Fatima
Fertilizer Company Limited
JV of Fatima and Arif Habib Group

CATALYSING GREEN REVOLUTION

Annual Report 2022

CATALYSING GREEN REVOLUTION

Agriculture is the backbone of our economy. We believe in striving for Catalysing Green Revolution in Pakistan through the implementation of precision technology driven farming operations to ensure national food security and economic prosperity of the country. The modern farming initiatives will transform agriculture that will address the issues of fiscal and current account deficits significantly.

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KEY HIGHLIGHTS 2022

2,829
MT in "000"
Fertilizer Production

2,735
MT in "000"
Fertilizer Sales

152,231
Rs in Million
Revenue

14,124
Rs in Million
Profit After Tax

6.73
Rupees
Earnings Per Share

3.50
Rupees
Dividend Per Share

12.55
Percentage
Return on Capital Employed

19,445
Rs in Million
Contribution to National Exchequer

104.6
Combined Safe Million Man Hours

25,799
Numbers
Trees Planted

62
Numbers
Women Development
(Female Staff in Head Office)

112,647
Man Hours
Investing in Manpower

29,043
Numbers
Agriculture Farms Addressed

2,332
Numbers
Permanent Employees

1,021
Rs in Million
Investment in CSR

VISION & MISSION STATEMENT

VISION

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

MISSION

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

CORPORATE VALUES

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

Integrity

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

Teamwork

We work collectively towards a common goal.

Customer Focus

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

Valuing People

We value our people as our greatest resource.

Innovation

We encourage creativity and recognize new ideas.

Health, Safety, Environment & CSR

We care for our people and the communities around us.

Excellence

We strive to excel in everything we do.


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CODE OF CONDUCT

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

Ethics and Business Practices

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

Assets and Proprietary Information

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

Relations with Business Partners

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

Our Employees

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

OVERALL STRATEGIC OBJECTIVES

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

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

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

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

MANAGEMENT'S OBJECTIVES & STRATEGIES FOR MEETING THOSE OBJECTIVES

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

Significant Changes in Objectives and Strategies

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

Relationship between Entity's Results and Management's Objectives

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

NATURE OF BUSINESS

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

COMMUNICATION OF FINANCIAL RESULTS

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

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

Calendar of Major Financial Events held in 2022

Board Meeting
For the Year Ended 2021
April 07, 2022

AGM
For the Year Ended 2021
April 29, 2022

Board Meeting
For Q1 2022
April 22, 2022

Board Meeting
For Q2 2022
August 25, 2022

Board Meeting
For Q3 2022
Oct 26, 2022

Corporate Briefing Session
Dec 23, 2022

Financial Calendar 2023

Board Meeting
For the Year Ended 2022
April 03, 2023

AGM
For the Year Ended 2022
April 28, 2023

Board Meeting
For Q1 2023
3rd Week of April 2023

Board Meeting
For Q2 2023
3rd Week of August 2023

Board Meeting
For Q3 2023
3rd Week of October 2023

COMPANY PROFILE

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

Sadiqabad Plant

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

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

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

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

The Complex is housed on 8,884 kanals of land, which provides modern housing for its employees with all necessary facilities, including a well managed school, a medical center, and a large number of sports facilities.

Sheikhupura Plant

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

Multan Plant

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

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

LANDMARK EVENTS

2003-2008

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

2009

- Ammonia Furnace 1st Fire
- CAN Plant Production

2010

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

2011

- NP Plant Production
- Declaration of Commercial Operations

2012

- Conversion and Redemption of Preference Shares

2013

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

2014

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

2015

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

2016

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

2017

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

2018

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

2019

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

2020

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

2021

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

2022

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

COMPANY INFORMATION

Board of Directors

Mr. Arif Habib
Chairman

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Mr. Fazal Ahmed Sheikh
Director

Mr. Faisal Ahmed Mukhtar
Director

Mr. Muhammad Kashif Habib
Director

Ms. Malika Nait Oukhedou
Independent Director

Mr. Tariq Jamali
Independent Director

Chief Operating Officer & Chief Financial Officer

Mr. Asad Murad

Director Legal & Company Secretary

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

Key Management

Mr. M. Abad Khan
Advisor to the CEO

Ms. Sadia Irfan
Director Human Resources

Mr. Iftikhar Mahmood Baig
Director Business Development

Mr. Ahsen-ud-Din
Director Technology Division

Mr. Ausaf Ali Qureshi
Advisor MFC Project

Mr. Hassan Altaf
Director Strategy

Mrs. Rabel Sadozai
Director Marketing and Sales

Mr. Atif Zaidi
Chief Information Officer

Mr. Salman Ahmad
Director Internal Audit

Mr. Pervez Fateh
G.M. Manufacturing

Mr. Faisal Jamal
Corporate HSE & Technical Support Manager

Audit Committee Members

Mr. Tariq Jamali
Chairman

Mr. Faisal Ahmed Mukhtar
Member

Ms. Malika Nait Oukhedou
Member

Mr. Muhammad Kashif Habib
Member

HR and Remuneration Committee Members

Ms. Malika Nait Oukhedou
Chairperson

Mr. Fawad Ahmed Mukhtar
Member

Mr. Muhammad Kashif Habib
Member

Nomination and Risk Management Committee Members

Mr. Fazal Ahmed Sheikh
Chairman

Mr. Muhammad Kashif Habib
Member

Mr. Tariq Jamali
Member

Legal Advisors

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

Auditors

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

Registrar and Share Transfer Agent

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

Bankers

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

Registered Office / Head Office

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

Plant Sites

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

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

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

PROFILE OF THE DIRECTORS

Mr. Arif Habib

Chairman

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

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

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

Mr. Fawad Ahmed Mukhtar

Chief Executive Officer / Director

Mr. Fawad Ahmed Mukhtar is the Chief Executive Officer and Director of the Company. He has extensive experience in manufacturing and industrial management. In addition to being a successful business leader, he is also a renowned philanthropist. After graduation, he has spent more than 32 years developing his family business into a sizable conglomerate.

