSA audit were carried out focusing on bringing improvement towards workplace safety aspects like eliminating slip trip & fall hazards & electrical safety hazards etc. The focus of this activity campaign was to put collaborative efforts towards behavioral & operational discipline.
- FFBL has earned IFA protect & Sustain Stewardship Certification. Further, company has also acquired WWF Green office diploma for FFBL and compliance has been certified through gap analysis.

Our Investments

FFBL POWER COMPANY LIMITED

FPCL, a coal fired 118-Megawatt electric power project within FFBL fertilizer complex, was conceived to overcome energy crises in Pakistan. FPCL, on one hand, ensures reliable, uninterrupted and affordable supply of electricity to national grid through K-Electric and, on the other hand, it also saves natural gas by supplying electricity to FFBL's fertilizer plant as earlier FFBL used to produce electricity through natural gas.

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

Financial Highlights

During the year ended December 31, 2022, FPCL have recorded revenue amounting to PKR 30,651 Million (2021: 20,722 Million) against cost of sales of PKR 23,107 Million (2021: 14,830 Million). Profit for the year is PKR 4,058 Million as against profit of PKR 3,636 Million posted during the year ended December 31, 2021. Earnings per share (EPS) were at PKR 4.72 (2021: PKR 4.23).

The principal loan repayment under the Long-Term Finance Facilities amounting to PKR 2,286 Million have been paid during the year without any delay. Outstanding Long-Term Finance Facilities as at December 31, 2022 amounted to PKR 11,393 Million.

Operational Results

During the year, FPCL delivered 163,479 MWh (2021: 145,045 MWh) of electricity to Fauji Fertilizer Bin Qasim Limited and 395,747 MWh (2021: 343,055 MWh) to K-Electric Limited. The Company also delivered 1,532,467 Metric Tons (2021: 1,369,156 MT) of Steam to Fauji Fertilizer Bin Qasim Limited.

Risks

The dispatch of electricity by FPCL to K-Electric is subject to Merit Order Criteria as per NEPRA's decision. Therefore, increase in international coal prices with resulting increase in cost of electricity production can impact the Company's rank in merit order.

Our Investments

The risk is also being mitigated through efficient coal procurement. Moreover, it is also expected that international coal prices shall reduce in near future.

Changes in Board

The Board exercises the power conferred to it by the Companies Act, 2017 and the Memorandum and Articles of Association of the Company, through Board meetings, which are held every quarter in a year for reviewing and approving the adoption of Company's Financial Statements, Formulating Strategies, Providing Guidance to the Company's Management and Monitoring their performance.

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

Mr. Waqar Ahmed Malik	Appointed: March 26, 2021	
Mr. Arif Ur Rehman	Appointed: October 16, 2021	
Mr. Sarfaraz Ahmed Rehman	Appointed: March 26, 2021	
Mr. Qamar Haris Manzoor	Appointed: March 26, 2021	
Mr. Mohammad Munir Malik	Appointed: March 26, 2021	Resigned: October 24, 2022
Dr. Nadeem Inayat	Appointed: March 26, 2021	
Mr. Aziz Ikram	Appointed: March 26, 2021	
Mr. Khurram Shahzad Khan	Appointed: June 4, 2021	
Mr. Tahir Jawaid	Appointed: August 11, 2021	Resigned: February 3, 2022
Mr. Muhammad Akram Malik	Appointed: February 3, 2022	Resigned: April 12, 2022
Maj Gen Abid Rafique	Appointed: April 12, 2022	
Syed Atif Ali	Appointed: October 24, 2022	

Future Prospects

The demand of affordable electricity is expected to rise in line with growth in economic activity and coal-based power generation is anticipated to remain pivotal in our overall electricity generation mix. The Company is focused on optimal coal procurements in wake of current prices which are expected to fall in future. Looking ahead, we remain optimistic and anticipate the Company to continue fueling the communities and industries through electricity.

FAUJI FOODS LIMITED

Fauji Foods Limited, a majority owned Company of Fauji Fertilizer Bin Qasim Limited (71.63% shareholding), is engaged in processing and marketing of dairy products. The Company's brands include the House of Nurpur, a range filled with top line dairy products. Nurpur's portfolio of brands ensures quality and nourishment to our consumers. In addition, the company is also engaged in tea creamer category providing the Pakistani consumer with a leading brand i.e. DOSTEA.

Operational and Financial Highlights

The company, in face of all external challenges, achieved an impressive 44% growth in net revenue, PKR 12.4 billion compared with PKR 8.6 billion in 2021. Sales Volume for the year increased by 9%; with significantly higher growth in value-added portfolio, hence off-setting volume & margin decline in commoditized categories. It is estimated that around 1.5 million animals died and were displaced by these climate change induced floods and disease. This resulted in around a 20% loss in milk production and 50% increase (2021: 36% increase) in raw milk cost in Pakistan dairy sector. The business showed unprecedented resilience and ingenuity to bounce back from the macro-economic and other external challenges during 2022.

The gross profit of PKR 971 million in 2022 (2021: PKR 923 million) is testimony to the success of the reshaped business model in the face of such extreme inflationary environment.

Through value addition and optimized business model improvements, the company was able to achieve profit recovery. The optimal use of value chain aids in driving effectiveness and operational efficiency across the Company. The revised strategy was based on following three pillars:

Value led growth

- Portfolio Pivot towards margin accretive categories.
- Aggressive Pricing to offset the inflationary pressure.
- Transformed Rout to Market for focused deployment of portfolio in the market bringing in efficiencies and speed.
- Channel Strategy revisited to prioritize profitable channels.

Build Sustainability through significantly reducing the cost base

- Optimized sourcing strategy to reduce the impact of critical raw materials.
- The imported and hence expensive packmat for 1.5L was replaced with local format to reduce the cost.
- Number of efficiency projects successfully executed at plant to reduce wastage and improve productivity.

Capability

- Company has invested heavily in the automation of secondary sales processes through implementation of SalesFlo.
- The digitization of entire milk collection value chain is under way. The design part has been completed.
- A robust talent management process was put in place to build a strong talent backbone for future.

Working Capital Efficiency and Improving Financial Management

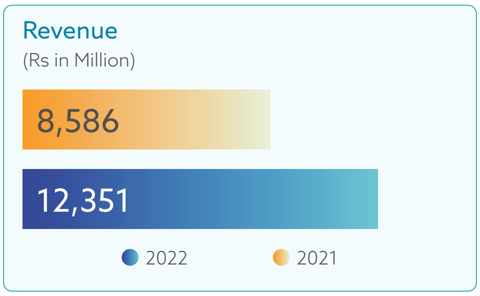
Improvement in cash conversion cycle is brought through efficient working capital management. This has further been supported by reduction of debt servicing expense achieved through right issue / conversion of sponsors' loan into equity.

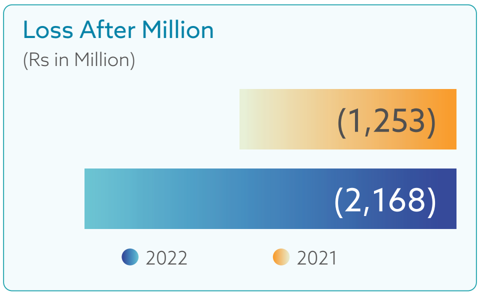
Financial Performance

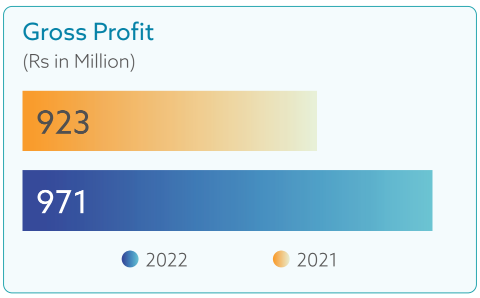
The Company has posted a gross profit of PKR 971 million in 2022 compared with a gross profit of PKR 923 million in 2021. These positive changes are attributable to automation and strategic reforms brought into operations during 2022. Raw milk availability and cost, however, remained challenging. Through our strategy, we avoided the significant losses which could have been devastating provided no strategic steps were taken in the gruesome times. Loss after tax for the year 2022 stood at PKR 2,168 million as against the loss of PKR 1,253 million in 2021.

Rs. in Million	2022	2021	%
Net sales	12,351	8,586	44%
Gross profit	971	923	5%
(Loss) after tax	(2,168)	(1,253)	73%

Our Investments







Increase in Authorized Capital and Issue of Capital other than Right Issue

In the Extraordinary General Meeting held on August 30, 2022, Shareholders approved, through a special resolution, an increase in Authorized Capital to 28,000 million Shares of Rs. 10 /- each from 18,000 million Shares of Rs. 10 /- each.

Shareholders have also approved through a special resolution in the Extraordinary General Meeting held on October 18, 2022; issuance of shares (other than right) in the aggregate amount of PKR 11,708,749,800 divided into 1,170,874,980 shares of PKR 10 each. The Company is in process of obtaining requisite regulatory approvals. Shares will be allotted after securing all requisite approvals which will strengthen the Company's equity and liquidity.

Risks

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

Future Outlook

The 2022 strategic direction has already started to build a positive growth momentum in volume and margins as borne out by Quarter 4 results. Based on momentum gained in later half of 2022, we are confident that:

- Growth momentum will continue in 2023. The 'Route to Market' capability will continue to drive the sustainable growth in portfolio and particularly value-added brands.
- Successful development of new products for institutional business

- is expected to build on an already robust portfolio. We aim to sell more products to existing customers as well as acquire new customers based on insight-led new products.
- Mega sustainability projects are underway to shift to clean energy and radically bring down the energy cost. A 1.0 MW solar plant is being installed currently that is expected to be in operations by first quarter of 2023. Also, conversion is under way to utilize locally available bio fuel to reduce the reliance on imported and expensive fuel for production needs.
- Equity injection is expected to eliminate the debt. That will take sizeable interest cost off the books thereby allowing a much-needed boost to a business that is already improving its operational health rapidly.
- We aim to secure the future of the business by Transforming the Talent Base. Number of initiatives are underway to ensure that FFL is able to engage top quality talent to build a leadership pipeline for future.

However, management also foresees a mixed macroeconomic and business environment with inflationary challenges and pressure on consumer purchasing power. The management team remains committed and resilient to respond to the challenges in the market by increasing capabilities and by bringing further operational efficiency to make the company's business sustainable and profitable.

Changes in Board

Following are the changes to the Board of Directors of FFL during the financial year 2022;

Ms. Samia Irami
Resigned, Director
September 05, 2022

Ms. Tania Shahid Aidrus
Appointed, Director
September 05, 2022

FAUJI MEAT LIMITED

FML, built with the aim and capacity to provide 100 percent certified halal meat, was incorporated in 2013 as a subsidiary of the Company. FFBL holds 95.07% shares of FML.

The principal activity of FML is processing of Halal Edible Meat from its plant with designed annual production capacity of 30,000 Metric Tons. FML is engaged in processing and sales of Halal meat from its plant for its local and export segment. FML also executed commercial slaughtering services for third parties, to absorb fixed costs and enhance capacity utilization and as additional income stream for the organization.

Operational and Financial Highlights

During the year ended December 31, 2022, FML achieved actual production of meat of 7,724 tons from its Plant including tolling, against 4,634 tons in year 2021, posting volumetric increase of (67%). The plant capacity utilization has increased from 15% in 2021 to 26% in 2022.

Operational activity during the year improved with better capacity utilization, export is resumed in small consignments on partial advance payments. The company maintained its focus primarily on tolling activity to absorb fixed costs and reduce net loss.

Company has also executed flagship "Qurbani Project during Eid Ul Azha event and generated substantial revenues with 26 million and 193 tons in 2022 as compared to 226 tons in 2021.

During the year ended on December 31, 2022, FML recorded sales revenue of Rs 58 million (2021: Rs 99.45 million). FML suffered gross loss of Rs 629 million (2021: Rs 511 million) and net loss after tax of Rs 804 million for the year ended December 31, 2022 (2021: Rs 1,111 million).

Risks

Sourcing of animals with required specification at competitive prices and distribution cost at competitive prices are challenges faced by the Company.

The company is striving to do the business with lowest possible risk and with favorable payment terms to markets in Middle East, Far East and central Asian states, however, financial constraints and risk involved is an obstacle in achieving growth in international markets including thin margins and cut-throat competition in this segment.

Changes in Board

There has been no change during the year 2022.

Our Investments

Future Prospects

The Management is trying to execute small export orders with favorable terms to generate additional revenue keeping in view current business, liquidity and risk scenario of the company.

Exporters are shifted from north to south meat processing zone preferring by sea shipments (due to escalation in air freights), with lower costs and improved margins. The Company has improved execution of tolling service as compared to 2021 and aim to maintain and increase it further in 2023, this would result in absorbing fixed cost through better capacity utilization.

ASKARI BANK LIMITED

Askari Bank's branch footprint comprises 559 branches, including 101 Islamic Banking Branches, a Wholesale Banking Branch in Bahrain and a representative office in Beijing, China. The Bank's entity rating assigned by Pakistan Credit Rating Agency Limited (PACRA) stands at AA+ reflecting sustainability of the Bank's relative positioning and continuous improvement in capital adequacy driven by AKBL's strong sponsors and brand, continued growth trajectory, improvement in net spreads and increase in earning assets. The short-term rating was maintained at 'A1+'.

FFBL holds 21.57% stake and reported consolidated other income from AKBL as Rs 2,948 million (2021: Rs 2,040 million).

PAKISTAN MAROC PHOSPHORE

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

The overall performance of PMP remained satisfactory during Jan – Dec 2021 period. PMP produced 375 KT of P2O5 during the year and sold 369 KT as against production of 425 Kt and sale of 422 Kt respectively in the corresponding period.

PMP has posted a profit of MAD 592 Million (USD 57 Million) for the nine months period ended 30 September 2022 (2021: MAD 564 Million (USD 62 Million). As at September 30, 2022, the accumulated profit was MAD 1,074 Million (55% of equity).

FFBL reported share of profit from PMP in its consolidated financial statements at PKR 4,033 million (2021: PKR 2,669 million).

PMP paid dividend of MAD 500 million during the year related to the year ended 2021.

During the year, PMP has started working on Capacity enhancement project of Phosphoric Acid plant concentration area which will result in additional production of 50kT per annum.

Internal Financial Control

Boards of the respective subsidiary companies have established efficient and effective systems of internal financial controls. Implementation of these controls is regularly monitored by an independent Internal Audit function which reports directly to the respective Audit Committees. Audit Committees of the companies, review on quarterly basis, the effectiveness and adequacy of the internal control frameworks and financial statements of respective companies.

Sustainability

Our sustainable value chain plays a vital role in upholding a promise of health and nutrition to our community. We look after the farmers and help their communities in achieving a sustainable process. This strategy plays a key role in ensuring we have a robust value chain that can withstand the unprecedented times.

Gallery

Forward Looking Statement

The aim of our forward-looking statement is to provide our stakeholder with insight into future strategies of our business in relation to the market, challenges and the economy in which we operate.

Reflection on Last Year's Statement

Since the expiry of FFBL's Gas Supply Agreement with SSGCL on 31 December 2020, the gas supplies to the Company were based on approval from the Government and pending for reaching a formal agreement with SSGCL. During the year, FFBL and SSGC have successfully signed a formal agreement for supply of gas to FFBL's production facility up to December 2025. It will ensure consistent production and availability of fertilizer in the market.

The Company has recorded PKR 891 Million expense relating to remeasurement of GIDC liability on prudent basis in line with the applicable reporting framework. However, the matter of factual determination of GIDC payable by the Company, in line with the judgement of Honorable Supreme Court of Pakistan, remained pending adjudication before the Sindh High Court.

The long outstanding GST refunds from the Government continued to increase and reached to a level PKR 17.8 Billion in June 2022. In order to address the concerns of fertilizer industry on GST refunds, the Government exempted local sale of fertilizer from GST effective from 01 July 2022 and this halted further pile up of refunds. However, in case of DAP, which is half locally produced and half imported, the corresponding input GST exemption was only allowed to imports. This gave unfair competitive advantage to DAP importers in comparison to local DAP producer as input GST applicable on local production became cost of production.

The fertilizer subsidy claims due form the Government amounting to PKR 3 Billion also remained unsettled despite all the efforts.

Source of Information for Projections

The corporate strategy and objectives provide guidance in setting operation, financial and marketing plans and strategies. In the process, we give due consideration to historic data and information, prevalent conditions, relevant situation and prospective expectations based on reliable information and acumen. The Board regularly monitors the direction of the Company and provide guidance in a timely manner.

Key functions/ units of the Company arrange required information which is collaborated with externally acquired information based on factors such as, macro and microeconomic indicators, market trends, International fertilizer price forecasts, data from Governmental agencies including regulatory/ taxation authorities, seasonal variations, and competitors' actions. This data is used for forecasts/ projections and a practical plan is presented to the board for evaluation, insight and approval. In case of investment related decisions, the Company performs an extensive due diligence process, comprising of legal, financial, market and technical feasibility studies with assistance from subject matter experts.

Future Outlook

International Economic Outlook

The latest forecasts indicate a sharp and long lasting slow-down in global economic growth.

This is primarily due to elevated inflation, higher interest rates, reduced investment, and uncertainties caused by Russia-Ukraine crises.

International fertilizer market in terms of availability and affordability is dependent on economic growth and geopolitical developments. In case of phosphatic fertilizer, extension in protectionist measures by some economies, energy securities, supply chain disruptions and a rise in geopolitical tensions may disrupt supply and affordability. However, given the decline in over all DAP market due to affordability concerns, it is expected that phosphatic fertilizer market will not be as volatile as in 2022.

Domestic Economic Outlook

Pakistan's already precarious economic situation with low foreign exchange reserves, large fiscal and current account deficit was exacerbated by recent severe flooding affecting one third of country's land area. Pakistan is expected to achieve 2% economic growth in FY 23, however, the policy uncertainty has complicated the economic outlook.

FFBL Economic Outlook

FFBL is uniquely positioned in the fertilizer sector of Pakistan being the sole local DAP producer and caring for almost half of DAP market demand. Therefore, our business is not only affected by local uncertainties but also exposed to external international and regional uncertainties and challenges.

The uncertainty in international fertilizer market, especially in phosphatic fertilizer, which is dependent on global economic outlook, political interests and geo-political developments can potentially impact local phosphatic fertilizer market and ultimately FFBL's performance.

The Government policies on pricing and availability of gas for fertilizer production, fertilizer subsidization, agri-financing and support prices for farm produce can significantly impact the FFBL's performance.

The inconsistency in GST laws by keeping local DAP production subject to input GST and exempting import of DAP from input GST, if continues, will adversely impact FFBL's profitability. The Government is expected to provide a level playing field to local producer of DAP with appropriate policy interventions.

The Company's cash flow management as well as profitability will be adversely impacted if the Company is required to make payment of withheld amount of GIDC, which is currently stayed by the Sindh High Court. The Company is therefore making efforts for factual determination of GIDC payable in line with the judgement of Supreme Court of Pakistan. Moreover, outstanding receivable from the Government at PKR 21 Billion, on account of GST refunds and subsidy receivable, will continue putting pressure on our liquidity and profitability due to alternative expensive external funding.

We consider that the Government's role has always remained important for the economy and businesses to thrive. We are in coordination with the Government and expect positive interventions to address the challenges being faced by local producer of DAP.

Despite all the adversities, we are determined to proactively manage all the challenges with strength of our capitals and to deliver on our commitments.

For and on behalf of the Board of Directors of

Fauji Fertilizer Bin Qasim Limited

Waqar Ahmed Malik | Chairman

Arif Ur Rehman | Chief Executive Officer

03 Sustainability Report

Assessment of the Company's value creation ability and contribution towards Sustainable Development Goals

Contents

01 Introduction

Governance & Materiality 02

03 Our Planet

04 People and Communities

Prosperity 05

06 Glossary & Acronyms

Introduction

Our Sustainability Journey

2006

Achieved ISO Certifications in: -

Quality Management Systems, QMS (9001:2000)

Environmental Management Systems, EMS (14001:2004)

Occupational Health and Safety Assessment Series, OHSAS (18001:1999)

2013

Achieved Business Excellence Award in the category of Social Impact during 5th International Summit on CSR.

NFEH awarded Certificate of Appreciation during 10th Annual Environment Excellence Award Show.

2015

FPAP bestowed FFBL with Annual Environment Excellence Award organized by NFEH.

FFBL received 4th CSR Award in the category of "Social Mobilization" from NFEH.

Received Certificate of Excellence in the category of Corporate Community Partnership for remarkable efforts in CSR activities.

2016

Received 5th CSR Award in the Category of "Social Impact & Sustainability" from NFEH.

Received Award in the category of "Education Scholarships" from NFEH.

2018

Received 8th Annual Fire Safety Award by FPAP & NFEH.

Received 4th International Award in category of "Environment, Health & Safety Performance".

Received CSR Awards for "Community Development and Services" & "Education Scholarships".

2019

5th International Award in category of "Environment, Health & Safety Performance".

FFBL Plantsite received Diploma for compliance with "Green Office Program" from WWF in recognition of implementing EMS.

2014

Arranged 3rd International Health, Safety & Environment Seminar.

4th CSR Award in the category of "Social Mobilization" from NFEH.

Received Certificate of Excellence in the category of Corporate Community Partnership for remarkable efforts in CSR activities.

2017

FFBL received 6th CSR Award in two different categories "Community Development & Education Scholarships" from NFEH.

Received "Annual Environment Plantation Award" & "Best Tree Plantation Award" from NFEH.

FFBL awarded with Fire & Safety Award by FPAP & NFEH.

2020

6th International Award in category of "Environment, Health & Safety Performance".

Green Office Certification from WWF for FFBL HO Building.

Fire Safety Award by NFEH.

2021

FFBL was awarded Environment Excellence Award at the Annual Environment Awards ceremony by NFEH.

WWF awarded diploma to FFBL for implementing effective Green Offices Operations.

Health, Safety & Environment Performance Award 2021 by UNEP.

FFBL was awarded with Fire Safety Awards at 11th Annual Fire Safety & Security Convention by NFEH & FPAP.

FFBL's Commitments & Progress

Material

Goal	
0.5% reduction in paper usage from 2019 level	
Target End:	2022
Performance	
Achieved	

Water

Goal	
Maintain water intake at 2020 level	
Target End:	2022
Performance	
Overall ~1.0% reduction in fresh water intake achieved from 2020 level due to stringent blow down control	

Energy

Goal	
Maintain energy index at 2020 level	
Target End:	2022
Performance	
Achieved	

Health & Safety

Goal	
Zero injury	
Target End:	2022
Performance	
Achieved	

Emissions

Goal	
Maintain emissions intensity at 2020 level	
Target End:	2022
Performance	
Maintain emission intensity at a level of 2020 as there is no control on Carbon dioxide (CO_2) content in natural gas supplied to plant	

Supply Chain Management

Goal	
Awareness campaign on sustainability criteria for local vendors	
Target End:	2022
Performance	
Awareness campaign started with bulk suppliers	

What's Next

Energy

Goal	
Maintain energy intensity at 2020 level and pursue for Natural Gas (NG) supplies to operate the plant at higher load	
Target End:	2025

Emissions

Goal	
Maintain emissions intensity at 2020 level	
Target End:	2025

Water

Goal	
Decrease in water intake to 1% from 2020 level	
Target End:	2025

Governance & Materiality

FFBL at a Glance

Fauji Fertilizer Bin Qasim Limited (FFBL) is mainly involved in manufacturing and distribution of chemical fertilizers for the farmers and agriculture sector of Pakistan. FFBL is the sole producer of Granular Urea and Di-Ammonium Phosphate (DAP) in Pakistan. We strongly believe that the future belongs to those who can achieve growth that is both inclusive and sustainable. Being a sustainable organization, FFBL has incorporated sustainability into our organizational Vision and Mission statement. Through our business operations, people, products, marketing strategies, interactions with customers, business partners, shareholders, regulators, and other stakeholders, we aim to leave a positive and lasting impact on our community and environment. We live up to the mission of being a reliable partner in National food security and in our group's corporate social responsibility efforts.

Accordingly, we have calibrated our corporate objectives and strategies with our mission.

Our Products

FFBL produces and markets following two fertilizers under the brand name of SONA (meaning Gold).

- SONA DAP
- SONA Urea (Granular)

Accreditation, Memberships and Awards

FFBL is an organization with different affiliations and follows a few remotely evolved deliberate drives in the economy, environment and social administration. In these areas FFBL participates in a number of externally developed voluntary initiatives.

1

6th Best Performing Company

Management of FFBL is glad to announce that Pakistan Stock Exchange (PSX) has ranked FFBL as 6th best performing company for the year 2020 on 28th March 2022.

2

Accreditation of FFBL Laboratory

FFBL Lab has been accredited with Pakistan National Accreditation Council (PNAC) by successfully implementing ISO/IEC -17025 Lab Quality Management System in year 2022. PNAC has updated its website and put FFBL Lab in the list of Accredited Labs.

3

11th CSR Award 2022

FFBL's Corporate Social Responsibility (CSR) initiatives won an accolade at the 11th International CSR Summit 2022.

4

Environment Health & Safety Award 2022

FFBL's EHS initiatives achieved an award at the 5th Climate Change & Green Finance Summit 2022 organized by The Future Forum at Karachi on 06th July 2022.

5

Environment Excellence Award 2022

FFBL's Environment initiatives attained an accolade at the 19th Annual Environment Excellence Award 2022 organized by National Forum for Environment & Health (NFEH) at Pearl Continental hotel Karachi.

6

Health, Safety & Environment Performance Award 2022

FFBL won International Environment, Health & Safety Award 2022, the summit was organized by The Professionals Network (TPN) at Marriot Hotel Karachi.

7

Superior Safety Performance Award NSC, USA

FFBL was conferred with international Award "Superior Safety Performance Award" by National Safety Council's – USA.

8

National Safety Council, USA Membership

FFBL is a proud member of National Safety Council – USA since 2008.

9

Protect & Sustain Product Stewardship Programme

By 'International Fertilizer Association (IFA)' 2020 – 2023.

10

International Organization for Standardization (ISO) Certifications

- ISO 9001-2015: Quality Management System (QMS)
- ISO 14001-2015: Environment Management System (EMS)
- ISO 45001-2018: Occupational Health and Safety Management System (OH&SMS)

11

HSE Performance Silver Award 2022 (ROSPA – UK)

FFBL was conferred with international Award of ROSPA Silver award - 2022, The Royal Society for the Prevention of Accidents (ROSPA) - UK for HSE Performance.

12

WWF Green Office Certification

This Diploma has been awarded for compliance with the Green Office Criteria. The purpose of this Criteria is to reduce the ecological footprint.

13

Best Corporate & Sustainability Report Award for the Year 2021

FFBL has secured Certificate of Merit Best Corporate Report Award 2021 by Institute of Cost & Management Accountants (ICMA).

14

Fire Safety & Security Award 2022

FFBL Fire Safety practices secured an award at 12th Fire Safety & Security Convention 2022 organized by NFEH at Marriot Hotel Karachi.

Our Governance

Essence of a successful and visionary Company is the ability to preserve its core values to stimulate progress which can be achieved with healthy Governance Structure by considering different factors like longevity, monitoring and controlling. Robust Governance Structure specifies the roles and responsibilities amongst the Board, Management, Shareholders and Stakeholders. Governance Structure of FFBL is well systematic and productive relying on active and prudent engagement of all the stakeholders.

FFBL has a vibrant Board comprising of diversified rich experience in performing fiduciary duties supported by four Committees with specific expertise on technical, financial, human resource management and investment portfolio. The Board through approved Terms of Reference of its four Committees has adequately delegated powers to the Committees to effectively focus on the issues and ensure expedient resolution.

The Board is well versed with knowledge, skill, and experience for strategic decision making and to advise Management in light of the particularities of the Company, its businesses, and competitive environment. Composition of the Board consists of versatile discipline including three Independent Directors including two women directors, five Non- Executive Directors including Chairman of the Board and CEO as Executive Director.

At FFBL, clearly defined principles, systems, processes and policies are in place for the integrity and protection of Company's resources in the best interest of shareholders. Abiding of rules and regulations in letter and spirit is key culture and sacrifice on integrity and transparency is never compromised at any cost.

The Board held six meetings during the year to review and approve the periodic financial statements, annual budget, business plans, Strategic plans / framework and other important matters to reinforce Governance and to deliver the requisite guidance for better management and maximum resource utilization. Moreover, Committees of the Board also met as often as required, to oversee the performance in respective areas and performed their duties diligently under their respective terms of reference.

The oversight provided by the Board ensured optimal use of resources, enhanced transparency, disclosures and improvement of Governance around various processes. The Board provided expeditious support and guidance to the management in achieving short, medium and long-term objectives.

Shareholders/Investors

The primary concerns of our investors are good economic returns, profitability and overall impact on the environment and society. Shareholders are regularly engaged through the Secretariat / Shares department. Company is making continuous improvements in quality, health, safety and environment of its people and organization through environment friendly clean processes, diversification in different energy conservation segments. The company's website is regularly updated for information of investors/ shareholders.

Shareholders' Recommendations

Shareholders/investors feedback and recommendations are a regular feature through general meetings and other modes of communications. Safeguarding shareholders' interest is our prime responsibility which is achieved through efficient and tangible business models and effective corporate reporting. FFBL team regularly disseminates all material information and evaluate the feedback for further action.


FFBL

Value Creation Business Model

Our value creation business model is the hub of everything we do. It defines risk and opportunities in our external environment, inputs we consume, activities we carry on, the relationships we depend on, and the outputs and outcomes we desire to achieve while creating sustainable value for our stakeholders, in the short, medium, and long term.

Risk and opportunities in our operating environment

- Pakistan's tough macroeconomic environment
- Environmental risks and climate change
- Depleting raw materials
- Upcoming ESG index and SDGs reporting
- Low farm mechanization
- Enhancing value creation ability by embedding SDGs into corporate strategy
- Diversification and tapping opportunities offered by SDGs

Governance oversight

- Highest standards of governance, ethics, and integrity
- Best-in-class governance systems and practices to ensure sustainable value creation and serve as a market leader
- Board's skill diversity and experience with 33% directors being independent

Our key resources and relationships

People

We employ talented and motivated employees in a people centric culture with strong focus on Organization Health and Safety and employee well-being.

Industrial

Our manufacturing plant, marketing network, warehouses and distribution partners deliver our products to end customers to increase productivity.

Intellectual

Knowledge of our people, expertise of our employees, brand and corporate reputation are the vital components of our value creation process.

Environment

We optimize resources and energy consumption at our ISO 14001 compliant plant and aspire to minimize effluents and waste.

Partners, suppliers, and communities

We empower our partners' ecosystem to keep serving our customers and we extend sustainability requirements in our supply chain by providing training to suppliers. We invest for the betterment of communities through our CSR interventions.

Our Value Creation Process

Manufacturing

Key resources and relationships as input to manufacture fertilizers.

Transportation

Products transported through haulage contractors.

Distribution

Dealers facilitate connection with customers.

Product use

Farmers use products to improve crop yields and farmers' incomes.

Our sustainable value for all stakeholders

Focusing on the welfare of people

- We are committed to thriving culture with equal opportunities for everyone
- We reward high performance and invest in attracting, developing and retaining our people
- We nourish our human capital through training with 3,530 total training hours in 2022
- We strive to the highest safety standards and eliminate workplace accidents with record
- 24 million safe man-hours for employees and 10.6 million man-hours for contractors' employees

Managing environmental impact

- Investing for efficient and cleaner technologies to reduce environmental impact
- Sindh Environment Quality Standards (SEQS) legal compliances and handling of hazardous material in line with the approved Hazardous Material Management Plan (HSMP) from SEPA in accordance with SEPA ACT-2014

Investing for better communities

- Invested Rs. 227 million in education, health, disaster management and overall community welfare

Prioritizing Ethical Partnerships with Suppliers

- Awareness to local supply chain partners on sustainability

Material topics	Theme	Boundary	
Energy, Emissions	Climate change affect	FFBL, suppliers	
Materials	Using resources responsibly	FFBL, suppliers	
Water	Caring for water	FFBL, customers, local community	
Waste	Controlling and managing waste	FFBL, suppliers	
Employment and labor relations, market presence	Promoting decent employment	FFBL, Government, local community	
Health and safety	Ensuring health and safety	FFBL, suppliers, customers	
Human rights	Respecting and promoting human rights	FFBL, suppliers, customers, local community	
Local communities, indirect economic impact	Developing community growth and quality of life	FFBL, local community	
Procurement practices, supply chain impacts	Working to build a healthy supply chain	FFBL, suppliers, dealers	
Economic performance, anti-corruption, marketing and labelling, compliance	Consistent focus on the economy	FFBL, investors, Government, suppliers, local community	

External Environment

The Company operates in highly sensitive market as its products ultimately contribute in meeting nutrition requirements and national food security of Pakistan.

The Government regularly monitors the production, sales as well as costs and selling price trends for Timely and effective decision making. Moreover, FFBL, being a law-abiding corporate citizen and listed on stock exchange, is required to comply with the national laws with respect to its governance, transactions and activities.

Political and Macroeconomic

The global growth is expected to decelerate sharply to 1.7% in 2023 primarily due to policy tightening aimed to contain high inflation, worsening financial conditions and disruptions emerging from Russia-Ukraine crises.

Apart from bleak global outlook, our domestic economy is expected to face further challenges as a consequence of recent floods and required stringent economic measures to contain further damage to already crises hit economy.

Changes in agricultural policies and tax laws consequently impacting business economics. Probability of enhancement in gas availability is likely to be enhanced keeping in view the hydel projects and shifting of power sector from gas to hydel projects (e.g. Basha, Dasu and Mohmand Dams project). These projects will positively influence the availability of fertilizer sector primary raw material natural gas.

The current account deficit, rising policy rates, and depreciating currencies are all contributing to inflationary pressure, which is anticipated to slow down economic development in 2023. Longer-term economic growth is anticipated to be boosted by the execution of crucial structural changes under the IMF program that are aimed at preserving macroeconomic stability, boosting competitiveness, and enhancing the financial stability of the energy sector.

Due to flood in Pakistan, hundreds of thousands of homes have been damaged or destroyed, while many public health facilities, water systems and schools have been destroyed or damaged. As the floodwaters have receded, the crisis has become an acute child survival crisis. The impact of the 2022 floods on Pakistan's rural communities and agriculture has been devastating, resulting in the loss of crops, livestock, and essential infrastructure. The country is now facing an unprecedented food security crisis. According to flood extent over 18% of Sindh's total area was directly inundated. In economic terms, rice, cotton, and sugarcane together faced a direct loss of USD 1.30 billion (rice: USD 543 million, cotton: USD 485 million, and sugarcane: USD 273 million).

Environment

The impact of flood is wide-ranging such as a reduction in agriculture production, continuous droughts, coastal erosion, and more than average rainfall. The flood situation in the country today has been one of the major causes of climate change which has devastated thousands of acres of land and displaced millions of people with loss of lives. Around 33 million people have been affected by this year's heavy monsoon rains in Pakistan, which have brought devastating rains, floods and landslides. Some major rivers breached their banks and dams overflowed, destroying homes, farms and critical infrastructure including roads, bridges, schools, hospitals and public health facilities. In the event that temperatures are not controlled to 1.5 degrees Celsius by 2050, climate change poses a threat to humanity and has become widespread worldwide. Countries have been urged to reduce their use of coal and reduce their emissions in accordance with climate science at COP 26. The green economy is getting a lot of attention from investors, which means that businesses need to come up with long-term strategic goals to help people adapt to climate change and stay resilient. Businesses are required worldwide by the Task Force on Climate Related Financial Disclosures (TCFD) to devise strategies for managing climate change and report the recommended disclosures. Soil deficient of phosphorous and Nitrogen attracts more use of fertilizers. Water supply is scarce in Pakistan leading to hindrance in farming process. Environment waste could be affected to improve reputation and ultimate brand image.

Social

Unemployment due to the pandemic has lowered income levels and rising inflation has hampered Pakistan's efforts to reduce poverty. Social, ecological and economic challenges in the form of limited resources, especially water scarcity, climate change, urbanization, rising inequality, hunger and rising unemployment are major social risks and opportunities for businesses. It's a problem. These issues challenge the government to provide basic facilities for this segment of the population. Businesses must develop strategies to take advantage of underlying opportunities and fulfill their social responsibilities for prosperous societies. Imbalance in political and social environment could result in social unrest.

Technology

Not coping with technological advancement may create operational in efficiencies and competitive disadvantage. The farming sector fails to have latest technological solutions for farming procedures which could harm agricultural industry as a whole. Delayed and inefficient production due to lack in investment in technology.

Technological advances are transforming traditional technologies and leading to increased productivity in all industries. Pakistan's agricultural sector is underperforming due to traditional farming and harvesting techniques, lack of awareness and limited production capacity. This technology helps farmers around the world through improved yields, growth and related processes from seed to harvest, including balanced fertilizer use, irrigation techniques and pest control. Low levels of agricultural mechanization also pose challenges to productivity in the agricultural sector.

Regulatory

Laws, amendments, and rulings relating to cost components such as subsidies by provincial governments gas prices and freight regimes and revisions in sales and income tax regulations pertaining to unregistered dealers, significantly impact fertilizer manufacturers.

The launch of PSX's minimum Sustainable Development Goals reporting requirements and increased regulatory requirements in this regard is resulting in adopt best practices. PSX's recent introduction of SDG reporting minimum requirements and upcoming ESG indices, along with discussions on non-financial reporting and compliance with TCFD recommendations, is expected to introduce new codes and regulations in Pakistan. The new developments are expected to set the agenda for the corporate sector and increase compliance costs. Meanwhile, new developments help companies consider risks and explore business opportunities to enhance their value creation potential.

Our Planet

How we manage the Impact and Create Value

To lessen any negative effects on the environment and counteract climate change, FFBL uses a cautious management strategy. At FFBL, environmental conservation is a primary focus. To achieve this, ecologically friendly technologies are adopted, and processes are optimized to have less of an absolute and relative impact. All manufacturing facilities must adhere to an integrated environmental, health, and safety policy in order to maintain high standards for health, safety, and the environment (HSE). The goal is to prevent environmental deterioration and to offer a safe and healthy workplace while enhancing the lives of workers, contractors, tourists, and the local community around the plant site. Environmental management systems that have been certified by a third party provide support for the environment management at our plants and resource efficiency. FFBL has received certification to the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and OH&SMS 45001 Occupational Health & Safety Management System. In addition, FFBL's management system, product development and planning, sourcing and contractor management, manufacturing methods, supply chain functions are all covered by the IFA Product Stewardship "Protect and Sustain" Certification. We are able to identify energy management points, improve internal data management, gain the trust of stakeholders, and identify risks and potential opportunities recognize to these management systems.

The manufacturing plant performance, regulatory affairs, and compliance monitoring are all the responsibility of the GMP at plant site. Employees working on line functions and the senior management of manufacturing units receive regular training. Employees are also nominated for external training, and FFBL has specifically designed training modules for various internal training. To ensure compliance with internal HSE policies and applicable laws and regulations, HSE systems are regularly monitored. On a regular basis, the Plant SOC and IMS reviews provide an internal check to uncover the gaps. The outcomes of internal checks and external certifications of the management systems are used to regularly evaluate

the environmental management approach. To lessen our operations' impact on the environment, the necessary adjustments are made.

No laws, regulations, or voluntary codes of practice pertaining to nature and environmental protection were broken despite rigorous compliance checks and voluntary commitments. In addition, FFBL did not have to pay any non-monetary penalties or fines in 2022 for breaking environmental laws and regulations. There was no complaint filed throughout the year.

All kind of waste is disposed off by approved and authorized vendors of Sindh Environmental Protection Agency (SEPA). The provincial environment agency regularly examines and approve the suppliers' processes. Legislatively, the SEPA approved vendors decide whether the material should be recycled or buried in a landfill.

Following are the activities for environment:

1. Celebrated World Environment Day 2022
    - Display of Banners
    - Environment talk
    - FFBL Flyer
    - Plantation Drive
    - Environment Walk
    - Distribution of T-Shirts
2. Go Green certification
3. Monthly Environment Bulletin

Consistent Focus on the Economy

Producing Quality Fertilizer

Our high-quality fertilizer boosts the land's potential for production, resulting in nutritious farm produce. This contributes to improved economic growth and national food security. Any impact resulting from the usage of our products is handled by imparting appropriate trainings and providing assistive written material to farmers.

We regularly perform external certifications of health and safety of production systems, as the outcome and feedback help us in the evaluation of our approach and take appropriate and timely measures. The standard weight of fertilizer bags is ensured, and regular quality analysis of product samples is performed in respect to its physical and chemical properties. FFBL is endeavouring to develop value added products of Urea and DAP through Research & Development (R&D) to increase farm productivity and our end consumers' earnings. To meet the expectations of our customers and in line with our strategy, we are committed to produce quality products that correspond to the international environment and safety standards.

Economic Growth

Over the years, FFBL has established itself as a key market player in the fertilizer industry, contributing towards National food security by providing high quality fertilizers. Keeping in view the growing demand of fertilizer, we incurred significant capital expenditure and carried out Balancing, Modernization & Revamp (BMR) of plants to enhance our production capacities of Ammonia and DAP. We also ventured with our Moroccan partners in 2004 to build a Phosphoric Acid plant, a major raw material for DAP, to ensure secured and uninterrupted supply. Due to these measures, today, we meet almost 45% of the DAP demand through our production and strive hard to ensure the availability of DAP throughout the year.

The Company is an active taxpayer and has contributed Rs. 170 billion to National exchequer in the form of taxes and levies since its incorporation.

The Company has also played its part to reduce unemployment in the Country. Approximately, more than 1,600 employees are attached with the company and are excelling in their respective fields. Along with this, the Company's business activity engages numerous dealers, suppliers, service providers and consultants, playing its role in enhancing livelihood of people engaged with the company.

We are proud to have achieved growth in every aspect of the business and created wealth for our stakeholders over the year. We are confident that we will be performing our duties to the best of our abilities, providing benefits to our stakeholders.

Climate Change Affect

How we manage the Impact and Create Value

To achieve environmental conservation, ecologically friendly technologies are adopted, and processes are optimized to have less of an absolute and relative impact. FFBL has received certification to the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and OH&SMS 45001 Occupational Health & Safety Management System. In addition to this, FFBL's management system, product development and planning, sourcing and contractor management, manufacturing methods, and supply chain functions are all covered by the International Fertilizer Association (IFA) Product Stewardship "Protect and Sustain" Certification. We can identify energy management points, gain the trust of stakeholders, and recognise risks and potential opportunities to these management systems. Employees working on line functions and the senior management of manufacturing units receive regular training and are also nominated for external training. To ensure compliance with internal Health, Safety and

Environment (HSE) policies, applicable laws, and regulations, and HSE systems are regularly monitored. Reviews on a regular basis, the Plant Safe Operation Committee (SOC) and Integrated Management System (IMS) provide an internal check to uncover the gaps.

All kind of waste is disposed of by approved and authorized vendors of Sindh Environmental Protection Agency (SEPA). The provincial environmental agency regularly examines and approve the suppliers' processes. Legislatively, the SEPA approved vendors decide whether the material should be recycled or buried in a landfill.

Contribution to SDGs

Climate change impacts everyone from suppliers to farmers, along with the community at large. At FFBL we ensure that we use energy in the form of Natural gas, which results in the emission of greenhouse gases. As market leaders we understand our role as to how we can influence climate action within and outside our organization.

Our Actions and Performance

We are committed to reduce the climate impact of our operations. Our determination has resulted in keeping the energy and emissions at almost the same level since many years.

Energy Consumption and Reductions

FFBL uses coal for generating electricity and steam in view of depleting Natural gas reserves and country dependency of energy mainly on Natural gas. As per management vision, renewable sources are explored and used to produce energy which meets 50% of our Head Office in first phase. Although, the renewable energy portion is not significant of the total energy. However, FFBL endeavours to explore more possibilities to increase the share of energy obtained from renewable sources is an ongoing process. Energy consumption results in Green House Gas (GHG) emissions and climate change. Our products are additive and dissolved in the soil during usage and not energy intensive. However, we have been striving to reduce energy consumption in the production process by adopting energy-efficient technologies and process optimization. These measures have resulted in more energy efficient productions over the years. The energy consumption has increased by mainly due to fluctuations in plant loads owing to current Natural gas supply and demand crises. The energy consumption has decreased by 0.14 Gcal/Metric Tons (MT) of Ammonia in the year 2021 as compared to Year 2020.However, energy consumption has increased by 0.07 Gcal/MT of Ammonia in year 2022 as compared to previous year due to plant low load operation. The company uses previous year production and energy consumption level as a base to measure energy savings.

Gaseous Emissions

Emissions of gases are side effects of the production process and have a major environmental impact that cannot be completely avoided despite all environmental protection efforts. FFBL monitors the compliance of Environmental Protection Agency (EPA) limits by taking environmental protection measures and is moving further to reduce the emissions up to the maximum possible limit. FFBL determines the total emissions at plant site at regular intervals and makes regular checks to control variations. The emissions of the greenhouse gases like CO_2, methane, and nitrous oxide (N_2O) are measured continuously at plant site. All the emissions are within the prescribed Sindh Environment Quality Standards (SEQS) limits and regularly reported to the EPA under Specific, Measurable, Attainable, Relevant and Timely (SMART) reporting program.

Emissions Reduction

FFBL is striving to reduce its emissions by continuously optimizing production processes, adopting innovative technologies, and modernization of its plants. The results of the reductions in emissions are small but in the total lead to significantly lower emissions of pollutants. The company products are environmentally friendly and are additive for increasing farm productivity. The environmental impact of release of N_2O during application of fertilizer is being addressed by R&D work on many improved fertilizer products. The company is committed to the non-use of ozone-depleting substances as a part of its environmental management policy.

Tree Plantation Campaign at FFBL

On World Environment Day, FFBL initiated a plantation campaign. FFBL has planted more than 10,000 trees at plant site out of which more than 4000 are fruit bearing trees.

Using Resources Responsibly

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Raw material use is affecting finite natural resources. Natural gas which is a feedstock in the production of fertilizer is depleting at a rapid speed posing a future business risk. Exploration of alternative feedstock is critical for business Continuity and value creation.

Natural gas is the main raw material for the production of fertilizer. To conserve the precious natural resource, FFBL has converted steam and power generation facility from Natural gas to coal-based facility. Lubricants and chemicals are used in the manufacturing process. Biodegradable packing material for Urea and DAP along with renewable resource utilization, where applicable, is helping us to move forward towards the establishment of a widely sustainable value chain. FFBL tries, wherever possible, to use recycled materials but due to the nature of the production process, recycled raw materials can be used in limited quantity. Moreover, the cleanliness requirements do not allow the use of such materials. During the year, Urea & DAP dust was recovered and used in the process. Our products are dissolved during use and are not reclaimable while packaging material is biodegradable and also not reclaimable. There is no post-consumption collective scheme in place. Bags are used by farmers in their activities and degraded at the end of useful life. In year 2021 & 2022 we recovered Phosphorus Pentoxide (P_2O_5) evaporation pond sludge and reuse the valuable waste material. This give a substantial financial benefit in terms of additional ~ 11,000 Metric tons DAP production along with a step towards preservation of environment.

Caring for Water

6 CLEAN WATER AND SANITATION

Water is critical for human life. The changing climate is affecting the availability of fresh and clean water. Severe weather events, such as droughts and floods are occurring more often and their effects are felt acutely.

Water is a critical resource not only for our operations but also for the farmers who are unable to cultivate and grow crops without the availability of water. We understand the impacts it will have on our business and we are working closely with the farming community to help efficient use of water now and in the future.

Our Actions and Performance:

FFBL mainly needs water for the production of steam, cooling purpose, potable & sanitary purpose and supply FPCL for its need. Our water requirement is met through Keenjhar Lake. Before water flows into system, Lake water is cleaned accordingly by using various filtration system as per its intended usage. Water consumption at plant is being critically monitored and is directly related with plant sustainability. In this connection, we frequently carrying out studies to identify opportunities for reducing water consumption and increasing recycling to minimum

requirement from freshwater resource. FFBL has defined goal for efficient water usage to reduce the impact on depleting freshwater resource in Pakistan.

FFBL uses state-of-the art machinery to continuously circulate and capture the water after use to re-cool it for reuse. This environmentally friendly cooling method is used where technically possible.

Waste Water / Water Discharge

FFBL uses water for a variety of purposes in the production process. The water is partly polluted as a result, therefore, the wastewater so produced is treated to reduce the pollutants to an acceptable range prescribed by SEQS before using and discharging the same into the Ghagar Nullah which ultimately goes directly into creeks of Arabian Sea. FFBL uses oil skimming and neutralization method for wastewater treatment.

The wastewater is also used for horticulture purposes at plant site. The wastewater discharged by FFBL is largely cleaned and therefore does not pollute the environment excessively. Moreover, during the year, no non-compliance with water disposal regulations occurred. The discharged water analysis is well below SEQS limits.

Following actions have been taken to conserve water:

- FFBL cooling water blow down which was previously sent outside as wastewater is now being used by FPCL as cooling water, which is prominent effort of FFBL to conserve water.
- Recovery of CO_2 regenerator condensate at DAP plant. This condensate was previously dumped as waste water but now it is being used at DAP plant to reduce water consumption.
- Use of cooling water & storm channel water for horticulture. At present left over cooling water and storm channel water is being used for horticulture purposes, saving millions of gallons of water.

Controlling & Managing Waste

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

A healthy environment is necessary for human life to exist. However, natural capital and biodiversity are in jeopardy due to the rapid consumption of resources. Our strategy is to eliminate as much waste as possible from operations. The manufacturing processes for Urea & DAP are safe for the environment. Air, water, natural gas, and phosphoric acid are the basic materials. Pipelines transport water and natural gas, phosphoric acid is transported through bowsers from port to plant. A Woven Poly Propylene (WPP) bag houses the finished products Granulated Urea & DAP in an oxo-biodegradable liner. There is no wastage as the product dissolves during the use. The material used in the packaging is biodegradable. No by-products are produced during the manufacturing process. However, waste is generated by the manufacturing and other operational activities. Majority of the waste comprises of the packaging material for a variety of products used in maintenance or other support services. Processes at plant sites produce resin, catalysts, and used lube oil. Other waste includes insulation, broken tube lights, toner cartridges, battery cells, used oil filters, lab bottles, empty chemical drums, plastic and rubber, and clinical waste. The properties of each of these different types of waste range from non-hazardous to hazardous. All kind of waste is disposed of by approved and authorized vendors of Sindh Environmental Protection Agency (SEPA). The provincial environmental agency regularly examines and approve the suppliers' processes. Legislatively, the SEPA approved vendors decide whether the material should be recycled or buried in a landfill. To contribute to positive environment, the company obtained Go Green Certification, celebrated World Environment Day 2022, and is printing monthly Environment Bulletin for its employees.

People and Communities

8 DECENT WORK AND ECONOMIC GROWTH

5 GENDER EQUALITY

The SDGs were created to encourage and track advancement in raising standards of living for all people worldwide. Agenda 2030, outlines 17 goals that together provide a road map for achieving greater social balance, environmental sustainability, and inclusive economic development.

Promoting Decent Employment

Decent work for FFBL as an organization means opportunities for everyone to get work that is productive and provides a fair return, security in the workplace and social protection for families, better prospects for personal development and social integration.

Initiatives at FFBL:

- Work-Life Balance: Flexi hours and sabbatical leaves of up to two years enable employees to balance family obligations, educational pursuits, and some others.
- Whistle Blowing Policy: The purpose of FFBL's whistle blowing policy is to achieve the highest possible standards of transparency, honesty, integrity, fairness, and accountability.
- Reflection through Code of Conduct: FFBL has centralized its principles, policies, practices and goals to cater to the needs of its employees, our code of conduct is based upon:
    1. Health and Safety: Indicates our responsibility for maintaining a safe workplace by following health and safety rules and practices.
    2. Stakeholders: Emphasizing that stakeholders are valuable equal partners for us with whom a long term, fair and trustworthy relationship is built.
    3. Respect for People and Teamwork: Dedication through dignity and respect, owe nothing less to each other. It is understood that none of us acting alone can achieve success.
    4. Integrity and Honesty: Earning trust from everyone by maintaining the highest level of corporate integrity through open, honest, and fair dealings.
    5. Dedication to Quality/Customer Satisfaction: Our quality policy is an integral part of our business philosophy, and FFBL is committed to provide total customer satisfaction.
    6. Celebration of Events:
        a) Women's Day 2022: A week-long celebration was planned starting March 08,2022 to celebrate the International Women's Day 2022.
        b) Environment Day 2022: World Environment Day 2022, was celebrated on June 05,2022. The day was marked by a plantation drive, environment walk wearing Environment Logo T-shirts at the Plant site.
        c) Safety Day 2022: World Safety and Health Day 2022, was celebrated on April 28,2022 by undertaking all allied activities.

Ensuring Health and Safety

Healthy and safe working conditions are imperative to ensure employee health, productivity and compliance with applicable laws and regulations. Ensuring the health and safety of our employees is a top priority for the HSE system, keeping operational and delivering value to all stakeholders.

The primary goal of our health and safety policies and procedures is to ensure the health, safety, and well-being of our employees. To eliminate or reduce the likelihood of harm, new industrial safety standards are adopted, and our safety systems are continuously improved. At corporate as well as manufacturing location, health and safety aspects are continually monitored and evaluated. FFBL is committed to preserving the health of its employees by avoiding accidents and has implemented an occupational health and safety management system for risk assessment of operations. To meet the requirements of the Environmental Protection Act (EPA), the Industrial Relations Act (IRA), the National Environmental Quality Standard (NEQS), and the Occupational Safety and Health Administration (OHSA) Guidelines for Noise/Ammonia in the Air, as well as the OHSA Guidelines for Health and Safety, the health and safety management systems are put into place. The management system covers all employees, activities, and workplaces. When working in the plant, contractors' employees must adhere to the requirements of the health and safety management system. However, contractors are accountable for the health and safety of their employees.

Gaseous Chlorine was being used to control microbiological growth in cooling water at FFBL since last many years. Due to the hazardous nature of Chlorine gas we have shifted our cooling water treatment program to Sodium Hypochlorite in combination with Sodium Bromide solution. These chemicals are Non-hazardous with respect to health and safety of employees and environment. The shifting of chemicals is a major milestone towards the sustainability of FFBL.

Through early detection, evaluation, and management of potential health risks associated with work environments, our occupational health and industrial hygiene services aim to safeguard our employees' health. The overall development, implementation, and monitoring of the occupational health program for FFBL employees is the responsibility of the plant's Occupational Health Physician. Workplace first aid management, occupational illness reporting, and fitness to work are all closely monitored. Employee's safety training and determining employees' familiarity with processes' safety procedures are the responsibility of line managers. In addition to the work-related hazards trainings, workers receive training on Cardio Pulmonary Resuscitation (CPR), first aid, rescue, and firefighting throughout the year.

Hazards Identification, Risk Assessment and Investigations

Since 2006, FFBL has been ISO-9001, ISO-14001, and ISO-45001 certified. All these standards are integrated in company practices to ensure continuous improvement in Quality, Environment, and Safety respectively. A successful Health, Safety & Environment (HSE) program promotes a culture of hazard identification and risk management. Hazards are identified, evaluated, and controlled using various Risk Assessment and Risk Management techniques.

Hazard Identification and Risk Assessment (HIRA-01 / HIRA-02) forms are used by all departments for identifying, evaluating, and controlling Physical, Chemical, Biological, Ergonomics, and Psychosocial hazards. Every department's IMS file contains this information. FFBL is also focusing on process safety and different Process Hazard Analysis Techniques for hazard identification and risk control. Hazard and Operability analysis (HAZOP) and what if checklists techniques are used to identify, evaluate, and properly manage process hazards. Environment is also one of the core areas of FFBL safety policy and management system. Work activities of all departments are evaluated with respect to its impact on environment. This environmental assessment activity is carried out on annual basis through IMS program Environmental Impact Assessment (EIA form). Any adverse scenario identified during identification / evaluation phase is properly controlled by engineering or administrative means. FFBL strictly complies and endorses all International standards and best industrial practices regarding incident reporting and investigation. All employees are encouraged and authorized to communicate and report all incidents, near-miss and unsafe conditions. Periodic SOC (Safe Operation Committee) meetings are held to review related KPIs for occupational health and safety every quarter. SOC forum not only monitor the progress of the overall HSE program but also provide guidelines to manage all workplace hazards and risks.

Respecting & Promoting Human Rights

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

5 GENDER EQUALITY

One of the essential elements of Diversity, Equity & Inclusion (DEI) is Gender Diversity. In mid-2021, FFBL embarked on the diversity journey by aligning diversity initiatives with the SDG goal of gender equality resulting in more focused use of resources. We do that by focusing on four pillars:

1. DEI Vision
2. Enabling Culture
3. Employer Value Proposition
4. Policy Framework.

Equal Opportunities:

As part of our pledge to embark on the journey to create equity, Pulsifi and the Talent Games multi-functional software are part of recruitment and selection process that involved sourcing, finding, filtering, campaigning, marketing, engaging, attracting, and communicating with our job candidates. These platforms have built-in features, from advertisement, managing candidate applications, and scheduling assessments.