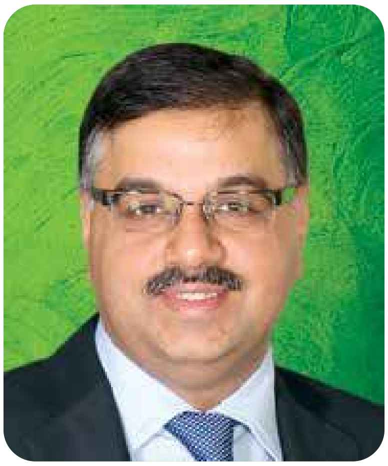
Mr. Mukhtar leads several community service initiatives of the Group including the Fatima Fertilizer Trust and Welfare Hospital, Fatima Fertilizer Education Society and School and Mukhtar A. Sheikh Welfare Trust, among others. He is also the Chairman of Reliance Weaving Mills Limited, Fatima Holding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

Mr. Fazal Ahmed Sheikh

Executive Director

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

PROFILE OF THE DIRECTORS



Mr. Faisal Ahmed Mukhtar

Non-Executive Director

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

Mr. Muhammad Kashif Habib

Non-Executive Director

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

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

Ms. Malika Nait Oukhedou

Non-Executive / Independent Director

Ms. Malika Nait Oukhedou holds a B.Sc. in Industrial Science & Technology in Chemistry from PXL University of Applied Science in Belgium. Ms. Malika joined Haldor Topsoe Middle East in 2018 as an Account Manager in Chemical Business Unit, where she manages the sales, after sales and relationships with various customers across the Gulf region. In the past Ms. Malika worked in The Netherlands for an operator simulation software company and later on decided to move to Bahrain to join the catalysis business in 2013. Ms. Malika inherently understand that the customer is the single most valuable asset an organization can have. She brings a unique value to the organization, supporting Fatima in development and growth.

Mr. Tariq Jamali

Non-Executive / Independent Director

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

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

BOARD STRUCTURE AND COMMITTEES

Board Structure

Fatima's Board consists of eminent individuals with diverse experience and expertise. Currently, it comprises seven directors including a female director, Ms. Malika Nait Oukhedou. All of the Board members have been elected by the shareholders for a term of three years commenced from June 30, 2020. Ms. Malika Nait Oukhedou has replaced Ms Anja E. Nielsen. There are two Executive Directors including the Chief Executive Officer, and five Non-Executive Directors including the Chairman and two Independent Directors.

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

Board Committees

The standing committees of the Board are:

Audit Committee

Composition

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

1. Mr. Tariq Jamali	Chairman
2. Mr. Faisal Ahmed Mukhtar	Member
3. Ms. Malika Nait Oukhedou	Member
4. Mr. Muhammad Kashif Habib	Member

Terms of Reference and Salient Features

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

l) determination of compliance with relevant statutory requirements;

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

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

Human Resource and Remuneration Committee

Composition

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

1. Ms. Malika Nait Oukhedou	Chairperson
2. Mr. Fawad Ahmed Mukhtar	Member
3. Mr. Muhammad Kashif Habib	Member

Terms of Reference and Salient Features

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

1. Duties and Responsibilities

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

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

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

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

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

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

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

2. Reporting Responsibilities

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

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

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

3. Authorities and Powers

The Committee is authorized and empowered:

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

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

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

Nomination and Risk Management Committee

Composition

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

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

Terms of Reference and Salient Features

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

a) Duties relating to Risk Management Function

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

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

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

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

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

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

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

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

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

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

b) Duties relating to Nomination Function

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

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

iii. To recommend Directors to fill positions of Board Committees;

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

v. To assess the effectiveness of the Board as a whole;

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

vii. To review Board succession plans;

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

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

c) Authorities and Powers

The Committee is authorized and empowered:

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

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

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

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

KEY MANAGEMENT

Mr. Mohammad Abad Khan

Advisor to the CEO

Mr. M. Abad Khan graduated in Mechanical Engineering from UET Lahore and after extensive training in fertilizer manufacturing from Europe, worked with PIDC for 8 years on the first Urea plant manufacturing in the Country.

Mr. Khan joined Exxon Chemical Pakistan at the time of its project phase. During his 15 years of service with Exxon, he received extensive trainings in technical and managerial fields and gained valuable experience in various disciplines of manufacturing. Later he joined Fauji Fertilizer Company as General Manager Plant. During 14 years of service with this company, the manufacturing site worked par excellence and the site capacity increased to more than double due to revamp of facility and an additional production line. In 2001, when FFBL faced serious operational challenges, Mr. Khan took responsibility as head of manufacturing and was instrumental in ensuring smooth operation and undertook a major revamp of the plant during his 4 years of assignment.

Mr. Khan has been with Fatima Group for almost 17 years as Advisor to CEO and has played a significant role in establishing Fatima Fertilizer plant and undertaking operational improvements in Pakarab Fertilizers Ltd and Fatimafert Ltd. He has extensive international exposure through seminars, symposiums and trainings including one at Harvard Business School. He is Director of Fatimafert Ltd, Fatima Energy Ltd, Pakarab Energy Ltd, Fatima Ventures (Pvt.) Ltd, Fatima Cement Ltd and Fatima Electric Company Ltd.

Mr. Asad Murad

Chief Operating Officer & Chief Financial Officer

Mr. Asad Murad is the Chief Operating Officer & Chief Financial Officer of the Company. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan. In an over 25 year career, he has held various senior management positions in the areas of financial management, strategic business planning, risk management and corporate compliance. He joined Fatima Group in 2010 as Group Head of Internal Audit and held the position of Chief Financial Officer of the Company from March 2014 till February 2021. As additional roles, he has served as the Head of Marketing & Sales and Director Finance of the Company. He was also involved in Government Relations along with his Finance Director role where he successfully consolidated all three fertilizer plants and also played an instrumental role in revival of Multan plant operations by ensuring sustainable gas supply from Mari Gas among many other contributions. He has also served as Chief Financial Officer at Honda Atlas Cars (Pakistan) Limited, a subsidiary of Honda Motor Company, Japan.

Mrs. Rabel Sadozai

Director Marketing and Sales

Mrs. Rabel Sadozai is the first female Director Marketing and Sales in the Fertilizer Industry and the Agriculture Sector of Pakistan. She holds a MBA degree from IBA Karachi and with over 23 years of diverse professional experience, has held several leadership positions in the Petrochemical and Banking sectors prior to joining the Fertilizer Industry.

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

Her work has not only received major acclaim locally but on prestigious international platforms as well, which has positioned Sarsabz Fertilizers, the flagship brand of Fatima Fertilizer, to achieve a premium brand status. These include winning the MARCOM (USA) International Marketing Award in 2018, AVA Digital Award (USA) in 2019, the Pakistan Digital Awards (PDA) won by Fatima Fertilizer's 'Salam Kissan' campaign for three consecutive years 2020, 2021 & 2022, the Asian Experience Award (Singapore) conferred on the Sarsabz Kahani Web Series in 2022, and a dedicated case study related to Fatima Fertilizer's 'Salam Kissan' campaign published by Kotler in his book "Essentials of Modern Marketing" in 2022.

Mr. Omair Mohsin

Director Legal & Company Secretary

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

Ms. Sadia Irfan

Director Human Resources

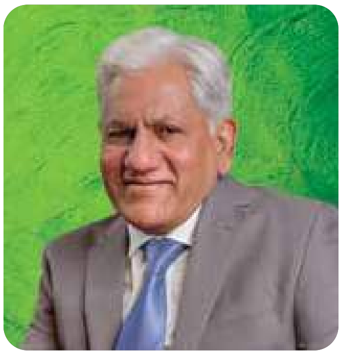
Ms. Sadia Irfan, is an accomplished HR professional and she brought to Fatima two decades of senior HR leadership experience with MNCs, including PepsiCo & Nestle, across multiple International markets including West Asia, Middle East & Africa, Pakistan and Afghanistan. She is an award winning HR professional, winning Global honors in Talent & D&I space.

Ms. Irfan is recognized as a Strategic Business Partner with track record of building better businesses through cultural transformation. Her expertise includes HR Strategic Leadership, Merger & Acquisition, Startup Operations, Organization Development, Organization Design, Change Management and Employee Engagement within complexed business models like Franchise Operated Bottling Operations (FOBO), Operating Company (OpCo) and Company Owed Snacks Operations (CoSo). Her last assignment was with PepsiCo where she led strategic HR for multiple Business Units (BU) as HR Director including West Asia, Middle East, Africa, Pakistan and Afghanistan.

Ms. Irfan's strategic leadership won PepsiCo Pakistan's business many internal and external laurels. These included PepsiCo's most prestigious Harvey Russell Award for Diversity & Inclusion, Best Place to Work multiple times in a row, Integrated Control Environment along with honors such as Highest Ever Female Representation at the Board, Highest Ever Employee Engagement Index for Pakistan across Asia Pacific Region & AMENA Sector, to name a few. She has been recognized for championing best practices in systems and culture which were proudly shared across PepsiCo regions.

Since joining Fatima, Sadia has been the driving force behind many cultural interventions & business initiatives. As a passionate D&I&E leader, she has strengthened an inclusive culture, with flexible policies and continues to work towards increasing female representation in Fatima workforce. Ms. Irfan has been the first female Director in the industry, inspiring other talented women to assume leadership roles in agriculture-based industries as well.

Carrying a Master degree in English Language & literature supported by degree in Human Psychology, She has earned several HR certifications & distinctions in the HR Space. She is a certified Hogan Executive Coach, recognized Career Coach and Mentor,



Mr. Iftikhar Mahmood Baig

Director Business Development

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

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

He has over 33 years of financial and commercial experience. He has been a part of Fatima Group for over two and half decades. Mr. Baig has served in various senior positions in different Group Companies.

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

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

Mr. Ahsen-ud-Din

Director Technology Division

Mr. Ahsen-ud-din has over 39 years of management experience with leading companies like Engro Corporation, Exxon Chemical, where his last appointment was Vice President, he also worked in Fauji Fertilizer, Kuwait National Petroleum and Gulf Petrochemical Industries Corporation. During his career, Mr. Ahsen-ud-din has a track record of executing number of multi million dollar petrochemical and fertilizer projects as project executive, he has also managed a number of world scale fertilizer and petrochemical manufacturing facilities as General Manager while delivering best in class operational and HSE performances.

Mr. Ausaf Ali Qureshi

Advisor MFC Project

Mr. Ausaf Ali Qureshi is a Fellow Member of Institute of Chartered Accountants of Pakistan. He joined the Group in May 2010 as Company Secretary with the additional responsibility for investor relations. He has been part of the senior team involved in developing the MFC project for over a decade. He is serving on the Board of Fatima Energy Limited. He has over 40 years of experience with Fauji Fertilizer, Pakistan International Airlines (Holdings) and Bristol Myers Squibb (BMS). In his over 20 year's career at BMS, he held various regional management positions in Pakistan, South Korea, Egypt and Singapore in the areas of finance, corporate compliance and strategic project planning.

Mr. Hassan Altaf

Director Strategy

Hassan Altaf, the Director Strategy, has 30 years of global experience. He has worked with leading organizations including Saudi Basic Industries Corp (SABIC; ARAMCO subsidiary)-Saudi Arabia, Ernst & Young Corporate Finance (DIFC)-UAE and Pricewaterhouse Coopers/KMPG-Canada. He joined Fatima Group in 2021 and has since played a vital role collaborating with internal stakeholders in preparing a five year corporate strategy document while focused on overseas and diversification growth opportunities.

At SABIC, one of the world's leading petrochemical and agri nutrient companies, he was the Sr. Advisor for Strategic Investments-Corporate Development (M&A division). He was involved in the evaluation, negotiation and structuring of acquisitions and joint ventures with leading manufacturers of intermediate and specialty downstream petrochemicals from across the globe. He also oversaw the evaluation of equity/JV investments in fertilizer manufacturing and distribution in Africa & Latin America.

Hassan is a Chartered Financial Analyst (CFA, USA) and a Chartered Professional Accountant (CPA, Canada). He holds Hons. BA in Chartered Accountancy Studies from University of Waterloo, Canada.

Mr. Faisal Jamal

Corporate HSE and Technical Services Manager

Mr. Faisal Jamal leads the Corporate HSE & Technical Services teams, providing guidance and expert advice to develop and effectively implement Corporate HSE and Process Safety policies, standards, strategies, SOPs and guidelines to proactively manage Process Safety and Operational Safety accident risks.