To create bias free, equitable and transparent opportunities irrespective of gender, FFBL measures the effectiveness of recruitment interventions through KPIs. Core values are an essential foundation that reflects FFBL's culture which is why we re-developed our values and added "Diversity" to help reinforce Diversity as behaviour. FFBL recognizes Diversity through the Value Recognition Program. To facilitate working mothers, our head office in Islamabad has a state-of-the-art day-care facility so mothers have the option of visiting their kids' multiple times a day. Maternity and paternity leaves are as per act 2020.

FFBL established Women Council and branded it as "We Value Perspective" a collection forum for minorities, including females and Persons with Disabilities (PWD) - the Charter has sponsorship from top leadership. International Women's Day 2022 was celebrated for a whole week with our ladies working both at the Head office and Plant site. To empower our female workers, FFBL's Chief Executive Officer (CEO), Human Resource (HR) Advisor, and Lead DEI demonstrated Diversity and its need activities were throughout the week with a lesson to break the bias. Furthermore, two online sessions were arranged to empower females by renowned speakers. The first session focused on how one should never let life impede on their ability to manifest their dreams and the second session detailed how to overcome challenges as a woman. These sessions are extremely knowledgeable and created great value for the participants.

Developing Community Growth and Quality of Life

1 NO POVERTY

10 REDUCED INEQUALITIES

Every organization at any level depends heavily on Human Capital Management (HCM) for the establishment of formal mechanisms to ensure the effective and efficient use of human talent in achieving organizational goals. Hence, for FFBL Human Capital Management is the core that not only is responsible for planning, recruiting, selection, induction, ensuring safety, and determining compensation packages but also for enhancing the quality of its employees in the form of Training & Development (T&D) for their professional and personal growth that leads them to contribute the said knowledge by transmitting it to others. FFBL believes that T&D is crucial for the productivity, efficiency, adaptability, and skill enhancement of its employees including areas of communication, critical thinking, and problem-solving.

Learning & Development (Inclusive Education Exclusively):

The purpose of the Learning & Development (L&D) initiative by FFBL is to provide employees with the skills and knowledge they need, to grow in their roles while nurturing both personal and professional growth while helping the company grow with the aim to transmit, as well. L&D highlights Developing Self and Others which is a behaviour that focuses on demonstrating commitment to ongoing professional development: both your own and that of the people around you. Under this initiative, we developed a Training Calendar which is extensively structured around business sustainability with sharp focus on people development. The learning framework for the trainings is built upon the concept of knowledge, skills, and abilities (KSA), which recommends a detailed list of the qualifications that a person needs to be able to perform a specific job. Knowledge and skills are best developed through training activities that incorporate theoretical learning and hands-on application of key concepts and tools.

Prosperity

Working To Build A Healthy Supply Chain

ERP System

FFBL is using System Applications & products (SAP) as an Enterprise Resource Planning (ERP) tool, which has tremendously reduced the use of paper which is helpful in reducing carbon footprint and has improved overall efficiency of Supply Chain management (SCM).

Digitization of Work Procedures

SCM has digitized many of its procedures which required paper work in the past and keeping them in store rooms, which consumed lot of space and increased the carbon footprint and fire hazard.

Conversion of Materials from Proprietary to Non-Proprietary

SCM continuously strives for the conversion of proprietary items to non-proprietary with the help of technical team to minimize dependence on single supply source and increase competition and transparency and reduce costs. Maintaining the robust quality supply line and avoid disruption, while at the same time reducing input costs and improving internal and external stakeholder benefit. 397 proprietary items were converted to non-proprietary cluster in the last 3 years.

New Vendor Development

Addition of new vendors plays an important role in finding quality vendors and weeding out poor ones. This is imperative for an organization to increase competition, transparency, cost reduction and maintaining robust supply line. 249 new vendors were added in the last 3 years.

Vendor Performance Evaluation

Vendor performance evaluation plays an important role in retaining quality vendors and weeding out poor performers. Furthermore, it is also of paramount importance for transparency and healthy competition. Performance of 205 vendors was evaluated in the last year.

Localization of Items Procured from Foreign Vendors

Localization of foreign items is vital to decrease use of foreign exchange, develop local vendors & to reduce transportation time & distance, ultimately reducing carbon footprint. A total of 82 items were converted form foreign origin to local in the last 3 years.

Materials Procured Having Local Vs Foreign Origin

SCM is continuously striving to minimize procurement from foreign vendors to minimize foreign exchange consumption, minimize delivery time, and develop local vendors. It reduces carbon footprint. Total ratio of foreign to local purchases is 1:7 in the last 3 years.

Long Term Contract With Suppliers

SCM has established long term contracts with critical raw material suppliers. This ensures reduced prices, improved efficiency, minimum delivery time, secure supply line, reduced production cost and better benefit for the internal and external stakeholders. For example, contracts for the supply of Sulphuric Acid and other industrial chemicals.

Supply Chain Synergy / Collaboration With Other Companies

SCM is working with other sister companies like Fauji Fertilizer Company (FFC), FFBL Power Company Limited (FPCL), Fauji Meal limited (FML) and Fauji Foods Limited (FFL) to reduce procurement costs, delivery time, inventory, improve delivery times, vendor quality, reduction in carbon footprint and improvement in internal and external stakeholder returns. For this purpose, some of the initiatives taken are as under:

- Common warehousing with FPCL
- Synergy in procurement of bag & liners, bulk materials, etc. with FFC and FPCL
- Handling of supply chain function for FML

Use Of Oxo-Biodegradable Liners

Liners that are used as the internal layer in bags are all made of oxo-biodegradable material, which minimizes its negative effect on the environment. The total quantity of oxo-biodegradable liner bags of DAP & Urea amounted to 76 million in the last 3 years.

Compliance of Labor Laws

In all the contracts established by SCM for lump sum jobs, it is ensured that the service providers pay at least the minimum wage approved by the government to its manpower along with health and life insurance. Furthermore, it is ensured that no underaged person is employed by the vendor.

Handling of Scrap Materials

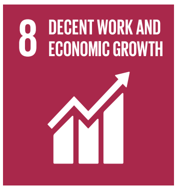
Scrap materials are auctioned after inviting bidders via newspaper advertisement. The process not only ensures that these materials are recycled and reused, but also ensures that all scrap results in some financial benefit for the stakeholders.

Busted Bags & Liners

FFBL consumes millions of Bags & Liners every year for packing of finished products. Through quality control process damaged / busted bags / liners are identified and separated. These busted bags and liners are than disposed of through selecting a buyer who recycles them. This not only results in disposing of the waste in an environmentally friendly manner but is also financially beneficial for the company.

Compliance of SEPA Act-2014

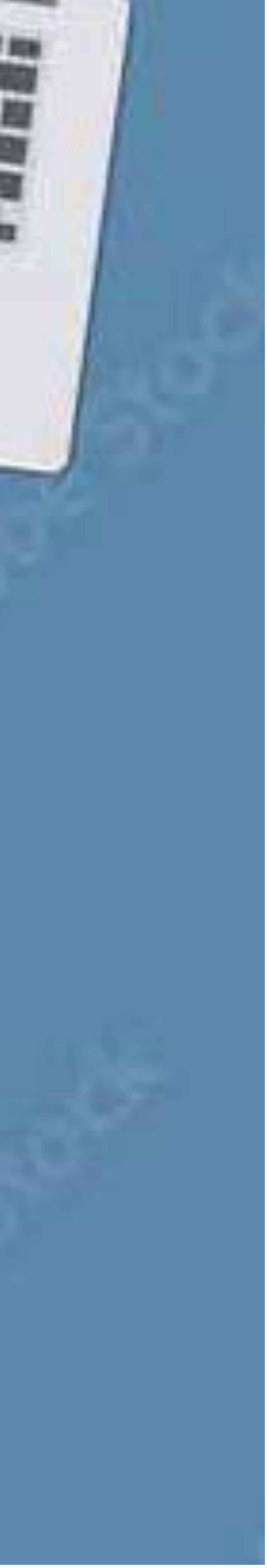
FFBL has come a long way in its efforts to conserve and preserve the environment, whether it is by maintaining the Sindh Environment Quality Standards (SEQS) legal compliances or handling hazardous material in line with the approved Hazardous Material Management Plan (HSMP) from SEPA in accordance with SEPA ACT-2014.



Glossary & Acronyms

BMR	Balancing, Modernization & Revamp
CO_2	Carbon dioxide
CPR	Cardiopulmonary Resuscitation
CSR	Corporate Social Responsibility
DAP	Di-Ammonium Phosphate
DEI	Diversity, Equity & Inclusion
EHS	Environment Health & Safety
EIA	Environmental Impact Assessment
EMS	Environment Management System
EPA	Environmental Protection Act
ERP	Enterprise Resource Planning
FFC	Fauji Fertilizer Company
FFL	Fauji Food Limited
FML	Fauji Meat Limited
FPAP	Fire Protection Association of Pakistan
FPCL	FFBL Power Company Limited
GHG	Green House Gas
HAZOP	Hazard and Operability analysis
HIRA	Hazard Identification and Risk Assessment
HSE	Health, Safety & Environment
HSMP	Hazardous Material Management Plan
ICMA	Institute of Cost & Management Accountants
IEC	International Electro-technical Commission
IFA	International Fertilizer Association
IMS	Integrated Management System
IRA	Industrial Relations Act
ISO	International Organization of Standardization
KSA	Knowledge, Skills, and Abilities
L&D	Learning & Development
MT	Metric Ton
NEQS	National Environmental Quality Standard
NFEH	National Forum for Environment & Health
NG	Natural Gas
NSC	National Safety Council
N_2O	Nitrous Oxide

OH&SMS	Occupational Health and Safety Management System
OHSA	Occupational Safety and Health Administration
P_2O_5	Phosphorus Pentoxide
PNAC	Pakistan National Accreditation Council
PSX	Pakistan Stock Exchange
PWD	Persons With Disabilities
QMS	Quality Management System
R&D	Research & Development
ROSPA	The Royal Society for the Prevention of Accidents
SAP	System Application and Products
SCM	Supply Chain Management
SDGs	Sustainability Development Goals
SEPA	Sindh Environmental Protection Agency
SEQS	Sindh Environment Quality Standards
SMART	Specific, Measurable, Attainable, Relevant and Timely
SOC	Safe Operation Committee
T&D	Training & Development
TPN	The Professionals Network
UNEP	United Nations Environment Program
WPP	Woven Poly Propylene



04 Financial Statements

Financial Statements of the Company along with Reports by the Audit Committee and Independent External Auditors

Audit Committee Report

Composition of the Audit Committee

The Audit Committee of FFBL Board of Directors comprises of four Non-Executive Directors, out of which three members including the Chairperson are independent.

All the Committee members are financially literate and the Committee as a whole possesses significant economic, financial and business acumen.

Names of the Audit Committee members are as follows.

- Ms. Saira Nasir — Chairperson
- Syed Bakhtiyar Kazmi — Member
- Ms. Pouruchisty Sidhwa — Member
- Mr. Bahaudin Khan — Member

Profiles are given in Directors' profile section of the Annual Report.

Chief Financial Officer of the Company attends the meeting by invitation, whereas the Head of Internal Audit attends all Audit Committee meetings. The Audit Committee also separately meets the external auditors at least once in a year without the presence of the Chief Financial Officer and Head of Internal Audit. Meetings of the Audit Committee are held at least once every quarter. During the year, five (05) Audit Committee meetings were held.

Company Secretary also functions as the Secretary of the Committee.

Charter of the Committee

The Terms of Reference of the Committee are clearly defined in the Charter of the Committee which is duly approved by the Board of Directors. The salient features are stated below:

- Review of annual and interim financial statements of the Company including Director's Report, prior to their approval by the Board of Directors.
- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements.
- Review of the scope, terms of reference and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- Review the annual business plan/budget, including cash flow projections, forecasts and strategic plan before recommending it to the Board.
- Facilitating the Board for effectiveness of risk management procedures.
- Ensuring effectiveness of whistleblowing mechanism.
- Monitoring compliance with laws and regulations.

Role of the Audit Committee

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, and internal & external audit functions of the Company. The Committee believes that it has fulfilled its responsibilities, in accordance with Terms of Reference.

The Committee, based on its annual review of the Company's performance, financial position and cash flows, reports that:

- The separate and consolidated financial statements of the Company for the year ended December 31, 2022 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The auditors have issued unmodified audit reports in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.
- The Chairman of the Board, Chief Executive Officer, one director and the Chief Financial Officer have endorsed the separate and consolidated financial statements of the Company, while the Directors' Report is signed by Chairman and Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial

statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.

- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with the codes and policies of the Company has been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holding of Company's shares by Directors & executives or their spouses and dependent children were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board. All such holdings have been disclosed in the Pattern of Shareholdings.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Risk Management and Internal Control

- The Company has developed a sound mechanism for identification of risks, assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with operations of the Company.
- The Company's approach towards risk management has been disclosed in the risk assessment portion of the Annual Report. The types and detail of risks along-with mitigating measures are disclosed therein.
- The Audit Committee reviewed the procedures established for receipt, retention and treatment of concerns including anonymous complaints. Effective whistleblowing mechanism is in place and is being handled in a fair and transparent manner while providing protection to the complainant against victimization.

Internal Audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Audit Committee. Further, the Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Audit

- The Audit Committee without interfering with the independence of external and internal auditors encouraged coordination between them in the discharge of their respective duties.
- The external auditors of the Company, M/s. EY Ford Rhodes, Chartered Accountants, have completed their audit assignment of the separate and consolidated financial statements and the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations,

Audit Committee Report

2019" of the Company for the year ended December 31, 2022 and shall retire on the conclusion of the 29th Annual General Meeting.

- The Audit Committee has reviewed and discussed Key Audit Matters and observations with the external auditors. The final Management Letter including such audit observations is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Code of Corporate Governance and shall therefore, accordingly be discussed in the next Audit Committee meeting.
- M/s. EY Ford Rhodes, Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP and have indicated their willingness to continue as auditors for the year ended December 31, 2023.
- Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s EY Ford Rhodes, Chartered Accountants as External Auditors of the Company for the year ending December 31, 2023.

Annual Report 2022

- The Company has issued a comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2022 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

Saira Nasir
Chairperson – FFBL Audit Committee

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

Name of Company: **Fauji Fertilizer Bin Qasim Limited**
Year Ended: **December 31, 2022**

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

1. The total number of Directors are Nine, including the Chief Executive Officer who is deemed Director, as per the following:

a	Male:	7
b	Female:	2

2. The composition of the Board is as follows:

a	Independent Male Directors	1
b	Independent Female Directors	2
c	Non-Executive Directors	5
d	Executive Director (Chief Executive Officer)	1

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

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

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

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

9. All Directors of the Board are certified under "Directors' Training Programme"

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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

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

    a. Audit Committee

    (i) Ms. Saira Nasir, Chairperson (Independent Female Director)
    (ii) Syed Bakhtiyar Kazmi, Member (Non-Executive Director)
    (iii) Ms. Pouruchisty Sidhwa, Member (Independent Female Director)
    (iv) Mr. Bahauddin Khan, Member (Independent Male Director)

    b. Human Resource and Remuneration Committee

    (i) Ms. Pouruchisty Sidhwa, Chairperson (Independent Female Director)
    (ii) Mr. Sarfaraz Ahmed Rehman, Member (Non-Executive Director)
    (iii) Dr. Nadeem Inayat, Member (Non-Executive Director)

c. Investment Committee

(i) Dr. Nadeem Inayat, Chairperson (Non-Executive Director)
(ii) Mr. Sarfaraz Ahmed Rehman, Member (Non-Executive Director)
(iii) Mr. Bahauddin Khan, Member (Independent Male Director)
(iv) Ms. Saira Nasir, (Independent Female Director)

d. Technical Committee

(i) Mr. Qamar Haris Manzoor, Chairperson (Non-Executive Director)
(ii) Mr. Sarfaraz Ahmed Rehman, Member (Non-Executive Director)
(iii) Mr. Arif Ur Rehman, Member (Chief Executive Officer)
(iv) Mr. Bahauddin Khan, Member (Independent Male Director)

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

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

a. Audit Committee - Quarterly
b. Human Resource and Remuneration Committee – Quarterly
c. Investment Committee - On required basis
d. Technical Committee – Twice a year

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Mr. Waqar Ahmed Malik
Chairman

Mr. Arif Ur Rehman
Chief Executive Officer

Date: 30 January 2023
Place: Islamabad

Independent Auditors' Review Report

To the members of Fauji Fertilizer Bin Qasim Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fauji Fertilizer Bin Qasim Limited (the Company) for the year ended 31 December 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2022.

Chartered Accountants
Place: Islamabad
Date: 28 February 2023

UDIN: CR202210079G1EKxrvDa

Independent Auditors' Report

To the members of Fauji Fertilizer Bin Qasim Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Fauji Fertilizer Bin Qasim Limited (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
1. Investments in Fauji Foods Limited – subsidiary company	
The Company has gross equity investment in Fauji Foods Limited (FFL) amounting to Rs. 14,056 million, representing investment in ordinary shares of FFL and accrued markup convertible at par amounting to Rs. 13,347 million and Rs. 709 million, respectively, as of 31 December 2022. As of 31 December 2022, the Company has recognized allowance for impairment amounting to Rs. 1,999 million (2021: Rs. 820 million). As of 31 December 2021, not yet due guarantee fee receivable from FFL amounted to Rs. 30 million. The Company has issued a standby letter of credit amounting to Rs. 1,000 million in favor of FFL under the Master Facility Agreement. The Company has also agreed to provide a financial revolving guarantee to the bankers in favour of FFL, amounting to Rs. 6,067 million. FFL, a company listed with Pakistan Stock Exchange, wherein the Company made its initial investment in 2015, has been consistently incurring losses, since 2013. As of 31 December 2022, the accumulated losses and net assets of FFL, as disclosed in its draft financial statements, amounted to Rs. 18,452 million and 4,064 million, respectively. These factors, in addition to others indicate that the Company's investments in FFL might be impaired. In accordance with the requirements of IAS 36, the Company has performed impairment assessments by comparing the carrying value of the Company's investment in FFL to its recoverable amount to determine whether an impairment is required to be recognized. For this purpose, management has used discounted cash flow method to determine the value in use of FFL. The assessment of Expected Credit Losses has also been carried out in respect of financial guarantee and collateral support. Following key assumptions have been used as basis to determine the value in use: • Discount rate • Period of sustained growth; and • Long-term market growth-rate The changes in above mentioned assumptions can lead to significant changes in the assessment of the recoverable amounts. Accordingly, we consider this as a key audit matter due to the significant judgment and estimates involved in determining the recoverable amounts.	The following procedures were performed: • Understood the Company's process for identification of indicators of impairment and, selection and application of methods to determine recoverable values of its equity investments. • Assessed whether the value in use model was in accordance with the requirements of IAS 36 "Impairment of assets". • Checked the mathematical accuracy of management's valuation model and agreed relevant data to the underlying Company's records. • Assessed the reasonableness of key assumptions used in valuation model with focus on discount rate, period of sustained growth and long-term market growth-rate, with the involvement of External Valuation experts. • Analyzed the Company's sensitivity analysis which was based on multiple scenarios with varying weightages. • Obtained corroborating evidence regarding the cash flow forecasts by comparing the managements' forecasts for current year with actual results. • Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Key audit matter	How the matter was addressed in our audit
Management concluded that impairment amounting to Rs. 1,999 million (2021: Rs. 820 million) is required on the Company's equity investment in FFL, as of 31 December 2022. Refer to notes 14.3.3, 14.3.4, 21 and 39 of the accompanying financial statements, for a discussion on the matter by management.	
2. Investments in Fauji Meat Limited – subsidiary company	
The Company has gross equity investment in Fauji Meat Limited (FML) amounting to Rs. 10,917 million (2021: Rs. 6,885 million) as of 31 December 2022. This represents 95.07% (2021: 90.18%) of shareholding in FML. As of 31 December 2022, the Company has recognized allowance for impairment amounting to Rs. 6,885 million (2021: Rs. 6,885 million). During the year, a further loan of Rs. 801 million was disbursed to FML, which was approved in the FFBL's Annual General Meeting on 29 March 2021. Subsequently, pursuant to the approval in Board meeting of the Company, held on 26 January 2022, the Company exercised the option to convert its all of its sub-ordinated loan and related accrued mark-up, amounting to Rs. 7,581 million, into 758,109,400 ordinary shares of FML, at their face value, amounting to 4,032 million. FML has consistently incurred losses since inception. As of 31 December 2022, the accumulated losses and net assets of FML, as disclosed in its financial statements, amounted to Rs. 9,005 million and 6,211 million, respectively. These factors, in addition to others indicate that the Company's investments in FFL might be impaired. In accordance with the requirements of IAS 36, the Company has performed impairment assessments by comparing the carrying value of the Company's investment in FML to its recoverable amount to determine whether an impairment is required to be recognized. For this purpose, management has determined probable realizable value of plant and property of FML. Following key assumptions have been used as basis to determine the recoverable value: • Discount rate • Period of till sale; and • Probable realizable value of property and plant of FML The changes in above mentioned assumptions can lead to significant changes in the assessment of the recoverable amounts. Accordingly, we consider this as a key audit matter due to the significant judgment and estimates involved in determining the recoverable amounts.	The following procedures were performed: • Understood the Company's process for identification of indicators of impairment and, selection and application of methods to determine recoverable values of its equity investments. • Assessed whether the recoverable amount model was in accordance with the requirements of IAS 36 "Impairment of assets". • Checked the mathematical accuracy of management's valuation model and agreed relevant data to the underlying Company's records. • Assessed the reasonableness of key assumptions used in valuation model with focus on discount rate, period of till sale and probable realizable value of property and plant of FML. • Analyzed the Company's sensitivity analysis which was based on multiple scenarios with varying weightages. • Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Key audit matter	How the matter was addressed in our audit
Management concluded that no additional impairment is required on the Company's equity investment in FFL, as of 31 December 2022. Refer to notes 14.3.1 and 21 of the accompanying financial statements, for a discussion on the matter by management.	
3. Allowance for Expected Credit Loss (ECL) on subsidy receivable from Government of Pakistan	
As of 31 December 2022, the Company has recognized gross amount of Rs. 3,161 million (2021: Rs. 3,161 million) as subsidy on DAP and Urea receivable from Government of Pakistan; with an allowance for ECL amounting to Rs. 1,351 million (2021: Rs. 1,211 million). Management of the Company has assessed that credit risk of this financial instrument has significantly increased since its inception, owing to delay in settlement by Government, and thus required them to estimate ECL that results from all possible default events over the life of the financial instrument, under ECL model prescribed by IFRS 9 - "Financial Instruments". Management of the Company is required to estimate ECLs by taking into account time value of money, reasonable and supportable information regarding past events, current conditions, forecast of future events and economic conditions, attached to its financial instruments, at each reporting date. Accordingly, management of the Company has assessed ECL on subsidy on DAP and Urea receivable from the Government of Pakistan, estimating the time value of money based on expected recovery of subsidy. The changes in above mentioned assumptions can lead to significant changes in the assessment of ECL allowance. Accordingly, we consider this as a key audit matter due to the significant judgment involved in estimating ECL allowance. Refer to notes 2.4.6, 22, 33 and 38.2 of the accompanying financial statements, for a discussion on the matter by management.	The following procedures were performed: • Understood the Company's process for selection and application of methods to determine ECL on subsidy receivable from Government of Pakistan. • Assessed the reasonableness of the management's assumptions used to determine the time value of money for recovery of subsidy receivable. • Assessed the completeness and accuracy of the data used in the model to the underlying accounting records on a sample basis. • Checked the mathematical accuracy of the model by performing recalculations. • Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, 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 Ahsan Shahzad.

Chartered Accountants
Place: Islamabad
Date: 28 February 2023

UDIN: AR202210079MUIplcNRE

Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	12,912,529	12,912,529
Capital reserve			
Share premium	5	1,632,729	1,632,729
Revenue reserve			
Accumulated profit		8,177,107	5,885,488
		22,722,365	20,430,746
NON CURRENT LIABILITIES			
Long term loans	6	18,458,334	16,233,345
Deferred liabilities	7	4,491,931	9,462,291
		22,950,265	25,695,636
CURRENT LIABILITIES			
Trade and other payables	8	67,412,134	46,785,563
Advances from customers		769,261	5,764,548
Unpaid dividend		10,954	10,954
Unclaimed dividend		115,614	116,867
Provision for income tax		1,150,929	501,559
Accrued interest	9	1,242,847	224,197
Short term borrowings	10	28,213,376	10,987,861
Current portion of long term loans	6	5,275,000	4,691,661
		104,190,115	69,083,210
		149,862,745	115,209,592
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes, from 1 to 40, form an integral part of these financial statements.

	Note	2022	2021
		(Rupees '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	12	9,953,442	10,574,734
Investment property	13	270,242	270,242
Long term investments	14	29,171,242	25,609,532
Long term loans	15	-	3,230,509
Long term advances		37,683	39,113
Long term deposits		78,643	78,643
		39,511,252	39,802,773
CURRENT ASSETS			
Stores and spares	16	1,918,024	1,794,030
Stock in trade	17	39,236,011	8,388,200
Trade debts	18	11,828,171	94,238
Advances	19	431,176	577,065
Trade deposits and short term prepayments	20	181,445	124,609
Interest accrued	21	43,069	756,119
Other receivables	22	3,430,097	4,613,235
Sales tax refundable - net	23	16,814,044	12,487,644
Short term investments	24	13,764,259	10,441,700
Cash and bank balances	25	22,705,197	36,129,979
		110,351,493	75,406,819
		149,862,745	115,209,592

Chairman Chief Executive Director Chief Financial Officer

Statement of Profit or Loss

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees '000)	
Sales - net	26	159,225,963	110,452,174
Cost of sales	27	(133,357,409)	(88,300,535)
GROSS PROFIT		25,868,554	22,151,639
Selling and distribution expenses	28	(7,120,753)	(5,640,407)
Administrative expenses	29	(1,352,080)	(1,592,757)
		(8,472,833)	(7,233,164)
		17,395,721	14,918,475
Finance cost	30	(5,143,968)	(2,338,107)
Other expenses	31	(7,776,274)	(2,555,605)
Other income	32	6,341,920	9,110,971
		10,817,399	19,135,734
Unwinding cost on GIDC payable	7	(891,198)	(1,253,839)
Allowance for expected credit losses	33	(241,940)	(4,254,304)
Impairment of equity investment	14	(1,179,000)	(2,102,788)
PROFIT BEFORE TAXATION		8,505,261	11,524,803
Taxation	34	(6,177,327)	(5,133,842)
PROFIT FOR THE YEAR		2,327,934	6,390,961
Earnings per share - basic and diluted (Rupees)	35	1.80	4.96

The annexed notes, from 1 to 40, form an integral part of these financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees '000)	
PROFIT FOR THE YEAR		**2,327,934**	6,390,961
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefits obligation	**8.4.5**	**(36,315)**	(9,641)
TOTAL COMPREHENSIVE INCOME		**2,291,619**	6,381,320

The annexed notes, from 1 to 40, form an integral part of these financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2022

	Share capital	Advance against issue of shares	Capital reserve	Accumulated profit	Total
			(Rupees ' 000)		
Balance as at January 01, 2021	9,341,100	4,885,787	228,350	(495,832)	13,959,405
Total comprehensive Income					
Profit for the year	-	-	-	6,390,961	6,390,961
Other comprehensive loss	-	-	-	(9,641)	(9,641)
Total comprehensive income for the year	-	-	-	6,381,320	6,381,320
Advance against issue of shares	-	114,213	-	-	114,213
Issue of share capital	3,571,429	(5,000,000)	1,428,571	-	-
Transaction costs	-	-	(24,192)	-	(24,192)
Balance as at December 31, 2021	12,912,529	-	1,632,729	5,885,488	20,430,746
Balance as at January 01, 2022	**12,912,529**	**-**	**1,632,729**	**5,885,488**	**20,430,746**
Total comprehensive income					
Profit for the year	**-**	**-**	**-**	**2,327,934**	**2,327,934**
Other comprehensive loss	**-**	**-**	**-**	**(36,315)**	**(36,315)**
Total comprehensive income for the year	**-**	**-**	**-**	**2,291,619**	**2,291,619**
Balance as at December 31, 2022	**12,912,529**	**-**	**1,632,729**	**8,177,107**	**22,722,365**

The annexed notes, from 1 to 40, form an integral part of these financial statements.

Chairman

Chief Executive

Director

Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operating activities	36	(23,526,481)	29,447,055
Finance costs paid		(4,124,066)	(2,557,202)
Taxes paid		(5,789,584)	(3,641,394)
Payment to Gratuity Fund	8.4.5	-	(52,853)
Compensated absences paid	7.1	(40,098)	(134,302)
Payment to Workers Welfare Fund		(152,664)	-
Payment to Workers' (Profit) Participation Fund	8.3	(431,344)	(761,665)
Net cash (used in) / generated from operating activities		(34,064,237)	22,299,639
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures and advances		(368,620)	(343,573)
Proceed from sale of long term investments		-	5,256,007
Proceeds from sale of property, plant and equipment	12.3	37,967	30,328
Cash and cash equivalent acquired on amalgamation		-	25,883
Dividend received from related parties		2,511,075	4,117,935
Long term loan disbursed	15	(801,451)	(5,133,231)
Short term investments - net		(5,439,517)	(8,319,337)
Cash dividend on mutual funds		647,425	22,648
Profit received on bank balances, term deposits, sub-ordinated loans and guarantee fee		1,919,986	1,286,232
Net cash used in investing activities		(1,493,135)	(3,057,108)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - received		7,500,000	5,500,000
Long term loans - repaid		(4,691,672)	(6,816,661)
Advance against equity		-	90,021
Short term borrowings - net		4,300,000	(2,249,987)
Dividend paid for prior periods		(1,253)	(140)
Net cash generated from / (used in) financing activities		7,107,075	(3,476,767)
Net (decrease) / increase in cash and cash equivalents		(28,450,297)	15,765,764
Cash and cash equivalents at the beginning of the year		29,442,118	13,676,354
Cash and cash equivalents at the end of the year	25.3	991,821	29,442,118

The annexed notes, from 1 to 40, form an integral part of these financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

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

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

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

Location	Purpose
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Karachi	
Plot No. EZ/I/P-1 Eastern Zone, Port Qasim, Karachi	Manufacturing Plant
Pindi Bhattian	
Moza Thatta Raika and Moza Thatta Bahuman	Investment property

1.1 The Company’s Gas Supply Agreement (GSA) with Sui Southern Gas Company Limited (SSGCL) expired on December 31, 2020. The Economic Coordination Committee (ECC) in its meeting dated February 03, 2021, as ratified by Federal Cabinet on February 09, 2021, approved allocation of indigenous natural gas for next five years on "as and when available basis" at existing gas prices till December 31, 2021. The Company's gas supply was resumed effective February 11, 2021 and a side letter was signed between FFBL and SSGCL to formalize arrangement regarding supply of gas and application of natural gas tariff till the signing of renewal of GSA. The Company and SSGCL has formally renewed GSA on January 4, 2023 till December 31, 2025. The notification of revised gas prices applicable with prospective effect is awaited.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

The Company based it's assumptions and estimates on the parameters under which these financial statements were prepared.

Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.4.1 Staff retirement gratuity (note 8.4)

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

2.4.2 Compensated absences (note 7.1)

Compensated absences is granted to all its permanent employees in accordance with the rules of the Company. Calculations in respect of unutilized privileged leaves accumulated as on April 30, 2021 require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.4.3 Property, plant and equipment (note 12)

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

2.4.4 Capital spares (note 12)

The Company reviews the carrying amount of capital stores on an annual basis, and as appropriate, provision is made for obsolescence if there is any change in the usage pattern and physical form of related stores.

2.4.5 Provision for inventory obsolescence (notes 16 and 17)

The Company reviews the carrying amount of stock in trade, stores and spares on an annual basis, and as appropriate, inventory is written down to its net realizable value, or a provision is made for obsolescence if there is any change in the usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.4.6 Provision for expected credit losses of loans from Fauji Meat Limited (FML - 2021 only), subsidy receivable from Government of Pakistan and other receivable (notes 15, 21 and 22)

The Company's ECL calculation on subordinated loan in 2021 was output of probability weighted model (Probability of Default (PD) model), under the general approach, with a number of underlying assumptions regarding the choice of inputs and their interdependencies. Elements of the ECL models that were considered accounting judgements and estimates include:
- Discounting estimated future cashflow and losses to the reporting date using a rate that approximated the Effective Interest Rate (EIR) of the asset (Time value of money).
- Significant Increase in Credit Risk and classification within Stage 3 based on FML's financial position.
- Loss Given Default (LGD) takes into account externally assessed recoverable values of plant and property of FML (and their probability weightings), probable mode of recovery and reasonable period required for recovery.

The Company's ECL calculation on subsidy receivable is outputs of probability weighted model (Multi-scenarios approach), under the general approach, with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:
- Discounting estimated future cashflow and losses to the reporting date using a rate that approximates the Effective Interest Rate (EIR) of the asset (Time value of money). In the absence of EIR, interest free rate has been used in accordance with relevant accounting standard.

- Significant Increase in Credit Risk and classification within Stage 2 based on its overdue status minimized owing to exposure being toward sovereign entity.
- Selection of forward-looking multiple scenarios and their probability weightings, to calculate the amount of ECL.
The information about the ECLs on the Company's subsidy receivable is disclosed in Note 38.2.

The measurement of impairment losses under IFRS 9 for financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
Elements of the Company's calculation of ECL that are considered accounting judgements and estimates include:
• The Company's criteria for assessing if there is a significant increase in credit risk and allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment; and
• Selection of forward-looking multiple scenarios and their probability weightings, to calculate the amount of ECL.
It is the Company's policy to regularly review its basis of calculations in the context of actual loss experience and adjust when necessary.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4.7 Taxation (note 7 and 34)

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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

2.4.8 Contingencies (note 11)

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

2.4.9 Impairment of non-financial assets

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

2.4.10 Impairment of long-term equity investments and related balances (note 14)

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

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

Judgements

In the process of applying Company's accounting policies, management has made the judgements, as mentioned below, which have most significant effects on the amounts recognized in the financial statements.

2.4.11 Disclosure related to IFRS 16 "Lease"

As discussed in note 3.5, the Securities and Exchange Commission of Pakistan (SECP) has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) - 16 "Leases" to all companies that have executed their power purchase agreement before 2019. Accordingly the Company does not apply lease accounting to its' agreements with FFBL Power Company Limited (FPCL). It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16. Accordingly, to estimate the impact, the Company has to determine the interest rate inherent in the arrangement, present value of lease obligation, the useful lives of the plants and the impact of any shortfall in the capacity made available to the Company, during the period, by FPCL.

2.4.12 Selection of accounting policy for GIDC (note 7)

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

2.4.13 Sales tax refundable (note 23)

Management has classified the whole of the amount of Sales tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government, within next twelve months will include refund of Sales tax. Only significant impact of time value of money is recognized in the financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Employees' benefits

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

Provident fund - Defined contribution scheme

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

Gratuity fund - Defined benefit scheme

The Company operates a funded gratuity scheme for all employees who complete the qualifying period of service and age. The Fund is administered by trustees. Contributions to the fund are made on the basis of actuarial valuations, using the Projected Unit Credit Method, related details of which are given in note 8.4. Amounts determined by the actuary as charge for the year are included in the income for the year. Expected gratuity cost for the next year is estimated to Rs. 64 million.

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

Compensated absences

The Company grants compensated absences to all its permanent employees in accordance with the rules of the Company. Under this unfunded scheme, regular employees are entitled to maximum 30 days privilege leave for each completed year of service. Unutilized privileged leaves accumulated as on April 30, 2021 are encashable at the time of separation from the service on the basis of last drawn gross salary. Unutilized privilege leaves available for a year (effective from May, 2021) lapse by end of next March and are encashable only upon separation of employee in the same year.

Provisions in respect of unutilized privileged leaves accrued as of April 30, 2021, are made in accordance with the actuarial recommendation. Actuarial valuation is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognized in income in the year in which they arise.

During previous year, the Company revised its policy for compensated absences. No further accumulation of annual leaves is allowed, however, annual leaves already accumulated (as of April 30, 2021) will be continued till the time these are consumed by the individual otherwise it will be encashed on current gross at the time of separation.

3.2 Taxation

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

Current

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

Deferred

Deferred tax is calculated using balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Sales tax refundable

Sales tax refundable primarily includes input sales tax related to lower rated taxable supplies for current and prior years for which refunds have been lodged with the Federal Board of Revenue. The Company has developed the accounting policy for initial recognition and subsequent measurement by making an analogy with a monetary asset.

3.3 Property, plant and equipment

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

Spare parts are classified as capital spares rather than stores and spares when they meet the definition of property, plant and equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in statement of profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Depreciation is calculated on the straight line method and charged to profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 12. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal. Freehold land is not depreciated.

3.4 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less accumulated depreciation and impairment.

Maintenance and normal repairs are charged to the income and expenditure statement as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that the respective future economic benefits will flow to the Company.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in income and expenditure statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.5 Leases

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

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low value asset. Lease payments on short term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term. Expense relating to short term lease amounts to Rs. 15 million (2021: Rs. 14 million).

Right of use assets

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

The Company has determined that any long-term lease of land under the local law, represents ownership interest in underlying asset and is accounted for under IAS 16 "Property, Plant and Equipment".

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

In 2017, FFBL Power Company Limited (FPCL), a subsidiary company, achieved Commercial Operation Date (COD) on May 19, 2017. Under Power Purchase Agreement (PPA), dated April 15, 2016, FPCL has agreed to provide, on an exclusive basis, 48,000 kWh electricity, with an 85% dependable capacity, for 30 years to the Company, from its two Steam Turbine Generators (STG-1 and STG-2, with STG-3 remaining on standby) at 60Hz. As a consideration, the Company is liable to pay Capacity Price and Energy Price.
Under a separate Steam Purchase Agreement (SPA), dated April 15, 2016, FPCL has also agreed to provide, on an exclusive basis, 211.30 MTPH steam for 30 years, from two of its Steam Turbines. As a consideration, the Company is liable to pay Capacity Price and Steam Price. The Company has assessed that the exemption available to power purchase agreement under the above mentioned SRO is also applicable to its steam purchase agreement as the term "Power" includes steam.
PPA and SPA convey rights to the Company to use FPCL's specified Steam Turbine Generators and Steam Turbines, respectively. Under the waiver granted by SECP, however, the Company has elected to account for the transactions under PPA and SPA on executory contract basis, in accordance with the provisions of IAS 37 "Provisions, contingent liabilities and contingent assets".
Under IFRS - 16, the lease payments required to be made by lessee for the right to use the asset is to be accounted as right of use assets and lease obligation. Had the standard been applied, following adjustments to statement of profit or loss and statement of financial position would have been made:

	2022 (Rupees '000)
Decrease in cost of sales	4,276,100
Increase in depreciation	(908,591)
Increase in finance cost	(3,563,121)
Net increase in cost	(195,612)
Decrease in profit for the year	(195,612)
Increase in right to use of assets	19,859,207
Increase in lease obligation	23,775,140

The Company and FPCL have revised rates applicable to energy price and capacity price w.e.f. May, 2017. Accordingly, above disclosures reflect these changes.

Lease Liability

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

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

Short-term leases and leases of low-value assets

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.6 Borrowing costs

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

3.7 Investments

3.7.1 Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

3.7.2 Investments in associates

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

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

Upon disposal of investment, any difference between the carrying amount of the investment in associate and proceeds from disposal is recognised in profit or loss.

3.7.3 Investments in joint ventures

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

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

3.8 Impairment of non-financial assets

Non-financial assets

The carrying amounts of non-financial assets other than stores and spares, stock-in-trade and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.9 Stores and spares

Stores and spares are valued at lower of weighted average cost and net realizable value.

For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores spares on regular basis and provision is made for obsolescence.

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

3.10 Stock in trade

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

Cost is determined as follows:

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

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

3.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortized cost, which approximates the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.12 Contract Balances

Contract assets and Contract liabilities

A contract asset is the right to consideration in exchange for goods transferred to the customer, when the right is conditioned on something other than the passage of time. Contract asset are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in note 3.13.
A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related good. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

Trade debt

A trade debt is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 3.13.

3.13 Financial instruments

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 3.19 "Revenue recognition".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

• Financial assets at amortized cost (debt instruments)

• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

• Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade debts, deposits, loan to subsidiaries (2021 only), interest accrued, loan and advances to employees, short term investments and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not carry debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any investment in equity instrument carried at fair value at OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Company's financial asset at fair value through profit or loss consists of its investment in mutual funds.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(d) Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company uses probability of default method to measure expected credit losses (ECL). The probability of default (PD) rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability - weighted outcome, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions. Whereas, the loss given default is based upon external credit rating of banks who have issued the letter of guarantees to the customers.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Company's policy to measure ECLs on investment at fair value through OCI on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit agencies, both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due, excluding subsidy. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in note 38.2.

Financial liability

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, long-term financing, accrued mark-up, unpaid and unclaimed dividend payable and short-term borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any, entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances, short term highly liquid investments and short-term running finance.

3.15 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.6.

3.16 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.17 Dividends

Dividends are recognized as a liability in the period in which they declared.

3.18 Foreign currency

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Exchange differences are included in profit or loss for the year.

3.19 Revenue recognition

The entity is in the business of manufacturing of fertilizer products. Revenue from contract with customer is recognized when control of the goods are transferred to the customer via FFC, a related party (Note 26) at an amount that reflects the consideration to which the entity expects to be entitled for those goods. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of fertilizer is recognized at a point in time, when the control of the asset is transferred to the customer, generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer. The Company's credit sales normally carry credit term of 30 days to 180 days and is secured against bank guarantee. The Company's remaining sales are against advance payment by its customers.

In determining the transaction price for the sale of fertilizer, the Company considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer, if any.
(i) Post-sales incentives
These post-sales incentives are based on monthly volume of purchases made by individual customers and is settled in cash, within 30 days of the month to which it relates to. Accordingly, no estimation uncertainty arises and the amount of payable is set off against the related trade debts.
(ii) Financing component
The Company allows credit period of 30 days to 180 days to its certain customers, for the sale of fertilizer, against a credit charge determined based upon volume of sales and period of credit. There is a financing component for these contracts considering the prevailing interest rate in the market.

Scrap sales and miscellaneous receipts are recognized when they are earned.

3.20 Basis of allocation of common expenses

Fauji Fertilizer Company Limited proportionately allocates common selling and distribution expenses, being the costs incurred and for services rendered on behalf of the Company, under an inter-company services agreement.

3.21 Earnings per share

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

3.22 Finance income and finance costs

Finance income comprises interest income on funds invested and loans, dividend income, gain on disposal of financial assets held at amortized cost and changes in the fair value of investments. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Gain on sale of investments is recognized on the completion of sales transaction.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.23 AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following amendments with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard and IFRIC		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. 'In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. • Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments must be applied retrospectively and are not expected to have a material impact on the Company's financial statements.	January 01, 2024
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by: - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	January 01, 2023

Standard		Effective date (annual periods beginning on or after)
	Earlier application of the amendments is permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.	
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Company's financial statements.	January 01, 2023
IFRS 16	Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.	January 01, 2024
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.	Not yet finalized

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

3.24 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IFRS 3 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the separate financial statements of the Company.

IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the financial statements of the Company, as prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Company.

IAS 41 Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Company expects that the adoption of the above improvements to the standards will have no material effect on the Company's financial statements, in the period of initial application.

		2022	2021
		(Rupees '000)	
4	**SHARE CAPITAL**		
4.1	**AUTHORIZED SHARE CAPITAL**		
	1,500,000,000 (2021: 1,500,000,000) Ordinary shares of Rs.10 each	**15,000,000**	15,000,000
4.2	**ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**		
	1,291,252,857 (2021: 1,291,252,857) Ordinary shares of Rs. 10 each issued for cash	**12,912,529**	12,912,529

4.3 Fauji Fertilizer Company Limited (FFCL) and Fauji Foundation (FF) held 644,018,629 and 236,161,393 (2021: 644,018,629 and 236,161,393) Ordinary shares, respectively, of the Company at the year end.

Pursuant to an agreement dated October 16, 2016, FFCL has issued to FF, irrevocable proxies to allow FF to vote on behalf of FFCL in all general meetings. Further, FFCL has also given an undertaking that the representative of FF to be elected or co-opted or appointed on the Board of the Company, shall be nominated by FF.

		Note	2022	2021
			(Rupees '000)	
5	**CAPITAL RESERVE**			
	Share premium against issuance of shares in 1996	5.1	**228,350**	228,350
	Share premium against issuance of shares in 2021			
	Gross premium	5.2	**1,428,571**	1,428,571
	Utilization against transaction cost of issuance	5.3	**(24,192)**	(24,192)
			1,404,379	1,404,379
			1,632,729	1,632,729

5.1 This represents share premium of Rs. 5 per share and received on the public issue of 45,670 thousand Ordinary shares in 1996. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017.

5.2 During the year 2021, upon allotment of 357,143 thousand right shares an amount of Rs. 1,429 million has been transferred to capital reserve at a premium of Rs. 4 per share. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017.

5.3 During the year 2021, the Company utilized reserve of Rs. 24 million against transaction cost of shares issued during previous year, in accordance with section 81 of the Companies Act, 2017.

		Note	2022	2021
			(Rupees '000)	
6	**LONG TERM LOANS**			
	LOANS FROM BANKING COMPANIES - SECURED			
	Related party			
	Askari Bank Limited	6.1	**83,333**	250,000
	Others			
	Habib Bank Limited		**3,000,000**	3,225,006
	United Bank Limited		**1,500,000**	1,500,000
	Bank of Punjab		**2,000,000**	-
	Bank Islami Pakistan Limited		**1,500,000**	-
	National Bank of Pakistan		**-**	666,667
	MCB Bank Limited		**7,166,667**	7,500,000
	Allied Bank Limited		**8,483,334**	7,783,333
			23,650,001	20,675,006
	Accrued interest on long term loans	9	**387,366**	185,080
			24,120,700	21,110,086
	Less: Current portion shown under current liabilities		**(5,275,000)**	(4,691,661)
	Less: Accrued interest on long term loans	9	**(387,366)**	(185,080)
			18,458,334	16,233,345

6.1 The Company has obtained a secured long term facility from Askari Bank Limited, a related party, for the purpose of Balance Sheet reprofiling.

6.2 Terms and Conditions of these loans are as follows:

Lenders	Markup Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
Askari Bank Limited	6 Month KIBOR + 0.50	6 Half Yearly	September 2020	March 2023
Habib Bank Limited	3 Month KIBOR + .60	12 Quarterly	January 2023*	October 2025
United Bank Limited	3 Month KIBOR + 0.50	16 Quarterly	January 2023*	December 2026
Bank Islami Pakistan Limited (Musharaka)	3 Month KIBOR + 0.50	16 Quarterly	January 2024	December 2027
Bank of Punjab (Conventional)	3 Month KIBOR + 0.45	12 Quarterly	December 2024	September 2027
Bank of Punjab (Musharaka)	3 Month KIBOR + 0.45	12 Quarterly	December 2024	September 2027
MCB Bank Limited	3 Month KIBOR + 0.50	12 Quarterly	July 2020*	April 2023
	3 Month KIBOR + 0.50	12 Quarterly	June 2021*	March 2024
	3 Month KIBOR + 0.50	16 Quarterly	January 2024*	December 2027
	3 Month KIBOR + 0.50	12 Quarterly	January 2025	December 2027
Allied Bank Limited	6 Month KIBOR + 0.50	6 Half Yearly	June 2021*	December 2023
	3 Month KIBOR + 0.50	12 Quarterly	September 2020	June 2023
	6 Month KIBOR + 0.50	6 Half Yearly	December 2022*	June 2025
	3 Month KIBOR + 0.50	12 Quarterly	April 2023*	April 2026
	3 Month KIBOR + 0.50	12 Quarterly	September 2023*	September 2026
	3 Month KIBOR + 0.50	12 Quarterly	December 2022	March 2025

These are secured against ranking charges over fixed and current assets of the Company and carry mark-up at rates ranging from 16.19% to 17.56% per annum (2021: 8.21% to 8.62% per annum).

* During the current and previous year, the Company negotiated better markup rates on these long-term loans. The related impact of changes in applicable spreads is not significant to the financial statements and accordingly has not been accounted in these financial statements.

		Note	2022	2021
			(Rupees '000)	
7	**DEFERRED LIABILITIES**			
	Compensated leave absences	7.1	**476,770**	493,240
	Deferred tax	7.2	**888,672**	1,150,299
	Payable against GIDC	7.3	**3,126,489**	7,818,752
			4,491,931	9,462,291
7.1	**Compensated leave absences**			
	The movement in the present value of compensated leave absences is as follows:			
	Balance at beginning of the year		**493,240**	477,186
	Expense for the year (including past service cost in 2021)		**23,628**	150,356
	Benefits paid during the year		**(40,098)**	(134,302)
			476,770	493,240
	The main assumptions used for actuarial valuation are as follows:			
	Discount rate - per annum		**12.25%**	10.25%
	Expected rate of increase in salaries - per annum		**12.00%**	12.25%
	Mortality table		**SLIC-2001-2005**	SLIC-2001-2005
	Withdrawal factor		**Low**	Low
7.2	**The balance of deferred tax is in respect of the following major taxable temporary / (deductible) differences:**			
	Accelerated tax depreciation		**1,598,758**	1,487,686
	Provision for inventory obsolescence		**(95,491)**	(76,565)
	Provision against doubtful other receivables		**(445,814)**	(370,948)
	Provision against allowance	23	**(365,401)**	(321,110)
	Remeasurement gain on GIDC		**196,620**	431,236
		7.2.1	**888,672**	1,150,299

As a matter of prudence, the Company has not recognised deferred tax asset against impairment of Rs. 8,884 million (2021: Rs. 7,705 million). The impairment charge is adjustable against available capital gain upon disposal of similar equity investments and such losses can be carried forward for further six years.

		2022	2021
		(Rupees '000)	
7.2.1	**The movement of deferred tax during the current year is as follows:**		
	Balance at beginning of the year	**1,150,299**	1,904,820
	Income for the year	**(261,627)**	(754,521)
		888,672	1,150,299

		Note	2022	2021
			(Rupees '000)	
7.3	**Payable against GIDC**			
	Opening balance	**7.3.1**	**20,846,828**	19,592,989
	Unwinding cost on GIDC payable		**891,198**	1,253,839
			21,738,026	20,846,828
	Current portion of GIDC	**8**	**(18,611,537)**	(13,028,076)
			3,126,489	7,818,752

7.3.1 This represents amount payable on account of Gas Infrastructure Development Cess (GIDC) under Gas Infrastructure Development Cess Act, 2015 (GIDC Act) up to July 31, 2020. The Company along with other industrial gas consumers had previously challenged the GIDC Act on constitutional grounds. Previously, the Honorable Supreme Court of Pakistan (SCP) in its judgement dated August 13, 2020 declared GIDC Act as valid legislation. A review petition for factual determination had been filed before the SCP, which upheld the original judgement. During the proceedings, the Additional Attorney General of Pakistan has stated that the Government is "agreeable" to recover the obligation in 48 equal monthly installments instead of 24 installments, but the government may also be granted one years-time instead of 6 month in meeting its obligations to commence work on the laying of the North-South pipeline project. Accordingly, the Company recognized this liability at its level 3 fair value of Rs. 19,593 million, in accordance with accounting policy disclosed in note 3.13 applied by analogy; resulting in a remeasurement gain of Rs. 3,301 million, being the difference between previously recognized provision and fair value of restructured liability calculated by applying discount rate ranging between 7.19% to 8.93%, recognized in statement of profit or loss. The fair value of liability approximates to Rs. 21,241 million (2021: 20,327 million) as of reporting date.

The Company had previously obtained stay from the Honorable Sindh High Court (SHC) against payment of GIDC, on September 22, 2020. Management has determined, based on advice of the legal advisor, that this stay remains valid till its disposal by Sindh High Court; which is pending adjudication. Accordingly, the Company has not recognized any late payment surcharge in respect of non-payment of GIDC.

		Note	2022	2021
			(Rupees '000)	
8	**TRADE AND OTHER PAYABLES**			
	Creditors	**8.1**	**38,871,541**	26,686,510
	Payable against GIDC	**7.3**	**18,611,537**	13,028,076
	Accrued liabilities	**8.2**	**8,273,896**	5,675,531
	Workers' (Profit) Participation Fund	**8.3**	**158,866**	130,093
	Payable to Gratuity Fund	**8.4**	**304,231**	197,715
	Payable to Provident Fund		**-**	370
	Workers' Welfare Fund		**1,109,303**	1,048,768
	Security deposits	**8.5**	**82,760**	18,500
			67,412,134	46,785,563

8.1 Creditors include payables to related parties amounting to Rs. 37,475 million (2021: Rs. 25,502 million) against purchase of raw material, steam and power. The Company purchases raw material for use in production of fertilizer from PMP at discounted price, with a credit limit of 75 days.

8.2 This includes a provision against constructive obligation amounting to Rs. 288 million (2021: Rs. 288 million).

		Note	2022	2021
			(Rupees '000)	
8.3	**Workers' (Profit) Participation Fund**			
	Balance at beginning of the year		**130,093**	259,631
	Interest on WPPF	**30**	**1,251**	2,034
	Provision for the year	**31**	**458,866**	630,093
			590,210	891,758
	Payment made during the year		**(431,344)**	(761,665)
			158,866	130,093

8.4 Gratuity Fund

The Company operates a defined benefit plan comprising a funded gratuity scheme for its permanent employees. The fund for gratuity is administered by trustees.

		2022	2021
		(Rupees '000)	
8.4.1	**The amount recognised in the statement of financial position is as follow:**		
	Present value of defined benefit obligation	**806,324**	735,783
	Fair value of plan assets	**(502,093)**	(538,068)
	Deficit	**304,231**	197,715
8.4.2	**The movement in the present value of defined benefit obligation is as follows:**		
	Defined benefit obligation at beginning of the year	**735,783**	860,194
	Current service cost	**47,111**	42,698
	Past service cost	**-**	545
	Interest cost	**83,458**	69,989
	Benefits paid during the year	**(45,141)**	(207,323)
	Actuarial gain	**(14,887)**	(30,320)
	Present value of defined benefit obligation at end of the year	**806,324**	735,783
8.4.3	**The movement in fair value of plan assets is as follows:**		
	Fair value of plan assets at beginning of the year	**538,068**	671,579
	Interest income	**60,368**	60,920
	Contributions	**-**	52,853
	Benefits paid during the year	**(45,141)**	(207,323)
	Return on plan assets excluding those included in interest income	**(51,202)**	(39,961)
	Fair value of plan assets at end of the year	**502,093**	538,068

		2022	2021
		(Rupees '000)	
8.4.4	**Plan assets comprise of:**		
	Investment in listed securities	**106,562**	108,090
	Investment in equity securities	**21,629**	25,740
	Investment in treasury bills	**33,126**	4,952
	Investment in Pakistan Investment Bonds	**325,238**	308,431
	Cash and bank balances	**15,538**	90,855
		502,093	538,068
	Actual return on plan assets	**9,166**	20,959
	Contributions expected to be paid to the plan during the next financial year	**64,321**	60,599
8.4.5	**Movement in liability recognised in the statement of financial position:**		
	Opening liability	**197,715**	188,615
	Expense for the year	**70,201**	52,312
	Other comprehensive loss	**36,315**	9,641
	Contributions	**-**	(52,853)
		304,231	197,715
8.4.6	**Amount recognised in the profit or loss is as follows:**		
	Current service cost	**47,111**	42,698
	Past service cost	**-**	545
	Net interest	**23,090**	9,069
		70,201	52,312
8.4.7	**The expense is recognised in the following line items in the profit or loss:**		
	Cost of sales	**58,091**	34,183
	Administrative expenses	**12,110**	18,068
	Selling and distribution expenses	**-**	61
		70,201	52,312

8.4.8 Comparison of present value of defined benefit obligation, fair value of plan assets and deficit of gratuity fund for the last five years is as follows:

	2022	2021	2020	2019	2018
			(Rupees '000)		
Present value of defined benefit obligation	**806,324**	735,783	860,194	895,981	859,021
Fair value of plan assets	**(502,093)**	(538,068)	(671,579)	(617,568)	(776,414)
Deficit	**304,231**	197,715	188,615	278,413	82,607
Experience adjustments					
- Remeasurement gain on obligation	**14,887**	30,320	97,327	88,592	2,326
- Remeasurement (loss) / gain on plan asset	**(51,202)**	(39,961)	(50,107)	(297,232)	8,543

8.4.9 Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2022 are as follows:

	2022	2021
Discount rate	**14.50%**	11.75%
Expected rate of salary growth	**14.25%**	11.50%
Mortality rate	**SLIC-2001 -2005**	SLIC-2001 -2005
Withdrawal factor	**Moderate**	Moderate
Average duration of defined benefit obligation	**9.25 years**	9.76 years

8.4.10 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

	Defined benefit obligation	
8.4.11 Effect in millions of Rupees	**1 percent increase**	**1 percent decrease**
Discount rate	**(7)**	**9**
Rate of salary growth	**9**	**(7)**

As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the defined benefit obligation by Rs. Nil.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last actuarial valuation at December 31, 2022 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

8.5 The security deposits are not for the purpose of goods / services to be delivered / provided and have not been utilized for the purpose of business.