A chemical engineer by qualification, with 23+ years of international professional experience, he possesses strong HSE, PSM, Operational Excellence, risk management, auditing and culture enhancement foundation augmented by rich experience in process engineering and operations. The diversity of experience in major global and local organizations like British Petroleum, Qatar Petroleum, Engro Corporation and Pak-Arab Refinery, and a robust knowledge base and skill set has enabled him to utilize his expertise with a broader perspective and sustainable approach.

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

Mr. Pervez Fateh

G.M. Manufacturing

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

A seasoned professional, having B.E (Mech) degree from NED University – Karachi. Mr. Fateh has over 37 years of rich experience in maintenance, inspection and plant management in Fertilizer Industry, with demonstrated creativity, initiative, drive and success. Professional competence, vision, strategic planning, capital asset oversight, cost containment, budgeting and staff training/mentoring are his forte.

Under his leadership, FFL has continued its journey of world class HSE Performance and achieved Guinness World Record of maximum safe million man hours in the fertilizer sector across the globe. Plant has performed exceptionally well on production front as well ALHAMDOLILLAH, by exceeding world class plant reliability benchmark of ≥98% by achieving 98.8% in 2022.

He has multiple successful projects under his belt. He has also attended many prestigious leadership development programs at LUMS, University of Michigan (USA) and MIT (USA).

Mr. Fateh is also involved in philanthropic activities and heads his own NGO Azm-e-Nau Foundation working in the areas of upper Sindh and Northern Punjab, with prime focus on poverty alleviation and educational support. His NGO actively worked for wellbeing of people in badly affected nearby Sindh and Punjab areas during recent devastating floods.

Mr. Atif Zaidi

Chief Information Officer

Atif Zaidi is a globally recognized C-level executive with over 30 years of international experience in delivering successful IT ventures, turning around businesses and bringing about futuristic digital transformations resulting in commercial success across a multitude of industries. He is an active Boardroom contributor and expert in business management, financial performance, strategic partnerships, digital transformations through latest emerging technologies, and enabling innovation capabilities.

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

Previously, Atif has held global leadership positions in US, Europe, Middle East and Asia in notable blue chip organizations like AT&T, Johnson & Johnson, The McGraw Hill Companies, Pfizer, Obeikan Education and Sadara Chemical Company, a $30 billion dollar joint venture between Aramco and Dow Chemical Company. He developed his experience strategically through delivering successful technology businesses, managing complex mergers and acquisitions, and implementing multiple facets of bleeding edge technologies. His accomplishments are built on successfully delivering multi billion dollar mega initiatives of international magnitude with extensive experience across various prominent industries, including government and country wide national programs, manufacturing, fertilizer, petrochemical, education, pharmaceutical, medical, finance, and publishing sectors.

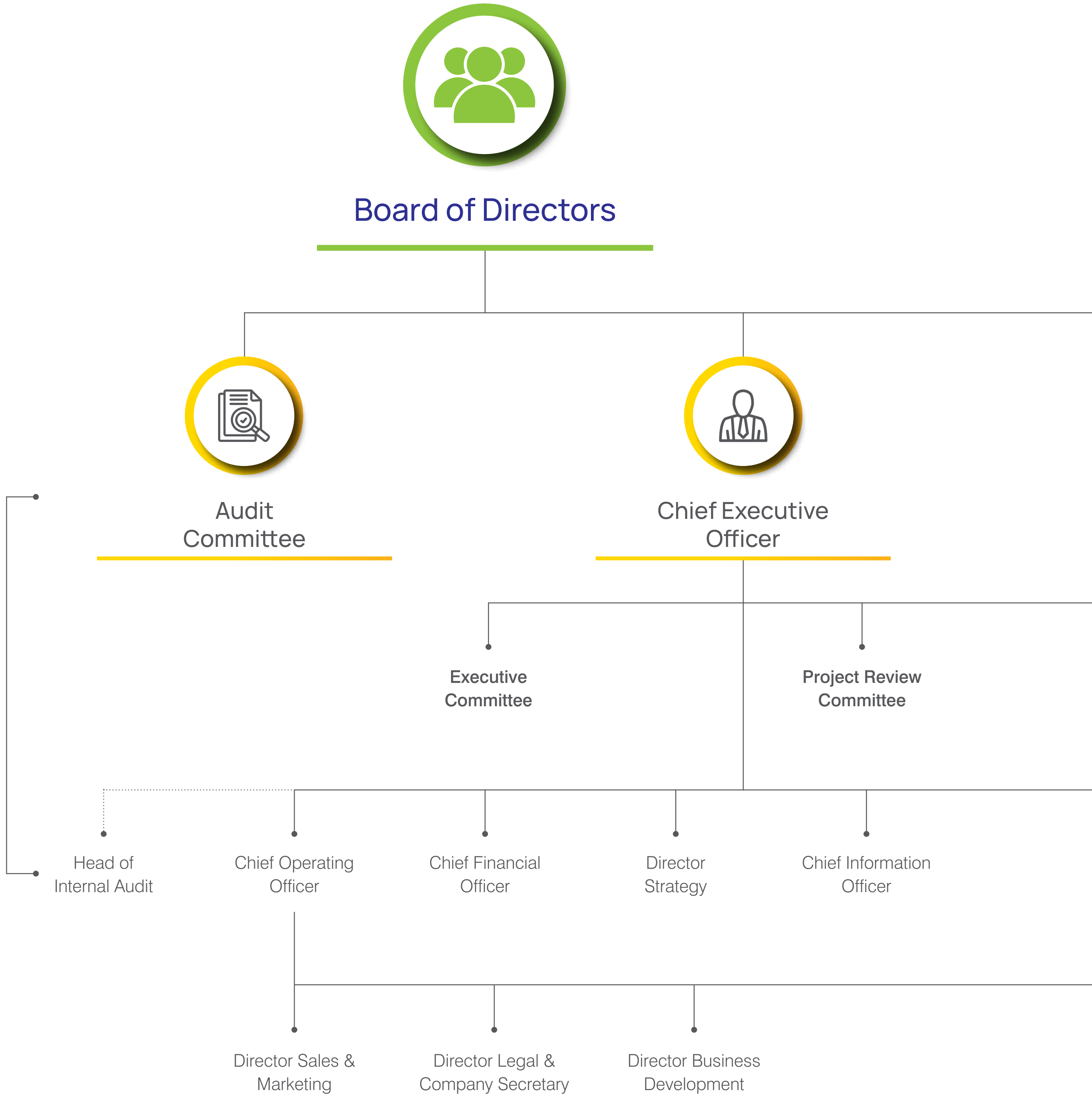
Atif is a globally recognized leader and keynote speaker with multiple publications. He has a Masters' Degree in Computer Science from New Jersey Institute of Technology where he was recognized for his perfect graduating GPA of 4.0. He had obtained his Bachelors' Degree from the same institute in Electrical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