	2022	2021
	(Rupees '000)	
9 ACCRUED INTEREST		
Long-term loans	**387,366**	185,080
Short-term borrowings - demand finance	**34,167**	1,912
Short-term borrowings - running finance	**821,314**	37,205
	1,242,847	224,197

		Note	2022	2021
			(Rupees '000)	
10	**SHORT TERM BORROWINGS**			
	From banking companies and financial institutions - secured:			
	Demand finance	**10.1 & 10.2**	**6,500,000**	2,200,000
	Running finance	**10.1**	**21,713,376**	8,787,861
			28,213,376	10,987,861
	Add: Accrued interest on short term borrowings	**9**	**855,481**	39,117
			29,068,857	11,026,978
	Less: Accrued interest on short term borrowings	**9**	**(855,481)**	(39,117)
			28,213,376	10,987,861

10.1 The Company has arranged short-term facilities from various banks (including Rs. 2,000 million and Rs. 700 million from Meezan Bank Limited and Dubai Islamic Bank Limited respectively) on a mark-up basis with limits aggregating to Rs. 28,420 million (2021: Rs. 20,120 million). These facilities carry mark-up ranging from 15.76% to 17.27% per annum (2021: 7.70% to 10.62% per annum) and are secured by a hypothecation charge on fixed and current assets of the Company.

10.2 This represents working capital borrowing obtained from Bank Islami Pakistan Limited, Dubai Islamic Bank Limited, Muslim Commercial Bank Limited and Bank Al Habib Limited amounting to Rs. 1,500 million, Rs. Nil, Rs. 4,500 million and Rs. 500 million (2021: Rs. 1,500 million, Rs. 700 million, Rs. Nil and Rs. Nil).

		2022	2021
		(Rupees '000)	
11	**CONTINGENCIES AND COMMITMENTS**		
11.1	**Contingencies**		
11.1.1	Guarantees issued by banks on behalf of the Company	**154,123**	73,200

11.1.2 The Company has also provided financial guarantees, obtained from commercial banks, in the name of Excise and Taxation Department, Government of Sindh, amounting to Rs. 4,501 million (2021: Rs. 2,774 million), representing unpaid levy due under the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (Sindh Cess Act); deposited pursuant to instructions of the Honorable Sindh High Court (SHC) under a petition filed by the Company (along with various other importers of goods) challenging the constitutionality of the power exercised by the provincial legislature to levy the Cess. The Company was also depositing the 50% levy, in cash, on monthly basis since June 2011. During previous period, on June 04, 2021, SHC has upheld the Sindh Cess Act as valid legislation, retrospectively with effect from July, 01, 1994. On the advice of its legal counsel, the Company filed an appeal against the decision, with the Honorable Supreme Court of Pakistan (SCP) and obtained stay order from the SCP against the decision, on September 01, 2021.

As a matter of prudence, the Company is recognizing the provision at the time of the activity that triggers the payment of the levy in accordance with the Sindh Cess Act; amounting to Rs. 4,501 million as of December 31, 2022 (2021: Rs. 2,774 million). During the year, the Company has recognized the levy amounting to Rs. 1,727 million (2021: Rs. 801 million) fully covered by bank guarantee along with payment of Rs. Nil (2021: Rs. 301 million).

11.1.3 Federal Board of Revenue has issued orders for Tax Years 2015 to 2021, creating accumulated demand of Rs. 14,595 million, by disallowing various expenses with consequential tax impact. The Company's appeals are pending with Commissioner Inland Revenue (Appeals) and Appellate Tribunal Inland Revenue in respect of Tax Years 2015 to 2021 and Tax Years 2015 to 2019, respectively. The Company has also obtained stay order against recovery proceedings. Management of the Company is confident of eventual favorable outcome in these cases. Moreover, adequate provision, in accordance with income tax law has been recognized in the financial statements.

11.1.4 The Company was liable to repay loans originally obtained from Export Credit Agencies (ECA), amounting to Rs. 9,723 million to the Government of Pakistan (GoP), in 15 annual equal installments, with a 1 year grace period, at zero percent, effective November 30, 2001. As per the restructuring agreement, the final installment was paid in June 2017.

These loans from ECA, which were assumed by the GoP, were initially secured with a guarantee issued by Habib Bank Limited (HBL) on behalf of a local syndicate of banks and financial institutions. The guarantee was secured by a first equitable mortgage created on all immovable properties of the Company, and by way of hypothecation of movable properties of the Company. The charge ranked pari passu with the charges to be created in favour of other foreign and local lenders. The local syndicate had requested the Company to obtain an indemnity from the GoP confirming that it is GoP's absolute obligation to indemnify and keep related banks and financial institutions harmless from any possible exposure on this account. Accordingly, on December 16, 2002, the GoP had conveyed its agreement by assuming the ECA loan liabilities by absolving related banks and financial institutions of their liabilities, for which they earlier issued guarantees to the ECA. As a result, three ECAs have released the guarantee of HBL and have returned the original documents.

Since one ECA is yet to release HBL from its responsibility as guarantor, therefore the charge related to the portion of the said guarantee on the assets of the Company, has not been vacated up to December 31, 2022. The Company is making efforts in getting this guarantee released.

		2022	**2021**
		(Rupees '000)	
11.2	**Commitments**		
	i) Capital expenditures - contracted	**286,867**	164,044
	ii) Letters of credit for purchase of raw materials and stores and spares	**15,332,081**	1,128,973

For further commitments refer note 39

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Freehold land	Building on freehold land	Buildings on lease hold land	Plant and machinery***	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work-in-progress	Capital spares (Plant and Machinery)	Total
	PROPERTY, PLANT AND EQUIPMENT (Rupees' 000)													
COST														
Balance as at January 01, 2021	200,095	120,000	1,047,421	2,685,897	27,368,434	125,221	393,795	830,344	411,611	2,406	490,045	301,674	1,059,271	35,036,214
Additions during the year	-	-	-	-	82,845	-	106,751	6,348	21,571	-	33,397	37,362	19,396	307,670
Disposals	-	-	-	-	-	(988)	(101,372)	-	-	-	-	-	-	(102,360)
Transfer upon amalgamation of subsidiary	-	-	500	-	-	-	-	398	-	-	-	-	-	898
Transfers	-	-	-	(610)	27,506	-	-	13,443	(123)	-	147,274	(158,723)	(28,767)	-
Balance as December 31, 2021	200,095	120,000	1,047,921	2,685,287	27,478,785	124,233	399,174	850,533	433,059	2,406	670,716	180,313	1,049,900	35,242,422
Balance as at January 01, 2022	200,095	120,000	1,047,921	2,685,287	27,478,785	124,233	399,174	850,533	433,059	2,406	670,716	180,313	1,049,900	35,242,422
Additions during the year *	-	-	-	2,517	153,585	-	114,854	11,116	30,199	-	-	40,912	16,867	370,050
Disposals	-	-	-	-	-	-	(65,014)	-	(5,048)	-	-	-	-	(70,062)
Transfers	-	-	-	-	146,324	-	66	-	-	-	-	(95,279)	(51,111)	-
Balance as at December 31, 2022	**200,095**	**120,000**	**1,047,921**	**2,687,804**	**27,778,694**	**124,233**	**449,080**	**861,649**	**458,210**	**2,406**	**670,716**	**125,946**	**1,015,656**	**35,542,410**
DEPRECIATION														
Balance as at January 01, 2021	98,584	-	135,840	1,112,889	20,887,099	58,111	235,845	456,299	366,275	2,361	430,859	-	-	23,784,162
Charge for the year	3,209	-	31,545	80,573	578,130	12,090	81,910	115,543	24,085	41	36,930	-	-	964,056
Disposals	-	-	-	-	-	(938)	(79,659)	-	-	-	-	-	-	(80,597)
Transfer upon amalgamation of subsidiary	-	-	37	-	-	-	-	30	-	-	-	-	-	67
Balance as December 31, 2021	101,793	-	167,422	1,193,462	21,465,229	69,263	238,096	571,872	390,360	2,402	467,789	-	-	24,667,688
Balance as at January 01, 2022	101,793	-	167,422	1,193,462	21,465,229	69,263	238,096	571,872	390,360	2,402	467,789	-	-	24,667,688
Charge for the year**	3,209	-	31,557	80,594	591,730	12,058	80,261	114,993	25,675	4	41,949	-	-	982,030
Disposals	-	-	-	-	-	-	(55,836)	-	(4,914)	-	-	-	-	(60,750)
Balance as at December 31, 2022	**105,002**	-	**198,979**	**1,274,056**	**22,056,959**	**81,321**	**262,521**	**686,865**	**411,121**	**2,406**	**509,738**	-	-	**25,588,968**
Written down value - 2021	98,302	120,000	880,499	1,491,825	6,013,556	54,970	161,078	278,661	42,699	4	202,927	180,313	1,049,900	10,574,734
Written down value - 2022	**95,093**	**120,000**	**848,942**	**1,413,748**	**5,721,735**	**42,912**	**186,559**	**174,784**	**47,089**	-	**160,978**	**125,946**	**1,015,656**	**9,953,442**
Rate of depreciation	**2% to 4%**	-	**3%**	**3%**	**5%**	**10%**	**20% to 40%**	**15%**	**33% to 50%**	**30%**	**17% to 50%**	-	-	-

* Additions during the year includes borrowing cost of Rs. 26 million (2021: Rs. Nil) in respect of qualifying plant and machinery at the capitalization rate of 12.52% (2021: Nil).

** As at reporting date, plant and machinery having cost of Rs. 15,798 million (2021: Rs. 15,788 million) have been fully depreciated but are still in use.

*** Under a musharaka arrangement, entered during the year, the Company has pledged items of plant and machinery with a up to a value of Rs. 3,000 million.

		Note	2022	2021
			(Rupees '000)	
12.1	**Capital work-in-progress**			
	This is made up as follows:			
	Plant and machinery		**41,265**	87,234
	Catalyst		**84,681**	84,681
	Others		**-**	8,398
			125,946	180,313
12.2	**Depreciation charge has been allocated as follows:**			
	Cost of sales	**27**	**834,495**	820,337
	Administrative expenses	**29**	**147,535**	143,719
			982,030	964,056

12.3 Details of property, plant and equipment sold:

	Sold to	Cost	Book value	Sale proceeds	Gain
		(Rupees '000)			
Vehicles - as per Company policy to employees					
Suzuki Cultus	Adnan Azam Malik	**1,619**	**893**	**1,003**	**110**
Suzuki Cultus	Imtiaz Kiyani	**1,879**	**1,083**	**1,303**	**220**
Honda Civic	Brig Aamir Hussain Mirza	**3,851**	**1,116**	**1,455**	**339**
Toyota Yaris	Nadeem Siddique	**2,601**	**1,602**	**1,605**	**3**
KIA Sportage	Rehan Rao	**2,948**	**2,535**	**2,583**	**48**
Vehicles - as per Company policy through auction					
Toyota Hiace	Syed Jaffar Hussain	**5,247**	**962**	**5,800**	**4,838**
Toyota Hiace	Syed Jaffar Hussain	**5,247**	**962**	**6,000**	**5,038**
Aggregate of items of property, plant and equipment with individual book value below Rs. 500,000		**46,670**	**159**	**18,218**	**18,059**
	2022	**70,062**	**9,312**	**37,967**	**28,655**
	2021	102,360	21,763	30,328	8,565

12.4 Particulars of immovable assets of the Company are as follows:

Location	Address	Covered area (acre)
Islamabad	C1/C2, Sector B, Jinnah Boulevard DHA Phase II	**2**
Karachi	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	**250**
Karachi	Tank Farm Area, Port Qasim	**8**
Karachi	Near Rangers Check Post, Opposite Naval Marine Base, National Highway.	**202.2**

		2022	2021
		(Rupees '000)	
13	**INVESTMENT PROPERTY**		
	Investment property - at cost		
	Carrying amount as at January 01	**270,242**	-
	Transfer upon amalgamation of FFBL Foods Limited (previously a wholly owned subsidiary)	**-**	270,242
	Carrying amount as at December 31	**270,242**	270,242

13.1 This represents freehold land located at Pindi Bhattian owned by the Company. This land is not occupied by the Company and is held for capital appreciation and earning rental income. The rental income in respect of this property amounting to Rs. 8 million (2021: Rs. 2 million) has been recognized in profit or loss and included in other income. The Company carries this investment property under cost model. No significant operating expenses were incurred during the year. During the year, title of land was transferred in the name of the Company.

13.2 The fair value of the land approximates to Rs. 500,000 thousand. The latest valuation was made by an independent valuer, registered with Pakistan Banking Association with experience in valuation of property in Pakistan, during the previous year. Forced sale value of the land based on the valuation was Rs. 375,000 thousand. The fair value was determined with reference to the then market conditions, recent transactions of similar properties and market research. As of reporting date the Company does not have any contractual obligation to purchase, construct or develop investment property or to repair, maintain and enhance.

		Note	2022	2021
			(Rupees '000)	
14	**LONG TERM INVESTMENTS - AT COST**			
	Joint venture	**14.1**	**1,411,150**	1,411,150
	Associated company	**14.2**	**5,230,991**	5,230,991
	Subsidiary companies	**14.3**	**22,529,101**	18,967,391
	Other long-term investment	**14.4**	**-**	-
			29,171,242	25,609,532
	Impairment recognised on subsidiaries during the year:			
	Fauji Meat Limited		**-**	2,102,788
	Fauji Foods Limited		**1,179,000**	-
			1,179,000	2,102,788

14.1 This represents a 25% interest in Pakistan Maroc Phosphore S.A. Morocco (PMP), a joint venture between the Company, Fauji Foundation, Fauji Fertilizer Company Limited and Office Cherifien Des Phosphates, Morocco. PMP is a private limited company having registered office located at Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco. The principal place of business is Jorf Lasfar, Morocco. The principal activity of PMP is to manufacture and market phosphoric acid, fertilizer and other related products in Morocco and abroad. The cost of investment in Moroccan Dirhams amounts to 200,000 thousands made in period from 2004 to 2006.

According to the shareholders' agreement, if any legal restrictions on repatriation of dividends by PMP, the dividend will be converted to an interest bearing loan. The Company has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

PMP has declared dividend amounting to Rs. 2,511 million (2021: 578 million), during the year.

14.2 Associated company

2022	2021			2022	2021
Number of Shares		Quoted	Note	(Rupees '000)	
271,884,009	271,884,009	Askari Bank Limited	**14.2.1**	**5,230,991**	5,230,991

14.2.1 This represents 21.57% share in the equity of Askari Bank Limited (AKBL) representing 271,884 thousand ordinary shares of Rs. 10 each acquired at an average price of Rs. 19.31 per share. The market value of the investment in AKBL as at December 31, 2022 was Rs. 5,465 million (2021: Rs. 5,987 million). The head office of AKBL is situated at AWT Plaza , P.O BOX 1084, Rawalpindi.

14.3 Subsidiary companies

2022	2021			2022	2021
Number of Shares			Note	(Rupees '000)	
		Unquoted			
		Fauji Meat Limited			
1,446,609,400	688,500,000	Gross value	**14.3.1**	**10,916,960**	6,885,000
		Impairment		**(6,885,000)**	(6,885,000)
				4,031,960	-
644,062,500	644,062,500	FFBL Power Company Limited	**14.3.2**	**6,440,625**	6,440,625
		Quoted			
		Fauji Foods Limited			
1,134,701,257	1,134,701,257	Gross value	**14.3.3**	**13,346,766**	13,346,766
		Impairment		**(1,999,000)**	(820,000)
				11,347,766	12,526,766
		Accrued markup to be converted at par value	**14.3.4**	**708,750**	-
3,225,373,157	2,467,263,757			**22,529,101**	18,967,391

14.3.1 This represents the Company's investment in 95.07% (2021: 90.18%) equity shares of Fauji Meat Limited (FML). The Company initially acquired 225,000,000 ordinary shares of Rs. 10 each in FML for a total consideration of Rs. 2,250 million, with the further investment of Rs. 1,500 million, Rs. 3,135 million and Rs. 4,032 million in 2018, 2019 and 2022, respectively, in the form of cash and conversion of sub-ordinated loan and related mark-up. The principal objectives of FML are to establish and operate a meat abattoir unit for Halal slaughtering of animals to obtain meat for local and export sale. FML has commenced its commercial operations during the first quarter of 2017. The Company has pledged 51% of shares of FML against a long term project finance facility. The principal place of business of FML is Deh Kohistan Chak No. 1 Tapo Gharo, Tehsil Mir Pur Sakhro, District Thatta.

Pursuant to the approval in Board meeting of the Company, held on January 26, 2022, the Company communicated its intention, to the Board of Directors of Fauji Meat Limited (FML), to exercise the option to convert its sub-ordinated loan and related accrued mark-up, amounting to Rs. 7,000 million and Rs. 581 million, respectively, into 758,109,400 ordinary shares of FML, at their face value, resulting in total holding of shares of 1,446,609,400 (95.07% of total share capital of FML). This conversion of sub-ordinated loan and related accrued mark-up is recorded at fair value, i.e. after netting-off of ECL amounting to Rs. 3,549 million. Accordingly, FML, after completing the necessary regulatory requirements and pursuant to approval of its members, has allocated 758,109,400 ordinary shares to the Company, on March 25, 2022.

As at the reporting date, the Company performed an impairment test for it's investment in FML. The Company plan to minimize losses being suffered by FML by reducing its operations to minimum levels and to actively search for potential buyers. The Company employed external valuers in 2021 to help in determining probable realizable value of plant and property of FML. Based on this analysis, the Company has determined that recoverable amount of FML is higher than the carrying amount of the investment in the Company's financial statements. Accordingly, no impairment charge has been recognised in the Company's financial statements (2021: additional impairment charge of Rs. 2,103 million). The pre-tax risk adjusted discount rate and the period till sale is 17.86% and 2 years, respectively. The recoverable amount of FML is sensitive to discount rate, period till sale and probable realizable value of property and plant of FML, both of which are inherently uncertain.

14.3.2 This represents the Company's investment in 75% equity shares of FFBL Power Company Limited (FPCL). The Company acquired 644,063 thousand ordinary shares of Rs. 10 each in FPCL for a total consideration of Rs. 6,440,625 thousand. The principal objective of FPCL is to set up and operate a 118 MW power project. FPCL has commenced commercial production on May 19, 2017, refer to note 3.4 for the Company's arrangement with FPCL for purchase of power and steam. The principal place of business of FPCL is Eastern Industrial Zone of Port Qasim, Karachi.

14.3.3 During 2015, the Company jointly with Fauji Foundation, acquired a 51% shareholding of Fauji Foods Limited (Formerly Noon Pakistan Limited) (FFL), a listed company engaged in process and sale of toned milk, milk powder, fruit juices, allied dairy and food products with shares listed on the Pakistan Stock Exchange Limited. As per the agreement signed on May 18, 2015, the Company and Fauji Foundation acquired voting shares of 38.25% (4,500 thousand) and 12.75% (1,500 thousand) respectively. Management of the Company had assessed that control of FFL was obtained by the Company from the date of acquisition, i.e. September 04, 2015.

During 2016 and 2017, the Company acquired additional voting and non-voting shares of FFL through exercise of rights issues (including shares renounced by other shareholders), and from the open market, having a total cost of Rs. 2,184,067 thousand and Rs. 2,008,978 thousand, respectively.

Pursuant to approval in Annual General Meeting of the Fauji Foods Limited (FFL) held on March 26, 2018, voting and non voting shares classes of FFL have been consolidated. There was no change in the Company's effective holding after the consolidation of share classes. Accumulated shareholdings of the Company after consolidating the share classes was 50.59%, representing 267,315 thousands shares.

During 2020, pursuant to approval in Annual General Meeting (AGM) of the Company, held on March 30, 2020, the Company communicated their intention to exercise their option to convert sub-ordinated loan of Rs. 2,630 million along with related accrued mark-up as of December 31, 2019 amounting to Rs. 119 million to share capital, at face value. FFL, pursuant to their AGM held on April 2, 2020 has approved to issue 274,886,400 shares to the Company, which were allotted to the Company on July 15, 2020. Accumulated shareholdings of the Company after this conversion was 67.50%, representing 542,201 thousands shares.

During 2021, pursuant to the approval and authorization of the Board of Director's, in their meeting held on September 30, 2021, the Company acquired further shares of FFL through exercise of rights issues (including shares renounced by Fauji Foundation) by utilising the total subordinated debt of Rs. 5.925 billion ("Principal Amount of Debt") granted by the Company to FFL. The utilisation of the Principal Amount of Debt for acquiring shares was previously approved by the shareholders of the Company. Accumulated shareholdings of the Company after this conversion is 71.63%, representing 1,134,701,257 thousands shares.

The market value of the investment in FFL, based upon share price of free float on PSX, as at December 31, 2022, was Rs. 5,344 million (2021: Rs. 10,428 million).

As at the reporting date, the Company performed an impairment test for its investment in FFL. The Company has determined recoverable amount of FFL, based on a value-in-use calculation, which was lower than the carrying amount of the investment in the Company's financial statements (2021: which was higher than the carrying amount of the investment), accordingly further impairment of Rs. 1,179 million has been recognized (2021: accordingly no further impairment was recognized). Value-in-use was estimated using long term cash flow projections approved by Board of Directors of FFL. The pre-tax risk adjusted discount rate and the long-term market growth-rate applied to cash flow projections is 19.70% and 5.5% (2021: 12.99% and 5%), respectively, both of which are inherently uncertain. The cash flow projections are sensitive to assumptions regarding period of sustained growth, long-term market growth-rate and discount rate.

14.3.4 The markup accrued of Rs. 708,750 thousand, charged at the rate which was higher of the Company's borrowing cost or KIBOR for the relevant period plus 1.5%, on principal amount of loan, till date of its conversion into equity of FFL, on December 28, 2021, pursuant to approval by members of the Company. On March 17, 2022 member's of the Company approved to renew, roll over and extend time for repayment of the markup accrued, prior to the Board of Directors approving conversion of accrued mark-up into equity at par, on September 29, 2022, which is subject to approvals of SECP and fulfilment of other regulatory requirements. Accordingly the outstanding amount has been added to equity investment, in accordance with the requirements of accounting standards, at its then fair value. Further, Board of Directors of FFL have approved to issue shares by way of other than right issue to other related parties, subject to regulatory approvals.

14.4 The Company holds 300,000 ordinary shares of Rs. 10 each representing equity interest of 3.87% in Arabian Sea Country Club Limited. The breakup value based on audited accounts for the year ended June 30, 2018 was negative Rs. 10.67 per ordinary share. This investment is fully impaired.

		Note	2022	2021
			(Rupees '000)	
15	**LONG TERM LOANS**			
	Related parties			
	Fauji Meat Limited - unsecured	**15.1**	**7,000,000**	6,198,549
	Allowance for expected credit losses	**15.2**	**(2,968,040)**	(2,968,040)
			4,031,960	3,230,509
	Gross value of loan		**(7,000,000)**	-
	Allowance for expected credit losses		**2,968,040**	-
	Loan converted to equity	**14.3.1**	**(4,031,960)**	-
			-	**3,230,509**
	Movement in balances is as follows:			
	Opening balance		**6,198,549**	6,990,318
	Loan given during the year		**801,451**	5,133,231
	Converted to equity		**(7,000,000)**	(5,925,000)
			-	6,198,549

15.1 The Subordinated loan to FML consisted of:
- Rs. 3,000 (unless otherwise utilized) million which was approved in the Company's annual general meeting, on March 30, 2020.

- Rs. 500 million, payable within 5 year from date of disbursement of each respective tranche, commencing from March 20, 2024. The loan carried mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 0.5%, per annum, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017.

- Rs. 3,500 million (unless otherwise utilized) which was approved in the Company's Annual General Meeting on March 29, 2021. During the period, a tranche of Rs. 801 million (December 31, 2021: 2,698 million) was disbursed to FML out of total limit of Rs. 3,500 million.

Board of Directors of the Company in their meeting held on January 26, 2022 approved to convert all outstanding loan (including markup accrued thereon, refer note 21) at par value into the ordinary shares of FML by written notice to FML, subject to approval of Securities and Exchange Commission of Pakistan and fulfilment of other regulatory requirements.

15.2 Movement in provision during the year is as follows:

	Note	2022 (Rupees '000)	2021 (Rupees '000)
Balance at beginning of the year		**2,968,040**	-
Expected credit loss	**33**	**-**	2,968,040
Converted to equity		**(2,968,040)**	-
		-	2,968,040

16 STORES AND SPARES

	Note	2022	2021
Stores		**521,317**	433,992
Spares		**1,686,075**	1,624,055
Provision for obsolescence	**16.1**	**(289,368)**	(264,017)
		1,918,024	1,794,030

16.1 The movement in provision is as follows:

	Note	2022	2021
Opening balance		**264,017**	202,777
Provision recognised during the year	**27**	**25,351**	61,240
		289,368	264,017

17 STOCK IN TRADE

	Note	2022	2021
Packing materials		**160,230**	115,703
Raw materials		**6,524,157**	2,790,235
Raw materials in transit		**-**	5,314,957
Work in process		**140,442**	42,120
Finished goods	**17.1**	**32,411,182**	125,185
		39,236,011	8,388,200

17.1 As at December 31, 2022, finished goods stock amounting to Rs. 31,877 million (2021: Rs. 24 million) are held with Fauji Fertilizer Company Limited.

	Note	2022 (Rupees '000)	2021 (Rupees '000)
18 TRADE DEBTS			
Secured - considered good		**11,828,171**	94,238
19 ADVANCES			
Advances to:			
Executives, secured, considered good		**16,750**	12,972
Other employees, secured, considered good		**105,834**	81,317
	19.1 & 19.2	**122,584**	94,289
Advances to suppliers and contractors			
Considered good		**308,592**	482,776
		431,176	577,065

			2022	2021
			(Rupees '000)	
19.1	**Movement of carrying amount of advances to executives and other employees**			
	Balance at beginning of the year		**94,289**	70,146
	Disbursements		**154,168**	180,593
	Repayments		**(125,873)**	(156,450)
			122,584	94,289

19.2 These represent interest free advances given to employees, including executives, of the Company, in accordance with the Company's policy. These are repayable within one year. Maximum amount outstanding with key management personnel were Rs. 3 million (2021: Rs. 1 million), at any time during the year.

		Note	2022	2021
			(Rupees '000)	
20	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Security deposits		**7,694**	6,436
	Prepayments		**173,751**	118,173
			181,445	124,609
21	**INTEREST ACCRUED**			
	Subordinated loan to FFL (including guarantee fee)	**14.3.4**	**30,000**	750,540
	Subordinated loan to FML			
	Balance at beginning of the year		**436,086**	180,417
	Mark-up accrued during the period		**179,248**	255,669
	ECL on accrued mark-up to FML		**-**	(436,086)
	Mark-up received		**(9,130)**	-
	Guarantee fee received		**(25,110)**	-
	Transfer to equity	**14.3.1**	**(581,094)**	-
			-	-
	Term deposits and deposits with financial institutions		**13,069**	5,579
			43,069	756,119
22	**OTHER RECEIVABLES**			
	Due from Fauji Fertilizer Company Limited - unsecured, considered good	**22.1**	**1,357,490**	2,523,902
	Subsidy on DAP and Urea receivable from the GOP	**22.2**	**3,160,992**	3,160,992
	Receivable from PMP	**22.3**	**11,170**	9,456
	Receivable from FPCL	**22.4**	**137,402**	112,857
	Receivable from FML	**22.5**	**17,344**	68,178
	Receivable from FFL	**22.6**	**-**	-
	Others - Considered good		**96,651**	16,980
			4,781,049	5,892,365
	Less: Provision against doubtful other receivables	**22.7**	**(1,350,952)**	(1,279,130)
			3,430,097	4,613,235

22.1 This interest free balance represents amounts recovered by Fauji Fertilizer Company Limited, a related party, from customers on sale of the Company's products under an inter-company services agreement (refer to note 26.3 and 28.1). The collection is transferred on a weekly basis. Maximum amount outstanding during the year was Rs. 8,751 million (2021: Rs. 6,144 million). It is neither past due nor impaired.

22.2 This includes a subsidy @ PKR 100 per 50 kg bag, on sale of Urea fertilizer, pursuant to notification No.15 (4) CFC / 2015 dated August 07, 2017, issued the Ministry of Finance, Government of Pakistan . Subsidy scheme has been discontinued w.e.f. 30 June 2018. This also includes a subsidy @ PKR 300 per 50 kg bag, on sale of Di-Ammonium Phosphate (DAP) fertilizer, and a subsidy @ PKR 156 per 50 kg bag of Urea fertilizer, pursuant to notification F. No. 1-11/2012/DFSC-II/Fertilizer dated June 25, 2016, issued by the Ministry of National Food Security and Research, Government of Pakistan.

22.3 Maximum amount outstanding during the year was Rs. 2,522 million (2021: Rs. 561 million). It is neither past due nor impaired.

22.4 This represents receivable from FPCL, a subsidiary of the Company against the material / services provided and use of common facility, during the year. The related invoice is issued on a monthly basis with a credit period of 30 days. Maximum amount outstanding during the year was Rs. 619 million (2021: Rs. 1,487 million). It is neither past due nor impaired.

22.5 This represents receivable from FML, a subsidiary of the Company against a charge under inter company agreement for use of common facility, during the year. The related invoice is issued on a monthly basis with a credit period of 30 days. Maximum amount outstanding during the year was Rs. 89 million (2021: Rs. 68 million). It is neither past due nor impaired.

22.6 Maximum amount outstanding during the year was Rs. 6.5 million (2021: Rs. 5.1 million). It is neither past due nor impaired.

22.7 Movement in provision during the year is as follows:

		2022		
		Receivable from FML	**Receivable from GoP**	**Total**
	Note		**(Rupees '000)**	
Balance at beginning of the year		**68,178**	**1,210,952**	**1,279,130**
Expected credit loss for the year	**33**	**-**	**140,000**	**140,000**
Expected credit loss reversal on receipt		**(68,178)**	**-**	**(68,178)**
		-	**1,350,952**	**1,350,952**

		2021		
		Receivable from FML	**Receivable from GoP**	**Total**
			(Rupees '000)	
Balance at beginning of the year		-	428,952	428,952
Expected credit loss for the year	**33**	68,178	782,000	850,178
		68,178	1,210,952	1,279,130

		Note	**2022**	**2021**
			(Rupees '000)	
23	**SALES TAX REFUNDABLE - NET**			
	Sales tax refundable		**17,921,320**	13,594,920
	Allowance for input tax	**23.1**	**(1,107,276)**	(1,107,276)
			16,814,044	12,487,644

23.1 This represents allowance for input tax charged to cost of sales under section 73(4) of Sales Tax Act,1990.

		Note	2022	2021
			(Rupees '000)	
24	**SHORT TERM INVESTMENTS**			
	Amortized cost			
	Term deposits with banks and financial institutions	24.1	-	2,100,000
	Investments at fair value through profit or loss			
	Mutual funds	24.2	13,764,259	8,341,700
			13,764,259	10,441,700

24.1 These deposits carried interest rate at Nil (2021: 10.75%) per annum and were matured during the year.

24.2 Mutual funds

Nature of fund	2022 No. of units	2022 Cost	2022 Fair value
		(Rupees '000)	
Cash fund	85,746,302	4,300,167	4,304,990
Islamic fund	80,028,288	4,001,414	4,001,414
Money market funds	70,885,670	5,449,686	5,457,855
		13,751,267	13,764,259

Nature of fund	2021 No. of units	2021 Cost	2021 Fair value
		(Rupees '000)	
Cash fund	128,293,105	4,200,000	4,227,928
Islamic fund	90,240,194	3,300,000	3,309,461
Money market funds	53,833,074	800,000	804,311
		8,300,000	8,341,700

		Note	2022	2021
			(Rupees '000)	
25	**CASH AND BANK BALANCES**			
	Deposit accounts			
	in local currency	25.1	22,568,957	35,993,587
	in foreign currency		4,462	3,472
		25.2	22,573,419	35,997,059
	Current accounts		130,798	131,940
	Cash in hand		980	980
			22,705,197	36,129,979

25.1 This includes Rs. 4,146 million (2021: Rs. 1,997 million) held under lien by the commercial banks against various facilities and Rs. 3,102 million (2021: Rs. Nil) representing instruments drawn on bank.

25.2 These deposit accounts carry interest at rates ranging from 5.50% to 16.25% (2021: 3.50% to 11%) per annum.

		Note	2022	2021
			(Rupees '000)	
25.3	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents included in the statement of cash flows comprise the following:			
	Cash and bank balances	**25**	**22,705,197**	36,129,979
	Short-term highly liquid investments	**24**	**-**	2,100,000
	Short-term running finance	**10**	**(21,713,376)**	(8,787,861)
			991,821	29,442,118
26	**SALES - net**			
	Urea		**21,395,276**	16,984,961
	DAP		**139,289,189**	95,694,884
	Total revenue from contracts with customers	**26.1**	**160,684,465**	112,679,845
	Less:			
	Sales tax	**26.2**	**1,434,832**	2,201,840
	Commission to Fauji Fertilizer Company Limited	**26.3**	**23,670**	25,831
			1,458,502	2,227,671
		26.4	**159,225,963**	110,452,174

26.1 Revenue from sale of fertilizer is recognised at a point in time, when the control of the asset is transferred to the customer via FFC, a related party, generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer. For detail refer note 3.19.

26.2 During the year, w.e.f July 01, 2022, the Company's supply of fertilizer is exempt from sales tax.

26.3 Commission is paid at the rate of Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on an inter-company services agreement.

		2022	2021
		(Rupees '000)	
26.4	**Disaggregated revenue information**		
	Type of goods or service		
	Urea	**21,199,011**	16,645,060
	DAP	**138,026,952**	93,807,114
	Total revenue from contracts with customers	**159,225,963**	110,452,174
26.5	**Contract Balances**		
	Trade debts	**11,828,171**	94,238
	Advance from customers	**769,261**	5,764,548

Due to market conditions, the Company increased its credit sales towards the end of the year, resulting increase in outstanding amount of trade debts. Similarly, as of the reporting date, the quantity of the pending orders have also decreased, resulting in reduction in contract liabilities. The transaction price allocated to unsatisfied performance obligations as at December 31, 2022 are expected to be recognised as revenue within 1 year.

		Note	2022	2021
			(Rupees '000)	
	Set out below is the amount of revenue recognised from:			
	Amounts included in contract liabilities at the beginning of the year		**5,764,548**	2,204,000
	Performance obligations satisfied in previous years		**-**	-
27	**COST OF SALES**			
	Raw materials consumed		**137,030,685**	69,490,257
	Packing materials consumed		**1,368,982**	1,038,651
	Fuel and power	**27.1**	**21,961,341**	12,555,462
	Chemicals and supplies consumed		**256,354**	180,505
	Salaries, wages and benefits	**27.2**	**2,061,857**	2,116,130
	Rent, rates and taxes		**90,572**	163,947
	Insurance		**233,947**	152,648
	Travel and conveyance		**211,980**	127,032
	Provision for obsolete stores and spares	**16.1**	**25,351**	61,240
	Repairs and maintenance		**1,350,978**	1,084,188
	Communication, establishment and other expenses		**315,186**	355,947
	Depreciation	**12.2**	**834,495**	820,337
	Opening stock - work-in-process		**42,120**	100,364
	Closing stock - work-in-process		**(140,442)**	(42,120)
	Cost of goods manufactured	**27.3**	**165,643,406**	88,204,588
	Opening stock - finished goods		**125,185**	221,132
	Closing stock - finished goods		**(32,411,182)**	(125,185)
	Cost of sales		**133,357,409**	88,300,535

27.1 This includes cost recognised for use of power and steam, generated by FPCL, a subsidiary company, amounting to Rs. 10,087 million and Rs. 10,630 million (2021: Rs. 6,093 million and Rs. 5,422 million), respectively, including additional charge of Rs. 386 million (2021: Rs. Nil) in respect of change in rate applicable for purchase of power in prior years, pursuant to provision of Power Purchase Agreement.

27.2 This includes a charge on account of employees' retirement benefits in respect of the gratuity, provident funds, and for compensated absences, amounting to Rs. 58 million, Rs. 50 million and Rs. 23 million, respectively. (2021: Rs. 34 million, Rs. 45 million and Rs. 112 million, respectively).

27.3 This includes input sales tax w.e.f July 01, 2022, as the Company's supply of fertilizer has become exempt from sales tax.

		2022	2021
		(Rupees '000)	
28	**SELLING AND DISTRIBUTION EXPENSES**		
	Product transportation	**5,660,678**	4,296,938
	Salaries, wages and benefits	**28,973**	33,123
	Travel and conveyance	**295**	187
	Others	**275**	991
		5,690,221	4,331,239
	Expenses allocated by Fauji Fertilizer Company Limited	**1,430,532**	1,309,168
		7,120,753	5,640,407

28.1 This represents common expenses allocated by Fauji Fertilizer Company Limited on account of marketing of the Company's products based on an inter company services agreement.

		Note	2022	2021
			(Rupees '000)	
29	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	**29.1**	**793,446**	919,421
	Travel and conveyance		**46,228**	29,341
	Utilities		**39,431**	36,979
	Printing and stationery		**7,692**	9,378
	Repairs and maintenance		**127,051**	141,307
	Communication, advertisement and other expenses		**30,117**	52,485
	Rent, rates and taxes		**9,410**	6,330
	Cost charged by FF		**74,325**	79,292
	Legal and professional		**42,674**	121,713
	Depreciation	**12.2**	**147,535**	143,719
	Miscellaneous		**34,171**	52,792
			1,352,080	1,592,757

29.1 This includes charges on account of employees' retirement benefits in respect of the gratuity and provident funds, and for compensated absences, amounting to Rs. 12 million, Rs. 18 million and Rs. 0.7 million (2021: Rs. 18 million, Rs. 20 million and Rs. 37 million), respectively.

		Note	2022	2021
			(Rupees '000)	
30	**FINANCE COSTS**			
	Mark-up on short-term borrowings		**1,529,182**	366,337
	Mark-up on demand finance		**372,897**	134,309
	Mark-up on long-term finance		**2,785,398**	1,783,081
	Guarantee fee		**44,412**	42,177
	Interest on WPPF	**8.3**	**1,251**	2,034
	Other financial charges		**377,013**	-
	Bank charges		**33,815**	10,169
			5,143,968	2,338,107
31	**OTHER EXPENSES**			
	Workers' (Profit) Participation Fund	**8.3**	**458,866**	630,093
	Workers' Welfare Fund		**213,199**	446,970
	Donations	**31.1**	**226,694**	7,881
	Exchange loss		**6,873,809**	1,468,121
	Auditor's remuneration			
	Fees - annual audit		**1,920**	1,600
	Fees - half yearly review		**360**	300
	Fees - review of Statement of Compliance with CCG		**165**	100
	Fees - reasonable assurance on free float		**115**	105
	Other certification and services		**846**	135
	Out of pocket expenses		**300**	300
			3,706	2,540
			7,776,274	2,555,605

31.1 During the year, the Company has not paid donations to any organization, in which any director or his spouse has any interest.

Donation to following parties / organisations exceeded 10% of total donation expense or Rs. 1 million:

	Note	2022	2021
		(Rupees '000)	
Armed Forces Institute of Cardiology (AFIC)		**-**	5,000
Fauji Foundation		**226,150**	-

32 OTHER INCOME

	Note	2022	2021
Income from financial assets			
Profit on bank balances and term deposits		**1,866,446**	1,291,515
Cash dividend on mutual funds		**647,425**	22,648
Fair value (loss) / gain on mutual fund investments		**(16,958)**	22,363
Mark-up on sub-ordinated loans and guarantee fee		**219,358**	713,136
		2,716,271	2,049,662
Income from assets other than financial assets			
Scrap sales and miscellaneous receipts		**378,678**	136,337
Income from subsidiaries	**32.1**	**707,241**	450,460
Dividends income		**2,511,075**	3,670,505
Gain on disposal of investment in associate	**32.3**	**-**	2,795,442
Gain on sale of property, plant and equipment	**32.2**	**28,655**	8,565
		3,625,649	7,061,309
		6,341,920	9,110,971

32.1 This represent amounts charged to subsidiary companies against the use of common facilities under respective inter-company agreements.

32.2 This includes the gain on sale of fixed assets to FPCL, related party, amounting to Rs. 0.3 million (2021: Rs. Nil). The net book value of the fixed assets was Rs. Nil (2021: Rs. Nil).

32.3 Pursuant to the approval of the Board of Directors and shareholders in their respective meetings held on June 29, 2021 and July 27, 2021, respectively, the Company disposed-off all of its shareholding in associated companies - Foundation Wind Energy - I Limited and Foundation Wind Energy - II Limited, effective September 29, 2021, to one of the Company's shareholders, Fauji Fertilizer Company Limited, a related party, as per respective Share Purchase Agreements. The consideration amounted to Rs. 2,622 million and Rs. 2,634 million at agreed price per share of Rs. 21.39 / share and Rs. 21.33 / share, respectively, after dividends received from FWE-I and FWE-II after December 31, 2020. During previous year, the Company recognized a gain of Rs. 1,396 million and Rs. 1,399 million, respectively, in the statement of profit or loss.

Under the Share Purchase Agreement, FFC is also liable to pay additional consideration to the Company, as and when FWE I and FWE II receive Late Payment Surcharge (LPS), under their respective Power Purchase Agreement (PPA). Due to the uncertainty and improbability of timing and value of contingent consideration, the Company has not recognized any gain against such contingent consideration, whose fair value, is not expected to be significant.

		Note	2022	2021
			(Rupees '000)	
33	**ALLOWANCE FOR EXPECTED CREDIT LOSSES**			
	Provision for other receivable		**140,000**	782,000
	Provision for receivables from FML			
	Long-term loans	**15.2**	**-**	2,968,040
	Interest accrued	**21**	**170,118**	436,086
	Common services	**22**	**(68,178)**	68,178
			101,940	3,472,304
			241,940	4,254,304
34	**TAXATION**			
	Current tax			
	For the year		**4,149,552**	5,888,363
	Prior years		**2,289,402**	-
			6,438,954	5,888,363
	Deferred tax			
	For the year		**(261,627)**	(754,521)
			6,177,327	5,133,842
34.1	**Reconciliation of tax charge for the year:**			
	Profit before tax		**8,505,261**	11,524,803
	Tax on profit at 33% (2021: 29%)		**2,806,736**	3,342,193
	Tax effect of lower rate on certain income / expenses		**(465,517)**	(705,452)
	Tax effect of permanent differences		**1,388,044**	803,724
	Super tax at 10% (2021)		**2,289,402**	-
	Effect of change in effective rate due to super tax		**158,662**	-
	Tax effect of deferred tax not recognized on business loss		**-**	1,714,856
	Tax effect of prior year adjustment		**-**	(20,490)
	Others		**-**	(989)
			6,177,327	5,133,842
	Effective rate		**73%**	45%
35	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit after taxation (Rupees '000)		**2,327,934**	6,390,961
	Weighted average number of ordinary shares in issue during the year (thousands)		**1,291,253**	1,288,450
	Earnings share - basic and diluted (Rupees)		**1.80**	4.96

There is no dilutive effect on the basic earnings per share of the Company for the year 2022.

		Note	2022	2021
			(Rupees '000)	
36	**CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES**			
	Profit before taxation		**8,505,261**	11,524,803
	Adjustments for:			
	Provision for gratuity		**70,201**	52,312
	Exchange loss		**6,873,809**	1,468,121
	Provision for compensated absences		**23,628**	150,356
	Provision for Workers' Profit Participation Fund	**8.3**	**458,866**	630,093
	Provision for Workers' Welfare Fund		**213,199**	446,970
	Depreciation	**12.2**	**982,030**	964,056
	Provision for obsolete stores and spares	**16.1**	**25,351**	61,240
	Impairment charge on investments		**1,179,000**	2,102,788
	Unwinding cost on GIDC payable		**891,198**	1,253,839
	Provision for other receivables and long term loan		**310,118**	4,254,304
	Finance cost		**5,143,968**	2,338,107
	Mark-up on sub-ordinated loans and guarantee fee		**(219,358)**	(713,136)
	Dividend income		**(2,511,075)**	(3,670,505)
	Allowance for input tax		**-**	393,727
	Gain on disposal of investment		**-**	(2,795,442)
	Loss on amalgamation of subsidiary		**-**	3,872
	Profit on bank balances and term deposits		**(1,866,446)**	(1,291,515)
	Fair value loss / (gain) on mutual fund investments		**16,958**	(22,363)
	Cash dividend on mutual funds		**(647,425)**	(22,648)
	Gain on sale of property, plant and equipment		**(28,655)**	(8,565)
			19,420,628	17,120,414
	Working capital changes:			
	(Increase) / decrease in current assets			
	Stores and spares		**(149,345)**	(20,058)
	Stock in trade		**(30,847,811)**	(5,526,632)
	Trade debts		**(11,733,933)**	1,562,149
	Advances		**145,889**	195,637
	Trade deposits and short term prepayments		**(56,836)**	(24,710)
	Other receivables		**1,043,138**	(738,707)
	Sales tax refundable		**(4,326,400)**	(4,446,030)
	Increase / (decrease) in current liabilities			
	Trade and other payables		**7,973,476**	17,764,444
	Advances from customers		**(4,995,287)**	3,560,548
			(42,947,109)	12,326,641
			(23,526,481)	29,447,055

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including benefits applicable to the Chief Executive and executives of the Company, are given below:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	**36,810**	**828,961**	34,209	777,819
Bonus paid	**-**	**452,341**	18,180	163,359
Contributory provident fund	**2,220**	**35,748**	2,015	34,170
Others	**-**	**183,014**	2,525	228,876
	39,030	**1,500,064**	56,929	1,204,224
No. of person (s)	**1**	**155**	2	152

The above are provided with medical facilities as well. The Chief Executive and certain executives are also provided with the Company's maintained vehicles and household equipment and other benefits in accordance with the Company's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment, while the contribution for executives in respect of gratuity is on the basis of an actuarial valuation. Leave encashment was paid to executives amounting to Rs. 8 million (2021: Rs. 17 million) on separation in accordance with the Company's policy.

Directors of the Company were paid meeting fees aggregating to Rs. 23 million (2021: Rs. 34 million). No other remuneration was paid to directors of the Company (2021: Nil). The number of directors of the Company was 9 (2021: 12).

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

38.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, deposits, advances, loans (2021 only), interest accrued, short term investments (2021 only), other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	(Rupees '000)	
Long term loans	**-**	6,198,549
Trade debts	**11,828,171**	94,238
Deposits	**86,337**	85,079
Advances	**122,584**	94,289
Interest accrued	**479,155**	1,192,205
Other receivables	**4,781,049**	5,892,365
Short term investments	**-**	2,100,000
Bank balances	**22,704,217**	36,128,999
	40,001,513	51,785,724

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with dealers within the country.

The Company has significant amount receivable from Fauji Fertilizer Company Limited which amounts to Rs. 1,357 million (2021: Rs. 2,524 million) and which is included in total carrying amount of other receivables as at reporting date. At the reporting date this receivable is neither overdue nor impaired. The Company has also advanced unsecured long-term loans of Rs. Nil (2021: Rs. 6,199 million) to Fauji Meat Limited (refer to note 15). Accrued interest of Rs. Nil and Rs. Nil (2021: Rs. 436 million and Rs. 749 million) is also outstanding from FML and FFL, respectively. The remaining amount includes receivable from the Government of Pakistan amounting to Rs. 3,161 million (2021: Rs. 3,161 million) on account of subsidy income, and Rs. 166 million (2021: Rs. 190 million) receivable from various related parties (refer to note 22), mainly in respect of transactions in the normal course of business.

Trade debts are secured against letter of guarantee. The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts and advances to employees.

The Company limits its exposure to credit risk by investing only in liquid securities and placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Company only has placed funds in the banks with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

38.2 Credit quality of financial assets

The credit quality of company's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	Rating	2022	2021
		(Rupees '000)	
Trade Debts			
Counterparties without external credit ratings			
Existing customers with no default in the past	**unrated**	**11,828,171**	94,238
Deposits			
Counterparties without external credit ratings			
Others	**unrated**	**86,337**	85,079
Long term loan			
Counterparties without external credit ratings			
Others	**unrated**	**-**	6,198,549
Advances			
Counterparties without external credit ratings			
Others	**unrated**	**122,584**	94,289
Interest accrued			
Counterparties with external credit ratings	**AA+**	**13,069**	5,579
Counterparties without external credit ratings			
Others	**unrated**	**466,086**	1,186,626
Other receivables			
Counterparties with external credit ratings			
Receivable from related party	**AA+**	**1,357,490**	2,523,902
Counterparties without external credit ratings			
Receivable from Government of Pakistan	**unrated**	**3,160,992**	3,160,992
Receivable from others including related parties	**unrated**	**262,567**	207,471
Short-term investments			
Counterparties with external credit ratings	**AA+**	**-**	2,100,000

	Rating	2022	2021
		(Rupees '000)	
Bank balances			
Counterparties with external credit ratings	**AAA**	**1,048,620**	4,706,845
	AA+	**11,096,955**	19,905,151
	AA	**1,001,219**	1,415,299
	AA-	**2,843,742**	5,068,205
	A+	**4,361,143**	3,453,685
	A	**291,127**	501,881
	A-	**2,062,391**	1,077,934
		22,705,197	36,129,000

Impairment losses

As at the reporting date trade debts of Rs. 129 million (2021: Rs 15 million) were overdue up to 30 days. An impairment analysis is performed at each reporting date using a probability of default method to measure expected credit losses (ECL). The probability of default (PD) rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability - weighted outcome, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions. Whereas, the loss given default is based upon external credit rating of banks who have issued the letter of guarantees to the customers. Accordingly, the Company assess that any ECL on trade debts will be minimal. This is supported by absence of any loss in prior periods and management is confident that this loss rate will be minimally affected by current conditions and, reasonable and supportable forecasts. Therefore, the Company has not recorded any ECL on trade debts.

As per historical pattern, the amount due from Fauji Fertilizer Company Limited is settled within a week. Accordingly, there is no significant risk of ECL in respect of this balance. Similarly, amounts from other related parties are settled in normal course of business and there is no significant risk of ECL.

The amount of subsidy receivable is linked to a sovereign entity, who can print the currency which is routinely held by Central Bank and other major local financial institutions, which qualitatively indicate that historical credit loss information should be minimally affected by current conditions, and reasonable and supportable forecasts. Therefore, the Company does not expect any significant ECL, as at the reporting date, excluding impact of time value of money.

Being low risk instruments, the Company has assessed an allowance on its balances with banks based on 12 months ECL. Based upon above mentioned high credit ratings, ECL rate on bank balances and short term investments round to zero.

In the previous years, the Company has recorded an impairment loss of Rs. 3,000 thousand in respect of its long term investment as explained in note 14.4.

38.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 10 to the financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2022	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Five years onwards
				(Rupees '000)			
Long-term loans including mark-up	**24,120,700**	**27,020,584**	**2,449,610**	**2,713,611**	**7,630,015**	**14,227,348**	**-**
Trade and other payables	**69,092,791**	**71,067,348**	**60,774,301**	**2,718,164**	**7,574,883**	**-**	**-**
Short-term borrowings including mark-up	**29,068,857**	**29,068,857**	**29,068,857**	**-**	**-**	**-**	**-**
	122,282,348	**127,156,789**	**92,292,768**	**5,431,775**	**15,204,898**	**14,227,348**	**-**

2021	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Five years onwards
				(Rupees '000)			
Long-term loans including mark-up	21,110,086	26,358,547	2,389,592	2,647,124	7,443,071	13,878,761	-
Trade and other payables	53,355,560	54,842,576	43,210,366	2,791,730	8,840,480	-	-
Short-term borrowings including mark-up	11,026,978	11,026,978	11,026,978	-	-	-	-
	85,492,624	92,228,101	56,626,936	5,438,854	16,283,551	13,878,761	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The contractual cash flow relating to long-term borrowings and short-term borrowings have been determined on the basis of expected mark up rates. The mark-up rates as at reporting date have been disclosed in note 6 and note 10 to these financial statements respectively.

38.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to currency and interest rate risk only.

38.4.1 Currency risk

Exposure to Currency Risk

The Company is exposed to currency risk on certain liabilities and bank balance which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2022		2021	
	Rupees '000	US Dollar '000	Rupees '000	US Dollar '000
Bank balances	**4,462**	**20**	3,472	20
Creditors	**(29,292,878)**	**(129,100)**	(24,005,532)	(134,946)
Net exposure	**(29,288,416)**	**(129,080)**	(24,002,060)	(134,926)

The following significant exchange rate applied during the year:

	Average rates		Reporting date rate (Bid-Offer average)	
	2022	2021	2022	2021
US Dollars	**205.66**	163.35	**226.90**	177.89

Sensitivity analysis

A 15% strengthening of the functional currency against USD at 31 December would have increased profit and loss by Rs. 4,328 million (2021: Rs. 3,600 million). A 15% weakening of the functional currency against USD at 31 December would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

38.4.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and short term deposits with banks. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

	2022	2021
	(Rupees '000)	
Fixed rate instruments		
Financial assets	**-**	2,100,000
Financial liabilities	**28,238,026**	23,046,828
Variable rate instruments		
Financial assets	**22,573,419**	39,227,568
Financial liabilities	**45,446,710**	29,712,867

Fair value sensitivity analysis for fixed rate instruments

The Company is not exposed to interest rate risk on its fixed rate instruments as all of these are of a short term nature.

Cash flow sensitivity analysis for variable rate instruments

A change of 400 basis points in interest rates would have increased / (decreased) profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	400 basis points increase	400 basis points decrease
	(Rupees '000)	
December 31, 2022		
Cash flow sensitivity-variable rate instruments	**(914,932)**	**914,932**
December 31, 2021		
Cash flow sensitivity-variable rate instruments	380,588	(380,588)

Market price risk

For investments at fair value through profit or loss, a 1% increase / decrease in market price at reporting date would have increased / decreased profit for the year by Rs. 138 million (2021: Rs. 83 million).

38.5 Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
	Note	(Rupees '000)			
Assets carried at amortized cost					
Long-term loans - net of provision	15	-	-	3,230,509	3,230,509
Trade debts	18	11,828,171	11,828,171	94,238	94,238
Deposits		86,337	86,337	85,079	85,079
Advances		122,584	122,584	94,289	94,289
Interest accrued - net of provision		479,155	479,155	1,192,205	1,192,205
Other receivables - net of provision	22	3,430,097	3,430,097	4,613,235	4,613,235
Short-term investments	24	-	-	2,100,000	2,100,000
Cash and bank balances	25	22,705,197	22,705,197	36,129,979	36,129,979
		38,651,541	38,651,541	47,539,534	47,539,534
Assets carried at fair value					
Short-term investments - Investments at fair value through profit or loss	24	13,764,259	13,764,259	8,341,700	8,341,700

		2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
	Note	(Rupees '000)			
Liabilities carried at amortized cost					
Long term loans including accrued interest	6 & 9	24,120,700	24,120,700	21,110,086	21,110,086
Trade and other payables	7 & 8	69,092,791	68,595,788	53,355,560	52,836,170
Short-term borrowings including accrued interest	9 & 10	29,068,857	29,068,857	11,026,978	11,026,978
		122,282,348	121,785,345	85,492,624	84,973,234

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments excluding payable against GIDC, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in the market rate and rate of the instruments and most of the fixed rate instruments, excluding payable against GIDC, are short term in nature, therefore fair value significantly approximates to carrying value (refer to note 7.3 for discussion of fair value of payable against GIDC) as of reporting date.

The carrying value of financial assets and liabilities reflected in financial statements approximate their respective fair values, excluding payable against GIDC.

Fair value hierarchy

The table below analyses financial instruments carried at fair value and assets for which fair value are disclosed by level of fair value hierarchy for the year ended December 31, 2022. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes has occurred.

	Level 1	**Level 2**	**Level 3**
		(Rupees '000)	
December 31, 2022			
Assets carried at fair value			
Short term investments - investment in mutual funds	**13,764,259**	**-**	**-**
December 31, 2021			
Assets carried at fair value			
Short term investments - investment in mutual funds	8,341,700	-	-

38.6 Fair value estimation

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Investment in fair value through profit or loss - Mutual funds

The fair value, which is determined for disclosure purposes, is calculated by an external valuer and are classified as level 3 in fair value hierarchy.

The investment in quoted funds are determined by reference to bid price offered by the respective asset management company at the reporting date at level 1 in fair value hierarchy.

Investment in subsidiaries and associates

The fair value of investment in quoted securities are determined by reference to their quoted closing bid price at the reporting date and accordingly are at level 1 in fair value hierarchy.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value of investment property.

The fair value, which is determined for disclosure purposes, are classified as level 3 in fair value hierarchy.

38.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The total net debt to equity ratio as at 31 December, 2022 based on total net debt of Rs. 15,477 million and total equity of Rs. 22,915 million was 0.68:1 (2021: (0.72):1).

The Company finances its operations through equity, borrowings and management of working capital with view of maintaining an appropriate mix between various source of finance to minimize risk.

39 RELATED PARTY TRANSACTIONS

The Company has related parties which comprise of subsidiaries, a joint venture, entities under common directorship, directors, key management personnel, shareholders and employees' funds. Fauji Fertilizer Company Limited (FFCL) has a 49.88% share holding in the Company (2021: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2021: 18.29%) in the Company. Transactions with related parties and the balances outstanding, other than those which have been disclosed elsewhere in these financial statements are given below. The carrying values of the investment in and loans to related parties are disclosed in notes 14 and 15, respectively, to the financial statements.

	2022	2021
	(Rupees '000)	
Transactions with Fauji Foundation		
Contribution to Institute of Cardiology (AFIC)	**-**	12,400
Donations	**226,150**	-
Services received	**80,575**	109,979
Services provided	**896**	2,903
Payment against services	**65,845**	104,306
Balance payable at year end	**37,836**	24,002
Transactions with the subsidiary companies		
Fauji Meat Limited		
Material / services provided	**38,974**	34,497
Receipt against common facilities	**89,809**	-
Balance receivable at year end	**17,344**	68,179
Mark-up on sub-ordinated loan	**179,248**	241,943
Guarantee fee	**-**	13,726
Receipt against guarantee fee and markup	**34,240**	-
Conversion into equity investment	**4,031,960**	-
Guarantee fee and mark-up receivable	**-**	436,086
FFBL Power Company Limited		
Material / services provided	**1,360,497**	706,428
Material / services received	**23,597,630**	13,914,820
Balance payable at year end	**8,144,559**	1,530,560
Balance receivable at year end	**137,402**	112,857
Receipt against material / services	**908,883**	696,293
Receipt against reimbursable expenses	**427,069**	-
Payment against material / services	**16,983,631**	13,569,667
Late payment surcharge during the year	**185,626**	-
Dividend received	**-**	2,058,469

	2022	2021
	(Rupees '000)	
Fauji Foods Limited		
Material / services provided	**11,037**	10,644
Material / services received	**8**	759
Receipt against material / services	**11,029**	11,412
Receipt against guarantee fee	**26,790**	-
Mark-up on sub-ordinated loan	**-**	442,467
Guarantee fee	**15,000**	15,000
Guarantee fee and mark-up receivable	**738,750**	750,540
Transactions with associated undertakings due to common directorship		
Fauji Fertilizer Company Limited		
Services and material acquired	**1,430,533**	1,310,917
Services and material provided	**-**	1,458
Receipts under consignment and current account	**143,287,908**	114,970,112
Commission charged to the Company	**23,670**	25,831
Proceeds from disposal of investment	**-**	5,256,007
Balance receivable at year end	**1,357,490**	2,523,902
Askari Bank Limited		
Balances at bank	**3,397,809**	16,264,836
Profit on bank balances	**812,326**	541,072
Long term loans	**83,333**	250,000
Mark-up on long-term loans	**14,486**	26,781
Mark-up payable on long term loans at the year end	**3,572**	5,381
Dividend received	**-**	815,652
Foundation Wind Energy-I Limited & Foundation Wind Energy-II Limited		
Dividend received	**-**	218,750
Transactions with joint venture		
Pakistan Maroc Phosphore S.A., Morocco		
Purchase of raw materials	**142,489,996**	64,542,221
Expenses incurred on behalf of joint venture	**7,927**	5,214
Dividend received	**2,511,075**	1,025,064
Late payment surcharge during the year	**191,387**	-
Balance payable at the year end - secured	**29,292,878**	24,004,647
Balance receivable at the year end - unsecured	**13,141**	8,852
Other related parties		
Contribution to provident fund	**67,994**	64,830
Payment to gratuity fund	**-**	52,853
Payment to Workers' (Profit) Participation Fund	**431,344**	761,665
Balance payable - unsecured (WPPF)	**158,866**	130,093
Payable to gratuity fund	**304,231**	197,715
Meeting fee	**22,800**	34,165
Remuneration of key management personnel		
Short term benefits	**213,822**	189,488
Post employment benefit	**20,537**	35,990

In addition to the above:

- the Company has provided sponsor support, to lenders of project financing arranged by FPCL, to fund any shortfall, to the extent FPCL is unable to fulfil its financial obligations:

(i) up to Rs. 29,150 million (2021: Rs. 29,150 million) and all cost over runs, till technical completion date; and

(ii) up to Rs. 8,000 million after project completion date.

- the Company has issued standby letter of credit amounting to Rs. 1,000 million in favour of the FFL under the Master Facility Agreement.

- the Company has also provided a revolving guarantee amounting to Rs. 6,067 million in favour of the FFL under the Master Facility Agreement.

39.1 Detail of related parties

Name of related party	Basis of relationship	Percentage holding
Fauji Foundation	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship	-
Pakistan Maroc Phosphore	Joint Venture / Common Directorship	25.00%
Fauji Meat Limited	Subsidiary / Common Directorship	95.07%
Fauji Foods Limited	Subsidiary / Common Directorship	71.63%
FFBL Power Company Limited	Subsidiary / Common Directorship	75.00%
Askari Bank Limited	Associate Company / Common Directorship	21.57%
Foundation Wind Energy I Limited	Associate Company / Common Directorship	35.00%
Foundation Wind Energy II Limited	Associate Company / Common Directorship	35.00%
FFBL Gratuity Fund	Employee benefit fund	-
FFBL Provident Fund	Employee benefit fund	-
FFBL Workers' (Profit) Participation Fund	Employee benefit fund	-

40 GENERAL

	2022	2021
	(Tonnes)	
40.1 Production capacity		
Design capacity		
Urea	**551,100**	551,100
DAP	**650,000**	650,000
Actual production		
Urea	**523,581**	501,236
DAP	**847,843**	790,415

The actual production of Urea was below the design capacity of the plant; mainly owing to focus on DAP and low gas pressure. From December 21, 2022 the Company's DAP plant has been shut down to more efficiently manage its DAP inventory owing to demand and supply situation in the market.

		2022	2021
		(Numbers)	
40.2	**Number of persons employed**		
	Employees at year end	**809**	797
	Average employees during the year	**839**	795

40.3 **Employees Provident Fund**

Investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

40.4 Corresponding figures have been re-arranged and re-classified, where necessary, for more appropriate presentation of transactions and events, for the purposes of comparison.

40.5 The Board of Directors in their meeting held on January 30, 2023 have proposed a final dividend of Rs. Nil per ordinary share.

Chairman | Chief Executive | Director | Chief Financial Officer

05 Consolidated Financial Statements

Consolidated Financial Statements of the FFBL Group and along with the Report by Independent External Auditors

Say No to Corruption

Independent Auditor's Report

To the members of Fauji Fertilizer Bin Qasim Limited (the Holding Company)

Report on the Audit of Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Fauji Fertilizer Bin Qasim Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
1. Going Concern of subsidiary – Fauji Foods Limited	
As of 31 December 2022, Fauji Fertilizer Bin Qasim Limited (the Holding Company) has majority ownership interest of Fauji Foods Limited (FFL). Accordingly, FFL along with other subsidiaries of the Holding Company are consolidated in the consolidated financial statements. FFL has consistently incurred losses since its acquisition in 2015. As of 31 December 2022, the accumulated losses of FFL, as disclosed in its financial statements, amounted to Rs. 18,469 million (2021: Rs. 16,396 million). In order to support the operations of the subsidiary, the Holding Company along with the Ultimate Parent and other group companies have approved injection of additional equity amounting to Rs. 11,709 million into the Company, as mentioned in note 1.2 to the accompanying financial statements. The assessment of the FFL's ability to continue as a going concern is critical to the preparation of financial statements as it is significant to the decision making of users of the Group's financial statements. In view of the substantial operating and accumulated losses and significance of assessment of FFL's ability to continue as a going concern to the financial statements of the Group as a whole, it was considered a key audit matter. Refer to note 1.2 of the accompanying consolidated financial statements, for the discussion on the matter by management.	The following procedures were performed: • Reviewed the business plan of FFL approved by the Board of Directors of FFL along with testing the appropriateness of underlying assumptions and bases for projected financial information. • Reviewed the business plan of FFL approved by the Board of Directors of FFL along with testing the appropriateness of underlying assumptions and bases for projected financial information. • Performed budget vs actual analysis of the business plan 2022 in order to assess the reliability of the planning process of FFL. • Assessed the progress toward the equity injection envisioned in the business plan of FFL. • Assessed the financial capability of the prospective shareholders who have planned to inject further equity into FFL to ascertain the feasibility of their plan to inject equity. • Assessed the Holding Company's commitment to support FFL based on the conversion of loan and related accrued mark-up into equity and the letter of support provided to FFL. • Performed analysis of key financial indicators which support the going concern assessment of FFL such as comparison of current assets versus liabilities, equity position at the year-end and operating results as compared to prior year. • Evaluated the FFL's ability to meet its future financial and operating commitments based on the above-mentioned equity injection plan. • Assessed the adequacy of disclosures made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">2. Allowance Expected Credit Loss (ECL) on Subsidy receivable from Government of Pakistan</td></tr>
<tr><td>As of 31 December 2022, the Holding Company has recognized gross amount of Rs. 3,161 million (2021: Rs. 3,161 million) as subsidy on DAP and Urea receivable from Government of Pakistan; with an allowance for ECL amounting to Rs. 1,351 million (2021: Rs. 1,211 million).

Management of the Holding Company has assessed that credit risk of this financial instrument has significantly increased since its inception, owing to delay in settlement of subsidy by Government, and thus required them to estimate ECL that result from all possible default events over the life of the financial instrument, under ECL model prescribed by IFRS 9 - "Financial Instruments". Management of the Holding Company is required to estimate ECL by taking into account time value of money, reasonable and supportable information regarding past events, current conditions, forecast of future events and economic conditions, attached to its financial instruments, at each reporting date.

Accordingly, management of the Holding Company has assessed ECL on subsidy on DAP and Urea receivable from the Government of Pakistan, estimating the time value of money based on expected recovery of subsidy.

The changes in above mentioned assumptions can lead to significant changes in the assessment of ECL allowance. Accordingly, we consider this as a key audit matter due to the significant judgment involved in estimating ECL allowance.

Refer to notes 2.4.6 and 24.5 of accompanying consolidated financial statements, for a discussion on the matter by management.</td><td>The following procedures were performed:

• Understood the Holding Company's process for selection and application of methods to determine ECL on subsidy receivable from Government of Pakistan.

• Assessed the reasonableness of the management's assumptions used to determine the time value of money for recovery of subsidy receivable.

• Assessed the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis.

• Checked the mathematical accuracy of the model by performing recalculations.

• Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.</td></tr>
</table>

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ahsan Shahzad.

Chartered Accountants
Place: Islamabad
Date: 28 February 2023

UDIN: AR202210079wvAWgyT3B

Consolidated Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	**12,912,529**	12,912,529
Capital reserve	5	**1,632,729**	1,632,729
Statutory reserve		**2,855,162**	2,352,571
Revenue reserves			
Translation reserve		**5,317,939**	4,055,119
Revaluation reserve on available for sale investments, net of tax	3	**(1,179,693)**	(517,348)
Accumulated profit		**14,810,495**	8,115,887
		36,349,161	28,551,487
NON-CONTROLLING INTEREST	6	**7,167,343**	4,380,785
		43,516,504	32,932,272
NON-CURRENT LIABILITIES			
Long term loans	7	**32,916,960**	33,516,088
Lease liabilities	8	**53,570**	156,403
Deferred liabilities	9	**9,039,464**	12,669,019
		42,009,994	46,341,510
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	**65,254,466**	48,543,202
Advances from customer		**985,104**	5,908,825
Unpaid dividend		**10,954**	10,954
Unclaimed dividend		**116,580**	117,833
Provision for income tax		**1,150,929**	-
Accrued interest	11	**1,795,792**	830,481
Short term borrowings	12	**35,598,377**	18,922,181
Current portion of long term loans	7	**8,131,459**	7,028,305
Current portion of lease liabilities	8	**73,446**	67,162
		113,117,107	81,428,943
		198,643,605	160,702,725
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes, from 1 to 42, form an integral part of these consolidated financial statements.

	Note	2022	2021
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**46,114,274**	47,848,922
Intangible assets	15	**392,529**	410,856
Investment property	16	**270,242**	270,242
Long term investments	17	**26,173,455**	20,468,042
Long term advances		**37,683**	39,113
Long term deposits		**88,183**	85,249
		73,076,366	69,122,424
CURRENT ASSETS			
Stores and spares	18	**2,850,329**	2,594,274
Stock in trade	19	**42,462,162**	12,621,736
Trade debts	20	**16,761,585**	2,061,629
Advances	21	**1,315,715**	962,732
Trade deposits and short term prepayments	22	**465,957**	307,491
Interest accrued		**13,065**	5,579
Other receivables	23	**3,380,439**	4,524,065
Income tax refundable		**1,512,665**	1,213,785
Sales tax refundable	24	**18,585,721**	13,995,728
Short term investments	25	**14,734,259**	13,943,049
Cash and bank balances	26	**23,485,342**	39,350,233
		125,567,239	91,580,301
		198,643,605	160,702,725

Chairman   Chief Executive   Director   Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees '000)	
Sales - net	27	**183,128,626**	128,235,849
Cost of sales	28	**(148,363,443)**	(99,124,791)
GROSS PROFIT		**34,765,183**	29,111,058
Selling and distribution expenses	29	**(8,755,347)**	(6,846,633)
Administrative expenses	30	**(2,333,413)**	(2,457,213)
		(11,088,760)	(9,303,846)
		23,676,423	19,807,212
Finance costs	31	**(8,553,316)**	(4,811,006)
Other expenses	32	**(8,605,247)**	(5,447,160)
Allowance for expected credit losses	33	**(236,912)**	(751,353)
Other income	34	**3,620,513**	1,919,141
Share of profit of joint venture and associates - net		**6,980,449**	5,526,104
		16,881,910	16,242,938
Unwinding cost on GIDC payable	9	**(891,198)**	(1,253,839)
PROFIT BEFORE TAXATION		**15,990,712**	14,989,099
Taxation - net	35	**(7,963,200)**	(5,764,114)
PROFIT FOR THE YEAR		**8,027,512**	9,224,985
Attributable to:			
- Equity holders of the Holding Company		**7,649,305**	8,956,848
- Non controlling interest		**378,207**	268,137
		8,027,512	9,224,985
Earnings per share - basic and diluted (Rupees)	36	**5.92**	6.95

The annexed notes, from 1 to 42, form an integral part of these consolidated financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees '000)	
Profit for the year		**8,027,512**	9,224,985
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of a joint venture		**1,024,642**	457,678
Exchange difference on translation of an associate		**238,178**	21,983
		1,262,820	479,661
Loss on revaluation of available for sale securities of an associate		**(779,229)**	(570,003)
Related deferred tax		**116,884**	85,500
Loss on revaluation of available for sale securities - net of tax		**(662,345)**	(484,503)
		600,475	(4,842)
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation	**10.4**	**(38,262)**	(2,969)
Total comprehensive income		**8,589,725**	9,217,174
Attributable to:			
- Equity holders of the Holding Company		**8,211,966**	8,947,055
- Non-controlling interest		**377,759**	270,119
		8,589,725	9,217,174

The annexed notes, from 1 to 42, form an integral part of these consolidated financial statements.

Chairman	Chief Executive	Director	Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Share capital	Advance against issue of shares	Capital reserve: Share premium	Capital reserve: Statutory reserve	Revenue reserve: Translation reserve	Revenue reserve: Revaluation reserve on available for sale investments	Revenue reserve: Accumulated profit	Non controlling interest	Total
	(Rupees ' 000)								
Balance as at January 01, 2021	9,341,100	4,885,787	228,350	1,880,710	3,575,458	(32,845)	208,226	2,361,285	22,448,071
Total comprehensive income									
Profit for the year	-	-	-	-	-	-	8,956,848	268,137	9,224,985
Other comprehensive loss for the year	-	-	-	-	479,661	(484,503)	(4,951)	1,982	(7,811)
Total comprehensive income for the year	-	-	-	-	479,661	(484,503)	8,951,897	270,119	9,217,174
Transfer to statutory reserve	-	-	-	471,861	-	-	(471,861)	-	-
Transactions with owners recorded directly in equity									
Advance against issue of shares	-	114,213	-	-	-	-	-	-	114,213
Issue of share capital	3,571,429	(5,000,000)	1,428,571	-	-	-	-	-	-
Transaction cost	-	-	(24,192)	-	-	-	-	-	(24,192)
Distributions to owners									
FPCL dividend 2021 (Rs. 3.2 per ordinary share)	-	-	-	-	-	-	-	(686,156)	(686,156)
Change in ownership interest									
Cash injection by NCI of FFL	-	-	-	-	-	-	-	1,882,947	1,882,947
Transaction costs of FFL	-	-	-	-	-	-	-	(19,785)	(19,785)
Acquisition of non-controlling interest (note 3.1.1)	-	-	-	-	-	-	(572,375)	572,375	-
Balance as at December 31, 2021	12,912,529	-	1,632,729	2,352,571	4,055,119	(517,348)	8,115,887	4,380,785	32,932,272
Balance as at January 01, 2022	**12,912,529**	**-**	**1,632,729**	**2,352,571**	**4,055,119**	**(517,348)**	**8,115,887**	**4,380,785**	**32,932,272**
Total comprehensive income									
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**7,649,305**	**378,207**	**8,027,512**
Other comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**1,262,820**	**(662,345)**	**(37,814)**	**(448)**	**562,213**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1,262,820**	**(662,345)**	**7,611,491**	**377,759**	**8,589,725**
Transfer to statutory reserve	**-**	**-**	**-**	**502,591**	**-**	**-**	**(502,591)**	**-**	**-**
Transactions with owners recorded directly in equity									
Cash injection by NCI of FFL pending change in ownership (note 1.2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,000,000**	**2,000,000**
Change in ownership interest									
Transaction costs of FML	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,493)**	**(5,493)**
Acquisition of non-controlling interest (note 3.1.1)	**-**	**-**	**-**	**-**	**-**	**-**	**(414,292)**	**414,292**	**-**
Balance as at December 31, 2022	**12,912,529**	**-**	**1,632,729**	**2,855,162**	**5,317,939**	**(1,179,693)**	**14,810,495**	**7,167,343**	**43,516,504**

The annexed notes, from 1 to 42, form an integral part of these consolidated financial statements.

Chairman Chief Executive Director Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operating activities	37	**(24,053,835)**	31,999,985
Finance costs paid		**(7,527,956)**	(4,656,878)
Taxes paid		**(5,927,989)**	(3,783,002)
Payment to gratuity fund		**(82,716)**	(73,019)
Gratuity payment to employees		**(1,481)**	(13,506)
Compensated absences paid		**(63,354)**	(153,766)
Payment to Workers Welfare Fund		**(153,498)**	(12,550)
Payment to Workers' (Profit) Participation Fund		**(438,801)**	(965,400)
Net cash (used in) / generated from operating activities		**(38,249,630)**	22,341,864
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures and advances		**(1,184,780)**	(634,558)
Intangible assets		**(80)**	(1,047)
Long term deposits		**(2,934)**	-
Proceeds from sale of property, plant and equipment		**47,580**	168,686
Dividend received		**2,511,075**	2,059,466
Short term investments - net		**(5,439,517)**	(8,341,700)
Receipt from disposal of investment		**-**	5,256,007
Cash dividend on mutual funds		**647,425**	22,363
Profit received on bank balances and term deposits		**2,117,977**	1,350,469
Net cash used in investing activities		**(1,303,254)**	(120,314)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - received		**7,500,000**	5,500,000
Long term loans - repaid		**(7,028,207)**	(10,027,828)
Lease liabilities		**(90,092)**	(106,987)
Cash injection NCI - right share		**-**	1,815,128
Cash injection by NCI of FFL pending change in ownership (note 1.2)		**2,000,000**	-
Advance against issue of shares		**-**	90,021
Short-term borrowings - net		**4,071,007**	(2,021,013)
Dividend paid		**(1,253)**	(686,296)
Net cash generated from / (used in) financing activities		**6,451,455**	(5,436,975)
Net (decrease) / increase in cash and cash equivalents		**(33,101,429)**	16,784,575
Cash and cash equivalents at the beginning of the year		**28,458,375**	11,673,800
Cash and cash equivalents at the end of the year	26.3	**(4,643,054)**	28,458,375

The annexed notes, from 1 to 42, form an integral part of these consolidated financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

1 **STATUS AND NATURE OF BUSINESS**

Fauji Fertilizer Bin Qasim Limited group comprises of Fauji Fertilizer Bin Qasim Limited (FFBL / the Holding Company) and its subsidiaries, Fauji Meat Limited (FML), Fauji Foods Limited (FFL), and FFBL Power Company Limited (FPCL), collectively referred as "Group". The ultimate parent of FFBL is Fauji Foundation (FF).

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

Geographical location and addresses of major business units including plant of FFBL are as under:

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

1.1 The Holding Company's Gas Supply Agreement (GSA) with Sui Southern Gas Company Limited (SSGCL) expired on December 31, 2020. The Economic Coordination Committee (ECC) in its meeting dated February 03, 2021, as ratified by Federal Cabinet on February 09, 2021, approved allocation of indigenous natural gas for next five years on "as and when available basis" at existing gas prices till December 31, 2021. The Holding Company's gas supply was resumed effective February 11, 2021 and a side letter was signed between FFBL and SSGCL to formalize arrangement regarding supply of gas and application of natural gas tariff till the signing of renewal of GSA. The Holding Company and SSGCL has formally renewed GSA on January 4, 2023 till December 31, 2025. The notification of revised gas prices applicable with prospective effect is awaited.

1.2 Set out below is a list of subsidiaries of the Group:

Name	Principal place of Business	Ownership in 2022	Ownership in 2021
Fauji Meat Limited	Pakistan	**95.07%**	90.18%
FFBL Power Company Limited	Pakistan	**75.00%**	75.00%
Fauji Foods Limited	Pakistan	**71.63%***	71.63%

Fauji Meat Limited, is a public limited company incorporated on September 05, 2013 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The principal objective of FML is processing and marketing of meat products. FML commenced its operations with effect from April 02, 2016.

During the year, FML incurred loss for the year of Rs. 803.9 million (2021: loss Rs. 1,110.7 million) and as of 31 December 2022 its accumulated loss amount to Rs. 8,9887 million (2021: Rs. 8,184.8 million), resulting in net equity of Rs. 6,227 million (2021: negative equity of Rs. 549.8 million). The accumulated loss is mainly due to underutilization of plant's capacity and various other business reasons. These conditions and events indicate the existence of material uncertainty that may cause significant doubt on FML's ability to continue as going concern, and therefore FML may be unable to realize its assets and discharge its liabilities in the normal course of business.

During the year, the Holding Company has provided further sub-ordinated loan of Rs. 801.5 million (2021: Rs. 5,375 million) and converted the total sub-ordinated loan along with its accrued markup into equity. The Holding Company has devised plan to curtail the operating cash outflows to minimum levels, required to execute a divestment, over time horizon adequate for successful identification of potential buyers and execution of sale. The Holding Company also engaged external valuer in prior year to ascertain recoverable value of the FML's plant and property (refer to note 16.2). The management of FML is keeping all options open to generate profitable business operations during 2023 and onwards. Management is confident that the FML would be able to further enhance the export business on advance or secure payment terms and expand local operations through franchising and own network and keep focus on tolling activity to absorb fixed costs with enhanced capacity utilization. Management has also devised plan to generate cash via early refund of its Sales tax refunds and is taking practical steps to recover outstanding trade receivables by engaging asset management and recovery companies. Based upon the above, the management has concluded that the FML is a going concern and these financial statements have accordingly been prepared on a going concern basis.

As of reporting date, the related Meat segment of the Group has a carrying value of Rs. 6,277 million (2021: Rs. 5,648.7 million - excluding intra-group loans). Refer to note 14.3 for information regarding recoverable values of meat segment's selected items of operating fixed assets.

Geographical location and addresses of major business units including plants of FML are as under:

Location	Purpose
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Thatta	
Deh Kohistan Chak No.1 Tapo Gharo, Tehsil Mir Pur Sakhro, District Thatta	Plant Site

FFBL Power Company Limited, is a public limited company incorporated on June 27, 2014 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). FPCL has been established to build, own and operate a 118 MW coal based power generation facility at Port Qasim Karachi. FPCL achieved its financial close in December 2015 and Commercial Operation Date on May 19, 2017.

Geographical location and addresses of major business units including plants of FPCL are as under:

Location	Purpose
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Karachi	
Port Qasim	Power Generation Facility

Fauji Foods Limited was incorporated in Pakistan on September 26, 1966 as a public company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

During the year, FFL has incurred a loss after tax of Rs. 2,055.11 million (2021: Rs. 1,637.35 million), resulting in accumulated losses of Rs. 18,248.19 million (31 December 2021: Rs. 16,194.22 million) as of that date. Accordingly, FFL's operations are being financed via further sponsor support / equity injection and high level of external debt. As of 31 December 2022, FFL's total debt amounts to Rs. 7,693.69 million (31 December 2021: Rs. 7,972.41 million). The Holding Company has committed the necessary continued financial support to FFL, including (but not limited to) equity injections and providing working capital as and when required. Further, following are the key measures which have been taken by the Holding Company and the Sponsors of the Holding Company to support the Company:

1. Existing and potential shareholders of FFL, all entities under common control with FFL, have also approved equity injection, through other than right issue, into FFL amounting to Rs. 11,709 million, out of which Rs. 11,000 million will be in cash. The Ultimate Parent Company has already injected Rs. 2,000 million. The aforesaid amount of equity shall be used to settle the borrowings of FFL and for working capital support and capital expenditure of FFL.

2. Interest accrued on loan to the Holding Company, is being converted into the share capital and approval of shareholders of the Holding Company have been obtained and corporate compliances are in process.

3. FFL's Sponsors have also provided security, on behalf of FFL, in respect of FFL's syndicate loan facility (amounting to Rs. 5,988.15 million, refer to note 7 in the form of (a) a letter of credit amounting to Rs. 1,000 million from Askari Bank Limited, a related party, and (b) a revolving corporate guarantee.

In addition to the above, FFL has formulated a formal business plan and is undertaking margin improvement initiatives and a differentiated marketing strategy to build efficiencies in the distribution channels.

Based upon the above, the management has concluded that there is no material uncertainty regarding going concern of FFL and accordingly, these financial statements have been prepared on a going concern basis. As of reporting date, the related food segment of the Group has a carrying value of Rs. 2,950.4 million (2021: Rs. 2,315 million - excluding intra-group loans), including goodwill of Rs. 377.8 million, with market capitalization of Rs. 5,344.4 million (2021: Rs. 10,428 million).

*Subsequent to issuance of shares, as mentioned above, upon approval of the regulatory authorities, the share of investment of the Group will be 58.28%.

Geographical location and addresses of major business units including plants of FFL are as under:

Location	Purpose
Lahore	
42 CCA, Ex Park View, DHA Phase - VIII	Head Office
Bhalwal	
District Sargodha	Processing Unit

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) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the accounting and reporting as applicable in Pakistan standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

The Holding Company based it's assumptions and estimates on the parameters under which these financial statements were prepared.

Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Holding Company. Such changes are reflected in the assumptions when they occur.

2.4.1 Staff gratuity (notes 3.2 and 10.4)

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

2.4.2 Compensated absences (note 9.1)

Compensated absences is granted to all its permanent employees in accordance with the rules of the Group. Calculations in respect of unutilized privileged leaves accumulated as on April 30, 2021 require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.4.3 Property, plant and equipment (notes 3.4)

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

2.4.4 Capital spares (notes 3.4)

The Group reviews the carrying amount of capital stores on an annual basis, and as appropriate, provision is made for obsolescence if there is any change in the usage pattern and physical form of related stores.

2.4.5 Provision for inventory obsolescence (notes 18 and 19)

The Group reviews the carrying amount of stock, stores and spares on a regular basis and as appropriate inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.4.6 Provision for expected credit losses of trade debts and other receivable (notes 20 and 23)

Trade debts

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

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

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in economic conditions. FML, FPCL and FFL's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For trade receivables, the Holding Company applies a simplified approach in calculating ECLs. Therefore, the Holding Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Holding Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The information about the ECLs on the Group's trade debts is disclosed in Note 39.2.

Subsidy receivable from Government of Pakistan

The Group's calculation on subsidy receivable is outputs of probability weighted model (Multi-scenarios approach), under the general approach, with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Discounting estimated future cashflow and losses to the reporting date using a rate that approximates the Effective Interest Rate (EIR) of the asset (Time value of money). In the absence of EIR, interest free rate has been used in accordance with relevant accounting standard.

- Significant Increase in Credit Risk and classification within Stage 2 based on its overdue status minimized owing to exposure being toward sovereign entity.

- Selection of forward-looking multiple scenarios and their probability weightings, to calculate the amount of ECL.

The information about the ECLs on the Group's subsidy receivable is disclosed in Note 39.1.

Other receivable

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

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

- The Company's criteria for assessing if there is a significant increase in credit risk and allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment; and

- Selection of forward-looking multiple scenarios and their probability weightings, to calculate the amount of ECL.

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

2.4.7 Taxation (note 35)

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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

2.4.8 Contingencies (note 13)

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

2.4.9 Impairment of non-financial assets

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. Refer to note 14.3 for impairment assessment of items of property, plant and equipment.

2.4.10 Impairment of goodwill (note 15)

The carrying amount of the cash generating unit to which goodwill has been allocated is reviewed at each reporting date to determine whether there is any indication of impairment loss. If any indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any.

Judgements

In the process of applying Group's accounting policies, management has made the judgements, as mentioned below, which have most significant effects on the amounts recognized in the consolidated financial statements.

2.4.11 Disclosure related to IFRIC 4

As discussed in note 3.6, the Securities and Exchange Commission of Pakistan (SECP) has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) - 16 “Leases” to all companies that have executed their power purchase agreement before 2019. Accordingly, the Group does not apply lease accounting to it's agreement with K-Electric. It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16. Accordingly, to estimate the impact, the Group has to determine classification of the lease (i.e. operating or finance) contained within arrangement, the interest rate inherent in the arrangement, net investment in lease, the useful lives of the plant and the impact of any shortfall in the capacity made available to the K-Electric, during the period, by the Group.

2.4.12 Selection of accounting policy for GIDC (note 9)

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

2.4.13 Sales tax refundable (note 24)

Management has classified the whole of the amount of Sales tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government, within next twelve months will include refund of Sales tax. Only significant impact of time value of money is recognized in the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidated financial statements

The consolidated financial statements include the financial statements of FFBL and its subsidiary companies as mentioned in note 1.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is generally measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain / (loss) on a bargain purchase is recognized in income immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Impairment losses relating to goodwill cannot be reversed in future periods.

The consideration transferred does not include amounts related to the settlement of pre-fixing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration, that meets the definition of a financial instrument is classified as equity, then it is not measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in profit or loss.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has a right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Any further purchase, which does not result in a loss of control is accounted for as an equity transaction and no further goodwill is recognized.

Non Controlling Interests (NCI)

NCI in subsidiaries are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control (known as a joint arrangement), whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

FFBL has an associate, Askari Bank Limited (AKBL), which is a banking company engaged in commercial banking and related services. The applicability of International Financial Reporting Standard 9 "Financial Instruments" and International Accounting Standard 40 "Investment Property" has been deferred for banking companies by the State Bank of Pakistan (SBP). Accordingly, equity accounting of AKBL is based on its unaudited financial information for the nine months period ended September 30, 2022, prepared under the financial reporting framework applicable to banking sector in Pakistan ("Banking Framework"). Similarly, revaluation reserve on AKBL's investments classified as available for sale securities under Banking Framework continue to be disclosed as revaluation reserve on available for sale investments, net of tax, in the Group's consolidated financial statements. As per SBP's circular no. 03 of 2022 dated July 05, 2022, AKBL would be required to apply the requirements of IFRS 9 (with certain modifications notified by SBP) with affect from January 01, 2023. The impact of transition on the consolidated financial statements is being assessed.

Statutory reserve

It represents the Holding Company's proportionate share of reserve created by AKBL and Pakistan Maroc Phosphore S.A. (PMP), amounting to Rs. 2,455.9 million (2021: 2,099.2 million) and Rs. 399.5 million (2021: 253.4 million) respectively, under their respective regulatory requirements.

Transactions eliminated on consolidation

Intra-group balances and transactions, and material unrealized income and expenses arising from intra-group transactions are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Contingent liabilities recognised in business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

3.1.1 Acquisition of non-controlling interest

The Group's acquisition of additional non-controlling interest in FML through conversion of sub-ordinated loan and related accrued mark-up, in an 'other than right' issue, comprising of 758,109,400 shares, at par, resulted in a negative equity adjustment of Rs. 414.3 million.

3.2 Employees' retirement benefits

The Group has the following plans for its employees:

Provident Fund - Defined Contribution Scheme

The Holding Company, FPCL, FML and FFL operate defined contributory provident funds for all its permanent employees. The fund is administered by trustees. Monthly contributions are made to the fund by the group and their employees at the rate of 10% of basic pay. The employees of the Holding Company have an option to deposit extra contribution, equivalent to 5% or 10% of basic pay, to the it's fund. Group's contribution is charged to income for the year.

Gratuity Fund - Defined Benefit Scheme

The Holding Company, FPCL and FFL operate defined benefit gratuity schemes for all employees who complete the qualifying period of service and age. The Funds of the Holding Company and FPCL are administered by trustees. Contributions to the funds are made on the basis of actuarial valuations, using the Projected Unit Credit Method, related details of which are given in note 10.4. Amounts determined by the actuary as charge for the year are included in the profit or loss for the year. Expected gratuity cost for the next year is estimated to Rs. 64 million.

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

Compensated absences

The Holding Company, FPCL, FML and FFL grant compensated absences to all its employees in accordance with the rules of the Holding Company, FPCL, FML and FFL. Under these unfunded scheme, regular employees are entitled maximum 30 days privilege leaves for each completed year of service. Unutilized privilege leaves are accumulated up to a maximum of 120 days and 60 days, respectively, to the FPCL, FML and FFLs' employees which are encashable at the time of separation from service on the basis of last drawn gross salary.

Unutilized privileged leaves accumulated as on April 30, 2021 for the Holding Company are encashable at the time of separation from the service on the basis of last drawn gross salary. Unutilized privilege leaves available for a year (effective from May, 2021) lapse by end of next March and are encashable only upon separation of employee in the same year.

Unutilized privileged leaves accumulated as on March 31, 2022 for FPCL are encashable at the time of separation from the service on the basis of last drawn gross salary. Unutilized privilege leaves available for a year (effective from April, 2021) lapse by end of next February and are encashable only upon separation of employee in the same year.

Provisions are made in accordance with the actuarial recommendation. Actuarial valuation, in respect of the Holding Company and FFLs' compensated absences, is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognised in the income for the year in which they arise.

During previous year, the Holding Company revised the policy for compensated absences. No further accumulation of annual leaves was allowed, however, annual leaves already accumulated (as on April 30, 2021) continued till the time these are consumed by the individual otherwise it will be encashed on current gross at the time of separation.

3.3 Taxation

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

Current

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

Deferred

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences such as the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments accounted in the consolidated financial statements by applying the equity method to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Sales tax refundable

Sales tax refundable primarily includes input sales tax related to lower rated taxable supplies for current and prior years for which refunds have been lodged with the Federal Board of Revenue. The Group has developed the accounting policy for initial recognition and subsequent measurement by making an analogy with a monetary asset.

3.4 Property, plant and equipment and capital work in progress

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

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

Spare parts are classified as operating fixed assets rather than stores and spares when they meet the definition of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in statement of profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated on the straight line method and charged to income to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 14. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal. Freehold land is not depreciated.

3.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less accumulated depreciation and impairment.

Maintenance and normal repairs are charged to the income and expenditure statement as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that the respective future economic benefits will flow to the Group. Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in income and expenditure statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.6 Leases

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

The Group applies a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low-value asset. Lease payments on short term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term. Expense relating to short term lease amounts to Rs. 36 million (2021: Rs. 44 million).

Lessees

Right of use assets

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

Lease Liability

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

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

Short-term leases and leases of low-value assets

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

Lessors

Net investment in lease

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

During 2017, FFBL Power Company Limited (FPCL) achieved Commercial Operation Date (COD) on May 19, 2017. Under a Power Purchase Agreement (PPA), dated April 15, 2016, FPCL has agreed to provide, on an exclusive basis, 60,000 kWh electricity, with an 85% dependable capacity, for 30 years to K-Electric, from its Steam Turbine Generators at 50Hz. As a consideration, K-electric is liable to pay Capacity Price and Energy Price.

PPA conveys rights to K-Electric to use FPCL's specified Steam Turbine Generators. Under the waiver granted by SECP, however, the Group has elected to account for the transactions under PPA on an invoiced amount basis.

Under IFRS - 16, the consideration due from a lessee for the right to use the asset is to be accounted for as a net investment in the lease. Had the standard been applied, the following adjustments to the consolidated statement of profit or loss and the consolidated statement of financial position would have been made:

	2022	2021
	(Rupees '000)	
Increase in unappropriated profit at the beginning of the year	**965,188**	903,451
(Decrease) / increase in profit for the year*	**(308,804)**	61,737
Increase in unappropriated profit at the end of the year	**656,384**	965,188

* Sales to K-Electric have been recognised in the consolidated financial statements on the basis of the signed PPA and tariff approved by NEPRA vide its letter dated February 09, 2022.

3.7 Intangibles

Intangibles are stated at the cash price equivalent of the consideration given, i.e., cash and cash equivalent paid less accumulated amortization and impairment loss, if any. Intangibles with finite useful lives are amortized over the period of their useful lives. Amortization is charged on a straight line basis over the estimated useful life and is included in the statement of profit or loss.

3.8 Borrowing costs

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

3.9 Impairment of non - financial assets

The carrying amounts of non-financial assets other than stock in trade, stores and spares and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit or loss.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3.10 Stores and spares

These are valued at lower of weighted average cost and net realizable value less impairment. For items which are slow moving and / or identified as surplus to the Group's requirement, an adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores spares on regular basis and provision is made for obsolescence.

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

3.11 Stock in trade

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

Cost is determined as follows:

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

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

3.12 Contract balances

Contract assets and Contract liabilities

A contract asset is the right to consideration in exchange for goods transferred to the customer, when the right is conditioned on something other than the passage of time. Contract asset are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in note 3.13.

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related good. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer). The Group's contract liabilities consist of advances from customers.

Trade debt

A trade debt is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 3.13.

3.13 Financial instruments

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 3.20 "Revenue recognition".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade debts, deposits, interest accrued, loan and advances to employees, short term investments and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not carry debt instruments at fair value through OCI. In respect of securities held by AKBL refer to note 3.1.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any investment in equity instrument carried at fair value at OCI. In respect of securities held by AKBL refer to note 3.1.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Group's financial asset at fair value through profit or loss consists of its investment in mutual funds.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established provision matrixes that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Group's policy to measure ECLs on investment at fair value through OCI on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit agencies, both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in note 39.2.

- Trade debts (note 20)
- Other receivables (note 23)

Financial liability

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, long-term financing, accrued mark-up, lease liability (refer note 3.6 for related accounting policy), unpaid and unclaimed dividend payable and short-term borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any, entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Trade and other payables

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

3.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances, short term highly liquid investments and short-term running finance.

3.16 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.4.

3.17 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.18 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.19 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes off only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.20 Revenue recognition

Fertilizer segment

The Holding Company is in the business of manufacturing of fertilizer products. Revenue from contract with customer is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled for those goods. The Holding Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of fertilizer is recognised at a point in time, when the control of the asset is transferred to the customer through FFC, a related party, generally on the dispatch of the goods to the customer except for direct sales, wherein the control is transferred upon delivery to customer. The Holding Company's credit sales normally carry credit term of 30 days to 180 days and is secured against bank guarantee. The Holding Company's remaining sales are against advance payment by its customers.

In determining the transaction price for the sale of fertilizer, the Company considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer, if any.

(i) Post-sales incentives

These post-sales incentives are based on monthly volume of purchases made by individual customers and is settled in cash, within 30 days of the month to which it relates to. Accordingly, no estimation uncertainty arises and the amount of payable is set off against the related trade debts.

(ii) Financing component

The Company allows credit period of 30 days to 180 days to its certain customers, for the sale of fertilizer, against a credit charge determined based upon volume of sales and period of credit. There is a financing component for these contracts considering the prevailing interest rate in the market.

Power segment

FPCL signed its PPA with K Electric on July 04, 2018. Under the PPA, FPCL is obligated to sell and deliver all output of the Complex in accordance with provisions of PPA.

Revenue from sale of electricity is recognized when or as FPCL satisfies performance obligation by transferring a promised good to a customer. A good is transferred when the customer obtains control of that good. FPCL principally satisfies its performance obligation in respect of supply of electricity upon transmission of electricity to K - electric . All sales have been made within Pakistan.

The Company applies the right to invoice practical expedient under IFRS 15. However, there is no significant financing component. The individual components of considerations is billed on monthly basis in accordance with the terms of PPA. The payment is due in 30 days after the acknowledgement of the output delivered invoice and capacity available invoice, respectively. Late payment surcharge, as per the PPA, on over-due receivables is recorded on accrual basis at 3-month KIBOR plus 2%. During the year trade debtors have increased significantly due increase in revenue and delayed payments from the customers (refer to note 39.2).

Revenue from generation of electricity is recorded based upon the output delivered whereas on account of capacity is recognized when due, on the basis of rates determined in accordance with the mechanism laid down in PPA and notifications from National Electric and Power Regulatory Authority (NEPRA).

PPA also contains other performance obligations i.e. insurance and operation & maintenance.

Revenue associated with the operating phase of the PPA i.e. insurance and operations & maintenance of the plant is measured based on the consideration specified in contract with customer. Revenue from contract with customer is recognized when or as the FPCL satisfies a performance obligation by transferring a promised good to the customer. The good is transferred when the customer obtains control of that good. The FPCL principally satisfies its performance obligations of insurance, operations and maintenance over time and the amount of revenue is recognized based on the consideration specified in the PPA. Consideration for operating phase of the PPA i.e. insurance and fixed O&M component of tariff is billed to customers as part of capacity purchase price whereas variable O&M component is billed to customers as part of energy purchase price. The amount of revenue recognized in respect of operating phase excludes the estimates of variable consideration as it is not highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur in future when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from sale of coal is recognised upon satisfaction of Company's performance obligation, i.e. dispatch of coal to customers, to the extent where significant reversal is not expected.

Meat segment

FML is in the business of sale of meat. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which FML expects to be entitled in exchange for those goods. FML has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts, if any. Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. FML also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates).

The nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies are as follows:

(i) Ex-Site - The FML's performance obligation is to deliver the goods to the customers' premises i.e., FML bears the related freight and insurance expense for transportation and the control of the goods is transferred to the customer at the point in time where goods are delivered to customers, which is the point in time where performance obligation of the contract is met.

The normal credit term is generally 30 days under both of the above selling terms of the contract.

The income from commercial slaughtering has been presented on net basis.

Food segment

Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts and commissions. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

Scrap sales and miscellaneous receipts

Scrap sales and miscellaneous receipts are recognized when they are earned.

3.21 Basis of allocation of common expenses

Fauji Fertilizer Company Limited proportionately allocates common selling and distribution expenses, being the costs incurred and for services rendered on behalf of the Holding Company, under an inter-company services agreement.

3.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segments' operating results are reviewed regularly by the Chief Executive and Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief executive and managing director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group has the following four (4) business segments, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable Segment	Operations
Fertilizer	Production and sale of UREA and DAP.
Power	Generation and supply of electricity.
Meat	Meat abattoir unit for halal slaughtering of animals to obtain meat for local and export sale.
Food	Processing and sale of tea creamer, toned milk, milk powder, fruit juices, allied dairy and food products.

3.23 AMMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Group:

Standard and IFRIC		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. 'In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. • Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments must be applied retrospectively and are not expected to have a material impact on the Company's financial statements.	January 01, 2024
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by: - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. Earlier application of the amendments is permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	January 01, 2023

Standard and IFRIC		Effective date (annual periods beginning on or after)
	Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.	
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Company's financial statements.	January 01, 2023
IFRS 16	Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.	January 01, 2024
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.	Not yet finalized

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Group expects that the adoption of the above standards will have no material effect on the Group's consolidated financial statements, in the period of initial application.

3.24 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IFRS 3 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the separate financial statements of the Company.

IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Company, as prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Group as there were no modifications of the Group's financial instruments during the year.

IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Group.

IAS 41 Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Group expects that the adoption of the above improvements to the standards will have no material effect on the Group's financial statements, in the period of initial application.

		2022	2021
		(Rupees '000)	
4	**SHARE CAPITAL**		
4.1	**AUTHORIZED SHARE CAPITAL**		
	1,500,000,000 (2021: 1,500,000,000) Ordinary shares of Rs. 10 each	**15,000,000**	15,000,000
4.2	**ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**		
	1,291,252,857 (2021: 1,291,252,857) Ordinary shares of Rs. 10 each issued for cash	**12,912,529**	12,912,529

4.3 Fauji Fertilizer Company Limited (FFCL) and Fauji Foundation (FF) held 465,891,896 and 170,842,386 (2021: 465,891,896 and 170,842,386) ordinary shares respectively of the Holding Company at the year end.

Pursuant to an agreement dated October 16, 2016, FFCL has agreed to issue to FF, irrevocable proxies to allow FF to vote on behalf of FFCL in all general meetings. Further, FFCL has also given an undertaking that the representative of FF to be elected or co-opted or appointed on the Board of the Holding Company, shall be nominated by FF.

		Note	2022	2021
			(Rupees '000)	
5	**CAPITAL RESERVE**			
	Share premium against issuance of shares in 1996	**5.1**	**228,350**	228,350
	Share premium against issuance of shares in 2021			
	Gross premium	**5.2**	**1,428,571**	1,428,571
	Utilization against transaction cost of issuance	**5.3**	**(24,192)**	(24,192)
			1,404,379	1,404,379
			1,632,729	1,632,729

5.1 This represents share premium of Rs. 5 per share received on the public issue of 45.67 million ordinary shares in 1996. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017.

5.2 During the previous year, upon allotment of 357.1 million right shares an amount of Rs. 1,428.6 million has been transferred to capital reserve at a premium of Rs. 4 per share. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017.

5.3 During the previous year, the Holding Company has utilized reserve of Rs. 24.2 million against transaction cost of shares issued during the year (refer note 4.3), in accordance with section 81 of the Companies Act, 2017.

6 NON-CONTROLLING INTEREST (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that have NCI, before any intra-group eliminations.

	2022			
	FFBL Power Company Limited	**Fauji Meat Limited***	**Fauji Foods Limited**	**Total**
NCI percentage	**25%**	**4.93%**	**28.37%**	
	(Rupees '000)			
Non-current assets	24,685,407	5,204,462	6,800,598	36,690,467
Current assets	17,153,833	1,210,606	6,062,113	24,426,552
Non-current liabilities	(9,676,408)	(2,789)	(5,664,333)	(15,343,530)
Current liabilities	(12,566,751)	(184,900)	(4,625,775)	(17,377,426)
Net assets / (liabilities)	19,596,081	6,227,379	2,572,603	28,396,063
Net assets attributable to NCI	4,899,020	306,948	729,847	5,935,815
Advance against equity - the Holding Company	-	-	(201,072)	(201,072)
Advance against equity - NCI	-	-	1,432,600	1,432,600
Total net assets attributable to NCI	4,899,020	306,948	1,961,375	7,167,343
Revenue	30,650,817	57,610	12,350,701	43,059,128
Profit / (loss) for the year	4,058,301	(803,871)	(2,055,110)	1,199,320
Other comprehensive (loss) / income	(3,081)	-	1,134	(1,947)
Total comprehensive income / (loss)	4,055,220	(803,871)	(2,053,976)	1,197,373
Profit / (loss) allocated to NCI	1,014,575	(53,333)	(583,035)	378,207
Other comprehensive income allocated to NCI	(770)	-	322	(448)
	1,013,805	(53,333)	(582,713)	377,759
Cash flows from operating activities	(1,602,835)	(342,140)	(2,386,546)	(4,331,521)
Cash flows from investing activities	(673,069)	45,975	20,163	(606,931)
Cash flows from financing activities	(2,286,077)	801,450	1,637,242	152,615
Net (decrease) / increase in cash and cash equivalents	(4,561,981)	505,285	(729,141)	(4,785,837)

*4.93% represents the effective interest of NCI in FML, as at reporting date.

	2021			
	FFBL Power Company Limited	Fauji Meat Limited*	Fauji Foods Limited	Total
NCI percentage	25%	9.82%	28.37%	
	(Rupees '000)			
Non-current assets	25,291,087	5,529,566	7,046,395	37,867,048
Current assets	12,700,962	866,022	5,652,216	19,219,200
Non-current liabilities	(11,796,677)	(529,383)	(6,289,058)	(18,615,118)
Current liabilities	(10,654,511)	(6,416,050)	(4,472,359)	(21,542,920)
Net assets / (liabilities)	15,540,861	(549,845)	1,937,194	16,928,210
Net assets attributable to NCI	3,885,215	(54,012)	549,582	4,380,785
Revenue	20,722,080	99,445	8,586,396	29,407,921
Profit / (loss) for the year	3,636,379	(1,110,711)	(1,637,349)	888,319
Other comprehensive income	(2,659)	-	9,331	6,672
Total comprehensive income	3,633,720	(1,110,711)	(1,628,018)	894,991
Profit / (loss) allocated to NCI	909,095	(109,107)	(531,851)	268,137
Other comprehensive income allocated to NCI	(665)	-	2,647	1,982
	908,430	(109,107)	(529,204)	270,119
Cash flows from operating activities	1,425,295	(595,643)	(381,083)	448,569
Cash flows from investing activities	(213,445)	1,409	105,945	(106,091)
Cash flows from financing activities	(4,867,373)	4,161,641	1,201,499	495,767
Net increase / (decrease) in cash and cash equivalents	(3,655,523)	3,567,407	926,361	838,245

*9.82% represents the effective interest of NCI in FML, as at reporting date.

6.1 During the year, FPCL declared an interim dividend at the rate of Rs. Nil (2021: 3.2 per share). Accordingly, an amount of Rs. Nil (2021: Rs. 686.2 million) has been disbursed to Fauji Foundation, a related party.

		Note	2022	2021
			(Rupees '000)	
7	**LONG TERM LOANS**			
	Fauji Fertilizer Bin Qasim Limited	7.1	**23,733,334**	20,925,006
	FFBL Power Company Limited	7.2	**11,393,379**	13,679,456
	Fauji Foods Limited	7.3	**5,988,149**	6,038,607
			41,114,862	40,643,069
	Less: Unamortized transaction cost			
	Opening balance		**98,676**	136,278
	Transaction cost incurred		**-**	-
	Less: Amortization during the year	31	**(32,233)**	(37,602)
	Closing balance		**66,443**	98,676
			41,048,419	40,544,393
	Less: Current portion shown under current liabilities			
	Fauji Fertilizer Bin Qasim Limited		**(5,275,000)**	(4,691,661)
	FFBL Power Company Limited		**(2,350,903)**	(2,286,186)
	Fauji Foods Limited		**(505,556)**	(50,458)
			(8,131,459)	(7,028,305)
			32,916,960	33,516,088
	Movement in balances is as follows:			
	Opening balance		**40,544,393**	45,034,619
	Additions during the year		**7,500,000**	5,500,000
	Repayments during the year		**(7,028,207)**	(10,027,828)
	Transaction cost for the year		**32,233**	37,602
	Closing balance		**41,048,419**	40,544,393
7.1	**Loans from banking companies - secured (FFBL)**			
	Related party			
	Askari Bank Limited	7.1.1	**83,333**	250,000
	Others			
	Habib Bank Limited		**3,000,000**	3,225,006
	United Bank Limited		**1,500,000**	1,500,000
	Bank of Punjab		**2,000,000**	-
	Bank Islami Pakistan Limited		**1,500,000**	-
	National Bank of Pakistan		**-**	666,667
	MCB Bank Limited		**7,166,667**	7,500,000
	Allied Bank Limited		**8,483,334**	7,783,333
			23,650,001	20,675,006
			23,733,334	20,925,006
	Accrued interest on long term loans		**387,366**	185,080
			24,120,700	21,110,086
	Less: Current portion shown under current liabilities		**(5,275,000)**	(4,691,661)
	Less: Accrued interest on long term loans		**(387,366)**	(185,080)
			18,458,334	16,233,345

7.1.1 The Holding Company has obtained a secured long term facility from Askari Bank Limited, a related party, for the purpose of Balance Sheet re-profiling.

7.1.2 Terms and conditions of these loans are as follows:

Lenders	Markup Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
Askari Bank Limited	6 Month KIBOR + 0.50	6 Half Yearly	September, 2020	March, 2023
Habib Bank Limited	3 Month KIBOR + .60	12 Quarterly	January, 2023*	October, 2025
United Bank Limited	3 Month KIBOR + 0.50	16 Quarterly	January 2023*	December 2026
Bank Islami Pakistan Limited (Musharaka)	3 Month KIBOR + 0.50	16 Quarterly	January 2024	December, 2027
Bank of Punjab (Conventional)	3 Month KIBOR + 0.45	12 Quarterly	December, 2024	September 2027
Bank of Punjab (Musharaka)	3 Month KIBOR + 0.45	12 Quarterly	December, 2024	September 2027
MCB Bank Limited	3 Month KIBOR + 0.50	12 Quarterly	July, 2020*	April, 2023
	3 Month KIBOR + 0.50	12 Quarterly	June, 2021*	March, 2024
	3 Month KIBOR + 0.50	16 Quarterly	January, 2024*	December 2027
	3 Month KIBOR + 0.50	12 Quarterly	January, 2025	December, 2027
Allied Bank Limited	6 Month KIBOR + 0.50	6 Half Yearly	June, 2021*	December, 2023
	3 Month KIBOR + 0.50	12 Quarterly	September 2020	June, 2023
	6 Month KIBOR + 0.50	6 Half Yearly	December 2022*	June, 2025
	3 Month KIBOR + 0.50	12 Quarterly	April 2023*	April 2026
	3 Month KIBOR + 0.50	12 Quarterly	September 2023*	September 2026
	3 Month KIBOR + 0.50	12 Quarterly	December, 2022	March, 2025

These are secured against ranking charges over fixed and current assets of the Company and carry mark-up at rates ranging from 16.19% to 17.56% per annum (2021: 8.21% to 8.62% per annum).

* During the current and previous year, the Holding Company negotiated better markup rates on these long-term loans. The related impact of changes in applicable spreads is not significant to the consolidated financial statements and accordingly has not been accounted in these consolidated financial statements.

		Note	2022	2021
			(Rupees '000)	
7.2	**Loans from banking companies - secured (FPCL)**			
	Commercial facilities			
	National Bank of Pakistan		**2,064,981**	2,459,049
	United Bank Limited		**573,244**	682,638
	Bank Alfalah Limited		**1,302,827**	1,551,451
	Soneri Bank Limited		**521,131**	620,580
	Bank of Punjab		**521,131**	620,580
	MCB Bank Limited		**781,852**	930,921
			5,765,166	6,865,219
	Islamic facilities			
	National Bank of Pakistan		**521,131**	620,580
	Habib Bank Limited		**1,823,958**	2,172,031
	United Bank Limited		**573,244**	682,638
	Dubai Islamic Bank (Pakistan) Limited		**781,696**	930,870
	Meezan Bank Limited		**781,696**	930,870
	Faysal Bank Limited		**625,357**	744,696
	Sindh Bank Limited		**521,131**	620,580
			5,628,213	6,702,265
	Total syndicate facility	7.2.1	**11,393,379**	13,567,484
	Allied Bank Limited	7.2.4	**-**	111,972
	Total outstanding		**11,393,379**	13,679,456
	Accrued markup		**-**	595
			11,393,379	13,680,051
	Less:			
	Current portion of long-term finance facilities		**(2,350,903)**	(2,286,186)
	Unamortised transaction cost of long-term finance facilities		**(66,443)**	(98,676)
	Accrued markup		**-**	(595)
			8,976,033	11,294,594

7.2.1 FPCL has entered into long term finance facilities under commercial facility of Rs 11,062.5 million and musharaka facility of Rs 10,800 million with various banks, at a mark-up rate of 3 months KIBOR plus 1.75% per annum. The mark-up is payable on quarterly basis. Any delay in payments to banks by FPCL is subject to liquidated damages at the rate of applicable mark-up rate plus 2% per annum. The loan is repayable in 40 quarterly installments, commenced from 30 June 2017.

7.2.2 Facilities mentioned above are secured by way of, inter alia:

(a) First ranking pari passu charge up to Rs. 29,150 million by way of hypothecation on all present and future moveable and immoveable fixed assets (other than land and building) of FPCL;

(b) Mortgage over land in favor of lenders;

(c) First pari passu hypothecation charge on all present and future current assets of FPCL (excluding all present and future fuel stock and inventories and any charge over any accounts of FPCL opened in relation to working capital or any accounts currently opened by FPCL with other banks for the purposes of the letter of credit issuance);

(d) Assignment of FPCL's receivables from its off-takers in favor of financiers;

(e) Lien on all project accounts opened with various banks;

(f) An assignment of all insurances as co-loss payee or assignee;

(g) Share representing 100% of the paid up share capital of the FPCL have been pledged till achievement of commercial operation date and thereafter shares not exceeding 51% of the paid up capital;

(h) Undertaking by the Holding Company for uncapped support to fund any payment shortfall i.e. amount less than the required finance payment balance up to technical completion date and thereafter up to financing service cap i.e. up to Rs 8,000 million till project completion date;

7.2.3 Significant covenants of above facility are as follows:

- Maintenance of financing service coverage ratio (FSCR), current ratio, financing to equity ratio, financing life coverage ratio and forecast FSCR;
- Restriction on disposal of assets;
- Restriction on modification or amendment in any key project contract;
- Restriction on transfer or allotment of new shares;
- Restriction on incurring any new financial indebtedness;
- Restriction on declaration of dividend; and
- Restriction on creation of further charge on FPCL's assets.