Mr. Salman Ahmad

Director Internal Audit

Mr. Salman Ahmad joined Fatima Fertilizer as Head of Internal Audit in December 2016. He is a Fellow Chartered Accountant (FCA) from the Institute of Chartered Accountants of Pakistan, with over 28 years of experience in Audit and Finance in companies like PricewaterhouseCoopers (PWC); Al Rostamani Group Dubai UAE; Oasis Group Holdings (South Africa); Gharibwal Cement Limited and Emaar.

ORGANIZATIONAL CHART



HR & Remuneration Committee

Nomination and Risk Management Committee

Enterprise Risk Management Committee

Other Management Committees

Director Special Projects

Director Human Resources

Chief Manufacturing Officer

Director Technology

Head of Supply Chain

Head of Lean Six Sigma

Head of Administration

CHAIRMAN'S REVIEW REPORT

to the Shareholders for the year ended December 31, 2022

To my fellow Shareholders,

The year 2022 was severely impacted by challenges arising from the ongoing economic and political instability in Pakistan. The significant depreciation of Pakistani Rupee against US Dollar, ongoing increase in policy rate, high inflation, rising fuel prices and supply chain disruptions due to the accelerating climate change crisis were contributing factors in cost escalation/inefficiencies in all sectors of the national economy.

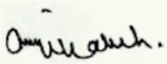
The Company, despite such challenging times, was able to deliver growth in its production and sales volumes. The Company continued to deliver in line with its commitment of ensuring availability of products to customers while maintaining high standards of health, safety & environment, unwavering efforts to offset the cost pressures wherever possible, and strategic allocation of resources.

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

On operating performance, I am pleased to report that all production sites i.e. Sadiqabad, Multan and Sheikhupura, performed extremely well and recorded highest ever production volume of 2.8 million MT. While expanding its market outreach, the Company also achieved its highest ever sales volume of 2.7 million MT. Safety remained one of the key priorities, hence the Company has successfully achieved 104.6 Safe Million Man hours and recorded zero TRIR (Total Recordable Incident Rate). Record sales by the Company translated into its highest ever revenue of Rs 152 billion, a 35% increase over last year, and highest ever Profit before Tax posting growth of 9% over last year. However, due to retrospective imposition of Super Tax, net Profit after Tax declined to Rs 14.1 billion vs Rs 18.5 billion in 2021. Based on the financial performance for the year, the Board is pleased to announce dividend of Rs 3.50 per share, amounting to Rs 7,350 million, subject to the approval of the shareholders at the Annual General Meeting to be held on April 28, 2023.

The Company is committed to contributing fully to the food security and economic prosperity of the country. I have strong confidence that we will continue to grow the Company in line with its stated mission, and the Board will play its strategic role in assuring sustainable growth of the business and maximizing return for its shareholders. The Board is conscious of below par performance of its investment portfolio, efforts will be made to improve its performance.

I would like to recognize our Board members for their valuable contribution to deliver profitable growth year on year. I would also like to take this opportunity to thank our valued investors for their trust and confidence in the Company. In addition, the Board would like to acknowledge and particularly thank our CEO, Mr. Fawad Ahmed Mukhtar, for his vision, commitment, and leadership in taking the Company into a new era of growth.



Arif Habib
Chairman

April 03, 2023

چیئرمین جائزہ رپورٹ برائے شیئر ہولڈرز

برائے سال مختتمہ 31 دسمبر 2022

میرے معزز شیئر ہولڈرز،

پاکستان میں موجودہ معاشی اور سیاسی عدم استحکام سے پیدا ہونے والے چیلنجز کی وجہ سے سال 2022 شدید متاثر ہوا۔ ڈالر کے مقابلہ میں پاکستانی روپے کی قدر میں نمایاں گراوٹ، پالیسی ریٹ میں جاری اضافہ، مہنگائی کی بلند شرح، تیل کی قیمتوں میں اضافہ اور ماحولیاتی تبدیلی کے بحرانوں کی وجہ سے سپلائی چین میں تعطل وہ نمایاں عوامل تھے جو ملکی معیشت کے تمام شعبوں میں لاگت میں اضافہ/ ناکامیوں پر اثر انداز ہوئے۔

ان مشکل حالات کے باوجود کمپنی اپنی پیداوار اور سیلز حجم میں اضافہ یقینی بنانے میں کامیاب رہی۔ کمپنی صحت، حفاظت اور ماحول کے اعلیٰ معیارات پر عملدرآمد، جہاں ممکن ہو لاگت کے دباؤ میں توازن برقرار رکھنے کیلئے مستقل کاوشوں اور ذخائر کی سٹریٹجک تفویض کے ذریعے صارفین کو مصنوعات کی فراہمی کے اپنے عزم پر کاربند رہی۔

سال کے دوران بورڈ آف ڈائریکٹرز ("دی بورڈ") نے شیئر ہولڈرز کے بہترین مفاد کیلئے اپنے فرائض ذمہ دارانہ انداز میں سرانجام دیئے اور کمپنی کے اصول وضوابط احسن انداز میں پایہ تکمیل تک پہنچائے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ معیارات پر عمل پیرا رہا۔ بورڈ اور اسکی کمیٹیوں نے کمپنی پر لاگو تمام قانونی قواعد وضوابط پر عملدرآمد کرتے ہوئے توجہ مرکوز کیے رکھی۔