Further covenants under this loan relate to the operations of FPCL.

7.2.4 FPCL has also entered into an agreement for Long Term Finance Facilities (LTFF) under SBP's Refinance Scheme for payment of wages and salaries of Rs. 262 million with Allied Bank Limited. The loan carried interest at a rate of 0.35% to 0.5% per annum. The loan and its mark-up were payable in 8 quarterly instalments, with first installment paid on January 31, 2021.

The facility mentioned above was secured against energy price receivables, lien on running finance account, pari passu charge on stock and inventories and ranking hypothecation charge on all present and future plant & machinery of the FPCL.

The facility was completely repaid during the year.

7.2.5 FPCL has obtained unutilized facility of Rs. 4,000 million for transfer to FFL through equity injection.

		Note	2022	2021
			(Rupees '000)	
7.3	**Loans from banking companies - secured (FFL)**			
	Syndicate Finance Facility	**7.3.1**	**5,988,149**	5,988,149
	Salary Refinance Facility		**-**	50,458
			5,988,149	6,038,607
	Less: Current portion shown under current liabilities		**(505,556)**	(50,458)
			5,482,593	5,988,149

7.3.1 A syndicate finance facility is jointly led by Faysal Bank Limited, National Bank of Pakistan, MCB bank limited and Allied Bank limited and participated by Askari Bank limited, Alfalah Bank limited, Soneri Bank limited, Dubai Islamic Bank limited whereby the outstanding exposure of all the banks was restructured into long term and short term exposure on prorate basis. The restructuring was done under the State Bank of Pakistan's circular No. BPRD Circular Letter No. 13 of 2020 dated March 26, 2020.

The bank wise exposure of participant and lead banks after restructuring and clubbed as on is as follows:

Bank Name	Facility	2022	2021
		(Rupees '000)	
Allied Bank Limited	Term Finance	**568,027**	568,027
National Bank of Pakistan	Term Finance	**941,977**	941,977
MCB Bank Limited	Demand Finance	**1,084,158**	1,084,158
Faysal Bank Limited	Term Finance	**1,733,459**	1,733,459
Askari Bank Limited*	Term Finance	**396,544**	396,544
Alfalah Bank Limited	Term Finance	**247,840**	247,840
Soneri Bank Limited	Demand Finance	**495,680**	495,680
JS Bank limited	Term Finance	**247,840**	247,840
Dubai Islamic Bank Limited	Term Finance	**272,624**	272,624
		5,988,149	5,988,149

The syndicate finance facility is secured by way of pari passu charge amounting to PKR 8,089 Million inclusive of 25% margin on fixed assets along with mortgage by constructive deposit of title deeds of property / land measuring 120 kanals and building thereon situated in Mauza Purana Bhalwal, Tehsil Bhalwal, District Sargodha in favour of security agent (i.e. Faysal bank limited). The syndicate finance facility is additionally secured through sponsor support in the form of Stand by letter of credit amounting to PKR 1,000 Million from Askari Bank Limited and a revolving corporate guarantee.

All these facilities have been clubbed under Master Finance Agreement executed on 21 December 2020 which became effective from 01 August 2020.

Markup on these loans as per the agreement is 3 Months KIBOR plus 1.5% per annum, payable quarterly. The loans are repayable in 7 years with a grace period of 2.5 years. Repayment will be in form of stepped up quarterly installment starting from year 2023 and ending in year 2027.

FFL had availed a salary refinance facility under SBP circular number IH&SMEFD Circular No. 06 and 07 of 2020 dated 10 April 2020 from JS Bank Limited. As per the SBP circular and terms of the facility, the facility is repaid in 8 equal quarterly installments starting from January 2021. The facility was priced at 3% and secured against a charge on current and fixed assets at a margin of 25%. During the year all instalments under facility had been paid.

		Note	2022	2021
			(Rupees '000)	
8	**LEASE LIABILITIES**			
	Fauji Foods Limited	**8.2**		
	Leased vehicles - secured		**-**	1,011
	Leased machinery - unsecured		**71,998**	104,013
	Leased building - unsecured		**55,018**	85,967
		8.3	**127,016**	190,991
	Fauji Meat Limited			
	Leased retail outlets - unsecured	**8.4**	**-**	32,574
			127,016	223,565
	Current maturity presented under current liabilities		**(73,446)**	(67,162)
			53,570	156,403

		2022	2021
		(Rupees '000)	
8.1	**Movement in balances is as follows:**		
	Opening balance	**223,565**	455,778
	Finance cost for the year	**26,565**	43,314
	Repayments during the year	**(90,092)**	(106,994)
	Termination of lease liabilities	**(33,022)**	(168,533)
	Closing balance	**127,016**	223,565

8.2 FFL has entered into lease agreements with different commercial banks for vehicles, with a supplier for filling machines in prior years and with a landlord for building during the year. The rentals under these agreements are repayable in 24 to 60 monthly and quarterly instalments. The minimum lease payments have been discounted at an implicit interest rate of 8.2% to 13.59% (2021: 8.2% to 13.59%) per annum to arrive at their present value. At the end of the respective lease term, the assets, other than building, shall be transferred in the name of FFL. Taxes, repairs and insurance costs are to be borne by the FFL. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future payments and the period in which they will become due are:

			2022		
		Note	Upto one year	From one to five year	Total
				(Rupees '000)	
8.2.1	**Leased Vehicles - secured**				
	Minimum lease payments		-	-	-
	Less: finance costs allocated to future periods		-	-	-
			-	-	-
	Less: security deposits adjustable on expiry of lease terms		-	-	-
		8.3	-	-	-

		2022		
8.2.2	**Leased machinery - unsecured**	Upto one year	From one to five year	Total
			(Rupees '000)	
	Minimum lease payments	**44,032**	**36,693**	**80,725**
	Less: finance costs allocated to future periods	**(6,952)**	**(1,775)**	**(8,727)**
		37,080	**34,918**	**71,998**
8.2.3	**Leased building - unsecured**			
	Minimum lease payments	**41,921**	**19,479**	**61,400**
	Less: finance costs allocated to future periods	**(5,555)**	**(827)**	**(6,382)**
		36,366	**18,652**	**55,018**
	Present value of minimum lease payments	**73,446**	**53,570**	**127,016**

8.3 This includes amount of Rs. Nil (2021: Rs. 1.01 million) payable to AKBL, a related party.

		2021		
		Upto one year	From one to five years	Total
			(Rupees '000)	
a)	**Leased Vehicles - secured**			
	Minimum lease payments	1,979	-	1,979
	Less: finance costs allocated to future periods	(153)	-	(153)
		1,826	-	1,826
	Less: security deposits adjustable on expiry of lease terms	(815)	-	(815)
		1,011	-	1,011
b)	**Leased Machinery - unsecured**			
	Minimum lease payments	44,032	80,857	124,889
	Less: finance costs allocated to future periods	(11,628)	(9,248)	(20,876)
		32,404	71,609	104,013
c)	**Leased building - unsecured**			
	Minimum lease payments	38,710	64,730	103,440
	Less: finance costs allocated to future periods	(10,322)	(7,151)	(17,473)
		28,388	57,579	85,967
	Present value of minimum lease payments	61,803	129,188	190,991

8.4 FML had entered into lease agreements with different landlords for Zabeeha retail outlets, in different cities of Pakistan. The minimum lease payments have been discounted at an implicit interest rate of Nil (2021: 14.88%) per annum to arrive at their present value.

The amount of future payments and the period in which they will become due are:

	2022	Upto one year	Above 1 year	Total
			(Rupees '000)	
8.4.1	**Leased retail outlets - unsecured**			
	Minimum lease payments	-	-	-
	Less: finance costs allocated to future periods	-	-	-
	Present value of minimum lease payments	-	-	-

	2021	Upto one year	Above 1 year	Total
			(Rupees '000)	
	Leased retail outlets - unsecured			
	Minimum lease payments	5,359	54,038	59,397
	Less: finance costs allocated to future periods	(4,817)	(22,006)	(26,823)
	Present value of minimum lease payments	542	32,032	32,574

8.4.1.1 During the year, the agreement of FML with the Holding Company expired in November 30, 2022. FML does not intend to renew the lease agreement on similar terms.

		Note	2022	2021
			(Rupees '000)	
8.5	**Amounts recognized in the profit or loss**			
	Interest on lease liabilities	31	**26,565**	43,314
	Depreciation	14	**30,501**	45,253
			57,066	88,567

8.6 During the year, FFL has disposed off its leased vehicles having book value of Rs. 2.3 million (2021: Rs. 14.1 million) and FML has terminated its lease agreement having book value of Rs. 32.5 million (2021: Rs. 136.9 million). (Refer note 14 for relevant adjustments to right of use assets). For information regarding cash flows refer to Statement of Cash Flows.

		Note	2022	2021
			(Rupees '000)	
9	**DEFERRED LIABILITIES**			
	Compensated leave absences	9.1	**681,512**	685,082
	Deferred tax	9.2	**5,231,463**	4,165,185
	Payable against GIDC	9.3	**3,126,489**	7,818,752
			9,039,464	12,669,019
9.1	**Compensated leave absences**			
	The movement in the present value of compensated leave absences is as follows:			
	Opening balance		**685,082**	642,377
	Expense for the year (including past service cost)		**59,784**	196,471
	Benefits paid during the year		**(63,354)**	(153,766)
			681,512	685,082

	2022	2021
The main assumptions used for actuarial valuation for FFBL are as follows:		
Discount rate - per annum	**12.25%**	10.25%
Expected rate of increase in salaries - per annum	**12.00%**	12.25%
Mortality table	**SLIC (2001 -2005)**	SLIC (2001 -2005)
Withdrawal factor	**Low**	Low
The main assumptions used for actuarial valuation for FFL are as follows:		
Discount Rate	**13.25%**	10.50%
Expected rate of salary growth	**12.25%**	9.50%
Mortality rate	**SLIC (2001 -2005)**	SLIC (2001 -2005)
Leave accumulation factor (average) - days	**8**	9

		Note	2022	2021
			(Rupees '000)	
9.2	**The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:**			
	Accelerated depreciation		**3,302,688**	3,015,798
	Share of profit of associate and joint venture		**2,291,998**	1,621,591
	Share of profit of subsidiary		**1,651,287**	1,043,004
	Remeasurement gain on GIDC		**196,620**	431,236
	Provision for inventory obsolescence		**(95,491)**	(116,245)
	Provision for doubtful other receivables		**(445,814)**	(351,176)
	Deferred tax on revaluation of available-for-sale investments		**(219,160)**	(102,277)
	Provision against allowance		**(365,401)**	(321,110)
	Minimum Tax	**9.2.2**	**-**	(136,358)
	Unabsorbed losses, tax credits and others	**9.2.3**	**(1,085,264)**	(919,278)
			5,231,463	4,165,185

9.2.1 Upon promulgation of Finance Act, 2022, the applicable rate has increased from 29% to 33%.

9.2.2 As a matter of prudence, the Holding Company has not recognised deferred tax asset against impairment of Rs. 8,884 million (2021: Rs. 7,705 million). The impairment charge is adjustable against available capital gain upon disposal of similar equity investments and such losses can be carried forward for further six years.

The aggregate unused tax losses and tax credits available to FFL for set off against future taxable profit as at December 31, 2022 amount to Rs. 18,948.90 million (2021: Rs. 20,179.41 million) and Rs. 159.05 (2021: Rs. 136.36 million) respectively. Of these, deferred tax assets on unused tax losses and minimum tax credits amounting to Rs. Nil (2021: Rs. 3,983.32 million) and Rs. Nil (2021: Rs. 136.36 million) respectively have been recognized.

The expiry of tax losses for which no deferred tax asset has been recognized is as follows:

Expiry tax year	Nature	2022	2021
		(Rupees '000)	
2024	Business loss - TY 2018	**2,492,626**	141,711
2025	Business loss - TY 2019	**2,671,291**	2,671,291
2026	Business loss - TY 2020	**3,487,579**	3,487,579
2027	Business loss - TY 2021	**2,353,326**	3,408,831
2028	Business loss - TY 2022	**1,133,727**	1,708,512
2029	Business loss - TY 2023	**1,681,968**	-
2026	Minimum tax - TY 2023	**159,080**	-
No expiry	Unused depreciation loss	**674,808**	4,778,300

The aggregate unabsorbed tax depreciation and business losses available to FML for set off against future taxable profit as at December 31, 2022 amount to Rs. 4,678.4 million (2021: Rs. 3,820.4 million) and Rs. 4,227.6 million (2021: Rs. 4,690.3 million), respectively. Due to uncertainty of availability of future profits, deferred tax assets on unabsorbed tax depreciation and business losses amounting to Rs. 1,356.7 million (2021: Rs. 987.9 million) and Rs. 1,484.5 million (2021: Rs. 1,290.7 million), respectively, have not been recognized.

Expiry tax year	Nature	2022	2021
		(Rupees '000)	
2023	Business loss - TY 2017	**-**	(891)
2024	Business loss - TY 2018	**(791)**	(791)
2025	Business loss - TY 2019	**(1,252)**	(1,252)
2026	Business loss - TY 2020	**(894)**	(1,037)
2027	Business loss - TY 2021	**(857)**	(720)
2028	Business loss - TY 2022	**(434)**	-
No expiry (depreciation loss)		**4,678**	3,820

		Note	2022	2021
			(Rupees '000)	
9.2.3	**The movement of deferred tax during the current year is as follows:**			
	Balance at beginning of the year		**4,165,185**	4,604,618
	Deferred tax on revaluation of available-for-sale investments - Other Comprehensive Income		**(116,884)**	(85,500)
	Charge / (Income) for the year	35	**1,183,162**	(353,933)
			5,231,463	4,165,185
9.3	**Payable against GIDC**			
	Opening balance	9.3.1	**20,846,828**	19,592,989
	Unwinding of GIDC		**891,198**	1,253,839
			21,738,026	20,846,828
	Current portion of GIDC	10	**(18,611,537)**	(13,028,076)
			3,126,489	7,818,752

9.3.1 This represents amount payable on account of Gas Infrastructure Development Cess (GIDC) under Gas Infrastructure Development Cess Act, 2015 (GIDC Act) up to July 31, 2020. The Company along with other industrial gas consumers had previously challenged the GIDC Act on constitutional grounds. Previously, the Honorable Supreme Court of Pakistan (SCP) in its judgement dated August 13, 2020 declared GIDC Act as valid legislation. A review petition for factual determination had been filed before the SCP, which upheld the original judgement. During the proceedings, the Additional Attorney General of Pakistan has stated that the Government is "agreeable" to recover the obligation in 48 equal monthly installments instead of 24 installments, but the government may also be granted one years-time instead of 6 month in meeting its obligations to commence work on the laying of the North-South pipeline project. Accordingly, the Company recognized this liability at its level 3 fair value of Rs. 19,593 million, in accordance with accounting policy disclosed in note 3.13 applied by analogy; resulting in a remeasurement gain of Rs. 3,300.5 million, being the difference between previously recognized provision and fair value of restructured liability calculated by applying discount rate ranging between 7.19% to 8.93%, recognized in statement of profit or loss. The fair value of liability approximates to Rs. 21,241 million (2021: 20,327.4 million) as of reporting date.

The Holding Company had previously obtained stay from the Honorable Sindh High Court (SHC) against payment of GIDC, on September 22, 2020. Management has determined, based on advice of the legal advisor, that this stay remains valid till its disposal by Sindh High Court; which is pending adjudication. Accordingly, the Company has not recognized any late payment surcharge in respect of non-payment of GIDC.

		Note	2022	2021
			(Rupees '000)	
10	**TRADE AND OTHER PAYABLES**			
	Creditors	10.1	**34,709,136**	27,194,489
	Payable against GIDC	9.3	**18,611,537**	13,028,076
	Accrued liabilities	10.2	**9,651,167**	6,121,059
	Workers' (Profit) Participation Fund	10.3	**381,095**	137,980
	Payable to Gratuity Fund	10.4	**334,858**	271,085
	Workers' Welfare Fund		**1,116,240**	1,051,034
	Security deposits	10.5	**98,136**	51,329
	Provident Fund		**21,021**	14,366
	Withholding tax payable		**220,058**	99,679
	Sales tax payable		**12,067**	9,928
	Other payables		**99,151**	564,177
			65,254,466	48,543,202

10.1 Creditors include payables to related party amounting to Rs. 29,293 million (2021: Rs. 24,005 million) against purchase of raw material. The Holding Company purchases raw material for use in production of fertilizer from Pakistan Maroc Phosphore S.A. (PMP) at discounted price, with a credit limit of 75 days.

10.2 This includes a provision against constructive obligation amounting to Rs. 288 million (2021: Rs. 288 million).

		Note	2022	2021
			(Rupees '000)	
10.3	**Workers' (Profit) Participation Fund**			
	Balance at beginning of the year		**137,980**	280,830
	Interest on WPPF		**1,251**	-
	Provision for the year	32	**680,665**	822,550
			819,896	1,103,380
	Payment made during the year		**(438,801)**	(965,400)
			381,095	137,980
10.4	**Payable to Gratuity Fund**			
	The amount recognised in the statement of financial position is as follows:			
	Present value of defined benefit obligation		**980,223**	876,283
	Fair value of plan assets		**(645,365)**	(605,198)
	Deficit		**334,858**	271,085
	The movement in the present value of defined benefit obligation is as follows:			
	Defined benefit obligation at beginning of the year		**876,283**	982,692
	Current service cost		**81,848**	74,850
	Past service cost		**-**	545
	Interest cost		**98,270**	82,574
	Payment made directly to employees		**(1,481)**	(13,506)
	Benefits paid through fund during the year		**(65,314)**	(210,454)
	Actuarial gain on obligation		**(9,383)**	(40,418)
	Present value of defined benefit obligation at end of the year		**980,223**	876,283

	2022	2021
	(Rupees '000)	
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	**605,198**	719,332
Interest income	**70,410**	66,688
Contributions	**82,716**	73,019
Benefits paid during the year	**(65,314)**	(210,454)
Return on plan assets excluding those included in interest income	**(47,645)**	(43,387)
Fair value of plan assets at end of the year	**645,365**	605,198
Plan assets comprise of:		
Investment in listed securities	**106,562**	108,090
Investment in mutual funds	**113,967**	25,740
Investment in Treasury Bills	**33,127**	4,952
Investment in Pakistan investment bonds	**325,238**	308,431
Investment in term deposit receipts	**50,000**	64,190
Cash and bank balances	**16,471**	93,795
	645,365	605,198
Actual return on plan assets	**22,765**	23,301
Contributions expected to be paid to the plan during the next financial year	**64,321**	60,599

The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Group, at the beginning of the year, for returns over the entire life of the related obligations.

	2022	2021
	(Rupees '000)	
Movement in liability recognised in the statement of financial position:		
Opening liability	**271,085**	263,360
Expense for the year	**109,708**	91,281
Other comprehensive income	**38,262**	2,969
Payment made directly to employees	**(1,481)**	(13,506)
Contributions	**(82,716)**	(73,019)
	334,858	271,085
Amount recognised in the statement of profit or loss is as follows:		
Current service cost	**81,848**	74,850
Past service cost	**-**	545
Net interest	**27,860**	15,886
	109,708	91,281
The expense is recognised in the following line items in the statement of profit or loss:		
Cost of sales	**80,245**	57,354
Administrative expenses	**21,097**	26,324
Distribution expenses	**8,366**	7,603
	109,708	91,281

Comparison of present value of defined benefit obligation, fair value of plan assets and deficit of gratuity fund for the last five years is as follows:

	2022	2021	2020	2019	2018
			(Rupees '000)		
Present value of defined benefit obligation	**980,223**	876,283	982,692	991,443	949,782
Fair value of plan assets	**(645,365)**	(605,198)	(719,332)	(653,212)	(799,599)
Deficit	**334,858**	271,085	263,360	338,231	150,183
Experience adjustments					
- Remeasurement gain on obligation	**9,383**	40,418	96,734	99,799	3,907
- Remeasurement gain / (loss) on plan asset	**(47,645)**	(43,387)	(51,706)	(297,712)	8,009

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2022 for FFBL are as follows:

	2022	2021
Discount rate	**14.50%**	11.75%
Expected rate of salary growth	**14.25%**	11.50%
Mortality rate	**SLIC (2001-2005)**	SLIC (2001-2005)
Withdrawal factor	**Moderate**	Moderate
Average duration of defined benefit obligation	**9.25 years**	9.76 years

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2022 for FFL are as follows:

	2022	2021
Discount Rate	**13.25%**	10.50%
Expected rate of salary growth	**12.25%**	9.50%
Mortality rate	**SLIC (2001-2005)**	SLIC (2001-2005)
Average duration of defined benefit obligation	**8 years**	9 years

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2022 for FPCL are as follows:

	2022	2021
Discount rate	**12.25%**	10.25%
Expected rate of salary growth	**14.25%**	12.25%
Mortality rate	**SLIC (2001-2005)**	SLIC (2001-2005)
Withdrawal factor	**Age-Based**	Age-Based
Average duration of defined benefit obligation	**12 years**	12 years

Sensitivity analysis - FFBL

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

Rupees in millions	Defined benefit obligation 1 percent increase	 1 percent decrease
Discount rate	**(7)**	**9**
Salary increase rate	**9**	**(7)**

As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the defined benefit obligation by Rs. nil.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last actuarial valuation at December 31, 2022 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

Sensitivity analysis - FFL

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at December 31, 2022 would have been as follows:

Rupees in millions	Defined benefit obligation 1 percent increase	 1 percent decrease
Discount rate	**(53)**	**63**
Salary increase rate	**63**	**(53)**

Sensitivity analysis - FPCL

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent in the following manner.

Rupees in millions	Defined benefit obligation 1 percent increase	 1 percent decrease
Discount rate	**(15)**	**11**
Salary increase rate	**12**	**(15)**

10.5 The security deposits are not for the purpose of goods / services to be delivered / provided and have not been utilized for the purpose of business.

		2022	2021
		(Rupees '000)	
11	**ACCRUED INTEREST**		
	Demand finance	**34,167**	1,912
	Short term borrowings	**1,374,259**	639,316
	Long term loans	**387,366**	185,675
	Lease financing	**-**	3,578
		1,795,792	830,481

		2022	2021
		(Rupees '000)	
12	**SHORT TERM BORROWINGS - SECURED**		
	From banking companies and financial institutions		
	Demand finance	**6,499,981**	2,428,974
	Running finance	**29,098,396**	16,493,207
		35,598,377	18,922,181
	Add: Accrued interest	**1,374,259**	639,316
		36,972,636	19,561,497
	Less: Accrued interest	**(1,374,259)**	(639,316)
		35,598,377	18,922,181

This includes an amount of Rs. 272 million (2021: Rs. 273 million) drawn from Askari Bank Limited, a related party. The Group has arranged short term facilities from various banks on mark-up basis with limits aggregating to Rs. 37,626 million (2021: Rs. 29,503 million). These facilities carry mark-up ranging from 9.35% to 17.27% (2021: 7.7% to 11.37%) per annum and are secured by hypothecation of charge on fixed and current assets of the Group.

			2022	2021
			(Rupees '000)	
13	**CONTINGENCIES AND COMMITMENTS**			
13.1	**Contingencies:**			
13.1.1	i)	Guarantees issued by banks on behalf of the Group	**154,123**	73,200
	ii)	Group's share of contingent liabilities of Askari Bank Limited as at September 30	**66,475,281**	56,970,121
	iii)	Contingent liabilities of FML	**365,188**	365,188
	iv)	Contingent liabilities of FFL	**645,316**	523,282
	v)	Contingent liabilities of FPCL	**-**	585,773

13.1.2 Fauji Fertilizer Bin Qasim Limited - contingencies

- The Holding Company has also provided financial guarantees, obtained from commercial banks, in the name of Excise and Taxation Department, Government of Sindh, amounting to Rs. 4,501 million (December 31, 2021: Rs. 2,774 million), representing unpaid levy due under the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (Sindh Cess Act); deposited pursuant to instructions of the Honorable Sindh High Court (SHC) under a petition filed by the Holding Company (along with various other importers of goods) challenging the constitutionality of the power exercised by the provincial legislature to levy the Cess. The Company has also deposited the 50% levy, in cash, on monthly basis since June 2011. During previous period, on June 04, 2021, SHC has upheld the Sindh Cess Act as valid legislation, retrospectively with effect from July, 01, 1994. On the advice of its legal counsel, the Company filed an appeal against the decision, with the Honorable Supreme Court of Pakistan (SCP) and obtained stay order from the SCP against the decision, on September 01, 2021.

  As a matter of prudence, the Holding Company is recognizing the provision at the time of the activity that triggers the payment of the levy in accordance with the Sindh Cess Act; amounting to Rs. 4,501 million as of December 31, 2022 (December 31, 2021: Rs. 2,774 million). During the year, the Holding Company has recognized the levy amounting to Rs. 1,727 million (December 31, 2021: Rs. 801 million) covered by bank guarantee along with payment of Rs. Nil (December 31, 2021: Rs. 301 million).

- Federal Board of Revenue has issued orders for Tax Years 2015 to 2021, creating accumulated demand of Rs. 14.60 billion, by disallowing various expenses with consequential tax impact. The Holding Company has filed appeals with Commissioner Inland Revenue (Appeals) in respect of Tax Years 2015 to 2021 and also obtained stay order against recovery proceedings. Management of the Holding Company is confident of eventual favorable outcome in these cases. Moreover, adequate provision, in accordance with income tax law has been recognized in the financial statements.

- The Holding Company was liable to repay loans originally obtained from Export Credit Agencies (ECA), amounting to Rs. 9,723 million to the Government of Pakistan (GoP), in 15 annual equal installments, with a 1 year grace period, at zero percent, effective November 30, 2001. As per the restructuring agreement, the final installment was paid in June 2017.

  These loans from ECA, which were assumed by the GoP, were initially secured with a guarantee issued by Habib Bank Limited (HBL) on behalf of a local syndicate of banks and financial institutions. The guarantee was secured by a first equitable mortgage created on all immovable properties of the Holding Company, and by way of hypothecation of movable properties of the Holding Company. The charge ranked pari passu with the charges to be created in favour of other foreign and local lenders. The local syndicate had requested the Holding Company to obtain an indemnity from the GoP confirming that it is GoP's absolute obligation to indemnify and keep related banks and financial institutions harmless from any possible exposure on this account. Accordingly, on December 16, 2002, the GoP had conveyed its agreement by assuming the ECA loan liabilities by absolving related banks and financial institutions of their liabilities, for which they earlier issued guarantees to the ECA. As a result, three ECAs have released the guarantee of HBL and have returned the original documents.

  Since one ECA is yet to release HBL from its responsibility as guarantor, therefore the charge related to the portion of the said guarantee on the assets of the Holding Company, has not been vacated up to December 31, 2022. The Holding Company is making efforts in getting this guarantee released.

13.1.3 Fauji Foods Limited - contingencies

- FFL has issued following guarantees:

  Guarantees aggregating Rs. 161.61 million (2021: Rs. 17.61 million) have been issued by banks on behalf of FFL to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Remount veterinary and corps farms.

- The Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.99 million alleging that FFL suppressed its sales. The Commissioner Inland Revenue-Appeals (CIR-A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (ATIR) had set aside the order of CIR-A and remanded the case back to CIR-A for denovo proceedings. The CIR-A, vide his order dated 03 September 2012, has allowed partial relief of Rs. 11.32 million to the FFL. The remaining disputed amount after rectification order under section 221 of the Income Tax Ordinance 2001 dated 16 May 2013 out of Rs. 34.99 million now stands at Rs. 18.28 million. Both FFL and the Department have filed appeals before the ATIR against the order of CIR-A, which are pending adjudications.

  For the year ended June 30, 2012 i-e tax year 2012 amendment order was framed determining tax at Rs. 74.1 million as against Rs. 22.8 million conceded in the return. The CIR (Appeals) in his order under section 129 dated December 31, 2018 has confirmed the action of the ACIR in respect of certain additions and set aside other matters with directions. FFL being aggrieved with the order filled appeal before the ATIR, who decided the matter in favor of FFL. The department filed an appeal against the order of the ATIR before the Honorable Lahore High Court, which is pending adjudication.

- Company was selected for audit under section 214C for Tax year 2014 as per list published by FBR. For the Tax year 2014, The Department order in this case has resulted in demand of Rs. 5.9 million as against refund of Rs. 2.1 million claimed in the return. Further FFL obtained stay against recovery of above tax demand under section 140 of ITO 2001, and also filled appeal before CIR appeals Lahore, who remanded back the case. FFL has filed appeal before ATIR which is pending adjudication.

- During the year ended 31 December 2016, Assistant Commissioner Inland Revenue (ACIR) raised sales tax demand of Rs. 4.84 million under section 11(2) and 11(3) of the Sales Tax Act 1990 against inadmissible refund claim and non-realization of sales tax on sale of scrap during the period from December 2012 to March 2013. FFL filed an appeal before Commissioner Inland Revenue - Appeals (CIR - A) which was decided against FFL dated November 14, 2016. Being aggrieved by the treatment meted out, the Company preferred an appeal before Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favor of FFL and waived off the whole tax demand against which the Department filed reference before the Honorable Lahore High Court which is pending adjudication.

- During the year ended 31 December 2018, Assistant Commissioner Inland Revenue (ACIR) through its order dated 23 October 2018, raised a sales tax demand for the period from July 2016 to June 2017, under section 11(2) and 11(3) of Sales Tax Act, 1990, amounting to Rs. 145.57 million along with penalty of Rs. 7.28 million against inadmissible adjustment of input tax on goods not related to taxable supplies, non-realization of sales tax on disposal of fixed assets and non-withholding of sales tax from payment made against advertisement. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) and demand was reduced to Rs. 13 million, aggrieved by the order, FFL filled an appeal before ATIR which is pending adjudication.

- The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2019 to December 2019 has charged sales tax amounting Rs. 14 million. The company being aggrieved by the order filled appeal before CIR appeals who, through order 08/2020 dated 29/10/2020 remanded the case back to ACIR for re- assessment . The department have filled appeal before ATIR which is pending adjudication.

- The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2016 to December 2016 has charged sales tax amounting Rs. 6 million. FFL aggrieved by the order filled appeal before CIR appeals who, through order 09/2020 dated 29/10/2020 remanded the case back to ACIR for re- assessment. The department have filled appeal before ATIR which is pending adjudication.

- During the year ended 31 December 2018, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice, dated 09 November 2018, against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement amounting to Rs. 399.60 million. Against the show cause notice, the ACIR raised a sales tax demand of Rs. 135.34 million along with default surcharge and penalty. FFL filed an appeal with CIR appeals who decided the case in favor of the company through order 10/2020 dated 29/10/2020 and annulled the ACIR order. Department have filed an appeal before ATIR.

- The Additional Commissioner Inland Revenue (AD-CIR) has created income tax demand amounting to Rs. 2.4 million under section 122(5A) of the Ordinance for tax year 2014. Being aggrieved from the order, FFL filed an appeal before CIR Appeals who has decided the matter in favor of the FFL.

- The AD-CIR made Assessment Order under section 122(5A) of the Ordinance for tax year 2015 by reducing the tax refunds from Rs. 6.8 million to Rs. 5 million. The AD-CIR disallow tax credit claimed by FFL u/s 65B of the Ordinance in original return. Further, AD-CIR also reduced the losses. Being aggrieved from the order, FFL filed an appeal before CIR Appeals. CIR(A) upheld the decision of OIR except the issue of tax credit u/s 65 B, which is remanded back to verify the contention of AR on the basis of further supporting documentation/evidence. The decision is accepted by the Company and no appeal is being filed by the company against the decision.

- For the Tax year 2013, Amendment order under section 122(5A) has framed on May 16, 2019 wherein additions for alleged suppressed / Un- reconciled sales has been made at Rs. 43.8 and for in admissible exchange loss amounting to Rs. 4.3 million. Further, turnover tax credit has also been disallowed. Appeal was filed before the CIR Appeals against the said additions and refusal to grant tax credit, who passed the order in which all the additions mentioned in impugned order were maintained except of exchange gain and disallowance of credit under Section 65 B where additional commissioner inland revenue was instructed to re-examine the issue and then pass speaking order. FFL being aggrieved has filed an appeal before ATIR which is pending adjudication.

- The DCIR made an amended Assessment Order dated 24 June 2021 and reduced the losses claimed by the company by disallowing certain expense and reducing the loss by Rs. 6.7 million. Being aggrieved by the treatment meted out, FFL filed an appeal before CIR Appeal who upheld the decision of OIR. The decision is accepted by the FFL and no appeal is being filed by FFL against the decision.

- During the year ended 31 December 2021, ADCIR issued a show cause notice, dated 17 February 2021 against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement. Against the show cause notice, the ADCIR raised a sales tax demand of Rs. 100 Million along with default surcharge and penalty. FFL filed an appeal with CIR appeals on 06 January 2022 which is pending adjudication.

- Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that FFL has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.

13.1.4 Fauji Meat Limited - contingencies

- In respect of tax year 2014, the Assistant Commissioner Inland Revenue (ACIR) issued order dated March 28, 2018 under Section 161/205 of the Income Tax Ordinance, 2001 and raised income tax demand of Rs. 7.5 million along with the default surcharge under Section 205 of the Ordinance. The Commissioner Inland Revenue (Appeals) vide appellate order dated May 29, 2018 has annulled the impugned order dated March 28, 2018 and deleted the income tax demand along with default surcharge of Rs. 7.5 million. FML and the department filed cross appeals with the Appellate Tribunal Inland Revenue (ATIR) against the aforesaid appellate order dated May 29, 2018. The ATIR vide order dated February 25, 2021 remanded back the case to the department for deciding afresh. FML has filed reference in the Honorable Islamabad High Court against the aforesaid appellate order of the ATIR. FML also filed rectification application with the ATIR against order dated February 25, 2021 and the A TIR vide order dated November 22, 2021 has rectified its order dated February 25, 2021 and upheld the order dated May 29, 2018 of Commissioner Inland Revenue (Appeal) annulling the impugned order dated March 28, 2018.

- In respect of tax year 2015, the ACIR issued dated March 28, 2018 under section 161/205 of the Income Tax Ordinance, 2001 and raised income tax demand of Rs 68.9 million along with the default surcharge under section 205 of the Ordinance. The CIR (Appeals) vide appellate dated May 29, 2018 has either deleted or remanded back the issues on which income tax demand of Rs. 67.2 million along with default discharge was raised. Further, the CIR (Appeals) has confirmed the ACIR's action on certain issues on which income tax demand along with default surcharge of Rs. 1.7 million was raised. The ACIR has also issued appeal effect order dated July 31, 2018 under section 124 in respect of the issues upheld by the CIR (Appeals) and raised demand of Rs 1.7 million. FML and the department filed cross appeals with the Appellate Tribunal Inland Revenue (ATIR) against the aforesaid appellate order dated May 29, 2018. The ATIR vide appellate order dated August 3, 2021 has remanded back the issues to the department on which tax demand of Rs 1.1 million along with default surcharge under section 205 of the Ordinance was raised and deleted remaining income tax demand raised by the ACIR.

- In respect of tax year 2016, the ACIR issued order dated March 28, 2018 under section 161/205 of the Income Tax Ordinance 2001 and raised income tax demand of Rs 120.6 million along with the default surcharge under section 205 of the Ordinance. The CIR (Appeals) vide appellate order dated 29 May 2018 has either deleted or remanded back the issues on which income tax demand of Rs 96.5 million was raised. Further CIR (Appeals) has confirmed the ACIR's action on certain issues on which income tax demand along with default surcharge of Rs 24.2 million was raised. FML and the department has filed cross appeals with the ATIR against the aforesaid appellate order dated May 29, 2018. The ATIR vide appellate order dated February 11, 2022 has remanded back the issues to the department on which tax demand of Rs 4.5 million along with default surcharge under section 205 of the Ordinance was raised and deleted remaining income tax demand raised by the ACIR.

- The Assistant Commissioner Sindh Revenue Board, Karachi vide Order dated February 03, 2018 has created a demand of Rs. 111.2 million along with penalty of Rs. 57 million on account of non-withholding and deposit of Sindh sales tax on consultancy and product transportation expenses for tax periods January 2015 to December 2016. FML filed an appeal with the Commissioner Appeals, Sindh Revenue Board, Karachi against the aforesaid order. Hearing of appeal is in progress. Further, FML has filed constitutional petition No D - 5936 of 2019 before the Honorable High Court of Sindh, Karachi.

		2022	2021
		(Rupees '000)	
13.2	**Commitments:**		
i)	Capital expenditures - contracted	**286,867**	164,044
ii)	Letters of credit for purchase of raw materials and stores and spares	**15,217,610**	1,128,973
iii)	Commitments of FFBL Power Company Limited		
-	Capital expenditure	**61,714**	226,069
-	Outstanding against Letter of Credits out of total facility of Rs. 11,250 million (2021: Rs. 9,250 million), secured by lien on valid import documents	**3,038,750**	1,419,170
iv)	Commitments of Fauji Foods Limited	**66,500**	7,510
v)	Group's share of commitments of PMP as at September 30	**92,521**	76,951
vi)	Group's share of commitments of Askari Bank Limited as at September 30	**115,729,672**	91,593,283

14 PROPERTY, PLANT AND EQUIPMENT

	PROPERTY, PLANT AND EQUIPMENT																		
	Owned														Right-to-use assets				
	Leasehold land	Freehold land ****	Buildings on freehold land	Buildings on leasehold land	Plant and machinery *****	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work in progress (note 14.1)	Capital Spares	Sub Total	Vehicles	Building	Machinery	Sub Total	Total
	(Rupees '000)																		
COST																			
Balance as at January 01, 2021	564,278	606,406	4,956,320	7,682,217	60,276,994	276,463	915,421	975,261	553,976	2,406	490,041	1,321,911	1,059,271	79,680,965	143,274	341,395	362,414	847,083	80,528,048
Additions during the year	-	-	2,607	-	108,566	11,952	149,517	11,980	27,967	-	33,397	233,273	19,396	598,655	-	-	-	-	598,655
Disposals	-	-	-	-	(103,697)	(988)	(126,955)	(356)	-	-	-	-	-	(231,996)	(97,043)	-	-	(97,043)	(329,039)
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(175,182)	-	(175,182)	(175,182)
Adjustments (refer to note 28)	-	-	500	-	(34,290)	-	-	398	-	-	-	-	-	(33,392)	-	-	-	-	(33,392)
Transfers **	42,504	-	-	556,098	208,432	-	-	13,443	(123)	-	147,274	(938,861)	(28,767)	-	-	-	-	-	-
Balance as at December 31, 2021	606,782	606,406	4,959,427	8,238,315	60,456,005	287,427	937,983	1,000,726	581,820	2,406	670,712	616,323	1,049,900	80,014,232	46,231	166,213	362,414	574,858	80,589,090
Balance as at January 01, 2022	**606,782**	**606,406**	**4,959,427**	**8,238,315**	**60,456,005**	**287,427**	**937,983**	**1,000,726**	**581,820**	**2,406**	**670,712**	**616,323**	**1,049,900**	**80,014,232**	**46,231**	**166,213**	**362,414**	**574,858**	**80,589,090**
Additions during the year *	**-**	**-**	**155**	**2,517**	**179,196**	**803**	**167,136**	**32,647**	**30,216**	**-**	**-**	**756,673**	**16,867**	**1,186,210**	**-**	**-**	**-**	**-**	**1,186,210**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(80,277)**	**(2,576)**	**(5,048)**	**-**	**-**	**-**	**-**	**(87,901)**	**(11,951)**	**-**	**-**	**(11,951)**	**(99,852)**
Termination of lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(32,527)**	**-**	**(32,527)**	**(32,527)**
Transfers **	**1,100**	**-**	**-**	**240,042**	**485,788**	**-**	**60,588**	**-**	**-**	**-**	**-**	**(736,407)**	**(51,111)**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at December 31, 2022	**607,882**	**606,406**	**4,959,582**	**8,480,874**	**61,120,989**	**288,230**	**1,085,430**	**1,030,797**	**606,988**	**2,406**	**670,712**	**636,589**	**1,015,656**	**81,112,541**	**34,280**	**133,686**	**362,414**	**530,380**	**81,642,921**
DEPRECIATION																			
Balance as at January 01, 2021	142,593	-	671,424	1,712,132	25,650,238	90,649	412,039	490,579	493,669	2,361	430,855	-	-	30,096,539	68,273	45,278	31,034	144,585	30,241,124
Charge for the year ***	8,414	-	169,488	258,452	1,916,557	45,967	113,108	136,285	30,770	39	36,930	-	-	2,716,010	25,409	5,347	14,497	45,253	2,761,263
Disposals	-	-	-	-	(42,343)	(938)	(97,745)	(92)	-	-	-	-	-	(141,118)	(82,929)	-	-	(82,929)	(224,047)
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	-		-	(38,239)	-	(38,239)	(38,239)
Adjustments (refer to note 28)	-	-	37	-	-	-	-	30	-	-	-	-	-	67	-	-	-	-	67
Balance as at December 31, 2021	151,007	-	840,949	1,970,584	27,524,452	135,678	427,402	626,802	524,439	2,400	467,785	-	-	32,671,498	10,753	12,386	45,531	68,670	32,740,168
Balance as at January 01, 2022	**151,007**	**-**	**840,949**	**1,970,584**	**27,524,452**	**135,678**	**427,402**	**626,802**	**524,439**	**2,400**	**467,785**	**-**	**-**	**32,671,498**	**10,753**	**12,386**	**45,531**	**68,670**	**32,740,168**
Charge for the year ***	**10,266**	**-**	**169,532**	**317,477**	**1,992,692**	**35,294**	**124,655**	**123,293**	**31,622**	**6**	**41,949**	**-**	**-**	**2,846,786**	**7,398**	**8,606**	**14,497**	**30,501**	**2,877,287**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**(63,268)**	**(673)**	**(4,914)**	**-**	**-**	**-**	**-**	**(68,855)**	**(9,645)**	**-**	**-**	**(9,645)**	**(78,500)**
Termination of lease	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,308)**	**-**	**(10,308)**	**(10,308)**
Balance as at December 31, 2022	**161,273**	**-**	**1,010,481**	**2,288,061**	**29,517,144**	**170,972**	**488,789**	**749,422**	**551,147**	**2,406**	**509,734**	**-**	**-**	**35,449,429**	**8,506**	**10,684**	**60,028**	**79,218**	**35,528,647**
Written down value - 2021	455,775	606,406	4,118,478	6,267,731	32,931,553	151,749	510,581	373,924	57,381	6	202,927	616,323	1,049,900	47,342,734	35,478	153,827	316,883	506,188	47,848,922
Written down value - 2022	**446,609**	**606,406**	**3,949,101**	**6,192,813**	**31,603,845**	**117,258**	**596,641**	**281,375**	**55,841**	**-**	**160,978**	**636,589**	**1,015,656**	**45,663,112**	**25,774**	**123,002**	**302,386**	**451,162**	**46,114,274**
Rate of depreciation	2% - 4%	-	3%	3%	3.33% - 5%	10%	20% - 40%	15%	33% - 50%	30%	17% - 50%	-	-		33%	10% - 15%	5%		

* Additions during the year includes borrowing cost of Rs. 25.9 million (2021: Rs. Nil) in respect of qualifying plant and machinery at the capitalization ate of 12.52% (2021: Nil).

** During the year, an amount of Rs. 10.4 million (2021: Rs. Nil) was transferred from CWIP to intangible asset.

*** As at reporting date, plant and machinery of the Holding Company having cost of Rs. 15,798 million (2021: Rs. 15,787.8 million) have been fully depreciated but are still in use.

**** FPCL is in the process of transferring the title of freehold land in its name.

***** Under a musharaka arrangement, entered during the year, the Holding Company has pledged items of plant and machinery with a upto a value of Rs. 3,000 million.

		Note	2022	2021
			(Rupees '000)	
14.1	**Capital work in progress - CWIP**			
	Fauji Fertilizer Bin Qasim Limited	**14.1.1**	**125,946**	180,313
	FFBL Power Company Limited	**14.1.2**	**214,432**	211,705
	Fauji Foods Limited	**14.1.3**	**296,211**	224,305
			636,589	616,323
14.1.1	**CWIP - Fauji Fertilizer Bin Qasim Limited**			
	Plant and machinery		**41,265**	87,234
	Catalyst		**84,681**	84,681
	Others		**-**	8,398
			125,946	180,313
14.1.2	**CWIP- FFBL Power Company Limited**			
	Buildings on leasehold land		**189,382**	45,927
	Plant and machinery		**25,050**	165,778
			214,432	211,705
14.1.3	**CWIP - Fauji Foods Limited**			
	Plant and machinery		**228,617**	223,135
	Advance against capital expenditure		**62,157**	-
	Intangible		**5,437**	1,170
			296,211	224,305
14.2	Depreciation charge has been allocated as follows:			
	Cost of sales	**28**	**2,655,900**	2,526,176
	Selling and distribution expenses	**29**	**8,355**	14,127
	Administrative expenses	**30**	**213,032**	220,960
			2,877,287	2,761,263

Particulars of immovable assets of the Group are as follows:

Location	Company	Address	Covered Area (acre)
Islamabad	FFBL	C1/C2, Sector B, Jinnah Boulevard DHA Phase II	2
Karachi	FFBL	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	250
Karachi	FFBL	Tank Farm Area, Port Qasim	8
Karachi	FFBL	Near Rangers Check Post, Opposite Naval Marine Base, National Highway	202.2
Pindi Bhattian	FFBL	Moza Thatta Raika and Moza Thatta Bahuman	167
Thatta	FML	Deh Kohistan Chak No. 1 Tapo Gharo, Tehsil Mir Pur Sakhro, District Thatta	46.35
Karachi	FPCL	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	100
Bhalwal	FFL	Sarghoda Road, Bhalwal	15.05

14.3 Owing to continuous losses, curtailment of operations and of negative operating cash flows, FML carried out an impairment test of its plant and property under the requirements of relevant accounting standards. FML based its estimate of recoverable value, determined as a fair value less cost to sell, on the replacement value/ cost method, as of November 2021 , determined by external valuer engaged by the Holding Company. The FML's estimate of recoverable value, which is not expected to be less than Rs. 6,771.8 million (i.e. forced sale value (FSV) determined by external valuer) exceeds the carrying values of property, plant and equipment by Rs. 1,567.3 million. Accordingly, no impairment charge has been recognized in these consolidated financial statements

The Valuer has determined its estimate of recoverable value in following manner:

Plant	Cost: (a) imported items of plant: Current Cost and Freight values in US$ converted into Pak Rupees at current exchange rates, government levies and expected instalment charges and (b) local items of plant: installed value based on inquiries from local suppliers/ markets.
	Adjustment for current condition: applied a diminishing rate of 5% per annum on reducing value method.
Land	Current market rate based on inquiries from local real estate agents
Building	Replacement cost is based on current cost of construction with applied a diminishing rate of 3% per annum on reducing value method

The valuer has applied a FSV factor of 20%, based on his professional judgements of certain aspects integral to these items (including location, economic obsolescence and age) which a market participant is expected to consider for the purpose of determining the exit price. Based on head room available, management is confident that any reasonable adjustment in forced sale value determined by external valuer to arrive at fair value as of reporting date would not result in recognition of any additional impairment charge.

14.4 Details of property, plant and equipment sold:

Sold to		Cost	Book value	Sale proceeds	Gain / (loss)
		(Rupees '000)			
Vehicles - as per company policy to employees					
Suzuki Cultus	Adnan Azam Malik	1,619	893	1,003	110
Suzuki Cultus	Imtiaz Kiyani	1,879	1,083	1,303	220
Honda Civic	Brig Aamir Hussain Mirza	3,851	1,116	1,455	339
Toyota Yaris	Nadeem Siddique	2,601	1,602	1,605	3
KIA Sportage FWD	Rehan Rao	2,948	2,535	2,583	48
Toyota Corolla GLI	Azmat Nawaz Khan	2,462	1,067	241	(826)
Toyota Corolla Altis	Syed Asim Raza	2,956	1,675	1,004	(671)
Toyota Yaris ATIV	Abdul Wahab	2,849	2,612	1,060	(1,552)
Kia Picanto	Aamir Iqbal	1,809	1,447	1,428	(19)
Toyota Corolla AT	Attique Ur Rehman	1,999	600	713	113
Corolla Altis	Muhammad Ali	2,606	870	998	128
Suzuki Cultus	Hamid Sharif	1,340	534	697	163
Vehicles - as per Company policy through auction					
Toyota Hiace	Syed Jaffar Hussain	5,247	962	5800	4,838
Toyota Hiace	Syed Jaffar Hussain	5,247	962	6000	5,038
Others - as per Company policy through auction					
Generator	Muhammad Ifzal Akhtar	1,994	1,449	522	(927)
Aggregate of items of property, plant and equipment with individual book value below Rs. 500,000		58,445	1,945	21,168	19,223
	2022	99,852	21,352	47,580	26,228
	2021	329,039	104,993	168,686	63,603

15 INTANGIBLE ASSETS

	Softwares	Goodwill (note 15.1)	Capital work in progress	Total
		(Rupees '000)		
COST				
Balance as at January 01, 2021	220,252	377,778	10,735	608,765
Additions during the year	1,047	-	-	1,047
Balance as at December 31, 2021	221,299	377,778	10,735	609,812
Balance as at January 01, 2022	**221,299**	**377,778**	**10,735**	**609,812**
Additions during the year	**-**	**-**	**80**	**80**
Transfer during the year	**10,440**	**-**	**(10,440)**	**-**
Balance as at December 31, 2022	**231,739**	**377,778**	**375**	**609,892**
AMORTIZATION				
Balance as at January 01, 2021	165,563	-	-	165,563
Charge for the year	33,393	-	-	33,393
Balance as at December 31, 2021	198,956	-	-	198,956
Balance as at January 01, 2022	**198,956**	**-**	**-**	**198,956**
Charge for the year	**18,407**	**-**	**-**	**18,407**
Balance as at December 31, 2022	**217,363**	**-**	**-**	**217,363**
Written down value- 2021	22,343	377,778	10,735	410,856
Written down value- 2022	**14,376**	**377,778**	**375**	**392,529**
Rate of amortization	**33%**			

15.1 On September 04, 2015, the Group acquired 38.25% of voting and non-voting shares of FFL and concluded that FFBL has obtained control over FFL, based on its ability to appoint a majority of its directors and senior management personnel. The Group paid a consideration of Rs. 479.9 million to obtain the control of FFL on the acquisition date, when the fair value of FFL's identified net assets amounted to Rs. 266.9 including a non controlling interest of Rs. 164.8 million. Accordingly, the Group recognised goodwill of Rs. 377.8 million.

As at the reporting date, the Holding Company performed an impairment test for FFL, a cash generating unit ("CGU"). The Holding Company has determined recoverable amount of CGU, based on a fair value less cost of disposal, which was higher than the carrying amount of the CGU in the consolidated financial statements, accordingly no impairment was recognized. The fair value has been determined by reference to quoted closing exit price at the reporting date. The cost of disposal has been assessed to be immaterial. The management has also performed value-in-use calculation. Value-in-use was estimated using long term cash flow projections approved by Board of Directors of FFL. The pre-tax risk adjusted discount rate and the short term market growth-rate applied to cash flow projections is 19.7% and 5.5% (2021: 12.99% and 5%), respectively, both of which are inherently uncertain. The cash flow projections are sensitive to assumptions regarding period of sustained growth, short term market growth-rate and discount rate. Refer note 1.2.

	Note	2022	2021
		(Rupees '000)	
15.2 Amortization charge has been allocated as follows:			
Cost of sales	**28**	**18,005**	14,612
Administrative expenses	**30**	**402**	18,781
		18,407	33,393

		2022	2021
		(Rupees '000)	
16	**INVESTMENT PROPERTY**		
	Investment property - at cost		
	Carrying amount as at January 01, 2022	**270,242**	-
	Transfer from non current assets held for sale	**-**	270,242
	Carrying amount as at December 31, 2022	**270,242**	270,242

16.1 This represents freehold land located at Pindi Bhattian owned by the Holding Company. This land is not occupied by the Holding Company and is held for capital appreciation and earning rental income. The rental income in respect of this property amounting to Rs. 8 million (2021: Rs. 1.6 million) has been recognized in profit or loss and included in other income. The Holding Company carries this investment property under cost model. No significant operating expenses were incurred during the year. During the year, title of land was transferred in the name of the Holding Company.

16.2 The fair value of the land approximates to Rs. 500 million. The latest valuation was made by an independent valuer during previous year. Forced sale value of the land based on the valuation was Rs. 375 million. The fair value was determined with reference to the then market conditions, recent transactions of similar properties and market research. As of reporting date, the Holding Company does not have any contractual obligation to purchase, construct or develop investment property or to repair, maintain and enhance.

		Note	2022	2021
			(Rupees '000)	
17	**LONG TERM INVESTMENTS**			
	Interest in jointly controlled entity	**17.1**	**12,247,699**	8,949,117
	Interests in associate	**17.2**	**13,925,756**	11,518,925
	Other long term investment	**17.4**	**-**	-
			26,173,455	20,468,042

17.1 Interest in jointly controlled entity

Pakistan Maroc Phosphore S.A. (PMP) is a joint arrangement in which the Group, along with its partners, has joint control and a 25% ownership interest. It is one of the Group's strategic suppliers and is principally engaged in the production of phosphoric acid in Morocco. PMP is not publicly listed. PMP is structured as a separate vehicle and the Group has a residual interest in the net assets of PMP. Accordingly, the Group has classified its interest in PMP as a joint venture.

The cost of the Group's investment is Moroccan Dirhams 200 million, which was made from 2004 to 2006 and represents 25% interest In PMP, a joint venture between the Group, Fauji Foundation, Fauji Fertilizer Company Limited and Office Cherifien Des Phosphates, Morocco. The principal activity of PMP is to manufacture and market phosphoric acid, fertilizer and other related products in Morocco and abroad. The principal place of business is Jorf Lasfar, Morocco. According to the shareholders' agreement, if any legal restrictions are laid on dividends by Pakistan Maroc Phosphore S.A., the Group's equity will be converted to an interest bearing loan. The Group has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

There has been no default by PMP against its loans. Further, there has been no litigations against PMP.

PMP has declared dividend amounting to Rs. 2,511 million (2021: Rs. 577.6 million), during the year.

The following table summarises the financial information of PMP as included in its own financial statements for the period ended September 30, 2022, which have been used for equity accounting as these were the latest approved financial statements. Further, results of operations of the last quarter of 2021 have also been considered for equity accounting. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in PMP.

		Note	2022	2021
			(Rupees '000)	
	Percentage ownership interest		**25%**	25%
	Non-current assets		**11,552,090**	10,877,404
	Current assets including cash and cash equivalents amounting to Rs. 1,705 million		**86,807,423**	41,444,459
	Non-current liabilities		**(7,331)**	(4,972)
	Current liabilities		**(49,349,610)**	(16,508,648)
	Net Assets (100%)		**49,002,572**	35,808,243
	Group's share of net assets (25%)		**12,250,643**	8,952,061
	Other adjustment		**(2,944)**	(2,944)
			(2,944)	(2,944)
	Carrying amount of interest in joint venture		**12,247,699**	8,949,117
	Revenue		**128,054,382**	57,003,768
	Depreciation and amortisation		**(1,983,276)**	(1,718,391)
	Finance costs		**(65,955)**	(11,737)
	Income tax expense		**(5,042,102)**	(2,713,553)
	Other expenses		**(101,822,978)**	(41,886,050)
	Profit (100%)		**19,140,071**	10,674,037
	Group's share of profit (25%)		**4,785,015**	2,668,509
	Provision for unrealized profit on stock	**19.3**	**(752,448)**	-
	Group's share of profit for the year		**4,032,567**	2,668,509
17.2	**Interests in associate**			
	Askari Bank Limited (AKBL)	**17.2.1**	**13,925,756**	11,518,925

17.2.1 FFBL holds 21.57% (2021: 21.57%) equity of Askari Bank Limited (AKBL), representing 271.9 million ordinary shares of Rs. 10 each, acquired at an average price of Rs. 19.31 per share. The market value of the investment in AKBL as at December 31, 2022 was Rs. 5,464.9 million (2021: Rs. 5,986.9 million) at the rate of Rs. 20.1 per share. AKBL is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The head office of AKBL is situated at AWT Plaza, P.O BOX 1084, Rawalpindi.

The management of the Company has carried out an impairment analysis of this investment, based on future expected cash flows for the next four years and thereafter cash flows on terminal values, with a 2% (2021: 2%) per annum growth. The future cash flows have been discounted at a risk adjusted rate of 19.76% (2021: 17.74%) to arrive at an intrinsic value of shares of AKBL. Based on the analysis, management believes that the carrying value of the investment in the associated company is less than its recoverable amount.

17.3 The following table summarises the financial information of associate (2021: associates) as included in their own unaudited interim financial information for the period ended September 30, 2022, which have been used for accounting under the equity method as these were the latest approved financial statements.

The reporting date of AKBL is 31 December and the reporting date of other associates, disposed off in prior years was 30 June. Accordingly, for the purpose of incorporation of results of AKBL, the operations of three quarters of the financial year 2022 and the last quarter of the financial year 2021, have been considered.