کاروباری کارکردگی پر نظر دوڑائیں تو مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ تمام پیداواری سائٹس؛ صادق آباد، ملتان اور شیخوپورہ نے بہترین کارکردگی کا مظاہرہ کرتے ہوئے 2.8 ملین میٹرک ٹن کی تاریخی پیداوار حاصل کی۔ مارکیٹ میں اپنی رسائی بڑھا کر کمپنی نے اس سال 2.7 ملین میٹرک ٹن کی بلند ترین سیلز بھی حاصل کی۔ اس سفر کے دوران تحفظ سب سے اہم ترجیح رہی اور کمپنی نے 104.6 سیف ملین مین آورز تک کامیابی یقینی بنائی اور صفر آر آئی آر (ٹوٹل ریکارڈ ایبل انجری ریٹ) ریکارڈ ہوئی۔ کمپنی کی اس تاریخی سیلز کی بدولت 152 بلین روپے کی سب سے زیادہ آمدن حاصل ہوئی جو کہ گزشتہ سال کی نسبتاً 35 فیصد زیادہ تھی، جبکہ منافع قبل از ٹیکس بھی گزشتہ سال سے 9 فیصد اضافہ کے ساتھ بلند ترین سطح پر رہا۔ تاہم سپر ٹیکس کے نفاذ سے بعد از ٹیکس خالص منافع 14.1 بلین روپے رہا جو کہ سال 2021 میں 18.5 بلین روپے تھا۔ سال بھر کی کارکردگی کی بنیاد پر بورڈ 23 اپریل 2023 کو منعقد ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط 3.50 روپے فی شیئر نقد ڈیویڈنڈ، مجموعی طور پر 7,350 ملین روپے کا اعلان کرتے ہوئے خوشی محسوس کر رہا ہے۔

کمپنی ملکی غذائی ضروریات کو پورا کرنے اور معاشی خوشحالی میں اپنا کردار بڑھانے کیلئے پرعزم ہے۔ مجھے مکمل اعتماد ہے کہ ہم اپنے متعین کردہ مشن کے مطابق کمپنی کی ترقی کا سفر جاری رکھیں گے اور بورڈ کاروباری پائیدار ترقی اور شیئر ہولڈرز کیلئے زیادہ منافع یقینی بنانے کیلئے اپنا سٹریٹجک کردار نبھائے گا۔ بورڈ اپنے انویسٹمنٹ پورٹ فولیو کی کم کارکردگی سے آگاہ ہے۔ اس کارکردگی کو بڑھانے کیلئے کاوشیں بروئے کار لائی جائیں گی۔

میں سال در سال منافع بخش ترقی میں بخوبی کردار نبھانے پر بورڈ ممبران کی خدمات کو سراہتا ہوں۔ میں اس موقع پر اپنے معزز سرمایہ کاروں کے کمپنی پر اعتماد کا تہہ دل سے شکرگزار ہوں۔ اس کے علاوہ بورڈ ہمارے چیف ایگزیکٹو آفیسر جناب نواد احمد مختار کے وژن، عزم اور قائدانہ صلاحیتوں پر انہیں خراج تحسین پیش کرتا ہے، جنکی ان کی بدولت کمپنی ترقی کے ایک نئے دور میں داخل ہوئی۔

عارف حبیب

چیئرمین

03 اپریل 2023

CEO'S MESSAGE

Dear Shareholders,

The year 2022 was one of the most challenging years in our recent past, due to several domestic and International factors, however, your Company remained committed to business continuity, sustainability, safety, employee wellbeing, quality business delivery and positive contribution to the national economy.

Despite the tough economic environment, the year 2022 has been a landmark year for the Company as we have set new benchmarks of highest ever production volume of 2.8 million MT as well as highest ever sales volume of 2.7 million MT. Due to this volumetric growth of sales, the Company achieved its highest ever revenue of Rs. 152 Billion posting growth of 35% over last year. While absorbing huge cost pressures primarily due to sharp devaluation of Pak Rupee, high inflation, significant increase in input costs and rising interest rates, by efficient utilization of available resources the Company achieved 9% growth of Profit before Tax. Despite this remarkable financial performance, Profit after Tax has been restricted to Rs 14.1 Billion (2021: Rs. 18.5 Billion) due to retrospective imposition of Super Tax by Government. I am pleased to share that Company has recorded earnings of Rs 6.73 per share which has enabled the Board to recommend cash dividend of Rs 3.50 per share which amounts to Rs 7,350 million for the year 2022.

Pakistan is facing huge pressures of fiscal and current account deficits. Over the years, the Country has been spending billions of dollars on imports of Cotton, Wheat, Oil/Oil Seeds and other agricultural products. Via Catalysing Green Revolution, Agriculture sector has got the potential to provide much needed support to the Government in meeting its economic challenges. By promoting modern agricultural techniques and technologies and by efficient use of available resources, agricultural output can be enhanced significantly that will help in saving billions of dollars for the Country by imports substitution and by creating further avenues of exports. This will also provide much needed fiscal space to Government for efficient use of its available resources.

Agriculture has always remained backbone of our economy and with the support of Government of Pakistan, local fertilizer industry has always aimed and ensured timely provision of fertilizers to our farmers at affordable prices. While ensuring food security of the country, local fertilizer industry is contributing substantially towards foreign currency reserves conservation and provision of locally produced fertilizer to farmers at significantly low prices.

We are also looking towards the Government of Pakistan to support the fertilizer sector in mitigating various critical challenges, including but not limited to, prioritized gas supply to fertilizer sector for full utilization of available fertilizer production capacities in the country, availability of foreign exchange for various essential capital expenditure and for smooth procurement of mandatory raw materials, spares and chemicals which are vital for production of local fertilizers and for release of overdue tax and subsidy refunds. We are confident that such support will significantly help in overcoming challenges towards sustained output from this sector, ensuring food security in the Country and heading towards the Green Revolution to achieve other macro economic challenges.

While facing anticipated business challenges in FY 2023, the Company is committed to its strategic priorities and is confident of growing its market share on a sustainable basis.

I am especially grateful to the Chairman of the Board and other Board members for their contribution in setting strategic objectives and untiring commitment in steering the Company towards making significant contributions for economic well being of the Country.

Lastly, I would also like to thank our employees, esteemed customers, and valuable suppliers for their sheer support and hard work in 2022 and I look forward to continue working with them to attain success in 2023.

Fawad Ahmed Mukhtar

Chief Executive Officer

April 03, 2023

چیف ایگزیکٹو آفیسر کا پیغام

معزز حصص داران،

سال 2022 مختلف مقامی اور بین الاقوامی عوامل کے باعث حالیہ تاریخ کے مشکل ترین سالوں میں سے ایک تھا تاہم آپکی کمپنی کاروباری تسلسل، پائیداری، تحفظ، ملازمین کی خوشحالی کو اولین، بزنس ڈیلیوری اور قومی خزانے میں مثبت حصہ داری کیلئے پرعزم رہی۔

مشکل معاشی حالات کے باوجود سال 2022 کمپنی کی تاریخ ساز ثابت ہوا جس کے دوران ہم نے 2.8 ملین میٹرک ٹن پیداواری حجم کے ساتھ ساتھ 2.7 ملین میٹرک ٹن کے بلند ترین سیلز حجم تک رسائی حاصل کی۔ سیلز میں اس نمایاں اضافے کی وجہ سے کمپنی نے گزشتہ سال کے مقابلہ میں 35 فیصد اضافے کے ساتھ 152 بلین روپے کی ریکارڈ آمدن حاصل کی۔ ابتدائی طور پر پاکستانی روپے کی قدر میں کمی، زیادہ مہنگائی، لاگت اور شرح سود میں نمایاں اضافے کی وجہ سے زیادہ لاگت کے دباؤ کے باوجود دستیاب ذخائر کے موثر استعمال کے ذریعے کمپنی نے منافع قبل از ٹیکس میں 9 فیصد اضافہ ممکن بنایا۔ اس شاندار مالی کارکردگی کے باوجود منافع بعد از ٹیکس 14.1 بلین روپے (2021 میں 18.5 بلین روپے) تک محدود رہا اور اس کی بنیادی وجہ حکومت کی جانب سے سپر ٹیکس کا نفاذ تھا۔ مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی نے 6.73 روپے فی شیئر آمدن حاصل کی جس کی وجہ سے بورڈ نے 3.50 روپے فی شیئر جو کہ سال 2022 کیلئے 7,350 ملین روپے بنتا ہے، کے فائنل ڈیویڈنڈ کی سفارش کی۔

پاکستان مالی اور کرنٹ اکاؤنٹ خساروں کی شکل میں سنگین دباؤ سے دوچار ہے۔ گزشتہ کئی سالوں سے ملک کپاس، گندم، خوردنی تیل، سیڈز اور دیگر زرعی مصنوعات کی درآمد پر کئی بلین ڈالر خرچ کرتا آرہا ہے۔ سرسبز انقلاب کی بدولت زرعی شعبہ کے پاس حکومت کو درپیش معاشی چیلنجز سے نبردآزما ہونے کیلئے درکار تعاون موجود ہے۔ جدید زرعی تحقیق اور ٹیکنالوجی کے فروغ اور دستیاب ذخائر کے موزوں استعمال سے زرعی پیداوار میں نمایاں اضافہ ممکن ہے جو کہ درآمدات کے متبادل اور برآمدات کے نئے امکانات کے طور پر کئی بلین ڈالر کا زرمبادلہ کمانے میں مددگار ثابت ہو سکتا ہے۔ یہ حکومت کو دستیاب ذخائر کے موثر استعمال کیلئے اشد درکار مالی خلا بھی فراہم کرے گا۔

زراعت ہمیشہ ہماری معیشت کی ریڑھ کی ہڈی رہی ہے اور حکومت پاکستان کے تعاون سے فرٹیلائزر کے شعبہ نے کسانوں کو بروقت مناسب قیمت پر کھادوں کی فراہمی کیلئے کاوشیں کی ہیں۔ ملک میں خوراک کی ضروریات پوری کرنے کے ساتھ ساتھ مقامی فرٹیلائزر انڈسٹری غیر ملکی زرمبادلہ کے ذخائر میں اضافہ اور کسانوں کو مقامی سطح پر تیار کردہ کھاد انتہائی کم قیمت پر فراہم کر کے اپنا کردار بھرپور انداز میں سرانجام دے رہی ہے۔

ہم فرٹیلائزر سیکٹر میں مختلف پیچیدہ چیلنجز کی تخفیف کیلئے حکومت پاکستان کی جانب امید لگائے ہوئے ہیں۔ ان چیلنجز میں اپنی پوری استعداد کے مطابق پیداوار یقینی بنانے کیلئے فرٹیلائزر سیکٹر کو ترجیحی بنیادوں پر گیس کی فراہمی، کئی ضروری اخراجات اور اہم خام مال، سپیئرز اور کیمیکلز (جو مقامی کھادوں کی تیاری کیلئے درکار ہیں) کے با آسانی حصول کیلئے زرمبادلہ کی دستیابی اور سابقہ ٹیکس اور سبسڈی فنڈز کا اجراء شامل ہیں۔ ہم پرامید ہیں کہ یہ معاونت اس شعبہ سے بھرپور پیداوار کے حصول میں آنے والی رکاوٹوں کے سدباب، ملکی خوراک کی ضروریات پوری کرنے اور سیکٹر کو درپیش چیلنجز سے نبردآزما ہونے کیلئے سرسبز انقلاب کے سفر میں نمایاں کردار ادا کرے گی۔

مالی سال 2023 میں توقع کیے گئے کاروباری چیلنجز کو مدنظر رکھتے ہوئے کمپنی اپنی سٹریٹجک ترجیحات کیلئے پرعزم ہے اور پائیدار بنیادوں پر اپنا مارکیٹ شیئر بڑھانے کیلئے پرعزم ہے۔

میں سٹریٹجک مقاصد کے حصول میں حصہ داری اور ملکی خوشحالی کے مشن میں کلیدی کردار ادا کرنے کی خاطر کمپنی کیلئے انتھک لگن پر چیئرمین آف بورڈ اور بورڈ ممبران کا شکر گزار ہوں۔

آخر میں، میں اپنے ملازمین، معزز صارفین اور قابل قدر سپلائرز کا شکریہ ادا کرنا چاہتا ہوں جنہوں نے 2022 کے دوران اپنا تعاون اور محنت جاری رکھی اور میں سال 2023 کی کامیابی کیلئے بھی ان سے اسی طرح مل کر کام کرنے کا متمنی ہوں۔

فواد احمد مختار
چیف ایگزیکٹو آفیسر
03 اپریل 2023

DIRECTORS' REPORT

to the Shareholders for the year ended December 31, 2022

The Directors of the Company are pleased to present Directors' Report, the audited consolidated and standalone financial statements of the Company for the year ended December 31, 2022, together with the auditors' report thereon.