2022	(Rupees '000) AKBL
Percentage of shareholding	**21.57%**
Total assets	**1,594,971,792**
Total liabilities	**(1,534,567,743)**
Net assets (100%)	**60,404,049**
Group's share of net assets	**13,029,153**
Imputed goodwill	**1,099,231**
Other adjustment	**(202,628)**
	896,603
Carrying amount of interest in associate	**13,925,756**
Revenue	**47,753,622**
Profit from continuing operations (100%)	**13,666,583**
Group's share of profit	**2,947,882**

2021	(Rupees '000)			
	FWEL - I	FWEL - II	AKBL	Total
Percentage of shareholding	35%	35%	21.57%	
Non-current assets	-	-	-	-
Current assets	-	-	-	-
Other assets	-	-	-	-
Total assets	-	-	1,196,984,918	1,196,984,918
Non-current liabilities	-	-	-	-
Current liabilities	-	-	-	-
Total liabilities	-	-	(1,148,270,245)	(1,148,270,245)
Net assets (100%)	-	-	48,714,673	48,714,673
Group's share of net assets	-	-	10,507,755	10,507,755
Goodwill	-	-	1,099,231	1,099,231
Other adjustment	-	-	(88,061)	(88,061)
	-	-	1,011,170	1,011,170
Carrying amount of interest in associates	-	-	11,518,925	11,518,925
Revenue	2,351,706	2,312,428	36,960,361	41,624,495
Profit from continuing operations (100%)	1,186,765	1,149,540	9,457,060	11,793,365
Group's share of profit	415,368	402,339	2,039,888	2,857,595

17.3.1 Pursuant to the approval of the Board of Directors and shareholders in their respective meetings held on June 29, 2021 and July 27, 2021, respectively, the Holding Company disposed-off all of its shareholding in associated companies - Foundation Wind Energy - I Limited and Foundation Wind Energy - II Limited, effective September 29, 2021, to one of the Holding Company's shareholders, Fauji Fertilizer Company Limited, a related party, as per respective Share Purchase Agreements. The consideration amounted to Rs. 2,622 million and Rs. 2,634 million at an agreed price per share of Rs. 21.39 / share and Rs. 21.33 / share, respectively, after dividends received from FWE-I and FWE-II after December 31, 2020. In the prior year, the Holding Company recognized a loss of Rs. 1,246 million and Rs. 1,141 million, respectively, in the consolidated statement of profit or loss (refer to note 32).

		2022	2021
		(Rupees '000)	
17.4	**Investment - available for sale - unquoted**		
	Arabian Sea Country Club Limited (ASCCL)	**3,000**	3,000
	300,000 ordinary shares of Rs. 10 each		
	Less: Impairment in value of investment	**(3,000)**	(3,000)
		-	-

The Company holds 300,000 ordinary shares of Rs. 10 each representing equity interest of 3.87% in Arabian Sea Country Club Limited. The breakup value based on audited accounts for the year ended June 30, 2018 was negative Rs. 10.76 per ordinary share. This investment is fully impaired.

		Note	2022	2021
			(Rupees '000)	
18	**STORES AND SPARES**			
	Stores		**1,460,589**	1,242,849
	Spares		**1,686,075**	1,624,055
	Provision for obsolescence	**18.1**	**(296,335)**	(272,630)
			2,850,329	2,594,274
18.1	The movement in provision is as follows:			
	Opening balance		**272,630**	211,390
	Provision made during the year	**28**	**23,705**	61,240
			296,335	272,630
19	**STOCK IN TRADE**			
	Packing materials		**476,627**	303,911
	Raw materials		**9,462,321**	6,395,881
	Raw materials in transit		**17,225**	5,337,421
	Work in process		**297,490**	160,307
	Finished goods	**19.1**	**32,989,765**	454,715
			43,243,428	12,652,235
	Provision for stock	**19.4**	**(28,818)**	(30,499)
	Provision for unrealized profit on stock	**19.3**	**(752,448)**	-
			42,462,162	12,621,736

19.1 As at December 31, 2022, finished goods stock amounting to Rs. 31,877 million (2021: Rs. 24 million) are held with Fauji Fertilizer Company Limited. Further, finished goods stock amounting to Rs. 2.27 million (2021: 1,101 million) was in transit.

19.2 During the year, FFL has charged Rs. 3.6 million (2021: Rs. 2.3 million), to statement of profit or loss on account of write down of finished goods, work in progress, stock in transit and others.

19.3 During the year, the Holding Company has charged Rs. 752.4 million to share of profit on joint venture on account of unrealized profit on stock.

		Note	2022	2021
			(Rupees '000)	
19.4	The movement in ECL during the year is as follows:			
	The movement in provision is as follows:			
	Opening balance		**30,499**	233,503
	Provision made during the year	**28**	**-**	4,730
	Written off during the year		**(1,681)**	(207,734)
			28,818	30,499
20	**TRADE DEBTS**			
	Secured - considered good		**12,385,670**	680,205
	Unsecured - considered good		**4,375,915**	1,381,424
	Considered doubtful		**705,991**	1,353,226
		20.1	**17,467,576**	3,414,855
	Less: Allowance for expected credit losses	**20.2**	**(705,991)**	(1,353,226)
			16,761,585	2,061,629

20.1 This includes accrued revenue amounting to Rs. 1,989.86 million (2021: Rs. 512.68 million).

		Note	2022	2021
			(Rupees '000)	
20.2	**Allowance for expected credit losses**			
	Opening balance		**1,353,226**	1,383,873
	Allowance / (reversal) for the year	**33**	**95,267**	(30,647)
	Set off against trade debts during the year		**(742,502)**	-
			705,991	1,353,226
20.3	Area wise break of gross trade debts outstanding at year end in respect of export sales is as follows:			
	Middle East		**505,899**	1,252,667
	Asia Pacific		**-**	3,666
			505,899	1,256,333
	Allowance for expected credit loss		**(501,926)**	(1,240,251)
			3,973	16,082
21	**ADVANCES**			
	Advances to:			
	Executives, unsecured considered good		**-**	12,972
	Other employees, unsecured considered good		**172,329**	129,433
		21.1	**172,329**	142,405
	Advances to suppliers and contractors			
	Considered good		**1,143,386**	820,327
	Considered doubtful		**73,295**	73,295
			1,216,681	893,622
	Provision for doubtful advances	**21.2**	**(73,295)**	(73,295)
			1,315,715	962,732

21.1 These represent interest free advances given to employees, including executives, of the Group, in accordance with the Group's policy. These are repayable within one year. Maximum amount outstanding with key management personnel were Rs. 3 million (2021: Rs. 1 million), at any time during the year.

		Note	2022	2021
			(Rupees '000)	
21.2	The movement in provision for doubtful allowances during the year is as follows:			
	Opening balance		**73,295**	73,295
	Provision for doubtful allowances	**29**	**-**	-
	Closing balance		**73,295**	73,295
22	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		**177,077**	92,923
	Prepayments		**288,880**	214,568
			465,957	307,491
23	**OTHER RECEIVABLES**			
	Due from Fauji Fertilizer Company Limited - unsecured, considered good	**23.1**	**1,357,490**	2,523,902
	Subsidy receivable from Government of Pakistan	**23.2**	**3,160,992**	3,160,992
	Receivable from PMP	**23.3**	**11,170**	9,456
	Others - considered good		**217,073**	54,317
	Due from associated companies	**23.4**	**5,829**	5,868
			4,752,554	5,754,535
	Less: allowance for ECL	**23.5**	**(1,372,115)**	(1,230,470)
			3,380,439	4,524,065

23.1 This interest free balance represents amounts recovered by Fauji Fertilizer Company Limited, a related party, from customers on sale of the Holding Company's products under an inter-company services agreement (refer to note 27.1 and 29.2). The collection is transferred on a weekly basis. Maximum amount outstanding during the year was Rs. 8,751 million (2021: Rs. 6,144 million). It is neither past due nor impaired.

23.2 This includes a subsidy @ PKR 100 per 50 kg bag, on sale of Urea fertilizer, pursuant to notification No.15 (4) CFC / 2015 dated August 07, 2017, issued the Ministry of Finance, Government of Pakistan . Subsidy scheme has been discontinued w.e.f. 30 June 2018. This also includes a subsidy @ PKR 300 per 50 kg bag, on sale of Di-Ammonium Phosphate (DAP) fertilizer, and a subsidy @ PKR 156 per 50 kg bag of Urea fertilizer, pursuant to notification F. No. 1-11/2012/DFSC-II/Fertilizer dated June 25, 2016, issued by the Ministry of National Food Security and Research, Government of Pakistan.

23.3 Maximum amount outstanding during the year was Rs. 2,522 million (2021: Rs. 561 million). It is neither past due nor impaired.

23.4 This included amounts due from Fauji Cereals amounting to Rs. 5.8 million (2021: Rs. 5.8 million). Maximum amounts outstanding during the year was Rs. 5.8 million (2021: Rs. 5.8). This is interest free in the normal course of business on account of sale of goods or services.

		Note	2022	2021
			(Rupees '000)	
23.5	Movement in allowance during the year is as follows:			
	Opening balance as at 01 January		**1,230,470**	448,470
	Allowance during the year	**33**	**141,645**	782,000
	Closing balance as at 31 December	**23.5.1**	**1,372,115**	1,230,470

23.5.1 This includes allowance for ECL relating to Subsidy receivable from Government of Pakistan amounting to Rs. 1,351 million (2021: 1,211 million).

		Note	2022	2021
			(Rupees '000)	
24	**SALES TAX REFUNDABLE**			
	Gross sales tax refundable		**19,741,134**	15,143,122
	Allowance for input and provision against doubtful sales tax refundable	**24.1**	**(1,155,413)**	(1,147,394)
	Net sales tax refundable		**18,585,721**	13,995,728

24.1 This includes allowance for input tax charged to cost of sales amounting to Rs. 8 million (2021: Rs. 394 million) under section 73(4) of Sales Tax Act,1990. Movement in allowance / provisions during the year is as follows:

		Note	2022	2021
			(Rupees '000)	
	Opening balance as at 01 January		**1,147,394**	753,667
	Recognized during the year		**8,019**	393,727
	Closing balance as at 31 December		**1,155,413**	1,147,394
25	**SHORT TERM INVESTMENTS**			
	Amortized cost			
	Term deposits with banks and financial institutions	**25.1**	**970,000**	5,601,349
	Investments at fair value through profit or loss			
	Mutual funds	**25.2**	**13,764,259**	8,341,700
			14,734,259	13,943,049

25.1 These deposits carries interest at the rate of 15.8% (2021: 5% to 15%) per annum having maturity of one year having premature encashment without any surcharge.

25.2 **Mutual funds**

	2022		
Nature of fund	**No. of units**	**Cost**	**Fair value**
		(Rupees '000)	
Cash fund	**85,746,302**	**4,300,167**	**4,304,990**
Islamic fund	**80,028,288**	**4,001,414**	**4,001,414**
Money market funds	**70,885,670**	**5,449,686**	**5,457,855**
		13,751,267	**13,764,259**

Nature of fund	2021 No. of units	2021 Cost (Rupees '000)	2021 Fair value (Rupees '000)
Cash fund	128,293,105	4,200,000	4,227,928
Islamic fund	90,240,194	3,300,000	3,309,461
Money market funds	53,833,074	800,000	804,311
		8,300,000	8,341,700

	Note	2022 (Rupees '000)	2021 (Rupees '000)
26 CASH AND BANK BALANCES			
Deposit accounts			
- in local currency	26.1	**23,259,938**	37,837,987
- in foreign currency		**4,462**	3,472
	26.2	**23,264,400**	37,841,459
Current accounts		**218,924**	1,505,923
Cash in hand		**2,018**	2,851
		23,485,342	39,350,233

26.1 This includes Rs. 4,190.6 million (2021: Rs. 3,288 million) held under lien by the commercial banks against various facilities and Rs. 3,102 million (2021: Rs. Nil) representing instruments drawn on bank. It also includes a deposit of Rs. 3,615.8 million (2021: Rs. 17,719.4 million) at Askari Bank Limited, a related party.

26.2 These deposit accounts carry interest at rates ranging from 4.5% to 16.25% (2021: 2% to 11%) per annum.

	Note	2022 (Rupees '000)	2021 (Rupees '000)
26.3 Cash and cash equivalents			
Cash and cash equivalents included in the statement of cash flows comprise the following:			
Cash and bank balances	26	**23,485,342**	39,350,233
Short term highly liquid investments	25	**970,000**	5,601,349
Short term running finance	12	**(29,098,396)**	(16,493,207)
		(4,643,054)	28,458,375
27 SALES - NET			
Gross sales		**191,245,184**	134,698,144
Less:			
Sales tax		**6,413,005**	5,627,789
Advance tax u/s 235		**537,491**	212,729
Trade discounts		**1,142,392**	595,946
Commission to Fauji Fertilizer Company Limited	27.1	**23,670**	25,831
		8,116,558	6,462,295
	27.2	**183,128,626**	128,235,849

27.1 Commission is paid @ Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on inter company services agreement.

		2022	2021
		(Rupees '000)	
27.2	**Disaggregated revenue information**		
	Type of goods or service		
	Fertilizer		
	Urea	**21,199,011**	16,645,060
	DAP	**138,026,952**	93,807,114
		159,225,963	110,452,174
	Power		
	Electricity	**11,232,463**	7,822,401
	Coal	**41,559**	1,058,134
	Others	**220,329**	217,298
		11,494,351	9,097,833
	Meat		
	Beef bone-in	**48,433**	45,052
	Mutton	**8,061**	35,851
	Chicken	**262**	18,252
	Others	**854**	290
		57,610	99,445
	Foods		
	Tea whitener	**3,846,194**	3,685,722
	UHT milk	**4,778,343**	2,530,257
	Butter	**1,632,349**	1,122,256
	Cheese	**513,747**	707,976
	Others	**1,580,069**	540,186
		12,350,702	8,586,397
		183,128,626	128,235,849
	Country wise		
	Foreign (Meat segment)	**29,587**	-
	Domestic	**183,099,039**	128,235,849
		183,128,626	128,235,849
27.3	**Contract Balances**		
	Trade debts	**16,761,585**	2,061,629
	Advance from customers	**985,104**	5,908,825

Due to market conditions, the Holding Company increased its credit sales towards the end of the year, resulting increase in outstanding amount of trade debts. Similarly, as of the reporting date, the quantity of the pending orders have also decreased, resulting in reduction in contract liabilities. The transaction price allocated to unsatisfied performance obligations as at December 31, 2022 are expected to be recognised as revenue within 1 year.

	2022	2021
	(Rupees '000)	
Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the year	**5,908,825**	2,419,855
Performance obligations satisfied in previous years	**-**	-

		Note	2022	2021
			(Rupees '000)	
28	**COST OF SALES**			
	Raw materials consumed		**164,293,986**	85,884,051
	Packing materials consumed		**3,391,743**	2,787,272
	Tagging cost		**4,260**	2,176
	Fuel and power		**3,674,863**	1,406,964
	Ash dumping		**11,165**	18,218
	Chemicals and supplies consumed		**555,206**	458,424
	Salaries, wages and benefits	**28.1**	**3,269,881**	3,266,376
	Rent, rates and taxes		**90,887**	164,969
	Insurance		**419,114**	310,951
	Travel and conveyance		**292,444**	185,759
	Repairs and maintenance		**1,793,350**	1,411,177
	Provision for obsolete stores	**18.1**	**23,705**	61,240
	Provision for stocks in trade	**19.4**	**-**	4,730
	Communication, establishment and other expenses		**512,349**	593,703
	Amortization	**15.2**	**18,005**	14,612
	Depreciation	**14.2**	**2,655,900**	2,526,176
	Opening stock - work-in-process		**160,307**	273,371
	Closing stock - work-in-process		**(297,490)**	(160,307)
	Cost of goods manufactured		**180,869,675**	99,209,862
	Opening stock - finished goods		**454,715**	369,644
	Closing stock - finished goods		**(32,960,947)**	(454,715)
	Cost of sales		**148,363,443**	99,124,791

28.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund, and compensated absences amounting to Rs. 80.2 million, Rs. 77.8 million and Rs. 46.9 million (2021: Rs. 56.3 million, Rs. 70.3 million and Rs. 143.2 million), respectively.

		Note	2022	2021
			(Rupees '000)	
29	**SELLING AND DISTRIBUTION EXPENSES**			
	Product transportation		**6,111,453**	4,561,639
	Write off / provision for Sales tax refundable	**24.1**	**8,019**	20,209
	Marketing expenses of group			
	Salaries, wages and benefits	**29.1**	**327,329**	310,151
	Rent, rates and taxes		**6,139**	8,615
	Insurance		**767**	1,179
	Travel and conveyance		**78,125**	42,975
	Sales promotion and advertising		**768,784**	567,925
	Communication, establishment and other expenses		**15,842**	10,645
	Depreciation	**14.2**	**8,355**	14,127
			1,205,341	955,617
	Expenses allocated by Fauji Fertilizer Company Limited	**29.2**	**1,430,534**	1,309,168
			8,755,347	6,846,633

29.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund and compensated absences amounting to Rs. 8.4 million, Rs. 10.8 million and Rs. 3.6 million (2021: Rs. 7.5 million, Rs. 9.6 million and Rs. 4.3 million), respectively.

29.2 This represents common expenses allocated by Fauji Fertilizer Company Limited on account of marketing of FFBL's products based on an inter company services agreement.

		Note	2022	2021
			(Rupees '000)	
30	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	**30.1**	**1,306,384**	1,381,623
	Travel and conveyance		**71,705**	47,586
	Utilities		**72,448**	49,819
	Printing and stationery		**15,481**	16,517
	Repairs and maintenance		**159,131**	149,182
	Communication, establishment and other expenses		**44,916**	78,433
	Rent, rates and taxes		**6,257**	7,644
	Insurance		**10,268**	12,153
	Cost charged by FF		**74,325**	79,292
	Legal and professional		**156,938**	251,053
	Depreciation	**14.2**	**213,032**	220,960
	Amortization	**15.2**	**402**	18,781
	Miscellaneous		**202,126**	144,170
			2,333,413	2,457,213

30.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund and compensated absences amounting to Rs. 21.1 million, Rs. 32.4 million, Rs. 9.3 million (2021: Rs. 26.3 million, Rs. 30.6 million and Rs. 46.5 million), respectively.

		Note	2022	2021
			(Rupees '000)	
31	**FINANCE COSTS**			
	Mark-up on short term borrowings		**2,206,745**	835,659
	Mark-up on long term finance		**5,612,803**	3,690,766
	Mark-up on demand facility		**372,897**	134,309
	Mark-up on lease finance	**8.5**	**26,565**	43,314
	Amortisation of transaction cost	**7**	**32,233**	37,602
	Other financial charges		**191,387**	-
	Bank charges		**65,023**	25,145
	Guarantee fee		**44,412**	42,177
	Interest on WPPF		**1,251**	2,034
			8,553,316	4,811,006
32	**OTHER EXPENSES**			
	Workers' (Profit) Participation Fund	**10.3**	**680,665**	822,550
	Workers' Welfare Fund		**218,704**	453,875
	Donations	**32.1**	**315,738**	39,671
	Exchange loss - net		**7,152,946**	1,690,387
	Commission charges on recovery		**171,536**	-
	Loss on sale of investment in associates	**17.3.1**	**-**	2,386,841
	Auditor's remuneration - Group			
	Fees - annual audit		**4,972**	3,906
	Fees - half yearly review		**675**	450
	Fees - review of Statement of compliance with CCG		**165**	100
	Fees - reasonable assurance on Free float		**115**	105
	Other certification and services		**1,503**	517
	Out of pocket expenses		**1,194**	724
			8,624	5,802
	Others		**57,034**	48,034
			8,605,247	5,447,160

32.1 During the year, the Group has not paid donation to any organization in which any director of the Holding Company or his spouse has interest.

Donation to following parties / organisations exceeded 10% of total donation expense or Rs. 1 million:

		Note	2022	2021
			(Rupees '000)	
	Armed Forces Institute of Cardiology (AFIC)		**-**	5,000
	Fauji Foundation		**237,694**	11,000
33	**ALLOWANCE FOR EXPECTED CREDIT LOSSES**			
	Provision / (reversal) for debtors	**20.2**	**95,267**	(30,647)
	Provision for other receivables	**23.5**	**141,645**	782,000
			236,912	751,353

		2022	2021
		(Rupees '000)	
34	**OTHER INCOME**		
	Income from financial assets		
	Profit on bank balances and term deposits	**2,125,463**	1,377,373
	Fair value (loss) / gain on mutual fund investments	**(16,958)**	22,648
	Cash dividend on mutual funds	**647,425**	22,363
		2,755,930	1,422,384
	Income from assets other than financial assets		
	Scrap sales and miscellaneous receipts	**420,589**	174,435
	Gain on sale of property, plant and equipment	**26,228**	63,603
	Gain on termination of lease	**10,803**	31,591
	Commercial slaughtering by Fauji Meat Limited	**292,867**	86,761
	Technical services	**64,570**	33,946
	Miscellaneous income	**49,526**	106,421
		3,620,513	1,919,141
35	**TAXATION**		
	Current tax		
	For the period	**4,462,834**	6,118,047
	Prior period	**2,317,204**	-
		6,780,038	6,118,047
	Deferred tax		
	For the period	**1,183,162**	(353,933)
		7,963,200	5,764,114
35.1	**Reconciliation of tax charge for the year:**		
	Profit before tax	**15,990,712**	14,989,099
	Tax on profit at 33% (2021: 29%)	**5,276,935**	4,346,839
	Tax effect of lower rate on certain income / expenses	**(13,523)**	(3,130)
	Tax effect of exempt income / permanent differences	**165,986**	(83,291)
	Tax effect of gain on disposal of FWE I&II and dividend	**-**	1,172,803
	Effect of Minimum tax	**165,700**	123,483
	Alternative Corporate Tax	**-**	(14,586)
	Tax effect of unused tax losses	**(260,369)**	1,568,805
	Tax effect of profit of associates	**(849,067)**	(1,449,051)
	Tax effect of profit of subsidiary	**588,511**	133,364
	Tax effect of super tax at 10% (2021)	**2,289,402**	-
	Tax effect of super tax at 4% (2021)	**27,802**	-
	Tax effect of prior year adjustment	**-**	(34,067)
	Tax effect of change in effective rate due to super tax	**546,465**	-
	Others	**25,358**	2,945
		7,963,200	5,764,114
	Effective rate	**49.80%**	38.46%

			2022	2021
36	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit attributable to equity holders of the Holding Company (Rupees in thousands)		**7,649,305**	8,956,848
	Weighted average number of ordinary shares in issue during the year (thousands)		**1,291,253**	1,288,450
	Earnings per share - basic and diluted (Rupees)		**5.92**	6.95

There is no dilutive effect on the basic earnings per share of the Group for the year 2022.

		Note	2022	2021
			(Rupees '000)	
37	**CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES**			
	Profit before taxation		**15,990,712**	14,989,099
	Adjustments for:			
	Provision for gratuity		**109,708**	91,281
	Exchange loss - net		**7,152,946**	1,690,387
	Provision for compensated absences		**59,784**	196,471
	Allowance for ECL on other receivables		**141,645**	782,000
	Unwinding on GIDC		**891,198**	1,253,839
	Provision for sales tax refundable		**-**	20,209
	Amortization of transaction cost		**32,233**	37,602
	Mark-up on lease finance		**26,565**	43,314
	Non-cash adjustment in Property, Plant and Equipment		**-**	33,392
	Provision for Workers' (Profit) Participation Fund		**680,665**	822,550
	Provision for Workers' Welfare Fund		**218,704**	453,875
	Depreciation and amortization	**14.2 & 15**	**2,895,694**	2,794,656
	Finance costs		**8,494,518**	4,730,090
	Fair value loss / (gain) on mutual fund investments		**16,958**	(22,648)
	Share of profit of joint venture and associates		**(6,980,449)**	(5,526,104)
	Provision / (reversal) for doubtful trade debts		**95,267**	(30,647)
	Provision for unrealized profit on stock		**(752,448)**	-
	Transaction cost of FML (2021: other transaction cost - net)		**(5,493)**	48,034
	Allowance for input tax		**-**	393,727
	Provision for stores and spares		**23,705**	61,240
	Provision for stock in trade		**-**	4,730
	Loss on sale of investment in associates		**-**	2,386,841
	Profit on bank balances and term deposits		**(2,125,463)**	(1,400,021)
	Cash dividend on mutual funds		**(647,425)**	(22,363)
	Gain on termination of lease		**(10,803)**	(31,591)
	Gain on sale of property, plant and equipment		**(26,228)**	(63,603)
			26,281,993	23,736,360

	2022	2021
	(Rupees '000)	
Changes in:		
Stores and spares	**(279,760)**	(30,712)
Stock in trade	**(29,840,426)**	(8,292,461)
Trade debts	**(14,795,223)**	1,130,390
Advances	**(352,983)**	302,278
Trade deposits and short term prepayments	**(158,466)**	(33,618)
Other receivables	**1,001,981**	(684,470)
Sales tax refundable	**(4,589,993)**	(4,848,019)
Trade and other payables	**3,602,763**	17,231,266
Advances from customers	**(4,923,721)**	3,488,971
	(50,335,828)	8,263,625
	(24,053,835)	31,999,985

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration including benefits applicable to the Chief Executives and executives of the Group are given below:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	**36,810**	**1,118,895**	54,129	1,111,329
Bonus paid	**-**	**600,636**	18,180	54,887
Contributory Provident Fund	**2,220**	**63,394**	3,543	234,528
Others	**-**	**535,736**	11,985	402,007
	39,030	**2,318,661**	87,837	1,802,751
No. of person(s)	**1**	**257**	2	243

The above are provided with medical facilities as well. The Chief Executive and certain executives are also provided with the Company's maintained vehicles and household equipment and other benefits in accordance with the Group's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment, while the contribution for executives in respect of gratuity is on the basis of an actuarial valuation. Leave encashment was paid to executives amounting to Rs. 7.9 million (2021: Rs. 17.1 million) on separation in accordance with the Group's policy.

In addition, the directors of the Group are paid meeting fees, aggregating Rs. 40.7 million (2021: Rs. 49.1 million).

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

39 FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Holding Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

39.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, deposits, advances, interest accrued, short-term investments, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	(Rupees '000)	
Trade debts	**16,761,585**	2,061,629
Deposits	**265,260**	178,172
Advances	**172,329**	142,405
Interest accrued	**13,065**	5,579
Other receivables - net of provision	**3,380,439**	4,524,065
Short term investments	**970,000**	5,601,349
Bank balances	**23,483,324**	39,347,382
	45,046,002	51,860,581

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with K-Electric and dealers within the country.

The Holding Company has significant amount receivable from Fauji Fertilizer Company Limited which amounts to Rs. 1,357.5 million (2021: Rs. 2,523.9 million) and which is included in total carrying amount of other receivables as at reporting date. At the reporting date this receivable is neither overdue nor impaired. The remaining amount includes receivable from the Government of Pakistan amounting to Rs. 3,161 million (2021: Rs. 3,161 million) on account of subsidy income.

The Holding Company's trade debts are secured against letter of guarantee. The Group has placed funds in financial institutions with high credit ratings. The Group assesses the credit quality of the counter parties as satisfactory. The Group does not hold any collateral as security against any of its financial assets other than trade debts of the Holding Company and advances to employees.

The Group limits its exposure to credit risk by investing only in liquid securities and placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Group only has placed funds in the banks with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

39.2 Credit quality of financial assets

The credit quality of Group's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

		2022	2021
	Rating	(Rupees '000)	
Trade debts			
Counterparties without external credit ratings			
Existing customers with no default in the past	**Unrated**	**12,490,303**	680,928
Counterparties with external credit rating			.
K-Electric Limited	**A1+**	**4,271,282**	1,380,701
Deposits			
Counterparties without external credit ratings			
Others	**Unrated**	**265,260**	178,172
Advances			
Counterparties without external credit ratings			
Others	**Unrated**	**172,329**	142,405
Interest accrued			
Counterparties with external credit ratings			
	AA+	**13,065**	5,579
		13,065	5,579
Other receivables			
Counterparties with external credit ratings			
Receivable from related parties	**AA+**	**1,357,490**	2,523,902
Counterparties without external credit ratings			
Receivable from Government of Pakistan	**Unrated**	**3,160,992**	3,160,992
Receivable from others including related parties	**Unrated**	**234,072**	1,160,829
		4,752,554	6,845,723
Short term investments			
Counterparties with external credit ratings	**AAA**	**-**	2,501,027
	AA+	**970,000**	2,100,000
	AA-	**-**	1,000,322
		970,000	5,601,349
Bank balances			
Counterparties with external credit ratings	**AAA**	**1,735,969**	6,152,639
	AA+	**10,946,358**	21,364,760
	AA	**1,241,561**	1,572,679
	AA-	**2,844,480**	5,222,294
	A+	**4,361,428**	3,454,152
	A	**291,127**	502,796
	A-	**2,062,401**	1,078,062
		23,483,324	39,347,382

The Company's short term investments and bank balances are subject to the requirements of IFRS 9, the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings.

Impairment losses

As at reporting date, the age analysis of trade debts is as follows:

Aging	2022		2021	
	Gross	Impairment	Gross	Impairment
	(Rupees '000)		(Rupees '000)	
Not yet due	**14,687,945**	**-**	22,457	-
1-30 days	**128,672**	**-**	1,940,330	453
31-60 days	**1,223,064**	**-**	167	94
61-90 days	**414,847**	**-**	624	374
91-365 days	**193,790**	**174**	85,467	4,125
Over 365 days	**819,258**	**705,817**	1,365,810	1,348,180
	17,467,576	**705,991**	3,414,855	1,353,226

The following table provides information about the exposure to credit risk and ECL for trade debts of FML at December 31, 2022.

	Weighted average loss rate	Gross carrying amount	Allowance for expected credit losses	Credit impaired
	Percentage	Rupees ('000)		
1-30 days	**0%**	**-**	**-**	No
31-60 days	**0%**	**-**	**-**	No
61-90 days	**0%**	**-**	**-**	No
91-365 days	**100%**	**174**	**174**	No
Over 365 days	**99%**	**570,096**	**565,686**	No
		570,270	**565,860**	

An impairment analysis of trade debts is performed at each reporting date using provision matrices to measure expected credit losses (ECL). The probability of default (PD) rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability - weighted outcome, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions. Whereas, the loss given default, in respect of the Holding Company's trade debts, is based upon external credit rating of banks who have issued the letter of guarantees to the customers. Accordingly, the Holding Company assess that any ECL on it's trade debts will be minimal. Whereas, FML, FPCL and FFL have recognised allowance for ECL amounting to Rs.565.9 million, Rs. 28.1 million and Rs. 111.9 million (2021: Rs. 1,304.2 million, Rs. 26.6 million and Rs. 22.5 million), respectively. Further, during the year, the Group has set off long outstanding trade debts of FML amounting to Rs. 742.5 million against the related allowance for ECL, as there is no reasonable expectation of recovery.

As per historical pattern, the amount due from Fauji Fertilizer Company Limited is settled within a week. Accordingly, there is no significant risk of ECL in respect of this balance. Similarly, amounts from other related parties are settled in normal course of business and there is no significant risk of ECL.

The amount of subsidy receivable is linked to a sovereign entity, who can print the currency which is routinely held by Central Bank and other major local financial institutions, which qualitatively indicate that historical credit loss information should be minimally affected by current conditions, and reasonable and supportable forecasts. Therefore, the Holding Company does not expect any significant ECL, as at the reporting date, excluding impact of time value of money.

Being low risk instruments, the Group has assessed an allowance on its balances with banks based on 12 months ECL. Based upon above mentioned high credit ratings, ECL rate on bank balances and short term investments round to zero.

In the previous years, the Holding Company has recorded an impairment loss of Rs. 3 million in respect of its long term investment as explained in note 17.4.

39.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains lines of credit as mentioned in notes 13 and 7 to the consolidated financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2022	Carrying amount	Contractual cash flows	Less than one year	One to five years	Five years onwards
			(Rupees '000)		
Long term loans	**41,435,785**	**46,529,622**	**8,850,107**	**37,679,515**	**-**
Lease liability	**127,016**	**142,126**	**85,953**	**56,173**	**-**
Trade and other payables	**66,307,683**	**77,114,046**	**69,539,163**	**7,574,883**	**-**
Short-term borrowings including mark-up	**37,006,803**	**37,006,803**	**37,006,803**	**-**	**-**
	144,877,287	**160,792,597**	**115,482,026**	**45,310,571**	**-**

2021	Carrying amount	Contractual cash flows	Less than one year	One to five years	Five years onwards
			(Rupees '000)		
Long term loans	40,730,068	52,274,392	8,920,143	43,354,249	-
Lease liability	227,143	293,762	89,592	204,170	-
Trade and other payables	54,787,810	58,195,060	49,354,580	8,840,480	-
Short-term borrowings including mark-up	19,563,409	19,563,409	19,563,409	-	-
	115,308,430	130,326,623	77,927,724	52,398,899	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

39.3.1 The contractual cash flow relating to long-term borrowings and short-term borrowings have been determined on the basis of expected mark up rates. The mark-up rates as at reporting date have been disclosed in note 7 and note 12 to these consolidated financial statements respectively.

39.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Group is exposed to currency and interest rate risk only.

39.4.1 Currency risk

Exposure to currency risk

The Group is exposed to currency risk on certain liabilities, trade debts and bank balances which are denominated in currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2022		
	Rupees '000	US Dollar '000	EURO '000
Bank balances	**4,462**	**20**	**-**
Trade debts	**505,899**	**2,230**	**-**
Creditors	**(33,814,486)**	**(139,539)**	**-**
Net exposure	**(33,304,125)**	**(137,289)**	**-**

	2021		
	Rupees '000	US Dollar '000	EURO '000
Bank balances	3,472	20	-
Trade debts	1,371,354	7,709	-
Creditors	(27,138,976)	(134,946)	-
Net exposure	(25,764,150)	(127,217)	-

The following significant exchange rate applied during the year:

	Average rates		Spot rate (Bid-Offer average)	
	2022	2021	2022	2021
US Dollars	**205.66**	163.35	**226.90**	177.89
Euro	**214.53**	192.18	**242.33**	201.11

Sensitivity analysis

FFBL

A 15% strengthening of the functional currency against USD at 31 December would have increased profit and loss by Rs. 4,328 million (2021: Rs. 3,600 million). A 15% weakening of the functional currency against USD at 31 December would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

FPCL

At December 31, 2022, if the currency had weekend or strengthened by 15% against the mentioned foreign currencies, with all other variables remaining constant, the profit before tax would have been Rs. 420.3 million (2021: Rs. 219 million) lower/higher.

FFL

At December 31, 2022, if the currency had weekend or strengthened by 15% against the mentioned foreign currencies, with all other variables remaining constant, the loss before tax would have been Rs. Nil (2021: Rs. Nil) lower/higher.

FML

At December 31, 2022, if the currency had weekend or strengthened by 15% against the mentioned foreign currencies, with all other variables remaining constant, the loss after tax would have been Rs. 0.76 million (2021: Rs. 2.6 million) lower/higher.

39.4.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and short term deposits with banks. At the balance sheet date the interest rate risk profile of the Group's interest bearing financial instruments is:

	2022	2021
	(Rupees '000)	
Fixed rate instruments		
Financial assets	**970,000**	5,601,349
Financial liabilities	**6,499,981**	2,428,974
Variable rate instruments		
Financial assets	**23,264,400**	37,841,459
Financial liabilities	**70,273,831**	57,261,165

Fair value sensitivity analysis for fixed rate instruments

The Group is not exposed to interest rate risk on its fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 400 basis points in interest rates would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit or loss	
	400 basis points increase	400 basis points decrease
	(Rupees '000)	
December 31, 2022		
Cash flow sensitivity-Variable rate instruments	**(1,880,377)**	**1,880,377**
December 31, 2021		
Cash flow sensitivity-Variable rate instruments	(776,788)	776,788

39.4.3 Market price risk

For investments at fair value through profit or loss, a 1% increase / decrease in market price at reporting date would have increased / decreased profit for the year by Rs. 138 million (2021: Rs. 83 million).

39.5 Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Note	2022 Carrying amount	2022 Fair value	2021 Carrying amount	2021 Fair value
		(Rupees '000)			
Assets carried at amortized cost					
Trade debts - net of provision	20	16,761,585	16,761,585	2,061,629	2,061,629
Deposits		265,260	265,260	178,172	178,172
Advances	21	172,329	172,329	142,405	142,405
Interest accrued - net of provision		13,065	13,065	5,579	5,579
Other receivables - net of provision	23	3,380,439	3,380,439	4,524,065	4,524,065
Short term investments	25	970,000	970,000	5,601,349	5,601,349
Cash and bank balances	26	23,485,342	23,485,342	39,350,233	39,350,233
		45,048,020	45,048,020	51,863,432	51,863,432
Assets carried at fair value					
Short term investments-Investments at fair value through profit or loss	25	13,764,259	13,764,259	8,341,700	8,341,700
Liabilities carried at amortized cost					
Long term loans including mark-up	7 & 11	41,435,785	41,435,785	40,730,068	40,730,068
Trade and other payables	10	66,307,683	65,394,121	54,787,810	54,268,420
Finance lease liability including mark-up		127,016	127,016	227,143	227,143
Short-term borrowings including mark-up		37,006,803	37,006,803	19,563,409	19,563,409
		144,877,287	143,963,725	115,308,430	114,789,040

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in the market rate and rate of the instruments and most of the fixed rate instruments are short term in nature, therefore fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2 (Rupees '000)	Level 3
December 31, 2022			
Assets carried at fair value			
Short-term investments - investment in mutual funds	**13,764,259**	**-**	**-**
December 31, 2021			
Assets carried at fair value			
Short-term investments - investment in mutual funds	8,341,700	-	-

The carrying value of financial assets and liabilities reflected in consolidated financial statements approximate to their respective fair values.

39.6 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment in fair value through profit and loss account - held for trading (mutual funds)

The fair value of held for trading investments is determined by reference to their quoted closing repurchase price at the reporting date.

The investment in quoted funds are determined by reference to bid price offered by the respective asset management company at the reporting date at level 1 in fair value hierarchy.

Investment in associate

The fair value of investment in quoted associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value of investment property

The fair value, which is determined for disclosure purposes, are classified as level 3 in fair value hierarchy.

39.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

The total net debt to equity ratio as at December 31, 2022 based on net debt of Rs. 38,427 million and total equity of Rs. 43,517 million was 0.88:1 (2021: 0.19:1)

The Group finances its operations through equity, borrowings and management of working capital with view of maintaining an appropriate mix between various source of finance to minimize risk.

40 RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has 49.88% share holding in FFBL (2021: 49.88%). While Fauji Foundation (FF) holds 18.29% shares (2021: 18.29%) in the Company. The Group has related parties which comprise of a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the year end are given below. The carrying value of investment in associates and joint venture are disclosed in note 17 to the consolidated financial statements.

	2022	2021
	(Rupees '000)	
Transactions with Fauji Foundation		
Services received	**99,422**	132,474
Services provided	**896**	2,903
Payments against services	**80,077**	119,284
Advance against equity	**2,000,000**	-
Donation paid	**312,920**	30,790
Dividend paid	**-**	686,156
Contribution for Institute of Cardiology (AFIC)	**-**	12,400
Balance payable	**46,221**	24,002
Transactions with associated undertakings due to common directorship		
Fauji Fertilizer Company Limited		
Services and material acquired	**1,430,533**	1,310,917
Services and material provided	**-**	1,533
Receipts under consignment account	**143,287,908**	114,970,112
Commission charged	**23,670**	25,831
Balance receivable at the year end	**1,357,490**	2,523,902
Proceeds from disposal of investment	**-**	5,256,007
Askari Bank Limited		
Balances at bank and TDR	**4,475,919**	17,719,439
Profit on bank balances	**976,239**	549,737
Long term loans	**479,877**	646,544
Mark-up on long term loans	**74,777**	85,558
Mark-up payable on long term loans	**11,172**	42,371
Finance cost charged	**103,107**	58,777
Running finance	**271,804**	-
Dividend received	**-**	815,652
Transactions with joint venture		
Pakistan Maroc Phosphore		
Purchase of raw materials	**142,489,996**	64,542,221
Expenses incurred on behalf of joint venture	**7,927**	5,214
Dividend received	**2,511,075**	1,025,064
Late payment surcharge during the year	**191,387**	-
Balance payable at the year end - secured (included in note 10)	**29,292,878**	24,004,647
Balance receivable at the year end - unsecured (included in note 23)	**13,141**	8,852

	2022	2021
	(Rupees '000)	
Other related parties		
Contribution to provident fund	**153,427**	139,516
Payment to gratuity fund	**82,716**	73,019
Payment to Workers' (Profit) Participation Fund	**438,801**	965,400
Payment to Fauji Security Services (Private) Limited	**-**	1,880
Payment to Noon Sugar Mills	**-**	39,531
Balance payable to WPPF at the year end - unsecured	**381,095**	137,980
Payable to gratuity fund	**334,858**	271,085
Payable to provident fund	**21,021**	14,366
Meeting fee to directors	**40,695**	49,105
Expenses on behalf of Fauji Cereals	**-**	5,381
Receivable from Fauji Cement Company Limited	**43**	-
Receivable from Fauji Cereals	**5,829**	5,830
Expenses on behalf of Askari General Insurance Company Limited	**37,862**	31,445
Remuneration of key management personnel		
Short-term benefits	**313,128**	370,448
Post employment benefits	**34,218**	43,597

In addition to above:

- the Holding Company has provided sponsor support, to lenders of project financing arranged by FPCL, to fund any shortfall, to the extent FPCL is unable to fulfil its financial obligations:
(i) up to Rs. 29,150 million (2021: Rs. 29,150 million) and all cost over runs, till technical completion date; and
(ii) up to Rs. 8,000 million after project completion date.

- the Holding Company has issued standby letter of credit amounting to Rs. 1,000 million in favour of the FFL under the Master Facility Agreement.

- the Holding Company has also provided a revolving guarantee amounting to Rs. 6,067 million in favour of the FFL under the Master Facility Agreement.

40.1 Detail of related parties

Name of related party	Basis of relationship	Percentage holding
Fauji Foundation	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship	-
Pakistan Maroc Phosphore	Joint Venture / Common directorship	25.00%
Fauji Meat Limited	Subsidiary	75.00%
Fauji Foods Limited	Subsidiary	71.63%
FFBL Power Company Limited	Subsidiary	75.00%
Askari Bank Limited	Associate Company / Common directorship	21.57%
FFBL Gratuity Fund	Employee benefit fund	-
FPCL Gratuity Fund	Employee benefit fund	-
FFL Gratuity Fund	Employee benefit fund	-
FFBL Provident fund	Employee benefit fund	-
FPCL Provident fund	Employee benefit fund	-

Name of related party	Basis of relationship	Percentage holding
FFL Provident fund	Employee benefit fund	-
FML Provident fund	Employee benefit fund	-
FFBL Workers' (Profit) Participation Fund	Employee benefit fund	-
FPCL Workers' (Profit) Participation Fund	Employee benefit fund	-

41 INFORMATION ABOUT REPORTABLE SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive and Managing Director. The Chief Executive and Managing Director considers the business from the products perspective. As at December 31, 2022 the Group is organized into four main operating segments based on its products:

- Fertilizer;
- Power;
- Meat; and
- Food

Information related to each reportable segment is set out below. Segment profit / (loss) before tax, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segment, relative to other entities that operate in the same industries.

	2022					
	Fertilizers	Power	Meat	Food	Consolidation adjustments / eliminations	Total
	(Rupees '000)					
Segment revenues	159,225,963	30,650,817	57,610	12,350,701	(19,156,465)	183,128,626
Segment profit / (loss) before tax	8,505,261	4,421,492	(799,162)	(1,896,057)	5,759,178	15,990,712
Other income	6,341,920	168,783	351,371	196,110	(3,437,671)	3,620,513
Finance costs	5,143,968	2,344,002	185,832	1,259,766	(380,252)	8,553,316
Depreciation	982,030	1,258,324	295,340	386,728	(45,135)	2,877,287
Share of profit of equity - accounted investees	-	-	-	-	6,980,449	6,980,449
Segment assets (excluding long term investments)	120,691,503	41,839,240	6,415,068	12,703,658	(9,557,097)	172,092,372
Equity accounted investees	-	-	-	-	26,173,455	26,173,455
	120,691,503	41,839,240	6,415,068	12,703,658	16,616,358	198,265,827
Capital expenditure	370,065	677,418	-	138,727	-	1,186,210
Segment liabilities (total)	127,140,380	22,243,195	187,689	10,107,134	(4,551,297)	155,127,101
Long term loans	23,733,334	11,326,936	-	5,988,149	-	41,048,419
Short term borrowings	28,213,376	5,679,479	-	1,705,522	-	35,598,377

	2021					
	Fertilizers	Power	Meat	Food	Consolidation adjustments / eliminations	Total
	(Rupees '000)					
Segment revenues	110,452,174	20,722,080	99,445	8,586,397	(11,624,247)	128,235,849
Segment profit / (loss) before tax	11,524,803	3,828,385	(1,108,951)	(1,507,495)	2,252,357	14,989,099
Other income	9,110,971	218,749	133,800	85,165	(7,629,544)	1,919,141
Finance costs	2,338,107	1,467,325	563,659	1,155,050	(713,135)	4,811,006
Depreciation	964,054	1,133,623	313,751	398,183	(48,348)	2,761,263
Share of profit of equity - accounted investees	-	-	-	-	5,526,104	5,526,104
Segment assets (excluding long term investments)	89,098,501	37,992,049	6,395,588	12,562,253	(6,191,486)	139,856,905
Equity accounted investees	-	-	-	-	20,468,042	20,468,042
	89,098,501	37,992,049	6,395,588	12,562,253	14,276,556	160,324,947
Capital expenditure	307,670	253,504	2,883	34,598	-	598,655
Segment liabilities (total)	94,277,287	22,451,188	6,945,433	10,601,152	(6,504,607)	127,770,453
Long-term loans	20,925,006	13,679,456	500,000	6,038,607	(500,000)	40,643,069
Short-term borrowings	10,987,861	5,999,606	5,698,549	1,934,714	(5,698,549)	18,922,181

41.1 Reconciliation of information on reportable segments to applicable financial reporting standards

	2022	2021
	(Rupees '000)	
Revenue for reportable segments	**183,128,626**	128,235,849
Consolidated Revenue	**183,128,626**	128,235,849
Profit before tax for reportable segments	**10,231,534**	12,736,742
Less: Dividend income from group companies	**(2,511,075)**	(3,670,505)
Add:		
Share of profit of joint venture and associates - net	**6,980,449**	5,526,104
Reduction in depreciation charge / intergroup adjustment	**14,205**	314
Impairment of FFL	**1,179,000**	2,102,788
Reversal of ECL	**121,709**	3,472,304
Loss on sale of associates	**-**	(2,386,841)
Reversal of gain on sale of FWEL I & II	**-**	(2,795,442)
Inter-group elimination	**(25,110)**	3,635
Consolidated profit before tax from continuing operations	**15,990,712**	14,989,099
Segment assets (excluding long-term investments)	**181,649,469**	146,048,391
Less:		
Gain on sale of a land and others assets by Holding Company to subsidiaries	**(1,229,789)**	(1,229,789)
Inter-group eliminations	**(8,296,611)**	(2,912,068)
Inter-group adjustment	**180,446**	135,311
Reversal of ECL - FML loan	**-**	504,265
Reversal of ECL - FML loan	**-**	2,968,039
Unrealized profit on stock purchased from joint venture	**(752,448)**	-
Loan from FFBL to subsidiaries	**-**	(6,198,549)

	2022	2021
	(Rupees '000)	
Add:		
Inter-company adjustment - Pre-COD sale of fuel	**541,305**	541,305
Consolidated total assets	**172,092,372**	139,856,905
Total liabilities for reporting segments	**159,678,398**	134,275,060
Add:		
Deferred tax on associate and joint venture	**2,072,838**	1,519,314
Deferred tax on subsidiary	**1,651,287**	1,043,004
Reversal of deferred tax	**-**	19,777
Contingent liability	**23,915**	23,915
Others	**(2,726)**	-
Less:		
Inter-group eliminations	**(8,296,611)**	(2,912,068)
Loan from FFBL to subsidiaries	**-**	(6,198,549)
Consolidated total liabilities	**155,127,101**	127,770,453

	2022			
Other material items	**Other income**	**Finance Costs**	**Capital expenditure**	**Depreciation**
	(Rupees '000)			
Reportable segments Total	**7,058,184**	**8,933,568**	**1,186,210**	**2,922,422**
Less:				
Dividend income from group companies	**(2,511,075)**	**-**	**-**	**-**
Inter-company adjustment	**(926,596)**	**(380,252)**	**-**	**-**
Reduction in depreciation	**-**	**-**	**-**	**(45,135)**
Consolidated Total	**3,620,513**	**8,553,316**	**1,186,210**	**2,877,287**

	2021			
Other material items	**Other income**	**Finance Costs**	**Capital expenditure**	**Depreciation**
	(Rupees '000)			
Reportable segments Total	9,548,685	5,524,141	598,655	2,809,611
Less:				
Dividend income from group companies	(3,670,505)	-	-	-
Reversal of gain on sale of FWEL I & II	(2,795,443)	-	-	-
Inter-company adjustment	(1,163,596)	(380,252)	-	-
Reduction in depreciation	-	-	-	(48,348)
Consolidated Total	1,919,141	5,143,889	598,655	2,761,263

41.2 There were no major customers of the Group which formed part of 10 percent or more of the Group's revenue.

41.3 All of the Group's assets (except for its investment in a joint venture) are situated in Pakistan.

		Unit	2022	2021
41.4	**Fauji Fertilizer Bin Qasim Limited**			
	Design capacity			
	Urea	Tonnes	**551,100**	551,100
	DAP	Tonnes	**650,000**	650,000
	Actual production			
	Urea	Tonnes	**523,581**	501,236
	DAP	Tonnes	**847,843**	790,415

The actual production of Urea was below the design capacity of the plant; mainly owing to focus on DAP and low gas pressure. From December 21, 2022 the Company's DAP plant has been shut down to more efficiently manage its DAP inventory owing to demand and supply situation in the market.

		Unit	2022	2021
41.5	**FFBL Power Company Limited**			
	Electricity			
	Installed capacity based on 8,760 hours (2021: 8,760 hours)	Megawatt	**639,480**	543,558
	Actual energy delivered	Megawatt	**559,226**	579,100
	Steam			
	Installed capacity based on 8,760 hours (2021: 8,760 hours)	Metric ton	**1,752,000**	1,489,200
	Actual energy delivered	Metric ton	**1,532,467**	1,369,156

The variation in production of electricity & steam depends upon availability of plant and demand from customer in addition to shutdown for annual turn around (maintenance).

		Unit	2022	2021
41.6	**Fauji Meat Limited**			
	Design capacity*			
	Meat	Metric ton	**30,000**	30,000
	Actual production			
	Meat	Metric ton	**7,724**	4,634

Actual production is based on demand of meat products of FML during the year.

*At single shift of 08 hours per day and 25 operating days in a month.

		Unit	2022	2021
41.7	**Fauji Foods Limited**			
	Design capacity			
	Liquid products	Litres	**221,312,000**	221,312,000
	Non-liquid products	Kgs	**6,318,709**	6,318,709
	Actual production			
	Liquid products	Litres	**59,041,145**	57,077,538
	Non-liquid products	Kgs	**2,791,413**	2,830,496

Actual production is based on demand of milk products of FFL during the year.

		2022	2021
41.8	**Number of persons employed**		
	Total employees on year end	**1,783**	1,758
	Average employees during the year	**1,815**	1,841

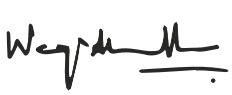
41.9 **Employees Provident Fund**

Investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

42 **General**

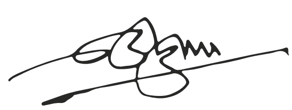
42.1 Corresponding figures have been re-arranged and re-classified, where necessary, for more appropriate presentation of transactions and events, for the purposes of comparison.

42.2 These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on January 30, 2023.



Chairman

Chief Executive



Director

Chief Financial Officer

06 Shareholders' Information

Other information for shareholders

Pattern of Shareholding - FFBL

As at December 31, 2022

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
1026	1	-	100	50,111
3405	101	-	500	1,534,266
2418	501	-	1,000	1,974,287
3728	1,001	-	5,000	10,165,138
1205	5,001	-	10,000	9,248,527
583	10,001	-	15,000	7,468,199
310	15,001	-	20,000	5,555,105
252	20,001	-	25,000	5,748,963
184	25,001	-	30,000	5,180,958
113	30,001	-	35,000	3,763,891
90	35,001	-	40,000	3,428,121
65	40,001	-	45,000	2,783,018
95	45,001	-	50,000	4,663,752
50	50,001	-	55,000	2,641,045
46	55,001	-	60,000	2,643,385
31	60,001	-	65,000	1,956,735
35	65,001	-	70,000	2,389,910
30	70,001	-	75,000	2,206,379
20	75,001	-	80,000	1,573,978
11	80,001	-	85,000	912,966
20	85,001	-	90,000	1,762,322
13	90,001	-	95,000	1,200,294
49	95,001	-	100,000	4,861,933
24	100,001	-	105,000	2,475,190
7	105,001	-	110,000	756,314
13	110,001	-	115,000	1,460,436
16	115,001	-	120,000	1,884,036
11	120,001	-	125,000	1,356,341
9	125,001	-	130,000	1,154,158
8	130,001	-	135,000	1,063,247
16	135,001	-	140,000	2,210,625
5	140,001	-	145,000	717,805
19	145,001	-	150,000	2,824,118
9	150,001	-	155,000	1,368,670
5	155,001	-	160,000	791,568
2	160,001	-	165,000	322,500
6	165,001	-	170,000	1,011,880
6	170,001	-	175,000	1,044,371
4	175,001	-	180,000	712,628
1	180,001	-	185,000	180,500
4	185,001	-	190,000	753,038
2	190,001	-	195,000	382,223
22	195,001	-	200,000	4,384,997

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
5	200,001	-	205,000	1,008,107
4	205,001	-	210,000	829,592
3	210,001	-	215,000	640,379
1	215,001	-	220,000	217,000
3	220,001	-	225,000	669,091
3	225,001	-	230,000	685,636
4	230,001	-	235,000	932,349
1	235,001	-	240,000	235,146
2	240,001	-	245,000	483,408
6	245,001	-	250,000	1,493,750
3	250,001	-	255,000	759,708
5	255,001	-	260,000	1,293,345
2	260,001	-	265,000	530,000
2	265,001	-	270,000	536,055
1	270,001	-	275,000	272,526
3	275,001	-	280,000	831,241
2	285,001	-	290,000	576,966
1	290,001	-	295,000	290,290
6	295,001	-	300,000	1,799,932
6	300,001	-	305,000	1,818,660
1	305,001	-	310,000	307,333
3	310,001	-	315,000	939,723
1	315,001	-	320,000	320,000
1	325,001	-	330,000	327,000
2	330,001	-	335,000	668,083
1	340,001	-	345,000	340,500
2	345,001	-	350,000	694,083
2	350,001	-	355,000	705,736
1	355,001	-	360,000	359,500
2	360,001	-	365,000	729,730
2	385,001	-	390,000	777,688
2	390,001	-	395,000	786,253
1	395,001	-	400,000	397,120
4	400,001	-	405,000	1,609,692
1	405,001	-	410,000	405,500
1	410,001	-	415,000	414,700
2	415,001	-	420,000	837,000
1	420,001	-	425,000	420,500
1	430,001	-	435,000	431,979
1	435,001	-	440,000	437,466
1	440,001	-	445,000	444,900
3	445,001	-	450,000	1,343,156
3	450,001	-	455,000	1,356,695

Pattern of Shareholding - FFBL

As at December 31, 2022

Number of Shareholders	Shareholdings			Total Shares Held
	From	-	To	
1	460,001	-	465,000	460,360
3	465,001	-	470,000	1,404,345
1	475,001	-	480,000	475,823
7	495,001	-	500,000	3,499,900
1	500,001	-	505,000	501,861
1	510,001	-	515,000	514,919
1	515,001	-	520,000	515,908
1	525,001	-	530,000	529,000
1	530,001	-	535,000	532,198
2	545,001	-	550,000	1,100,000
1	575,001	-	580,000	575,933
1	590,001	-	595,000	594,000
2	595,001	-	600,000	1,200,000
1	600,001	-	605,000	600,760
1	635,001	-	640,000	635,874
1	645,001	-	650,000	646,500
1	665,001	-	670,000	669,500
2	700,001	-	705,000	1,403,929
1	720,001	-	725,000	725,000
1	735,001	-	740,000	735,500
1	750,001	-	755,000	755,000
1	770,001	-	775,000	774,107
1	795,001	-	800,000	796,224
1	800,001	-	805,000	801,000
1	860,001	-	865,000	863,959
1	865,001	-	870,000	866,500
1	880,001	-	885,000	885,000
1	895,001	-	900,000	900,000
2	905,001	-	910,000	1,817,770
1	980,001	-	985,000	984,351
1	995,001	-	1,000,000	1,000,000
1	1,000,001	-	1,005,000	1,000,810
2	1,020,001	-	1,025,000	2,045,768
1	1,060,001	-	1,065,000	1,064,397
1	1,130,001	-	1,135,000	1,134,896
1	1,190,001	-	1,195,000	1,190,503
1	1,195,001	-	1,200,000	1,200,000
1	1,215,001	-	1,220,000	1,220,000
2	1,255,001	-	1,260,000	2,515,848
1	1,265,001	-	1,270,000	1,265,500
2	1,395,001	-	1,400,000	2,800,000
1	1,460,001	-	1,465,000	1,465,000
2	1,495,001	-	1,500,000	3,000,000

Number of Shareholders	Shareholdings From	-	To	Total Shares Held
1	1,520,001	-	1,525,000	1,520,568
1	1,540,001	-	1,545,000	1,544,225
1	1,595,001	-	1,600,000	1,600,000
1	1,630,001	-	1,635,000	1,633,500
1	1,715,001	-	1,720,000	1,719,500
1	1,755,001	-	1,760,000	1,757,500
1	1,860,001	-	1,865,000	1,862,900
1	1,880,001	-	1,885,000	1,882,500
1	1,975,001	-	1,980,000	1,978,382
1	2,180,001	-	2,185,000	2,180,500
1	2,355,001	-	2,360,000	2,358,000
1	2,445,001	-	2,450,000	2,446,005
1	2,670,001	-	2,675,000	2,672,000
1	2,750,001	-	2,755,000	2,754,500
1	2,760,001	-	2,765,000	2,762,000
1	2,785,001	-	2,790,000	2,789,476
1	3,190,001	-	3,195,000	3,195,000
1	3,205,001	-	3,210,000	3,206,000
1	3,315,001	-	3,320,000	3,318,500
1	3,360,001	-	3,365,000	3,365,000
1	3,585,001	-	3,590,000	3,587,888
1	3,710,001	-	3,715,000	3,712,000
2	4,000,001	-	4,005,000	8,007,791
1	4,435,001	-	4,440,000	4,439,524
1	4,670,001	-	4,675,000	4,670,255
1	6,980,001	-	6,985,000	6,981,500
1	7,120,001	-	7,125,000	7,121,845
1	9,995,001	-	10,000,000	10,000,000
1	12,910,001	-	12,915,000	12,912,528
1	21,095,001	-	21,100,000	21,097,500
1	28,855,001	-	28,860,000	28,856,582
1	30,155,001	-	30,160,000	30,159,505
1	46,695,001	-	46,700,000	46,699,000
1	223,245,001	-	223,250,000	223,248,865
1	644,015,001	-	644,020,000	644,018,629
14,165				1,291,252,857

Category Wise Shareholding - FFBL

As at December 31, 2022

Categories of shareholders		Shares held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	71,391	0.01
2	Excutives	NIL	NIL
3	Public Sector Companies & Corporations	NIL	NIL
4	Associated Companies, undertakings and related parties		
	i- Fauji Fertilizer Company Ltd	644,018,629	49.88
	ii- Fauji Foundation	236,161,393	18.29
5	NIT and ICP	3,236,733	0.25
6	Banks, Development Financial Institutions, Non Banking Financial Institutions	113,079,916	8.76
7	Insurance Companies	40,591,071	3.14
8	Modarabas and Mutual Funds	21,941,171	1.70
9	Share holders holding 10% or more		
	i- Fauji Fertilizer Company Ltd	644,018,629	49.88
	ii- Fauji Foundation	236,161,393	18.29
10	General Public		
	i. Local	180,857,422	14.01
	ii. Foreign	415,690	0.03
11	Others		
	(Joint Stock Companies, Charitable Trusts, Non-resident Companies, Cooperative Societies, Varoius Funds etc)	50,879,441	3.94
12	Shareholders holding five percent or more voting intrest in the listed company (Name Wise)		
	i- Fauji Fertilizer Company Ltd	644,018,629	49.88
	ii- Fauji Foundation	236,161,393	18.29

کیٹیگری وائز شیئر ہولڈنگ - ایف ایف بی ایل

31 دسمبر 2022

حصص یافتگان کی اقسام	حصص کی تعداد	فیصد
1 - ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی شریک حیات اور چھوٹے بچے	71,391	0.01
2 - ایگزیکٹیوز	---	---
3 - پبلک سیکٹر کمپنیاں اور کارپوریشنز	---	----
4 - منسلک کمپنیاں، اقرارنامے اور متعلقہ کمپنیاں		
i - فوجی فرٹیلائیزر کمپنی لمیٹڈ	644,018,629	49.88
ii - فوجی فاؤنڈیشن	236,161,393	18.29
5 - این آئی ٹی اور آئی سی پی	3,236,733	0.25
6 - بینک، ترقیاتی مالیاتی ادارے، غیر بینکاری مالیاتی ادارے	113,079,916	8.76
7 - بیمہ کمپنیاں	40,591,071	3.14
8 - مدارابہ کمپنیاں اور میوچل فنڈز	21,941,171	1.70
9 - دس فیصد حصص یافتگان		
i - فوجی فرٹیلائیزر کمپنی لمیٹڈ	644,018,629	49.88
ii - فوجی فاؤنڈیشن	236,161,393	18.29
10 - عوام الناس		
الف - ملکی (مقامی)	180,857,422	14.00
ب - غیر ملکی	415,690	0.03
11 - دیگر (جوائنٹ اسٹاک کمپنیاں، خیراتی ادارے، غیر ملکی کمپنیاں، کوآپریٹو سوسائٹیاں مختلف فنڈز)	50,879,441	3.94
12 - پانچ فیصد یا اس سے زیادہ کے حصص یافتگان		
i - فوجی فرٹیلائیزر کمپنی لمیٹڈ	644,018,629	49.88
ii - فوجی فاؤنڈیشن	236,161,393	18.29

Pattern of Shareholding - FFBL Subsidiaries
As at December 31, 2022

Fauji Foods Limited

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
992	1	100	49,427
1489	101	500	651,234
1716	501	1,000	1,644,919
3961	1,001	5,000	11,763,862
1714	5,001	10,000	13,925,554
692	10,001	15,000	9,011,118
530	15,001	20,000	9,860,751
349	20,001	25,000	8,230,094
245	25,001	30,000	7,010,150
159	30,001	35,000	5,258,265
162	35,001	40,000	6,266,718
95	40,001	45,000	4,093,373
147	45,001	50,000	7,267,510
56	50,001	55,000	2,975,737
87	55,001	60,000	5,093,489
34	60,001	65,000	2,140,025
51	65,001	70,000	3,513,009
48	70,001	75,000	3,520,247
43	75,001	80,000	3,391,061
18	80,001	85,000	1,503,550
24	85,001	90,000	2,122,454
21	90,001	95,000	1,963,977
125	95,001	100,000	12,457,869
20	100,001	105,000	2,056,540
19	105,001	110,000	2,058,760
8	110,001	115,000	903,500
11	115,001	120,000	1,305,031
25	120,001	125,000	3,096,643
16	125,001	130,000	2,059,942
5	130,001	135,000	664,641
4	135,001	140,000	553,840
5	140,001	145,000	716,700
26	145,001	150,000	3,889,718
8	150,001	155,000	1,220,028
6	155,001	160,000	948,616
5	160,001	165,000	813,313
8	165,001	170,000	1,340,710
7	170,001	175,000	1,211,351
5	175,001	180,000	894,390
2	180,001	185,000	366,000
3	185,001	190,000	568,599

Fauji Foods Limited

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
3	190,001	195,000	582,248
29	195,001	200,000	5,780,984
12	200,001	205,000	2,434,776
4	205,001	210,000	831,000
4	210,001	215,000	850,264
2	215,001	220,000	438,001
6	220,001	225,000	1,339,500
4	225,001	230,000	912,324
4	230,001	235,000	933,716
3	235,001	240,000	715,000
2	240,001	245,000	486,500
7	245,001	250,000	1,750,000
4	250,001	255,000	1,008,436
4	255,001	260,000	1,032,158
7	260,001	265,000	1,844,989
2	265,001	270,000	540,000
1	270,001	275,000	275,000
4	275,001	280,000	1,111,092
2	280,001	285,000	566,317
4	285,001	290,000	1,151,500
2	290,001	295,000	583,500
8	295,001	300,000	2,400,000
2	300,001	305,000	602,027
2	305,001	310,000	615,658
5	310,001	315,000	1,564,500
2	315,001	320,000	634,877
1	320,001	325,000	325,000
2	325,001	330,000	656,000
3	335,001	340,000	1,017,500
1	340,001	345,000	344,500
3	345,001	350,000	1,050,000
2	350,001	355,000	703,500
2	360,001	365,000	724,500
1	365,001	370,000	367,000
2	370,001	375,000	745,678
4	375,001	380,000	1,515,560
2	390,001	395,000	789,003
6	395,001	400,000	2,393,745
2	400,001	405,000	808,272
1	410,001	415,000	412,090
1	420,001	425,000	425,000

Pattern of Shareholding - FFBL Subsidiaries

As at December 31, 2022

Fauji Foods Limited

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
1	430,001	435,000	432,500
2	440,001	445,000	885,000
3	445,001	450,000	1,350,000
3	450,001	455,000	1,358,000
1	465,001	470,000	467,242
1	480,001	485,000	481,135
12	495,001	500,000	5,998,357
1	500,001	505,000	503,000
1	515,001	520,000	516,741
4	525,001	530,000	2,113,400
1	530,001	535,000	533,500
2	535,001	540,000	1,077,500
2	545,001	550,000	1,092,968
2	555,001	560,000	1,114,965
1	565,001	570,000	566,850
2	595,001	600,000	1,196,500
1	610,001	615,000	610,666
1	620,001	625,000	623,000
2	630,001	635,000	1,268,000
1	640,001	645,000	645,000
2	660,001	665,000	1,329,900
2	675,001	680,000	1,356,043
1	680,001	685,000	681,600
4	695,001	700,000	2,800,000
1	700,001	705,000	701,000
1	715,001	720,000	719,000
1	740,001	745,000	741,568
1	745,001	750,000	750,000
2	785,001	790,000	1,577,592
2	795,001	800,000	1,600,000
1	835,001	840,000	837,000
1	885,001	890,000	887,683
3	895,001	900,000	2,700,000
1	920,001	925,000	920,798
1	925,001	930,000	926,742
1	965,001	970,000	965,817
2	985,001	990,000	1,975,293
5	995,001	1,000,000	5,000,000
1	1,045,001	1,050,000	1,050,000
1	1,125,001	1,130,000	1,130,000
1	1,135,001	1,140,000	1,140,000

Fauji Foods Limited

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
4	1,195,001	1,200,000	4,799,477
1	1,295,001	1,300,000	1,300,000
1	1,310,001	1,315,000	1,314,500
1	1,325,001	1,330,000	1,328,122
1	1,450,001	1,455,000	1,455,000
1	1,465,001	1,470,000	1,470,000
2	1,495,001	1,500,000	3,000,000
1	1,540,001	1,545,000	1,544,000
1	1,655,001	1,660,000	1,660,000
2	1,695,001	1,700,000	3,400,000
1	1,745,001	1,750,000	1,749,500
1	1,750,001	1,755,000	1,751,483
1	1,780,001	1,785,000	1,784,500
1	1,845,001	1,850,000	1,845,784
1	1,855,001	1,860,000	1,857,698
1	1,920,001	1,925,000	1,925,000
1	2,005,001	2,010,000	2,008,460
1	2,095,001	2,100,000	2,098,621
1	2,405,001	2,410,000	2,407,857
1	2,515,001	2,520,000	2,515,500
1	2,920,001	2,925,000	2,920,743
1	3,000,001	3,005,000	3,001,497
1	3,055,001	3,060,000	3,056,000
1	3,125,001	3,130,000	3,129,500
1	3,210,001	3,215,000	3,210,852
1	3,440,001	3,445,000	3,445,000
1	4,595,001	4,600,000	4,600,000
1	5,230,001	5,235,000	5,231,000
1	6,685,001	6,690,000	6,687,302
1	7,265,001	7,270,000	7,266,000
1	8,695,001	8,700,000	8,697,557
1	8,880,001	8,885,000	8,883,660
1	9,995,001	10,000,000	10,000,000
1	26,400,001	26,405,000	26,401,583
1	67,370,001	67,375,000	67,371,916
1	1,134,700,001	1,134,705,000	1,134,701,257
13223			1,584,088,159

Category Wise Shareholding - FFL

As at December 31, 2022

Categories of shareholders		Shares held	Percentage
1	Directors, Chief Executive Officers,and their spouse and minor children	148,923	0.009
2	Associated Companies,undertakings and related parties. (Parent Company)	1,202,073,173	75.884
3	NIT and ICP	8,300	0.001
4	Banks Development Financial Institutions, Non Banking Financial Institutions	1,845,784	0.117
5	Insurance Companies	26,401,655	1.667
6	Modarabas and Mutual Funds	467,876	0.030
7	Shareholders holding 10% or more	1,134,701,257	71.631
8	General Public		
	a. Local	313,291,290	19.777
	b. Foreign	283,900	0.018
9	Others (to be specified)		
	1- Investment Companies	448,000	0.028
	2- Joint Stock Companies	37,710,219	2.381
	3- Other Companies	1,409,039	0.089

کیٹیگری وائز شیئر ہولڈنگ - فوجی فوڈز لمیٹڈ

31 دسمبر 2022

حصص یافتگان کی اقسام	حصص کی تعداد	فیصد
1 - ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی شریک حیات اور چھوٹے بچے	148,923	0.0094
2 - شریک کمپنیاں، اقرار نامے اور متعلقہ جماعتیں (بنیادی کمپنی)	1,202,073,173	75.8842
3 - این آئی ٹی اور آئی سی پی	8,300	0.0005
4 - بینک، ترقیاتی مالیاتی ادارے، غیر بینکاری مالیاتی ادارے	1,845,784	0.1165
5 - بیمہ کمپنیاں	26,401,655	1.6667
6 - مدارابہ کمپنیاں اور میوچل فنڈز	467,876	0.0295
7 - دس فیصد یا زیادہ حصص یافتگان	1,134,701,257	71.6312
8 - عوام الناس		
i - ملکی (مقامی)	313,291,290	19.7774
ii - غیر ملکی	283,900	0.0179
9 - دیگر (مخصوص)		
i - انوسٹمنٹ کمپنیاں	448,000	0.0283
ii - جوائنٹ اسٹاک کمپنیاں	37,710,219	2.3806
iii - دیگر کمپنیاں	1,409,039	0.0889

Pattern of Shareholding - FFBL Subsidiaries

As at December 31, 2022

FAUJI MEAT LIMITED

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
FAUJI FERTILIZER BIN QASIM LIMITED	1	1,446,609,386	95.00
FAUJI FOUNDATION	1	75,000,000	5.00
DIRECTORS	4	14	0.00
	6	1,521,609,400	100.00

FFBL POWER COMPANY LIMITED

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
FAUJI FERTILIZER BIN QASIM LIMITED	1	644,062,491	75.00
FAUJI FOUNDATION	1	214,687,500	25.00
DIRECTORS	9	9	0.00
	11	858,750,000	100.00

پیٹرن آف شیئر ہولڈنگ - ایف ایف بی ایل کی ماتحت کمپنیاں

31 دسمبر 2022

فوجی میٹ لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	1,446,609,386	95
فوجی فاؤنڈیشن	1	75,000,000	10
ڈائریکٹرز	4	14	00
ٹوٹل	6	1,521,609,400	100

ایف ایف بی ایل پاور کمپنی لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	644,062,491	75
فوجی فاؤنڈیشن	1	214,687,500	25
ڈائریکٹرز	9	9	00
ٹوٹل	11	858,750,000	100

Financial Calendar - 2023

The Company's financial year starts from January 01 and ends at December 31 each year.

Tentative schedule for announcements of quarterly financial results in 2023 is as under:

Annual General Meeting	**March 28, 2023**
First Quarter ending March 31, 2023	Last week of April 2023
Second Quarter ending June 30, 2023	Last week of July 2023
Third Quarter ending September 30, 2023	Last week of October 2023
Year ending December 31, 2023	Last week of January 2024

مالیاتی کیلنڈر - 2023

کمپنی کے مالیاتی سال کی مدت یکم جنوری سے 31 دسمبر تک ہے۔

کمپنی کے مالیاتی نتائج کا اعلان مندرجہ ذیل عارضی جدول کے مطابق کیا جائے گا۔

سالانہ اجلاسِ عام	28 مارچ 2023
31 مارچ 2023 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ اپریل 2023
30 جون 2023 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ جولائی 2023
30 ستمبر 2023 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ اکتوبر 2023
31 دسمبر 2023 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ جنوری 2024

Notes

Form of Proxy

29th Annual General Meeting

The Company Secretary

Fauji Fertilizer Bin Qasim Limited
FFBL Tower, C1/C2, Sector-B,
Jinnah Boulevard, DHA-II,
Islamabad.

I/We, _________ of _______________, being a Member(s) of FAUJI FERTILIZER BIN QASIM LIMITED, holder of __________ ordinary shares as per registered Folio No.________________ hereby appoint Mr. / Mst. ______________________ Folio No (if member) ____________of _______ or failing him/her Mr. / Mst ________________________ Folio No (if member)_________________ of _____________as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be held on 28 March 2023 and at any adjournment thereof.

Signed under my/our hand this _____ day of ________ 2023.

Affix
Revenue Stamp
of Rs. 5

Signature should agree with the specimen signature registered with the Company

Signed in the presence of:

Signature of Witness-1

Signature of Witness-2

Notes:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not a member of the Company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or it notarially certified copy of that power of authority shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument purposes to vote, and in default the instrument of a proxy shall not be treated as valid.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Fauji Fertilizer Bin Qasim Limited
FFBL Tower, C1/C2, Sector-B,
Jinnah Boulevard, DHA-II,
Islamabad.
Tel: +92 51 8763325

پراکسی فارم

29 واں سالانہ اجلاس عام

کمپنی سیکریٹری
فوجی فرٹیلائزر بن قاسم لمیٹڈ
ایف ایف بی ایل ٹاور، سی 1 / سی 2 ، سیکٹر-بی، جناح بلیوارڈ،
ڈی ایچ اے-II، اسلام آباد

میں / ہم-- بحثیت ممبر(ز) فوجی فرٹیلائزر بن قاسم لمیٹڈ اور حامل-------- عام حصص رجسٹرڈ فولیو نمبر------------------ محترم / محترمہ-- رجسٹرڈ فولیو نمبر (اگر ممبر ہے) ---------- یا انکے حاضر نہ ہوسکنے کی صورت میں محترم / محترمہ-- رجسٹرڈ فولیو نمبر (اگر ممبر ہے)----------- کو اپنی / ہماری عدم موجودگی میں کمپنی کے 28 مارچ 2023 کو منعقد ہونے والے سالانہ اجلاس عام میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

میرے / ہمارے دستخط آج بتاریخ------------- 2023 ہوئے۔

پچاس روپے کی ریونیو ٹکٹ چسپاں کریں

دستخط--

دستخط کا کمپنی میں موجود دستخطی نمونے سے مشابہت ہونا ضروری ہے

یہ دستخط درجِ ذیل گواہان کی موجودگی میں کئے گئے:

دستخط گواہ -1

دستخط گواہ - 2

اہم نکات:

1۔ پراکسی مقرر کرنے کیلئے یہ دستاویز مقرر کرنے والے یا اسکے نمائندے کے ہاتھ سے پرُ کی جانی چاہیئے یا اگر مقرر کنندہ کارپوریشن (کمپنی) ہے تو دستاویز پر کمپنی کی مہر ہو یا کمپنی کے نمائندہ کے ہاتھ سے پرُ کی جائے۔ ایسے کسی بھی شخص کو پراکسی مقرر نہیں کیا جاسکتا جو ووٹ ڈالنے کی اہلیت کا حامل کمپنی کا ممبر نہ ہو، ماسوائے کارپوریشن (کمپنی) کے جو کسی غیر ممبر کو پراکسی مقرر کرسکتی ہے۔

2۔ یہ پراکسی / دستاویز اور پاور آف اٹارنی یا دیگر اختیار (اگر کوئی ہے) جن کے تحت یہ پراکسی دی جارہی ہے کی تصدیق شدہ نقل اجلاس کے انعقاد، جس میں نامزد شخص ووٹ ڈالنا چاہتا ہے، سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر میں موصول ہونی چاہیئں۔ بصورتِ دیگر دستاویز کالعدم قرار دے دی جائے گی۔

کھاد کی پیداوار، کھاد پر سبسڈی، زرعی فنانسنگ اور زرعی پیداوار کے لیے سبسڈی، قیمتوں اور گیس کی دستیابی سے متعلق حکومتی پالیسیاں FFBL کی کارکردگی کو نمایاں طور پر متاثر کر سکتی ہیں۔

مقامی ڈی اے پی کی پیداوار کو ان پٹ جی ایس ٹی کے تابع رکھنے اور ان پٹ جی ایس ٹی سے ڈی اے پی کی درآمد کو استثنیٰ دینے سے جی ایس ٹی قوانین میں عدم مطابقت، اگر جاری رہتی ہے، تو ایف ایف بی ایل کے منافع پر منفی اثر پڑے گا۔ حکومت سے توقع کی جاتی ہے کہ وہ مناسب پالیسی مداخلتوں کے ساتھ ڈی اے پی کے مقامی پروڈیوسر کو برابری کا میدان فراہم کرے گی۔

اگر کمپنی کو GIDC کی روکی ہوئی رقم کی ادائیگی کرنے کی ضرورت پڑتی ہے، جس پر فی الحال سندھ ہائی کورٹ نے حکمِ امتناع دیا ہے، تو کمپنی کے کیش فلو مینجمنٹ کے ساتھ ساتھ منافع پر بھی منفی اثر پڑے گا۔ اس لیے کمپنی سپریم کورٹ آف پاکستان کے فیصلے کے مطابق قابل ادائیگی GIDC کے حقائق پر مبنی تعین کے لیے کوششیں کر رہی ہے۔ مزید برآں، GST ریفنڈز اور قابل وصول سبسڈی کی مد میں حکومت کی جانب سے 21 بلین روپے کی بقایا وصولی، متبادل مہنگی بیرونی فنڈنگ کی وجہ سے ہماری لیکویڈیٹی اور منافع پر دباؤ ڈالتی رہے گی۔

ہم سمجھتے ہیں کہ حکومت کا کردار معیشت اور کاروبار کے فروغ کے لیے ہمیشہ اہم رہا ہے۔ ہم حکومت کے ساتھ ہم آہنگی میں ہیں اور DAP کے مقامی پروڈیوسر کو درپیش چیلنجوں سے نمٹنے کے لیے مثبت مداخلت کی توقع رکھتے ہیں۔

تمام تر مشکلات کے باوجود، ہم اپنے وسائل کی طاقت کے ساتھ تمام چیلنجوں کا فعال طور پر مقابلہ کرنے اور اپنے وعدوں کو پورا کرنے کے لیے پرعزم ہیں۔

منجانب بورڈ آف ڈائریکٹرز
فوجی فرٹیلائزر بن قاسم لمیٹڈ

وقار احمد ملک | چیئرمین

عارف الرحمان | چیف ایگزیکٹو آفیسر

ڈائریکٹرز رپورٹ

کمپنی کے کلیدی افعال/ اکائیاں مطلوبہ معلومات کا بندوبست کرتی ہیں جو بیرونی طور پر حاصل کی گئی معلومات جیسے کہ میکرو اور مائیکرو اکنامک اشارے، مارکیٹ کے رجحانات، کھاد کی بین الاقوامی قیمت کی پیشن گوئی، سرکاری ایجنسیوں کے ڈیٹا بشمول ریگولیٹری/ٹیکسیشن حکام، موسمی تغیرات، اور حریف کے اعمال کے ساتھ مل کر ڈیٹا پیشن گوئی/ تخمینوں کے لیے استعمال کی جاتی ہیں اور ایک عملی منصوبہ بورڈ کو تشخیص، بصیرت اور منظوری کے لیے پیش کیا جاتا ہے۔ سرمایہ کاری سے متعلق فیصلوں کی صورت میں، کمپنی موضوع کے ماہرین کی مدد سے قانونی، مالیاتی، مارکیٹ اور تکنیکی فزیبلٹی اسٹڈیز پر مشتمل ایک وسیع مستعدی عمل انجام دیتی ہے۔

مستقبل کا آؤٹ لک

بین الاقوامی اقتصادی آؤٹ لک

تازہ ترین پیشین گوئیاں عالمی اقتصادی ترقی میں تیز اور دیرپا سست روی کی نشاندہی کرتی ہیں۔

یہ بنیادی طور پر بڑھتی ہوئی افراط زر، بلند شرح سود، کم سرمایہ کاری اور روس- یوکرین جنگ بحران کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال کی وجہ سے ہے۔

بین الاقوامی فرٹیلائزر مارکیٹ کا انحصار دستیابی اور قابل استطاعت ہونےکے لحاظ سے اقتصادی ترقی اور جغرافیائی سیاسی پیش رفت پر ہے۔ فاسفیٹک کھاد کی صورت میں، کچھ معیشتوں کی طرف سے تحفظاتی اقدامات میں توسیع، توانائی کے تحفظات، سپلائی چین میں رکاوٹیں اور جغرافیائی سیاسی تناؤ میں اضافہ سپلائی اور استطاعت میں خلل ڈال سکتا ہے۔ تاہم، ڈی اے پی مارکیٹ میں کمی کو دیکھتے ہوئے، یہ توقع کی جاتی ہے کہ فاسفیٹک کھاد کی مارکیٹ 2022 کی طرح غیر مستحکم نہیں ہوگی۔

اندرونی اقتصادی آؤٹ لک

کم زرمبادلہ کے ذخائر، بڑے مالیاتی اور کرنٹ اکائونٹ خسارے کے ساتھ پاکستان کی پہلے سے ہی نازک معاشی صورتحال کو حالیہ شدید سیلاب،جس نے ملک کا ایک تہائی رقبہ متاثر کیا، نے مزید مخدوش کردیا۔ پاکستان کی مالی سال 2023 میں 2 فیصد اقتصادی ترقی کی توقع ہے، تاہم، پالیسی کی غیر یقینی صورتحال نے اقتصادی نقطہ نظر کو پیچیدہ بنا دیا ہے۔

ایف ایف بی ایل اکنامک آؤٹ لک

FFBL پاکستان کے فرٹیلائزر سیکٹر میں منفرد مقام رکھتا ہے جو کہ واحد مقامی DAP پروڈیوسر ہے اور DAP مارکیٹ کی تقریباً نصف طلب کو پورا کرتا ہے۔ لہذا، ہمارا کاروبار نہ صرف مقامی غیر یقینی صورتحال سے متاثر ہوتا ہے بلکہ بیرونی بین الاقوامی اور علاقائی غیر یقینی صورتحال اور چیلنجوں سے بھی متاثر ہوتا ہے۔

بین الاقوامی کھاد کی منڈی میں غیر یقینی صورتحال، خاص طور پر فاسفیٹک کھاد میں، جو کہ عالمی اقتصادی نقطہ نظر، سیاسی مفادات اور جغرافیائی سیاسی پیش رفت پر منحصر ہے، ممکنہ طور پر مقامی فاسفیٹک کھاد کی مارکیٹ اور بالآخر FFBL کی کارکردگی کو متاثر کر سکتی ہے۔

3.7. پائیداری

ہماری پائیدار ویلیو چین ہماری معاشرے کے لیے صحت اور غذائیت کے وعدے کو برقرار رکھنے میں اہم کردار ادا کرتی ہے۔ ہم کسانوں کا خیال رکھتے ہیں اور ایک پائیدار عمل کاری حاصل کرنے میں ان کے معاشرے کی مدد کرتے ہیں۔ یہ حکمت عملی اس بات کو یقینی بنانے میں ایک کلیدی کردار ادا کرتی ہے کہ ہمارے پاس ایک مضبوط ویلیو چین ہے جو غیر متوقع وقت کا مقابلہ کر سکتی ہے۔

4. مستقبل سے متعلق بیان

ہمارے مستقبل کے حوالے سے بیان کا مقصد ہمارے اسٹیک ہولڈر کو مارکیٹ، چیلنجز اور جس معیشت میں ہم کام کرتے ہیں، کے سلسلے میں اپنے کاروبار کی مستقبل کی حکمت عملیوں کے بارے میں بصیرت فراہم کرنا ہے۔

گزشتہ سالوں کے بیان پر غوروفکر

31دسمبر 2020 کو SSGCL کے ساتھ FFBL کے گیس سپلائی کے معاہدے کی میعاد ختم ہونے کے بعد، کمپنی کو گیس کی فراہمی حکومت کی منظوری پر مبنی تھی اور SSGCL کے ساتھ باضابطہ معاہدے تک پہنچنے کے لیے زیر التواء تھی۔ سال کے دوران، FFBL اور SSGC نے دسمبر 2025 تک FFBL کی پیداواری سہولت کو گیس کی فراہمی کے لیے ایک باضابطہ معاہدے پر دستخط کیے ہیں۔ یہ مارکیٹ میں کھاد کی مسلسل پیداوار اور دستیابی کو یقینی بنائے گا۔

کمپنی نے قابل اطلاق رپورٹنگ فریم ورک کے مطابق محتاط بنیادوں پر GIDC ذمہ داری کی دوبارہ پیمائش سے متعلق 891 ملین روپےاخراجات ریکارڈ کیے ہیں۔ تاہم، معزز سپریم کورٹ آف پاکستان کے فیصلے کے مطابق کمپنی کی طرف سے قابل ادائیگی GIDC کے حقائق پر مبنی تعین کا معاملہ، سندھ ہائی کورٹ میں زیر التواء ہے۔

حکومت کی جانب سے طویل عرصے سے بقایا جی ایس ٹی ریفنڈز میں مسلسل اضافہ ہوتا رہا جوجون 2022 میں 17.8 بلین روپےکی سطح تک پہنچ گیا۔ جی ایس ٹی ریفنڈز پر کھاد کی صنعت کے خدشات کو دور کرنے کے لیے، حکومت نے کھاد کی مقامی فروخت کو جی ایس ٹی سے مستثنیٰ قرار دے دیا جس کا 01 جولائی 2022 سے لاگو ہو گیا ہے۔ اور اس سے ریفنڈ میں مزید اضافہ رک گیا۔ تاہم، ڈی اے پی کے معاملے میں، جو آدھا مقامی طور پر تیار کیا جاتا ہے اور آدھا درآمد کیا جاتا ہے، متعلقہ ان پٹ جی ایس ٹی کی چھوٹ صرف درآمدات پر دی گئی۔ اس نے مقامی ڈی اے پی پروڈیوسر کے مقابلے میں ڈی اے پی کے درآمد کنندگان کو غیر منصفانہ مسابقتی فائدہ ہوا کیونکہ مقامی پیداوار پر لاگو ان پٹ جی ایس ٹی پیداوار کی لاگت کا حصہ بن گیا۔

حکومت کی طرف سے کھاد پر سبسڈی کی مد میں 3 بلین روپے کے واجبات بھی تمام تر کوششوں کے باوجود وصول نہ ہوسکے۔

پروجیکشنز کے لیے معلومات کا ذریعہ

کارپوریٹ حکمت عملی اور مقاصد، آپریشن، مالیاتی اور مارکیٹنگ کے منصوبوں اور حکمت عملیوں کو ترتیب دینے میں رہنمائی فراہم کرتے ہیں۔ اس عمل میں، ہم تاریخی اعداد و شمار اور معلومات، مروجہ حالات، متعلقہ صورتحال اور قابل اعتماد معلومات اور ذہانت کی بنیاد پر متوقع توقعات کو مدنظر رکھتے ہیں۔ بورڈ باقاعدگی سے کمپنی کی سمت کی نگرانی کرتا ہے اور بروقت رہنمائی فراہم کرتا ہے۔

ڈائریکٹرز رپورٹ

3.4. عسکری بینک لمیٹڈ (ASKARI BANK LIMITED)

عسکری بینک کی شاخ کے سلسلے میں 559 برانچیں شامل ہیں جن میں 101 اسلامی بینکنگ برانچز، بحرین میں ہول سیل بینکنگ برانچ اور بیجنگ، چین میں نمائندہ دفتر شامل ہیں۔ پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے تفویض کردہ بینک ادارے کی درجہ بندی AA+ پر قائم ہےجو AKBL کے مضبوط اسپانسرز اور برانڈ، مسلسل ترقی کی رفتار، نیٹ اسپریڈز میں بہتری اور کمائی کے اثاثوں میں اضافے کی بدولت بینک کی متعلقہ پوزیشننگ کی پائیداری اور سرمائے کی مناسبیت میں مسلسل بہتری کی عکاسی کرتی ہے۔ قلیل مدتی درجہ بندی کو 'A1+' پر برقرار رکھا گیا۔

FFBL 21.57% اسٹیک کا مالک ہے اور AKBL سے 2,948 ملین روپے (2021 میں 2,040 ملین روپے) کی مجموعی دیگر آمدنی حاصل ہونے کی رپورٹ کرتا ہے۔

3.5. پاکستان ماروک فاسفور (PAKISTAN MARROC PHOSPHORE)

پاکستان ماروک فاسفور ایس اے موراکو (PMP) کمپنی، فوجی فاؤنڈیشن، فوجی فرٹیلائزر کمپنی لمیٹڈ اور آفس چیریفین ڈیس فاسفیٹس، مراکش کے درمیان بنیادی طور پر کمپنی کے لیے فاسفورک ایسڈ تیار کرنے اور اضافی پیداوار کی مارکیٹنگ کے لیے ایک مشترکہ منصوبہ ہے۔ PMP کی کل صلاحیت 375 ہزار ٹن سالانہ ہے۔ منصوبے کی کل لاگت 250 ملین امریکی ڈالر ہے جس میں FFBL کا شیئر 25% ہے۔

جنوری – دسمبر 2021 کی مدت کے دوران PMP کی مجموعی کارکردگی تسلی بخش رہی۔ PMP نے سال کے دوران P2O5 کی 375 ہزار ٹن کی پیداوار دی اور اسی مدت میں بالترتیب 425 ہزار ٹن کی پیداوار اور 422 ہزار ٹن کی فروخت کے مقابلے میں 369 ہزار ٹن فروخت کیا۔

PMP نے 30 ستمبر 2022 کو ختم ہوئی نو ماہ کی مدت میں 592 ملین مراکش درہم (57 ملین امریکی ڈالر) کا منافع حاصل کیا (2021 میں 564 ملین مراکش درہم (62 ملین امریکی ڈالر))۔30 ستمبر 2022 تک، مجتمع منافع 1,074 ملین مراکش درہم (ایکویٹی کا 55%) تھا۔

FFBL نے اپنے مجموعی مالی گوشواروں میں PMP سے 4,033 ملین روپے (2021 میں 2,669 ملین روپے) منافع شیئر رپورٹ کیا۔

PMP نے 2021 کو اختتام پذیر سال کے دوران 500 ملین مراکش درہم کا منقسمہ منافع ادا کیا۔ سال کے دوران، PMP نے فاسفورک ایسڈ پلانٹ کنسنٹیشن ایریا کی صلاحیت بڑھانے کے منصوبے پر کام شروع کر دیا ہے جس کے نتیجے میں 50 ہزار ٹن سالانہ اضافی پیداوار حاصل ہو گی۔

3.6. اندرونی مالیاتی کنٹرول

متعلقہ ذیلی کمپنیوں کے بورڈز نے اندرونی مالیاتی کنٹرول کے کارگزار اور موثر نظام قائم کیے ہیں۔ ان کنٹرولز کے نفاذ کی باقاعدگی سے ایک آزادانہ اندرونی آڈٹ فنکشن کے ذریعے نگرانی کی جاتی ہے جو براہ راست متعلقہ آڈٹ کمیٹیوں کو رپورٹ کرتا ہے۔ کمپنیوں کی آڈٹ کمیٹیاں، سہ ماہی بنیادوں پر اندرونی کنٹرول کے فریم ورکس اور متعلقہ کمپنیوں کے مالی گوشواروں کے موثر پن اور مناسبیت کا جائزہ لیتی ہیں۔

3.3.1. آپریشنل اور مالیاتیجھلکیاں

31 دسمبر 2022 کو اختتام پذیر سال کے دوران، FML نے سال 2021 میں 4,634 ٹن کے مقابلے میں اپنے پلانٹ سے 7,724 ٹن گوشت کی اصل پیداوار بشمول ٹولنگ حاصل کی جو حجم میں (67%) کا اضافہ تھا۔ پلانٹ کی گنجائش کا استعمال 2021 میں 15% سے بڑھ کر 2022 میں 26% ہو گیا ہے۔

بہتر صلاحیت کو بروئے کار لانے سے سال کے دوران آپریشنل سرگرمیوں میں بہتری آئی، جزوی پیشگی ادائیگیوں پر چھوٹی کھیپ میں برآمد دوبارہ شروع کی گئی۔ کمپنی نے مقررہ اخراجات کو جذب کرنے اور خالص نقصان کو کم کرنے کے لیے بنیادی طور پر ٹولنگ کی سرگرمی پر اپنی توجہ مرکوز رکھی۔

کمپنی نے عید الاضحی کے موقع پر سب بڑے "قربانی پروجیکٹ" کو بھی انجام دیا اور 2021 میں 226 ٹن کے موازنے میں 2022 میں 193 ٹن کے ساتھ 26 ملین کا خاطر خواہ ریوینیو حاصل کیا۔

31 دسمبر 2022 کو اختتام پذیر سال کے دوران، FML نے 58 ملین روپے کی سیلز ریونیو ریکارڈ کی (2021 میں 99.45 ملین روپے)۔ FML کو 629 ملین روپے مجموعی نقصان ہوا (2021 میں511 ملین روپے) اور 31 دسمبر 2022 کو اختتام پذیر سال میں ٹیکس کے بعد خالص نقصان 804 ملین روپے (2021 میں 1,111 ملین روپے) تھا۔

3.3.2. خطرات

مسابقتی قیمتوں پر مطلوبہ خصوصیات کے ساتھ جانوروں کو حاصل کرنا اور مسابقتی قیمتوں پر ڈسٹریبیوشن کی لاگت کمپنی کے لیے چیلنجز ہیں۔

کمپنی مشرق وسطی، مشرق بعید اور وسطی ایشیائی ریاستوں کی منڈیوں میں کم سے کم خطرے اور سازگار ادائیگی کی شرائط کے ساتھ کاروبار کرنے کی کوشش کر رہی ہے، تاہم، اس خطے میں مالیاتی رکاوٹیں اور اس میں شامل خطرہ بشمول کم مارجن اور شدید مسابقت بین الاقوامی منڈیوں میں ترقی کے حصول میں رکاوٹ بنی ہوئی ہے۔

3.3.3. بورڈ میں تبدیلیاں

سال 2022 کے دوران کوئی تبدیلی نہیں کی گئی ہے۔

3.3.4. مستقبل کے امکانات

انتظامیہ موجودہ کاروبار، لیکویڈٹی اور کمپنی کے لیے رسک کے منظر نامے کو مدنظر رکھتے ہوئے اضافی آمدن تخلیق کرنے کے لیے سازگار شرائط کے ساتھ چھوٹے برآمدی آرڈرز پر عمل درآمد کرنے کی کوشش کر رہی ہے۔

کم لاگت اور بہتر مارجن کے ساتھ بذریعہ سمندری کھیپ (فضائی مال برداری کی لاگت میں اضافے کی وجہ سے) کو ترجیح دیتے ہوئے برآمد کنندگان کو شمال سے جنوبی میٹ پروسیسنگ زون میں منتقل کیا جاتا ہے۔ کمپنی 2021 کی نسبت ٹولنگ سروس پر عمل

درآمد میں بہتری لائی ہے اور اسے برقرار رکھنے اور 2023 میں مزید بڑھانے کا مقصد رکھتی ہے، جس سے بہتر صلاحیت کے استعمال کے ذریعے مقررہ لاگت کو جذب کیا جائے گا۔

3.2.4. مستقبل کی دور اندیشی

2022 کی اسٹریٹجک سمت نے پہلے ہی حجم اور مارجن میں ترقی کی جانب ایک مثبت رفتار قائم کرنا شروع کر دی ہے جیسا کہ سہ ماہی 4 کے نتائج نے ثابت کیا ہے۔ 2022 کے نصف آخر میں حاصل ہوئی رفتار کی بنیاد پر، ہمیں یقین ہے کہ:

- **ترقی کی رفتار** 2023 میں جاری رہے گی۔ 'مارکیٹ کی جانب راستہ' کی صلاحیت پورٹ فولیو اور خاص کر ویلیو ایڈڈ برانڈز میں پائیدار نمو کو آگے بڑھاتی رہے گی۔

- **ادارہ جاتی کاروبار کے لیے نئی مصنوعات** کی کامیابی سے تیاری کی پہلے سے مضبوط پورٹ فولیو پر فروغ پانے کی توقع کی گئی ہے۔ ہمارا مقصد موجودہ کسٹمرز کو مزید مصنوعات فروخت کرنا نیز بصیرت کے زیر قیادت نئی مصنوعات کی بنیاد پر نئے کسٹمرز کو حاصل کرنا ہے۔

- **میگا سسٹین ایبلٹی پراجیکٹس** کلین انرجی پر منتقل ہونے اور توانائی کی لاگت کو یکسر کم کرنے کے لیے جاری ہیں۔ اس وقت ایک 1.0 میگاواٹ کا سولر پلانٹ نصب کیا جا رہا ہے جس کے 2023 کی پہلی سہ ماہی تک چالو ہو جانے کی توقع ہے۔ نیز، پیداواری ضروریات کے لیے درآمدی اور مہنگے ایندھن پر انحصار کو کم کرنے کے لیے مقامی طور پر دستیاب بائیو فیول کو استعمال کرنے کے لیے بدلاؤ پر کام کیا جا رہا ہے۔

- **ایکویٹی انجکشن** سے قرض کو ختم کرنے کی توقع کی جاتی ہے۔ اس سے کتابچوں/بہی کھاتوں پر لاگت میں کمی آئے گی پس ایک ایسے کاروبار کو بہت ضروری فروغ ملے گا جو پہلے سے ہی اپنی آپریشنل صحت کو تیزی سے بہتر بنا رہا ہے۔

- ہمارا کارعزم **ٹیلنٹ بیس کو ایک نئی شکل میں ڈھال کر** کاروبار کے مستقبل کو محفوظ بنانا ہے۔ اس بات کو یقینی بنانے کے لیے بہت سے اقدامات پر کام کیا جا رہا ہے کہ FFL مستقبل کے لیے قیادتی جانشینی قائم کرنے کے لیے اعلی معیار کے باصلاحیت افراد کو شامل کرنے کے قابل ہو۔

تاہم، انتظامیہ افراط زر کے کٹھن مراحل اور صارفین کی قوت خرید پر دباؤ کے ساتھ مخلوط کلاں معاشیاتی اور کاروباری ماحول کی بھی پیشینگوئی کرتی ہے۔ مینجمنٹ ٹیم کمپنی کے کاروبار کو پائیدار اور منافع بخش بنانے کے لیے صلاحیتوں میں اضافہ کر کے اور مزید فعلیاتی کارکردگی دکھا کر مارکیٹ کی مشکلات سے نمٹنے کے لیے عزم اور لچکداری کا مظاہرہ کرتی ہے۔

3.2.5. بورڈ میں تبدیلیاں

مالی سال *2022* کے دوران *FFL* کے بورڈ آف ڈائریکٹرز میں تبدیلیاں درج ذیل ہیں

محترمہ سمیعہ ایرامی	مستعفی، ڈائریکٹر	*05* ستمبر *2022*
محترمہ تانیہ شاہد ادرس	تعینات، ڈائریکٹر	*05* ستمبر *2022*

3.3. فوجی میٹ لمیٹڈ *(FML)*

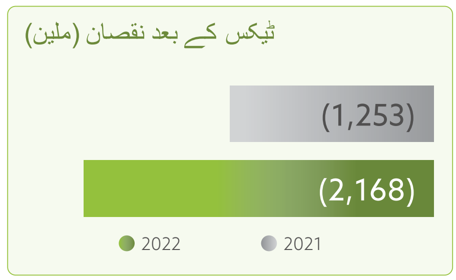
FML کو سو فیصد تصدیق شدہ حلال گوشت فراہم کرنے کے مقصد اور صلاحیت کے ساتھ تشکیل دیا گیا تھا، اسے 2013 میں کمپنی کے ذیلی ادارے کے طور پر شامل کیا گیا تھا۔ FFBL FML کے 95.07% شیئرز کا مالک ہے۔

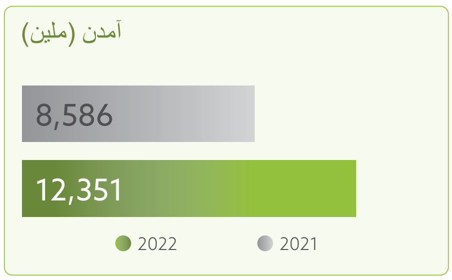
FML کی بنیادی سرگرمی اپنے پلانٹ سے حلال خوردنی گوشت کو پروسیس کرنا ہے جس کی سالانہ پیداواری صلاحیت 30,000 میٹرک ٹن ہے۔ FML اپنے مقامی اور برآمدی طبقے کے لیے اپنے پلانٹ سے حلال گوشت کی پروسیسنگ اور فروخت میں مصروف عمل ہے۔ FML نے طے شدہ اخراجات کو جذب کرنے اور صلاحیت کے استعمال کو بڑھانے اور تنظیم کے لیے اضافی آمدنی کے سلسلے کے طور پر تیسری پارٹیوں کے لیے تجارتی ذبح کرنے کی خدمات کو بھی انجام دیا۔

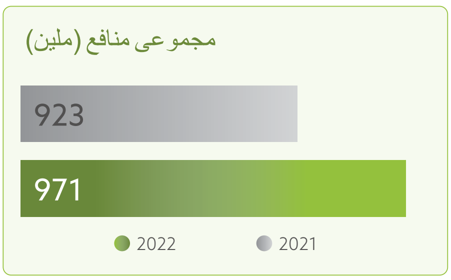
مالیاتی کارکردگی

کمپنی نے 2021 میں 923 ملین روپے کے مجموعی منافع کے موازنے میں 2022 میں 971 ملین روپے کے مجموعی منافع کی اطلاع دی ہے۔ یہ مثبت تبدیلیاں 2022 کے دوران عمل میں لائی گئی خودکار سازی اور حکمت عملی پر مبنی اصلاحات سے منسوب ہیں۔ تاہم، کچے دودھ کی دستیابی اور قیمت ایک مسئلہ بنی رہی ہے۔ اپنی حکمت عملی کے ذریعے، ہم نے خود کو ان بڑے نقصانات سے بچایا جو تباہ کن ہو سکتے تھے اگر اس کٹھن وقت میں کوئی حکمت عملی پر مبنی اقدامات نہ اٹھائے ہوتے۔ سال 2022 کے لیے ٹیکس کے بعد نقصان 2,168 ملین روپے برقرار رہا جبکہ 2021 میں یہ نقصان 1,253 ملین روپے تھا۔

پاکستانی روپے ملین	2022	2021	%
نیٹ سیلز	12,351	8,586	44%
مجموعی منافع	971	923	5.2%
(نقصان) ٹیکس کے بعد	(2,168)	(1,253)	73%







3.2.2. مجاز سرمائے میں اضافہ اور حق کے اجراء کے علاوہ سرمائے کا اجراء

30 اگست 2022 کو ہوئی ایک غیر معمولی عمومی میٹنگ میں، شیئر ہولڈرز نے ایک خصوصی قرارداد کے ذریعے، 10/- روپے فی کے 18,000 ملین شیئرز سے 10/- روپے فی کے 28,000 ملین شیئرز تک بڑھانے کی منظوری دی۔

شیئر ہولڈرز نے 18 اکتوبر 2022 کو منعقدہ ہوئی غیر معمولی عمومی میٹنگ میں ایک خصوصی قرارداد کے ذریعے یہ بھی منظوری دی؛ شیئرز کا اجراء (حق کے علاوہ) 11,708,749,800 روپے کی مجموعی رقم میں شیئرز کا اجراء (حق کے علاوہ) ہر فی 10 روپے کے 1,170,874,980 شیئرز میں تقسیم کیا گیا۔ کمپنی مطلوبہ انضباطی منظوری حاصل کرنے کے عمل میں ہے۔ تمام مطلوبہ منظوری حاصل کرنے کے بعد شیئرز الاٹ کیے جائیں گے جس سے کمپنی کی ایکویٹی اور لیکویڈیٹی کو تقویت ملے گی۔

3.2.3. خطرات

کمپنی کو درپیش خطرات ڈیری کے شعبے میں کام کرنے والی دیگر کمپنیوں کو درپیش خطرات سے نمایاں طور پر مختلف نہیں ہیں۔ انتظامیہ کی جانب سے کاروبار اور رسک مینجمنٹ کے ایک سخت عمل کے ذریعے خطرات کا جائزہ لیا جاتا ہے۔ ان خطرات سے وابستہ ممکنہ اثرات کو کم کرنے کے لیے مناسب حکمت عملیوں اور ہنگامی منصوبوں کا باقاعدگی سے جائزہ لیا جاتا ہے۔ کمپنی کے کاروبار اور آپریشنز کو کوئی نمایاں خطرہ اور غیر یقینی صورتحال کا سامنا نہیں ہے، ماسوائے جنہیں مالی گوشواروں کے لیے ہنگامی حالات اور عزم کے نوٹس میں منکشف کیا گیا ہو۔

ڈائریکٹرز رپورٹ

3.2.1. آپریشنل اور مالیاتی جھلکیاں

تمام بیرونی چیلنجز کا سامنا کرتے ہوئے بھی کمپنی نے 2021 میں 8.6 بلین روپے کے مقابلے میں نیٹ ریوینیو میں 12.4 بلین روپے کی متاثر کن 44% پیشرفت حاصل کی۔ سال کے لیے فروخت کے حجم میں 9% اضافہ ہوا ہے؛ جو ویلیو ایڈڈ پورٹ فولیو میں نمایاں طور پر بڑی پیشرفت ہے، لہذا کموڈیٹائزڈ زمروں میں حجم اور مارجن میں کمی کی تلافی ہوگئی۔ ایک اندازے کے مطابق تقریبا 1.5 ملین جانور ان موسمیاتی تبدیلیوں سے آنے والے سیلاب اور بیماریوں سے مر گئے اور اجڑ گئے۔ اس سے دودھ کی پیداوار میں تقریبا 20% کا خسارہ ہوا اور پاکستان کے ڈیری کے شعبے میں کچے دودھ کی قیمت میں 50% اضافہ (2021 میں 36% اضافہ) ہوا۔ کاروبار نے 2022 کے دوران کلاں معاشیاتی اور دیگر بیرونی مشکلات سے بحالی کی جانب لوٹنے کے لیے بے مثال لچکداری اور ہنرمندی کا مظاہرہ کیا۔

2022 میں 971 ملین روپے کا مجموعی منافع (2021 میں 923 ملین روپے) اس قدر افراط زر کے ماحول میں نئے سرے سے تشکیل کردہ کاروباری نمونے کی کامیابی کا ثبوت ہے۔

ویلیو ایڈیشن/قدر میں اضافہ اور بہتر کاروباری نمونے میں بہتری کے توسط سے، کمپنی منافع کی بحالی کے حصول میں کامیاب رہی۔ ویلیو چین کا بہترین استعمال پوری کمپنی میں موثر پن اور عملیاتی کارکردگی کو فروغ دینے مدد کرتا ہے۔ نظر ثانی کردہ حکمت عملی مندرجہ ذیل تین ستونوں پر مبنی تھی۔

ویلیو کی زیر قیادت ترقی

- **پورٹ فولیو** محور مارجن نمو پذیر زمروں کی جانب گامزن ہے
- **ناگوار قیمتیں** افراط زر کے دباؤ کی تلافی کے لیے ہے
- **مارکیٹ کی جانب راستہ** کو تبدیل کیا جس کا مقصد افادیت اور رفتار لانے والی منڈی میں پورٹ فولیو کی مرکوز کردہ تعیناتی تھا
- **ذرائع کی حکمت عملی** منافع بخش وسیلے کو ترجیح دینے کے لیے دوبارہ جائزہ لیا۔

لاگت کی بنیاد کو نمایاں طورپر کم کرنے سے پائیداری کو فروغ دینا

- اہم خام مالکے اثرکو کم کرنے کے لیے **بہتر حکمت عملی لائی گئی**۔
- **درآمد** اور پس لاگت کو کم کرنے کے لیے 1.5L کے مہنگے پیک میٹ کو مقامی پیک سے بدل دیا گیا۔
- ضیاع کو کم کرنے اور پیداواری صلاحیت کو بہتر بنانے کے لیے پلانٹ پر بہت سارے کارگزاری کے منصوبوں کو کامیابی کےساتھ انجام دیا گیا۔

قابلیت

- کمپنی نے SalesFlo کے نفاذ کے ذریعے **ثانوی سیلز کی خودکار سازی** کے عمل میں بہت زیاد ہسرمایہ لگایا ہے۔
- **دودھ جمع کرنے** کی پوری ویلیو چین کو **ڈیجیٹل بنانے** کا کام جاری ہے۔ ڈیزائن کا حصہ مکمل ہو چکا ہے۔
- **ایک مستحکم ٹیلنٹ مینجمنٹ** کا عمل مستقبل کے لیے ایک مضبوط باصلاحیت ریڑھکی ہڈی کی تعمیر کے لیے تشکیل دیا گیا تھا۔

سرمایہ زیرکار کی کارکردگی اور مالیاتی انتظام کو بہتر بنانا

کیش میں بدلنے کے سلسلے میںبہتری موثر ورکنگ کیپیٹل مینجمنٹ کے ذریعے لائی جاتی ہے۔ اس میں حق کے اجراء / اسپانسرز کے قرض کو ایکویٹی میں بدلنے کے ذریعے حاصل ہونے والے قرض کی سروسنگ کے اخراجات میں کمی سے مزید معاونت حاصل ہوئی ہے۔

3.1.4. بورڈ میں تبدیلیاں

بورڈ کمپنیز ایکٹ 2017 اور کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کے ذریعے حاصل کردہ اختیار کا استعمال، بورڈ کے اجلاسوں کے ذریعے کرتا ہے، جو کمپنی کے مالی گوشواروں کو اپنانے، حکمت عملیاں وضع کرنے، کمپنی کی انتظامیہ کو رہنمائی فراہم کرنے اور ان کی کارکردگی کی نگرانی کے لیے سال میں ہر سہ ماہی میں منعقد کیے جاتے ہیں۔

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

جناب وقار احمد ملک	تعیناتی: 26 مارچ 2021	
جناب عارف الرحمن	تعیناتی: 16 اکتوبر 2021	
جناب سرفراز احمد رحمن	تعیناتی: 26 مارچ 2021	
جناب قمر حارث منظور	تعیناتی: 26 مارچ 2021	
جناب محمد منیر ملک	تعیناتی: 26 مارچ 2021	مستعفی ہوئے: 24 اکتوبر 2022
ڈاکٹر ندیم عنایت	تعیناتی: 26 مارچ 2021	
جناب عزیز اکرام	تعیناتی: 26 مارچ 2021	
جناب خرم شہزاد خان	تعیناتی: 4 جون 2021	
جناب طاہر جاوید	تعیناتی: 11 اگست 2021	مستعفی ہوئے: 3 فروری 2022
جناب محمد اکرم ملک	تعیناتی: 3 فروری 2022	مستعفی ہوئے: 12 اپریل 2022
میجر جنرل عابد رفیق	تعیناتی: 12 اپریل 2022	
سید عاطف علی	تعیناتی: 24 اکتوبر 2022	

3.1.5. مستقبل کے امکانات

اقتصادی سرگرمیوں میں اضافے کے مطابق سستی بجلی کی مانگ میں اضافہ متوقع ہے اور کوئلے پر مبنی بجلی کی پیداوار ہمارے بجلی پیدا کرنے کے مجموعی ذخیرے میں مرکزی حیثیت اختیار کرنے کی پیشنگوئی کی گئی ہے۔ موجودہ قیمتوں کے تناظر میں کمپنی کی توجہ کوئلے کی بہترین وقت پر خریداری پر مرکوز ہے کیونکہ مستقبل میں قیمتوں میں کمی متوقع ہے۔ مستقبل کے لیے ہم پُرامید ہیں اور توقع کرتے ہیں کہ کمپنی بجلی کے ذریعے کمیونٹیز اور صنعتوں کو ایندھن فراہم کرتی رہے گی۔

3.2. فوجی فوڈز لمیٹڈ (FAUJI FOODS LIMITED)

فوجی فوڈز لمیٹڈ، فوجی فرٹیلائزر بن قاسم لمیٹڈ (71.63% شیئر ہولڈنگ) کی اکثریتی ملکیت والی کمپنی، ڈیری مصنوعات کی پروسیسنگ اور مارکیٹنگ میں مشغول عمل ہے۔ کمپنی کے برانڈز میں House of Nurpur (ہاؤس آف نورپور) شامل ہے، جو اعلی درجے کی ڈیری مصنوعات سے بھرپور ہے۔ نورپور کا برانڈز کا پورٹ فولیو ہمارے صارفین کے لیے معیار اور غذائیت کو یقینی بناتا ہے۔ اس کے علاوہ، کمپنی ٹی کریمر کے زمرہ میں بھی کام کرتی ہے جو پاکستانی صارفین کو ایک معروف برانڈ یعنی DOSTEA فراہم کرتی ہے۔

ڈائریکٹرز رپورٹ

3. ہماری سرمایہ کاریاں

3.1 FFBL پاور کمپنی لمیٹڈ (FPCL)

FFBL فرٹیلائز کمپلیکس کے اندر، کوئلے سے چلنے والا 118 میگاواٹ بجلی کا منصوبہ FPCL کا تصور پاکستان میں توانائی کے بحران پر قابو پانے کے لیے کیا گیا تھا۔ FPCL، ایک طرف تو، کے-الیکٹرک کے ذریعے نیشنل گرڈ کو بجلی کی قابل اعتماد، بلاتعطل اور سستی فراہمی کو یقینی بناتا ہے اور دوسری طرف، یہ FFBL کے کھاد پلانٹ کو بجلی فراہم کر کے قدرتی گیس بھی بچاتا ہے جیسے کہ پہلے FFBL قدرتی گیس سے بجلی بناتا تھا۔

FPCL نے 19 مئی 2017 کو کمرشل آپریشنز (COD) حاصل کیا۔ اس منصوبے کی مجموعی لاگت تقریباً 291 ملین امریکی ڈالر تھی جس میں قرض برابری کا تناسب 72:28 تھا۔ FFBL اس منصوبے میں 75% شیئر ہولڈنگ کا مالک ہے۔ پیدا ہونے والی بجلی موجودہ فرٹیلائزر کمپلیکس کو نیز کے-الیکٹرک کو برآمد کرنے کے لیے بھی استعمال کی جاتی ہے۔

3.1.1. مالیاتی جھلکیاں

FPCL نے 23,107 ملین روپے (2021 میں 14,830 ملین) کی سیلز کی لاگت کے مقابلے میں، 31 دسمبر 2022 کو اختتام پذیر سال کے دوران، 30,651 ملین روپے (2021 میں 20,722 ملین) کی آمدنی ریکارڈ کی ہے۔ 31 دسمبر 2021 کو اختتام پذیر سال کے دوران پوسٹ کردہ 3,636 ملین روپے کے منافع کے مقابلے میں اس سال کا منافع 4,058 ملین روپے ہے۔ آمدنیاں فی شیئر (EPS) میں 4.72 روپے تھی (2021 میں 4.23 روپے)۔

طویل مدتی فنانس کی سہولیات کے تحت بنیادی قرض کی ادائیگی 2,286 ملین روپے کی رقم سال کے دوران کسی تاخیر کے بغیر ادا کی گئی ہے۔ بقایا طویل مدتی فنانس سہولیات 31 دسمبر 2022 تک 11,393 ملین روپے تھیں۔

3.1.2. آپریشنل نتائج

سال کے دوران، FPCL نے فوجی فرٹیلائزر بن قاسم لمیٹڈ کو 163,479 میگاواٹ آور (2021 میں 145,045 میگاواٹ آور) اور کے-الیکٹرک لمیٹڈ کو 395,747 میگاواٹ آور (2021 میں 343,055 میگاواٹ آور) بجلی فراہم کی۔ کمپنی نے فوجی فرٹیلائزر بن قاسم لمیٹڈ کو 1,532,467 میٹرک ٹن (2021 میں 1,369,156 میٹرک ٹن) بھاپ بھی فراہم کی۔

3.1.3. خطرات

FPCL سے کے الیکٹرک کو بجلی کی ترسیل NEPRA کے فیصلے کے مطابق میرٹ آرڈر کے معیار سے مشروط ہے۔ لہذا، بجلی کی پیداوار کی لاگت میں اضافے کے ساتھ بین الاقوامی کوئلے کی قیمتوں میں اضافہ میرٹ آرڈر میں کمپنی کے درجے کو متاثر کر سکتا ہے۔

کوئلے کی موثر خریداری کے ذریعے خطرے کو بھی کم کیا جا رہا ہے۔ مزید برآں، یہ بھی توقع کی گئی ہے کہ مستقبل قریب میں کوئلے کی بین الاقوامی قیمتیں کم ہو جائیں گی۔

تفصیل	زمری بندی	تخفیف کے اقدامات	درجہ بندی
فنڈز کی عدم دستیابی **وابستہ مقاصد:** عملیاتی صلاحیت کو بڑھانے کے لیے۔		نئی سرمایہ زیرکار لائنز کو فعال طور پر ترتیب دینا اور موجودہ سہولیات کو برقرار رکھنا۔ منڈی کے رجحانات، فروخت، پیداوار اور انوینٹری کی سطحوں کی باقاعدہ نگرانی کرنا۔ واجب الوصول سبسڈی اور ٹیکس ریفنڈ کے تصفیہ کے لیے حکومت پاکستان کے ساتھ فعال طور پر شامل ہونا۔ رقوم کی دستیابی کے لیے متبادل انتظامات تلاش کرنا۔ موقع: سرمایہ زیرکار کی موثر مینجمنٹ۔	
امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں تنزلی **وابستہ مقاصد:** کسانوں کے لیے سستی مصنوعات کی دستیابی کو یقینی بنانا۔		اقتصادی صورتحال، افراط زر کی سطحوں اور سود کی شرحوں کا باقاعدگی سے تجزیہ۔ کسی حد تک، درآمدی کھاد کی قیمت کے خلاف مصنوعی باڑ لگائی جاتی ہے۔ سیاسی صورتحال، حکومتی پالیسیوں کا باقاعدگی سے تجزیہ اور ان کے مضمرات کا جائزہ۔ ادائیگی کے لین دین کے توازن کی باقاعدہ سے نگرانی اور ان کے اثرات کا تعین کرنا۔ موقع: خام مال کے متبادل / مقامی ذرائع تلاش کرنا۔	
کھاد کی مقامی یا بین الاقوامی قیمتوں میں کمی **وابستہ مقاصد:** کھاد کا پائیدار کاروبار۔		لیویز، ڈیوٹیز اور گیس کے اخراجات میں اضافہ کمپنی کے کنٹرول سے باہر ہے۔ کمپنی ڈی اے پی کی سبسڈی کے ذریعے قابل گنجائش قیمتوں پر کھاد کی دستیابی کو یقینی بنانے کے لیے متعلقہ فورمز پر حکومت کے ساتھ متواتر مشغولیت ملک میں سپلائی FFBL اختیار کیے ہوئے ہے۔ گیپ تک رسائی میں اپنا کردار ادا کرتا ہے تاکہ یقینی بنا سکے کہ مصنوعات کی صرف مطلوبہ مقدار ہی درآمد کی جاتی ہے۔ موقع: مارکیٹ شیئر میں اضافہ کریں۔	
سود کی شرحوں کی منفی حرکت **وابستہ مقاصد:** آپریشنز کے ذریعے سرمایہ زیرکار کے تقاضوں کو پورا کرنا۔		قرضوں کو سازگار سطح پر رکھنا، فنانسنگ کی ضروریات اور رقوم کی متبادل دستیابی کا جائزہ لینا۔ فنانسنگ معاہدہ کے حصے کے طور پر جلد ادائیگی کی سازگار شقیں۔ افراط زر کی سطح اور فاریکس کی شرحوں میں حرکت کا باقاعدگی سے تجزیہ۔ سیاسی صورتحال، حکومتی پالیسیوں اور ان کے مضمرات کی تشخیص کرنا۔ موقع: سرمایہ زیرکار کے تقاضوں میں بہتری۔	

لیجنڈ کے لئے ڈائریکٹرز رپورٹ کا انگریزی صفحہ دیکھیں

ڈائریکٹرز رپورٹ

تفصیل	زمری بندی	تخفیف کے اقدامات	درجہ بندی
گیس کا تسلسل __وابستہ مقاصد:__ غذائی تحفظ کو یقینی بنانے کے لیے کھاد کا پائیدار کاروبار۔		حکومت سے این جی سپلائی / سبسڈی والے آر ایل این جی، قومی ضروریات کو پورا کرنے کے لیے تمام کھاد کے پلانٹس کے لیے مستقل این جی سپلائی پالیسی کے حصول کی کوشش کرنا، این جی کے قابل عمل متبادل ذرائع کو آزمانا، دیگر اختیارات کے لیے گیس دریافت کرنیوالی کمپنیوں کے ساتھ تعاون کرنا، __موقع:__ دریافت اور وسائل کے بہترین استعمال کے لیے تکنیکی پیشرفت کرنا۔	
درآمدی پابندیاں / امریکی ڈالر کی عدم دستیابی __وابستہ مقاصد:__ اہم پُرزوں/اجزاء اور خام مال کی دستیابی کو یقینی بنانا۔		حکومت پاکستان کو غذائی تحفظ کے مقصد سے درآمدات کو ترجیح دینے کی پیروی کرنا، کھپت میں مقامی کوئلے مکس کرنے میں اضافہ کرنا، متبادل انتظامات سمیت اہم اشیاء کی دستیابی کو یقینی بنانا، مقامی متبادلات کے مواقع تلاش کرنا، بروقت اقدامات کے لیے بینکوں کے ساتھ ہم آہنگی کرنا، حکومتی پالیسیوں کا باقاعدہ تجزیہ، ان کے مضمرات کا اندازہ لگانا اور اتھارٹیز کے ساتھ مشغولیت کو جاری رکھنا۔ __موقع:__ دوسروں پر انحصار کو کم کرنے کے لیے خام مال کے متبادل / مقامی ذرائع کو دریافت کرنا۔	
سرمایہ کاری کی کارکردگی __وابستہ مقاصد:__ متحدہ عمل کو حاصل کر کے اور متنوع بنا کر خطرے کو تقسیم کرنا۔		احسن کارکردگی کو یقینی بنانے کے لیے مالیاتی ساخت نو، اسٹیک ہولڈرز کے درمیان منکشف کاری کا اشتراک، سرمایہ کاری کی فعلیاتی اور مالی کارکردگی کی مسلسل نگرانی اور اصلاحی منصوبوں کا باقاعدگی سے جائزہ لینا۔ __موقع:__ افقی اور عمودی طور پر انضمام۔	
کھاد کی خریداری میں کمی __وابستہ مقاصد:__ منافع کو برقرار رکھتے ہوئے مارکیٹ شیئر میں اضافہ کرنا۔		کھاد کے متوازن استعمال اور زرعی فنانسنگ کے بارے میں آگاہی کو فروغ دینے سمیت کسان دوست پالیسیاں اپنانے میں حکومت پاکستان کے ساتھ کام کرنا۔ مقامی صنعت کے تحفظ کے تئیں بھی کوشش کرنا۔ __موقع:__ سیلز کے حجم کو بڑھانے کے لیے دیگر حکمت عملیوں کو دریافت کریں۔	
قدرتی گیس کی قیمتوں کا تعین __وابستہ مقاصد:__ لاگتی کفایت شعاری حاصل کرنا جو کسانوں کے لیے قابل گنجائش رہیں۔		یوریا کی مستقل قیمت کو تواتر سے کسان تک پہنچانے کو یقینی بنانا اور ڈی اے پی مارجن کو برقرار رکھنے کے لیے حکومت پاکستان کی رعایت حاصل کرنے کی کوشش کرنا، طویل مدتی استحکام کے لیے یقینی بنانا کہ حکومت پاکستان کے مساوی MPCL نیٹورک گیس کی قیمت کو برقرار رکھے اور کہ کسی واحد مصنوعہ پر FFBL کے انحصار کو کم کرنے کے لیے مصنوعاتی پورٹ فولیو کو متنوع بنانا جائے گا، نیز عملیاتی عمدگی کو یقینی بنانا۔ __موقع__ : سستے خام مال کے متبادل ذرائع دریافت کریں اور عملیاتی عمدگی کا اضافہ کریں۔	

ہیومن ریسورسز اینڈ ریمونریشن کمیٹی ان کے آپریشنل میکانزم سے لاحق خطرات پر توجہ مرکوز کرتی ہے جس میں معاوضے کے پیکجز بھی شامل ہیں تاکہ یہ یقینی بنایا جا سکے کہ وہ کارپوریٹ خطرے کو نہیں بڑھاتے، اس کے علاوہ کمپنی کے اہم آپریشنز کے ہر شعبے میں قابل انسانی وسائل کی دستیابی کو یقینی بنانے کے لیے جانشین منصوبہ بندی پر بھی توجہ مرکوز کرتے ہیں۔

انویسٹمنٹ کمیٹی بورڈ کو اپنی سفارشات کے مطابق توسیع، تنوع اور سرمایہ کاری کے نئے مواقع تلاش کرنے پر توجہ مرکوز کرتی ہے، اس امرء کو یقینی بناتے ہوئے کہ پہلے کے خطرات سمیت پروجیکٹ کے تمام پہلوؤں کا احاطہ کرتے ہوئے مکمل مطلوبہ احتیاط سے کام لیا جاتا ہے۔

تکنیکی کمیٹی سالانہ سرمائے کے اخراجات / آپریٹنگ کے اخراجات کے بجٹ کے تکنیکی معاملات کے ہمراہ جاری منصوبوں کی مجموعی پیشرفت، پلانٹ کی پیداوار اور کارکردگی کا جائزہ لینے کے ساتھ ساتھ کھادوں کی پیداوار میں ٹیکنالوجی کے استعمال کے حالیہ رجحانات سے متعلق تجاویز پر توجہ مرکوز کرتی ہے۔

پوری تنظیم میں رسک مینجمنٹ کے موثر نفاذ کو یقینی بنانے اور FFBL میں خطرے سے آگاہ فیصلہ سازی کی ثقافت کو فروغ دینے کے لیے تمام فنکشنل سربراہوں کی ایک رسک مینجمنٹ کمیٹی تشکیل دی گئی ہے جس کی صدارت سی ای او کرتے ہیں۔ کمیٹی اس بات کو یقینی بنائے گی کہ ثقافتی تبدیلی میں مدد کرنے اور تخفیف کے منصوبوں کی موزونیت اور مناسبیت کا جائزہ لینے کے لیے تمام فنکشنز فعال طور پر اپنے فرائض انجام دے رہے ہیں۔

پالیسیاں اور طریقہ کار

انٹرپرائز رسک مینجمنٹ کی پالیسی، ایک مستحکم اور اخلاقی رسک مینجمنٹ کی ثقافت تشکیل دینے اور تمام کاروباری رسکس کے انتظام کو یقینی بنانے کے ہمارے عزم کی توثیق کرتی ہے۔ بورڈ اور اس کی کمیٹیوں نے بہترین پریکٹسز پر مبنی پالیسیوں اور طریقہ کاروں کے ایک مجموعے کو اختیار کیا ہے، جبکہ عملی خطوط کے ساتھ مشق کے یکساں ماحول کے لیے اعلی انتظامیہ کو سپرد کردہ اختیارات کے ساتھ اخلاقیات اور اقدار کی ثقافت کو فروغ دیا ہے۔

کنٹرول کی سرگرمیاں

سینئر انتظامیہ خطرات کا اندازہ لگاتی ہے اور احتیاطی، تفتیشی اور اصلاحی اقدامات کے ذریعے ان خطرات کو کم کرنے اور ان پر ردعمل کرنے کے لیے مناسب کنٹرول لاگو کرتی ہے جس میں مستعدی اور ذمہ داری کے اعلی معیار کو اپنانے کے لیے تمام لوگوں کا تعاون شامل ہوتا ہے۔

کارکردگی کا انتظام

کارکردگی سے وابستہ خطرات سے بچنے کے لیے، نافذ کردہ کنٹرولز کی تاثیر کا جائزہ لینے اور ان کا تجزیہ کرنے اور بہتری کے منصوبے وضع کرنے کے لیے کمزوریوں کے دائر کار کی نشاندہی کرنے کے لیے نگرانی کے ایک مسلسل سلسلے کو انجام دیا جاتا ہے۔

اندرونی آڈٹ

اندرونی آڈٹ کا فنکشن گورننس، رسک مینجمنٹ اور کنٹرول کے عمل کے موثر پن پر آڈٹ کمیٹی کو آزادانہ اور ہدفی جائزے اور رپورٹس فراہم کرتا ہے۔

ڈائریکٹرز رپورٹ

اسٹریٹجک خطرہ

اسٹریٹجک خطرہ سے مراد اندرونی اور بیشتر بیرونی واقعات ہیں جو کسی تنظیم کے لیے اپنے مقاصد اور حکمت عملی پر مبنی اہداف کو حاصل کرنا مشکل، یا ناممکن بنا سکتے ہیں۔ ان خطرات کے سنگین نتائج ہو سکتے ہیں جو طویل مدت تک تنظیموں کو متاثر کرتے ہیں۔ بورڈ آف ڈائریکٹرز ان خطرات سے متعلق انتظام کی فعال طور پر نگرانی کرتا ہے اور جہاں بھی ضرورت ہو تخفیفی حکمت عملیوں کو وضع کرتا ہے۔

تجارتی خطرہ

یہ خطرات کسی تنظیم کے تجارتی مواد/مادے سے وابستہ ہوتے ہیں۔ کسی ادارے کے مارکیٹ شیئر میں کمی، مصنوعات کی قیمت کو باقاعدہ بنانے کا عمل یا دیگر انضباطی ترامیم جو ادارے کے منافع اور تجارتی وجود کے لیے خطرہ ہوں، کمپنی کو متاثر کرنے والے ان خطرات کی چند مثالیں ہیں۔

آپریشنل خطرہ

آپریشنل رسکس سے مراد ایسے خطرات ہیں جو اندرونی عوامل، فعلیاتی اور انتظامی طریقہ کار، جیسے ورک فورس ٹرن اوور، سپلائی چین میں خلل، آئی ٹی سسٹم کی بندش یا کنٹرول میں ناکامی، دھوکہ دہی یا دیگر مجرمانہ سرگرمیوں کی وجہ سے تنظیم کی حکمت عملیانہ صلاحیت کو منفی طور پر متاثر کر سکتے ہیں۔

فنانشل خطرہ

مالیاتی خطرات کو درج ذیل زمروں میں منقسم کیا جاتا ہے:

- کریڈٹ کا خطرہ
- لیکویڈیٹی/سیالیت کا خطرہ
- مارکیٹ خطرہ

ان خطرات کی وضاحت کمپنی کے علیحدہ اور مجموعی مالی گوشواروں کے بالترتیب نوٹ 38 اور 39 میں کی گئی ہے۔

خطرات کی تخفیف کے لیے منصوبے اور حکمت عملیاں اور ممکنہ مواقع

رسک گورننس

ہمارے رسک مینجمنٹ کی مختلف سطحوں پر کردار اور ذمہ داریاں ہمارے رسک گورننس کی ساخت میں بیان کی گئی ہیں۔

بورڈ آف ڈائریکٹرز خطرے کی گورننس اور رسک مینجمنٹ کی پالیسیوں اور رسک کی اشتہا کے گوشوارے کے ذریعے کمپنی کی خطرے کو برداشت کرنے کی سطح کا تعین کرنے کے لیے اپنے کردار کو تسلیم کرتا ہے۔ کاروباری کو درپیش کلیدی خطرات کا وقتا فوقتا جائزہ لیا جا رہا ہے تاکہ یقینی بنا سکیں کہ انتظامیہ اثاثوں، وسائل، ساکھ اور کمپنی اور شیئر ہولڈرز کے مفاد کو محفوظ بنانے کے لیے خطرے کی شناخت، رسک مینجمنٹ اور متعلقہ نظامی اور اندرونی کنٹرول کا ایک درست نظام برقرار رکھے ہوئے ہے۔

آڈٹ کمیٹی کمپنی کے مجموعی رسک مینجمنٹ کے پراسیس کی ششماہی بنیادوں پر نگرانی کرتی ہے، جس کی توجہ کا بنیادی مرکز کاروباری کے لیے اہم خطرات ہیں۔ اگرچہ، خطرات میں کسی بھی غیر متوقع منفی تبدیلی کو فوری طور پر اسٹیک ہولڈرز کے علم میں لایا جاتا ہے۔

- اس عمل کاری کو ساکھ دیں اور ایک مسلسل بنیاد پر شناخت کردہ خطرات سے نمٹنے، نگرانی کرنے، رپورٹ کرنے اور جائزہ لینے کے ساتھ ساتھ نئے اور ابھرتے ہوئے خطرات پر بھی انتظامیہ کی توجہ کو مرکوز کیے رکھیں۔

رسک کی اشتہا اور برداشت کا بیان

بورڈ آف ڈائریکٹرز حکمت عملی پر مبنی نگرانی فراہم کرنے کا ذمہ دار ہے نیز اس بات کا بھی کہ ایک مضبوط رسک مینجمنٹ اور اندرونی کنٹرول کا نظام لاگو کیا گیا ہو۔ مندرج کمپنیاں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 بھی اس تقاضے کو دہراتے ہیں اور کمپنی کے خطرے کی حکمرانی کی مجموعی ذمہ داری بورڈ کو تفویض کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی اس ذمہ داری کو نبھانے میں بورڈ کو سہولت فراہم کرتی ہے۔

آڈٹ کمیٹی اس امر کو یقینی بناتی ہے کہ کمپنی کے آپریشنز، حکمت عملی، فنانسز، رپورٹنگ اور تعمیل کی سرگرمیوں کا احاطہ کرتے ہوئے ایک مناسب کنٹرول کا ماحول قائم کیا اور برقرار رکھا جاتا ہے۔ اسے رسکس کو شناخت کرنے اور رسک کی اشتہا اور برداشت کی سطحوں کی اسٹریٹجک، آپریشنل، مالی، انضباطی، قانونی اور تعمیل کے خطرات سے صف بستگی سے مزید فروغ دیا جاتا ہے۔

رسک کی اشتہا کو بورڈ آف ڈائریکٹرز نے منظور کیا ہے جو حکمت عملی پر مبنی مقاصد کا جائزہ لینے اور انہیں حاصل کرتے ہوئے خطرات کی شناخت اور ان پر قابو پانے کے لیے حدود کا تعین کرتا ہے۔

غیریقینی صورتحال کے کلیدی ذرائع

کمپنی کے مالی گوشوارے تخمینوں، پرکھ اور مفروضوں کا استعمال کرتے ہوئے تیار کیے جاتے ہیں جن سے آمدنی، اخراجات، اثاثوں اور واجبات کی پیش کاری پر اثر انداز ہونے کی توقع کی جا سکتی ہے۔

وہ دائرہ کار جہاں کمپنی کے مالی گوشواروں کے لیے مختلف مفروضے اور تخمینے اہمیت کے حامل ہیں یا جہاں فیصلے کو اکاؤنٹنگ پالیسیوں کے اطلاق میں استعمال کیا گیا تھا انہیں نوٹ 2.4 میں کمپنی کے علیحدہ اور مجموعی مالی گوشواروں میں منکشف کیا گیا ہے۔

تخمینہ میں غیر یقینی ہونے کے کلیدی ذرائع ایک اہم خطرہ رکھتے ہیں جو پختگی کے بعد اثاثوں اور واجبات کی درج مقدار میں خاصے تطابق یا کمی بیشی کا سبب بن سکتا ہے۔

اگرچہ خطرات کو کبھی بھی مکمل طور پر کم نہیں کیا جا سکتا، تاہم یہ اہم ہے کہ انتظامیہ ان خطرات کو سمجھتی، ترجیح دیتی اور انہیں منظم کرتی ہو جنہیں وہ مجموعی حکمت عملی کے تناظر میں خطرے کی اشتہا کے مطابق قبول کرنے کے لیے تیار ہیں۔

حکمت عملی پر مبنی، تجارتی، فعلیاتی اور مالیاتی خطرات

کمپنی نے رسک مینجمنٹ کو اپنی ثقافت میں ضم کر لیا ہے۔ خطرے کی شناخت، تجزیہ، تشخیص اور تخفیف کو یونٹ، محکمانہ اور تنظیمی سطح پر انجام دیا جا رہا ہے۔ مالیاتی منڈیوں میں غیر یقینی صورتحال، نظام کی خرابی، پروجیکٹ میں تاخیر، مصنوعات کی منڈیوں میں اتار چڑھاؤ بشمول حکومت کی جانب سے قیمتوں کے دباؤ، مسابقتی حیثیت، قانونی جواب دہی، کریڈٹ رسک، حادثات، قدرتی وجوہات اور آفات، یا غیر یقینی یا غیر متوقع نوعیت کے دیگر واقعات سے حکمت عملی پر مبنی، تجارتی، فعلیاتی اور مالیاتی خطرات پیدا ہو سکتے ہیں۔

انٹرپرائز رسک مینجمنٹ *(ERM)* پالیسی

ERM پالیسی بنیادی دستاویز ہے جو ایک مستحکم رسک مینجمنٹ کی ثقافت بنانے کے لیے ہمارے عزم کی توثیق کرتی ہے - پالیسی بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ اور لازمی ہے اور پوری تنظیم میں خطرے کی اشتہا / برداشت کی سطح کے مطابق دائرہ کار، خطرے کے اصولوں اور انٹرپرائز رسک مینجمنٹ کے لیے وسیع تر کرداروں اور ذمہ داریوں کا خاکہ پیش کرتی ہے۔

ERM فریم ورک

ERM فریم ورک خطرے کو منظم کرنے کے ایک مستقل نقطہ نظر کی معاونت میں خطرے سے متعلق طریقیات اور عمل کاری کا خاکہ پیش کرتا ہے۔ یہ پوری کمپنی میں رسک مینجمنٹ کو نافذ کرنے، نگرانی کرنے، جائزہ لینے اور مسلسل بہتر بنانے کے طریقہ کار اور رہنما اصولوں کو متعین کرتا ہے۔ انٹرپرائز رسک مینجمنٹ ISO 31000، تھری لائنز آف ڈیفنس ماڈل اور انسٹیٹیوٹ آف انٹرنل آڈیٹرز (IIA) کے اصولوں اور رہنما اصولوں کے ساتھ صف بستہ ہے۔ اس میں شامل:

- رسک مینجمنٹ کے اصول
- گورننس کی ساخت
- رسک کے زمرے
- رسک مینجمنٹ کا پراسیس
- کردار اور ذمہداریاں
- خطرے کا نتیجہ/ اثر کا معیار
- امکانات سے متعلق جدول
- ہیٹ میپ

رسک رپورٹنگ کا ترتیبی نظام

ERM فریم ورک کو اس لیے تیار کیا گیا ہے کہ:

- کمپنی کو اپنے خطرات کو نظاماتی اور ساختی طریقے سے منظم کرنے دیں اور اس کے رسک پروفائل میں کمی لانے کے لیے اس کے عمل کاروں کو مسلسل بہتر کریں، تاکہ اس طرح اس کے اسٹیک ہولڈرز کے لیے ایک محفوظ ماحول کو برقرار رکھ سکیں۔
- خطرات کو کم کرنے اور مواقع کو زیادہ سے زیادہ کرنے کے لیے مناسب حکمت عملیوں کو یقینی بنائیں۔
- رسک مینجمنٹ کی عمل کاری کو شامل کریں اور اس امر کو یقینی بنائیں کہ یہ حکمت عملیانہ اور فعلیاتی سطح پر کمپنی کے منصوبہ بندی کے عمل کا ایک لازمی حصہ ہو۔
- حکمت عملی پر مبنی، فعلیاتی، انفرادی اور دھوکہ دہی کے تناظر سے خطرے سے آگاہی کی ثقافت تشکیل دینے میں مدد کریں؛ اور

کیش‌فلو/نقدی کے بہاؤ کا تجزیہ

آپریٹنگ سرگرمیوں سے کیش فلو

آپریٹنگ کی سرگرمیوں میں استعمال ہونے والا نیٹ کیش گزشتہ سال آپریٹنگ سرگرمیوں سے پیدا ہوئے 22 بلین روپے کے تقابل میں 34 بلین روپے ہے۔ یہ متعدد باہم منحصر عوامل کی وجہ سے ہے اور سب سے قابل ذکر وجہ توقع سے کم سیلز ہے جس سے 32 بلین روپے کا اسٹاک بچ گیا اور یہ اس مدت سے بھی وابستہ ہےجب پیداواری لاگت بلند ترین سطح پر تھی۔

مزید برآں، 12 بلین روپے کی کریڈٹ سیلز، 4 بلین روپے پر(2021 میں 2.5 بلین روپے) مارک اپ ادائیگیوں میں اضافہ جو قرضوں سے متعلقہ ہیں، 6 بلین روپے پر ٹیکس کی ادائیگیوں (2021 میں 3.6 بلین روپے) نے آپریٹنگ سرگرمیوں کی رقوم پیدا کرنے کی صلاحیت کو بھی منفی طور پر متاثر کیا۔

سرمایہ کاری کی سرگرمیوں سے کیش فلوز

سرمایہ کاری کی سرگرمیوں میں نیٹ کیش کا استعمال 1.5 بلین روپے ہے جو 5 بلین روپے کیش جنریشن اور 6.5 بلین روپے سرمایہ کاری پر مشتمل ہے۔

کیش جنریشن میں Pakistan Marroc Phosphore S. A. میں مشترکہ سرمایہ کاری سے 2.5 بلین روپے کے منقسمہ منافع کی وصولی شامل ہے اور 2.5 بلین روپے دیگر سرمایہ کاری بشمول بینکوں میں ڈیپازٹس، قرضےاور باہمی فنڈز میں سرمایہ کاری سے حاصل کردہ نفع ہے۔

نقدی کی سرمایہ کاری میں قلیل مدتی سرمایہ کاری میں 5.5 بلین روپے شامل ہیں اور 1 بلین روپے سرمائے کے اخراجات اور ماتحت اداروں کو قرض کی تقسیم سے متعلق ہیں۔

فنانسنگ سرگرمیوں‌سے کیش فلو

کمپنی نے سال کے دوران 5 بلین روپے قرضے ادا کیے اور 12 بلین روپے کے نئے قرضے بھی حاصل کیے جس کے نتیجے میں فنانسنگ سرگرمیوں سے 7 بلین روپے کی خالص نقد رقم حاصل ہوئی۔

کمپنی نے گزشتہ سال کے 29 بلین روپے کے موازنے میں 1 بلین روپے کے کیش اور مساوی کیش کے ساتھ سال کا اختتام کیا۔

2.رسک اور مواقع کی رپورٹ

FFBL اپنے اسٹیک ہولڈرز کو ویلیو کی مسلسل فراہمی کے لیے خطرات کی نشاندہی، نگرانی اور فعال طریقے سے انہیں نمٹنے اور کلاں اور خورد معاشیاتی ماحول سے پیدا ہونے والے مواقع سے فائدہ اٹھانے میں انٹرپرائز رسک مینجمنٹ (ERM) کی اہمیت کو تسلیم کرتا ہے۔

رسک مینجمنٹ کمپنی کو اس کے حکمت عملیانہ اور آپریشنل مقاصد کے حصول میں مدد فراہم کرتی ہے۔ یہ FFBL کے گورننس ماڈل کا ایک لازمی حصہ ہے اور اس میں مدد کرتا ہے تاکہ:

- ایک ایسی ثقافت کو فروغ دیں جہاں ہر کوئی رسک کی ذمہ داری لیتا ہو۔
- ہمارے لوگوں کو باخبر فیصلے کرنے کی تقویت دیں
- کارکردگی اور تنظیمی لچکداری کو بڑھائیں

مالی کارکردگی کا تجزیہ

رقم پاکستانی روپے ملین میں

تفصیل	31 دسمبر 2022	31 دسمبر 2021	تجزیہ
سیلز نیٹ	*159,226*	*110,452*	سال کے دوران، کمپنی نے اپنا اب تک کا سب سے زیادہ آمدن حاصل کی ہے اور قیمتوں میں مثبت تبدیلی کی بنیاد پر 44% اضافہ درج کیا ہے۔ قیمتوں میں مسلسل اضافے کی وجہ سے، سونا ڈی اے پی کی فروخت 138 بلین پر برقرار رہی، جو گزشتہ سال کی نسبت 47% زیادہ ہے۔ سال کے دوران سونا یوریا کی قیمتوں میں بھی اضافہ دیکھا گیا اور بطور نتیجہ سونا یوریا کا محاصل 21 بلین آرہا جو گزشتہ سال کی نسبت 27% زیادہ ہے۔
سیلز کی لاگت	*(133,357)*	*(88,301)*	فاسفورک ایسڈ کی قیمتوں میں متواتر اضافہ [2021 کی چوتھی سہ ماہی میں 1330$/میٹرک ٹن سے 2022 کی دوسری سہ ماہی میں 1,715$] ، توانائی کی قیمتوں میں اضافہ اور سال کی دوسری ششماہی میں کھاد پر آؤٹ پٹ سیلز ٹیکس کی چھوٹ کی وجہ سے، گزشتہ سال کی نسبت سیلز کی لاگت میں 51% اضافہ دیکھا گیا۔
مجموعی منافع	***25,869***	***22,152***	مجموعی منافع 22 بلین روپے سے 4 بلین بڑھ کر 26 بلین روپے ہو گیا، جو مجموعی منافع میں 17% اضافے کو ظاہر کرتا ہے۔ تاہم، پیداوار کی لاگت میں جی ایس ٹی شامل کرنے کے باعث، سیلز کی لا گت میں اضافے کی وجہ سے کمپنی کا مجموعی منافع مارجن پچھلے سال 20% سے کم ہو کر موجودہ سال میں 16% ہو گیا۔
ڈسٹریبیوشن کے اخراجات	*(7,121)*	*(5,640)*	7.1 بلین روپے کی تقسیم کی لاگت گزشتہ سال کی نسبت 32% زیادہ تھی جس کی بنیادی وجہ سال کے دوران ایندھن کی قیمتوں میں اوسطاً 38% اضافہ تھا۔
انتظامی اخراجات	*(1,353)*	*(1,593)*	کمپنی نے اخراجات پر قابو پانے کے لیے سخت اقدامات نافذ کیے ہیں اور اس کے نتیجے میں سال کے دوران انتظامکے اخراجات میں کمی آئی ہے۔
آپریٹنگ منافع	***17,395***	***14,911***	
فنانس کے اخراجات	*(5,144)*	*(2,338)*	فنانس کی لاگت میں اضافہ کی وجہ یہ ہے: 1- طویل مدتی خالص قرضے بشمول موجودہ حصےمیں 3 بلین روپے کا اضافہ ہوا۔ 2- سال بھر میں ضرورت سے زیادہ مال کا ذخیرہ رہنے اور سست سیلز کی وجہ سے قلیل مدتی ادھار کے استعمال میں نمایاں اضافہ ہوا ہے۔ 3- SBP نے پالیسی کی شرح میں 625 بنیادی پوائنٹس کا اضافہ کیا جو 64% اضافہ کو ظاہر کرتا ہے۔
دیگر اخراجات	*(7,776)*	*(2,555)*	اضافہ بنیادی طور پر کرنسی کے بحران کے نتیجے میں غیر ملکی ادائیگیوں میں تاخیر اور امریکی ڈالر کے تقابل میں روپے کی منڈی میں قدر میں کمی سے کمپنی کو ہوئے 7 بلین روپے کے زرمبادلہ کے نقصان کی وجہ سے ہے۔
دیگر آمدنی	*6,341*	*9,111*	دیگر آمدنی میں 3 بلین کی کمی بنیادی طور پر 2021 میں بک کردہ 2.8 بلین روپے کے یک وقتی نفع سے وابستہ ہے جس کا تعلق فاؤنڈیشن ونڈ انرجی I- لمیٹڈ اور فاؤنڈیشن ونڈ انرجی II- لمیٹڈ میںایکویٹی سرمایہ کاری کی فروخت سے ہے۔
(ان وائنڈنگ) /GIDC کےلیے پرووِیژن	*(891)*	*(1,254)*	یہ سپریم کورٹ آف پاکستان کے تعین کی بنیاد پر اور قابل اطلاق مالیاتی رپورٹنگ کے معیارات کے مطابق GIDC ذمہ داری کی دوبارہ پیمائش سے متعلق تصوراتی اخراجات کی نمائندگی کرتا ہے۔
متوقع کریڈٹ نقصانات کے لیے الاؤنس	*(242)*	*(4,254)*	یہ حکومت سے قابل وصول سبسڈی پر 140 ملین روپے ریکارڈ کردہ متوقع کریڈٹنقصان (ECL) کے الاؤنس کی نمائندگی کرتا ہے۔گزشتہ سال، کمپنی نے فوجی میٹ لمیٹڈ سے جمع شدہ مارک اپ کے ساتھ ماتحت قرض پر ECL کوبھی برداشت کیا۔
ایکویٹی انویسٹمنٹ کا نقص	*(1,179)*	*(2,103)*	یہ قابل اطلاق فنانسنگ رپورٹ کے معیارات کے مطابق سال کے دوران فوجی فوڈز لمیٹڈ میں ایکویٹی انویسٹمنٹ کے نقصان کی نمائندگی کرتا ہے۔
ٹیکس سے پہلے منافع	***8,505***	***11,525***	
ٹیکس عائد	*(6,174)*	*(5,134)*	گزشتہ سال یعنی 2021 کے منافع پر 10% پر سپر ٹیکس عائد ہونے کی وجہ سے ٹیکس کے اخراجات میں نمایاں اضافہ ہوا ہے جو 2.8 بلین روپے رقم بنتی ہے۔ مزید یہ کہ، ٹیکس کے اخراجات کو قابل اطلاق ٹیکس قوانین کی مطابقت میں ریکارڈ کیا جاتا ہے اور یہ FFBL کی اقتصادی سرگرمی کے مذکورہ بالا اجزاء میں اضافہ/ کمی کے نتیجے میں ہوتا ہے۔
ٹیکس کے بعد منافع	***2,328***	***6,391***	
آمدن فی شیئر	***1.80***	***4.96***	بنیادی طورپر ڈی اے پی کا ذخیرہ بچ جانے کی وجہ سے گزشتہ سال کی نسبت EPS(آمدنی فی شیئر) میں کمی واقع ہوئی۔

1.7.3. مالیاتی پوزیشن اور کارکردگی کا تجزیہ

مالی پوزیشن کا تجزیہ

ایکویٹی کا تجزیہ

کمپنی کے خالص اثاثوں میں 11% اضافہ ہوا اور کمپنی کی خالص مالیت 22.7 بلین روپے پر برقرار رہی۔ نتیجتاً، بریک اپ ویلیو میں گزشتہ سال 15.82 روپے فی شیئر کے موازنے میں 17.6 روپے فی شیئر پر 11% تک اضافہ ہوا۔

واجبات کا تجزیہ

واجبات میں 32 بلین روپے کا اضافہ ریکارڈ کیا گیا ہے جس کی وجہ بنیادی طور پر خالص قرضوں میں 20 بلین روپے تک کا اضافہ اور تجارت اور دیگر ادائیگیوں میں 12 بلین روپے تک کا اضافہ ہے۔ قرضوں میں اضافہ بنیادی طور پر جی ایس ٹی کے ریفنڈز اور سبسڈی کی وصولیوں پر مشتمل حکومت کی جانب سے 21 بلین روپے کی بقایا وصولیوں کو فنڈ کرنے کے لیے ہے اور انوینٹری کے اہم کیری اوور کو فنڈ کرنے کے لیے بھی جیسا کہ سال کے دوران ڈی اے پی کی خریداری توقع سے کم رہی تھی۔

اثاثوں کا تجزیہ

اثاثوں میں 35 بلین روپے کا اضافہ بنیادی طور پر درج ذیل کی وجہ سے ہوا:

I. انوینٹری کا ایک بڑا ذخیرہ بچ جانے کی وجہ سے تجارت میں اسٹاک 31 بلین روپے تک بڑھ گیا کیونکہ تباہ کن سیلاب فصلوں کی بوائی میں تاخیر کا سبب بنا اور مہنگائی سے کسانوں کی قوت خرید بری طرح متاثر ہونےسے کھاد کی توقع سے بھی کم خریداری کی گئی۔

II. سال کے آخر میں کریڈٹ سیلز میں بے تحاشہ اضافے کے باعث 12 بلین روپے کے تجارتی قرضے گزشتہ سال کینسبت نمایاں طور پر زیادہ ہیں۔

III. کھاد کی فروخت پر لاگو 2% آؤٹ پٹ سیلز ٹیکس کی شرح میں کمی اور 30 جون 2022 تک خریداری پر لاگوزیادہ ان پٹ سیلز ٹیکس کی شرح کی وجہ سے قابل واپسی سیلز ٹیکس میں 4 بلین روپے کا اضافہ ہوا۔

IV. کیش اور بینک بیلنس میں قلیل مدتی سرمایہ کاری کے ساتھ مجموعی طور پر کم فروخت اور سال کے آخر میں کریڈٹ کی نمایاں فروخت کی وجہ سے 10 بلین روپے کی کمی واقع ہوئی۔

ڈائریکٹرز رپورٹ

گزشتہ سال کی نسبت اس سال کے دوران کمپنی کی پیداوار اور سیلز درج ذیل ہیں:

	سال 2022	سال 2021	% فرق
پروڈکشن – یوریا	**523,581**	*501,236*	*4%*
سیلز – یوریا	**522,561**	*501,136*	*4%*
مارکیٹ شیئر۔ یوریا	**8%**	*8%*	-

1.7.2. ڈی اے پی کی منڈی کا تجزیہ

سال 2022 میں فاسفیٹ کی کھاد کو بین الاقوامی اور ملکی سطح پر مشکلات پیش آئیں۔ بہت زیادہ افراط زر، پیداوار کی کمی، روس اور یوکرین جنگ کی وجہ سے قیمتوں میں غیر متوقع اضافہ ہوا، اگرچہ درستگی متوقع تھی لیکن یہ توقع سے پہلے شدت سے آئی۔ گزشتہ چند مہینوں کے رجحان کو جاری رکھتے ہوئے، فاسفیٹک مارکیٹ وافر سپلائیز اور زیادہ انوینٹریز سے مغلوب ہو گئی جس نے تمام مارکیٹنگ کمپنیوں کی طرف سے فروخت کے دباؤ میں اضافہ کیا اور قیمتوں میں مزید کمی دیکھی گئی۔ زیادہ تر رسد کی غیر یقینی صورتحال کی وجہ سے ڈی اے پی کی قیمتوں میں کمی کا رجحان چلتا رہا۔ حکومت پاکستان کی طرف سے پیدا ہونے والی غیر یقینی صورتحال نے ڈیلرز اور سرمایہ کاروں کو پیشگی خریداری کرنے، کمپنیوں کے ساتھ ڈی اے پی کا اسٹاک جمع کرنے اور کسان سبسڈی پیکج کے زیر اثر کنزیومر سیلز / قبل از ربیع خریداری کی بیش بینی کی حوصلہ شکنی کی۔ مزید برآں، حکومت نے گندم کی معاون قیمت کا بروقت اعلان کرنے میں بھی تاخیر کی جس کی وجہ سے کسان ربیع کے آغاز پر اپنی زرعی معاشیات کا حساب نہ لگا پائے۔

گزشتہ سال کی نسبت اس سال کے دوران کمپنی کی پیداوار اور سیلز درج ذیل ہیں:

	سال 2022	سال 2021	% فرق
پیداوار – ڈی اے پی	**847,843**	*790,415*	*7%*
سیلز – ڈی اے پی	**660,946**	*790,196*	*(16%)*
مارکیٹ شیئر۔ ڈی اے پی	**56%**	*42%*	*14%*

کمپنی کی ڈی اے پی کی پیداوار میں سال کے دوران 7% اضافہ ہوا۔ ملکی ڈی اے پی منڈی کا 1,885 ہزار ٹن سے کم ہو کر 1,175 ہزار ٹن ہونے کا تخمینہ لگایا گیا جو کہ 38% کمی کو ظاہر کرتا ہے۔ تاہم، نظم و ضبط کی حامل مارکیٹنگ حکمت عملی کی وجہ سے، کمپنی کی فروخت میں صرف 16% کمی واقع ہوئی۔ ڈی اے پی کی دستیابی کے پس منظرمیں کمپنی اپنے مارکیٹ شیئر کو 56% تک بڑھانے میں کامیاب رہی۔

کمپنی نے کاشتکاروں کو کھاد کی دستیابی اور فراہمی کو یقینی بنانے کے لیے اپنی بہترین کوششیں کیں جس کے نتیجے میں 159 بلین روپے کی اب تک کی سب سے زیادہ آمدن، 26 بلین روپے کا مجموعی منافع اور 17 بلین روپے کا آپریٹنگ منافع حاصل ہوا۔ بیک وقت، کمپنی نے آپریشنز، لاگت میں کمی لانے کے متحدہ عمل تلاش کرنے اور اپنی سرمایہ کاری کی کارکردگی پر توجہ مرکوز رکھی۔

تاہم، ملک کی سیاسی اور اقتصادی صورتحال کے باعث، ایک طرف، پالیسی کی شرحوں میں سال کے دوران 9.75% سے 16% پر 625 بنیادی پوائنٹس کا نمایاں اضافہ ہوا جس سے مالیاتی لاگت خاصی بڑھ گئی، جبکہ دوسری طرف، امریکی ڈالر کے مقابل روپے کا خاصا کمزور پڑ جانا اور کرنسی کے بحران کے باعث 7 بلین روپے کے زرمبادلہ کا خسارہ ہوا۔ مزید برآں، حکومت پاکستان نے گزشتہ سال کے منافع پر 10% سپر ٹیکس عائد کیا جس کے نتیجے میں 2.8 بلین روپے کے اضافی ٹیکس کی لاگت آئی۔ نتیجتاً، کمپنی کے خالص منافع میں 64% کمی واقع ہوئی اور اس نے 2022 پر ختم ہونے والے سال میں 2.3 بلین روپے کا خالص منافع کمایا۔

مالی استحکام کی کوششوں کی بدولت سیلاب کے اثرات کے باوجود آئندہ سالوں میں مالیاتی خسارے میں کمی آنے کی توقع ہے۔

1.4. پیسہ اور کریڈٹ

اسٹیٹ بینک آف پاکستان نے سال بھر پالیسی کی شرح میں اضافہ جاری رکھا اور یہ مالی سال 2022 کے آخر میں 675 بنیادی پوائنٹس کے اضافے کے ساتھ 13.75% تک پہنچ گیا۔ پالیسی کی شرح میں اضافہ بنیادی طور پر اخراجات بڑھنے کے سبب افراط زر کے دباؤ کو کم کرنے کے لیے کیا گیا تھا۔ پالیسی کی شرح میں جولائی تا دسمبر 2022 کے دوران مزید 225 بنیادی پوائنٹس پر 16% تک بڑھا دیا گیا تھا۔

SBP کے جاری کردہ اعداد و شمار کے مطابق، مالی سال 2021 سے 3,304 بلین روپے کی توسیع کے ساتھ منی سپلائی (M2) مالی سال 2022 کے اختتام پر 27,603 بلین روپے رہی جو 13.6% اضافے کو ظاہر کرتی ہے۔

1.5. افراط زر

پاکستان میں مالی سال 2022 کے دوران افراط زر مالی سال 2021 میں 8.9% سے بڑھ کر 12.2% ہوگئی، جو گیارہ سالوں میں سب سے زیادہ اور سری لنکا کے بعد جنوبی ایشیا کی دوسری بلند ترین سطح ہے، جس کی وجہ توانائی کی‌قیمتوں میں اضافہ، عالمی سطح پر اشیاء کی قیمتوں میں اضافہ اور کمزور شرح مبادلہ ہے۔بعد ازاں، جولائی تا نومبر 2022 کی مدت کے دوران، امریکی ڈالر کے مقابلے میں روپے کی قدر میں گراوٹ کی وجہ سے افراط زر بڑھ کر 25.1% ہوگیا (مسابقتی مدت 8.3%): جس کے نتیجے میں توانائی کی قیمتوں میں یکدم اضافہ ہوا اور سیلاب کی وجہ سے بھی اشیائے خورد و نوش میں رکاوٹیں پیدا ہو گئیں۔ مالی سال 2023 کے دوران افراط زرتقریباً 20-23% رہنے کی توقع ہے۔

1.6. ڈیموگرافکس

پاکستان آبادی کے لحاظ سے دنیا کا پانچواں بڑا ملک ہے۔ پاکستان کی مجموعی آبادی 1.8% کی شرح نمو سے 224.78 ملین تک پہنچنے کی توقع ہے۔ دیہی علاقوں سے شہری علاقوں کی طرف آبادی کی نقل مکانی کا مسلسل سلسلہ جاری ہے۔ تازہ ترین اندازے کے مطابق 63% آبادی دیہی علاقوں میں اور 37% شہری علاقوں میں رہتی ہے۔

نوٹ: اقتصادی تجزیہ کے لیے ڈیٹا کا ماخذ وزارت خزانہ کی جانب سے جاری کردہ پاکستان کا اقتصادی سروے 2021-2022 ہے۔

1.7. FFBL کی کارکردگی

1.7.1.یوریا منڈی کا تجزیہ

ڈی اے پی کی بڑھتی ہوئی قیمتوں کی وجہ سے منڈی میں یوریا کی مانگ میں سال بھر اضافہ ہوتا رہا اور اس کے نتیجے میں کمپنیوں کے لیے حکومت پاکستان کی طرف سے پیدا ہونے والے دباؤ کی وجہ سے بڑھتی ہوئی طلب کو پورا کرنا مزید مشکل ہو گیا۔ کم استطاعت ہونے کی وجہ سے کسانوں نے ڈی اے پی کے متبادل کے طور پر نائٹروجن والی کھادوں کو زیادہ استعمال کرنا شروع کر دیا اور اس طرح یوریا کی منڈی مثبت رہی۔ سال 2022 کے لیے یوریا کی ملکی سیلز کا تخمینہ 6,618 ہزار ٹن لگایا گیا ہے، جو پچھلے سال کی اتنی ہی مدت کی نسبت 6,343 ہزار ٹن سیلز سے تقریبا 4% زیادہ ہے۔

ڈائریکٹرز رپورٹ

1 مالیاتی سرمایہ

1.1. اقتصادی عمومی جائزہ

سال 2022 دنیا بھر میں معیشت اور کاروبار کے لیے غیریقینی صورتحال اور اتار چڑھاؤ کے ایک نئے دور کو لے کر آیا۔ عالمی معیشت کو مسلسل مشکلات کا سامنا رہا ہے، جو ان تین طاقتور قوتوں کے طویل باہم مربوط اثرات کی بدولت ہیں: جغرافیائی سیاسی تناؤ خاص کر روس یوکرین کا تنازعہ، افراط زر کے مسلسل اور وسیع دباؤ کے سبب روزمرہ کےاخراجات کا بحران، اور چین میں سست روی۔

مالی سال 2022 کے دوران، پاکستان کی معیشت نے 6% کی مستحکم بڑھوتری کا مشاہدہ کیا (2021 میں 5.74%) جوموافقتی اقتصادی پالیسیوں کے باعث لیکن بڑھتے معاشی عدم توازن کی قیمت پر ہوا۔ بین الاقوامی خوراک اور ایندھن کی قیمتوں کے یکدم اضافوں کے ساتھ مل کر افراط زر کے دباؤ پر ایک سُست مالیاتی ردعمل غیر مستحکم کرنٹاکاؤنٹ خسارے، ذخائر میں نمایاں کمی، اور روپے کی قدر میں نمایاں کمی کے ساتھ بیرونی حیثیت میں زوال کا سبب بنا۔بیک وقت، افراط زر میں خاصا اضافہ ہوا، خاص کرغریب طبقوں پر زیادہ دباؤ ڈال دیا گیا۔

مالی سال 2023 کے لیے پاکستان کی اقتصادی ترقی تقریبا 2% رہی ہے کیونکہ موجودہ غیر یقینی معاشی صورتحال، زرمبادلہ کے کم ذخائر، کرنٹ اکاؤنٹ خسارہ اور حالیہ تباہ کن سیلاب نے پاکستان کے معاشی اور مالیاتی منظرنامے کو بری طرح متاثر کیا ہے۔

1.2. زراعت کا شعبہ

کُل معیشت میں زرعی شعبے کا شیئر مالی سال*21* میں *23%* سے کم ہو کر مالی سال*22* میں *22.68%* ہو گیا جبکہ اس شعبے میں مالی سال *22* میں ہی *4.4%* اضافہ ہوا۔ زراعت کے شعبے میں ترقی بنیادی طورپر سازگار موسمی حالات اور مویشیوں سے حاصل ہونے والی بہتر پیداوار سے منسوب ہے۔

یہ بات تشویشناک ہے کہ بڑھتی ہوئی آبادی کے باوجود، پاکستان کی گندم کی پیداوار مالی سال 2022 میں 27.5 ہزارٹن سے 4% کم ہو کر 26.4 ہزارٹن تک آگئی، جس کی بنیادی وجہ بوائی کے رقبے میں کمی اور کھاد کی کم مقدار ہے۔ گندم ایک اہم فصل ہے کیونکہ اس کی پیداوار میں کمی سیاسی بدامنی، غیر ملکی ذخائر میں کمی اور گندم کے آٹے کی قیمتوں میں اضافے کا باعث بن سکتی ہے۔

اسی طرح مستقل میں، سیلاب، موسمی حالات میں تبدیلیوں اور کھاد کی مقدار میں کمی کی وجہ سے زرعی پیداوار، خاص طور پر فصلوں کی پیداوار میں میں کمی دیکھے جانے کا امکان ہے۔ حکومت کو ہنگامی بنیادوں پر زرعی شعبے کی بحالی کے لیے اقدامات کرنے چاہئیں جن میں ڈی اے پی کی سبسڈی، کھاد کے متوازن استعمال کے حوالے سے آگاہی پیداکرنا، کھیت دوستانہ معاون قیمتیں فراہم کرنا اور زرعی سرمائے کی دستیابی شامل ہے۔

1.3. مالیاتی ترقی

پاکستان کا مالی خسارہ (گرانٹس کے علاوہ) جی ڈی پی کے 7.9% تک پہنچ گیا جو 5,260 بلین روپے ہے اور حکومتی قرض بڑھ کر جی ڈی پی کا 78% تک ہو گیا۔ اگرچہ ٹیکس ریونیو کی وصولیات نمایاں طور پر 28.5% اضافے کے ساتھ 4,855.8 بلین روپے پہنچ گئی لیکن اخراجات میں اضافہ، بنیادی طور پر توانائی کی سبسڈی اور قرضوں کی فراہمی پر اخراجات مالیاتی خسارے کو بڑھاتا رہا۔

ڈائریکٹرز رپورٹ

Glossary

Asset
Asset is a resource controlled by an enterprise as a result of past events, from which future economic benefits are expected to flow to enterprise.

Associate Company
Associate company is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of investor.

Borrowing Costs
Borrowing costs are interest and other cost incurred by an enterprise in connection with the borrowing funds.

Cash Equivalents
Cash equivalents are short terms highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Cash Flows
Cash flows are inflows and outflows of cash and cash equivalents.

Consolidated Financial Statements
These include financial statements of FFBL and its subsidiaries i.e Fauji Meat Limited, Fauji Foods Limited (formerly NPL), FFBL Power Company Limited and FFBL Foods Limited as per IFRS 10.

Depreciation
Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair Value
Fair Value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instruments
Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financing Activities
Financing activities are activities that result in changes in the size and composition of equity capital and borrowings of the enterprise.

Intangible Asset
Intangible Asset is an identifiable non-monetary asset without physical substance held for use in the production / supply of goods and services, for rental to others, or for administrative purposes.

Investing Activities
Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Liability
A liability is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits.

Non-Controlling Interest
Equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Operating Activities
Operating activities are principal revenue producing activities of the enterprise and other activities that are not investing or financing activities.

Holding Company
A parent is an enterprise that has one or more subsidiaries.

Related Party
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence on the other party in making financial and operational decisions.

Residual Value
Residual value is the net amount which the enterprise expects to obtain for an asset at the end of its useful life after deducting the expected cost of disposal.

Revenue
Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an enterprise.

Subsidiary Company
A subsidiary is an enterprise that is controlled by another enterprise (holding company).

Abbreviations

Annual General Meeting	AGM
Askari Bank Limited	AKBL
Central Depository Company	CDC
Code of Corporate Governance	CCG
Corporate Social Responsibility	CSR
China Pakistan Economic Corridor	CPEC
Dividend Per Share	DPS
Di-Ammonium Phosphate	DAP
Earnings per Share	EPS
Enterprise Resource Planning	ERP
Environmental Protection Agency	EPA
Fauji Meat Limited	FML
Fauji Foods Limited	FFL
FFBL Power Company Limited	FPCL
Fauji Fertilizer Company Limited	FFCL
Free On Board	FOB
Gas Infrastructure Development Cess	GIDC
General Sales Tax	GST
Government of Pakistan	GoP
Gross Domestic Product	GDP
Human Development Foundation	HDF
Institute of Chartered Accountants of Pakistan	ICAP
Institute of Cost and Management Accountants of Pakistan	ICMAP
International Organization for Standardization	ISO
Information & Communication Technology	ICT
International Financial Reporting Standards	IFRS
Key Performance Indicator	KPI
Memorandum of Understanding	MoU
Million Metric British Thermal Unit	MMBTU
Million Standard Cubic Foot	MSCF
National Environment Quality Standards	NEQS
National Forum for Environment & Health	NFEH
Non Governmental Organization	NGO
Pakistan Moroc Phosphore	PMP
Pakistan Stock Exchange	PSX
Securities and Exchange Commission of Pakistan	SECP
State Bank of Pakistan	SBP
Sui Northern Gas Pipeline Limited	SNGPL
Sui Southern Gas Company Limited	SSGCL
Workers' Profit Participation Funds	WPPF

FFBL

Fauji Fertilizer Bin Qasim Limited

FFBL Tower, C1/C2, Sector B,
Jinnah Boulevard, Phase II, DHA, Islamabad

Tel: +92 51 8763325
Fax: +92 51 8763304-05
Web: www.ffbl.com

Designed & Produced by **ASTRAL HATCH INC** +92 310 1556777 Photography by: **Mustafa Saleem**