Principal Activities

The Company is engaged in the manufacturing, producing, buying, selling, importing, and exporting fertilizers and chemicals and is listed on Pakistan Stock Exchange.

The Economy and Market overview

The year under review was challenging for Pakistan's economy which faced high current account deficit and inflation. This caused a sharp decline in value of rupee and rising interest rates, resulting in increase in cost of doing business. Further, the agriculture value chain was significantly affected by high rains and flash floods which inflicted devastation across the country. Budget for fiscal year 2022-23 relied heavily on revenue increasing measures including but not limited to sharp increase in taxation, withdrawal of subsidies, imposition of super tax etc.

In the year 2022, agriculture sector faced issues of rising prices and climate change which has increased frequency of weather events and directly impacted farm economics. The weaknesses of Pakistan's agriculture sector have now begun to impact on macro-economic level.

According to Economic Survey of Pakistan 2021-22, agriculture sector contributed Rs 15,191 billion to GDP. Productivity of agriculture can be doubled by focusing on vertical and horizontal growth strategies. In the last decade, the Agriculture CAGR remained 1.79% against the minimum required growth of 4% per annum. As a result, the country is spending approx. USD 7 billion (July to March 2022) in importing Agri commodities. Cotton production has reduced to 4.75 million bales in 2022 from 14 million bales in 2014. Pakistan needs USD 4 billion to import 10 million bales of raw cotton to satisfy domestic consumption of 15 million bales.

Pakistan's agriculture transformation can play a vital role in reducing annual trade deficit of USD 48.5 billion. Per acre yield enhancement of wheat, cotton and oil seed crops can produce an additional revenue of USD 14.5 billion per annum from the existing Agri landscape. Land utilization from millions of acres of uncultivated lands has the potential of generating an additional revenue of around USD 34 billion per annum. Bringing 20% fallow lands under cultivation on an immediate basis has the potential to add around USD 7 Billion in the national economy.

Agriculture sector has always played the role of backbone for the economy ensuring food security in the country and saving billions of dollars as import substitution. Catalysing Green Revolution in Pakistan through implementation of precision technology driven farming operations, use of hybrid seeds etc. will ensure national food security and economic prosperity of the country by addressing issues of fiscal and current account deficits significantly.

International Market

The global markets for nitrogen, phosphates and potash were already in a tightened state following strong demand driven by the Covid-19 induced emphasis on food security and a series of supply interruptions and high raw material costs in 2021. In early 2022, it was forecasted that the fertilizer market would be driven by a fine balance of affordability and availability in the next two years. This became the reality, as 2022 was marked by record high prices of fertilizer products, levels which were last recorded around 2008. DAP and MAP prices exceeded USD 1,000 per MT, peaking around April, while their inputs such as Phosphoric Acid, Rock Phosphate, Ammonia, and Sulphur also reached record high values. From April till December 2022, these commodities softened gradually, despite buyers holding back their purchasing in anticipation of sharper drops.

Supply restrictions increased further complexity in 2022 as compared to 2021, starting with the Russia-Ukraine conflict in February. This resulted in Russia offering discounted pricing on fertilizer products. The Chinese government had imposed export restrictions from Q4 2021, notably introducing cargo inspections and prioritizing in-country sales over export, eventually leading to lower plant capacity utilization by Chinese fertilizer producers. Domestic factors coupled with lower purchasing appetite in international market led to 43%, 47% and 13% reduction in China's DAP, Urea and NPK exports respectively in 2022 as compared to 2021. Like 2021, major consumers of phosphate and nitrogen fertilizers were Latin American and sub-continental buyers.

Price of Urea in the international market reached historic highs in Q1 2022, eclipsing previous peaks of 2021 and 2008, backed by strong price of Ammonia feedstock gas during the year, with surges in Urea prices seen in March and then September, thereafter, easing off by around 30% during November and December to within USD 500 per MT by year end. Raw material costs remained reasonably stable primarily due to unavailability of ammonia from the market owing to Russia-Ukraine clash, and ammonia plant shutdowns around Europe due to unfavourable production economics.

Local Market

The year 2022 closed with a total fertilizer industry off-take (nitrogen & phosphate) of 9.5 million MT, decreasing by 5.9% in comparison with last year's off-take of 10.1 million MT. This decrease is primarily attributed to the considerable decline in phosphate sales, particularly DAP. DAP off-take stood at 1.20 million MT in the year 2022 which represents 36% decline when compared with 1.87 million MT off-take in 2021. DAP prices in the year 2022 were on an average 76% higher when compared with 2021. This was mainly due to high cost of imported raw materials and the significant devaluation of Pak Rupee vs USD. Relative to 36% decline in DAP, NP recorded decline in offtake by 15% in comparison to 2021. Major reasons for the decline were highest ever phosphate prices throughout first half of the year, unprecedented floods & rainfall and loss of standing crops which significantly impacted farmers economics.

Nitrogen offtake on the other hand witnessed a growth mainly because of better availability of Urea and increase in phosphate prices which restricted farmers ability to apply expensive fertilizers. Urea sales increased by 4.3%, going up from 6.34 million MT in 2021 to 6.61 million MT in 2022. It is pertinent to mention that local fertilizer industry has shielded the farmers from international urea price rise and local urea is available to farmers at a discount of ~66%. Further, out of these substantial discounts being enjoyed by local farmers, over 2/3rd of the discount has been provided by the industry while the government contributes 1/3rd in the form of price difference of feed and fuel gas. All the available CAN volumes were sold during the year reflecting its high demand in the farming community of the country.

Business Overview and Developments

The Company has delivered impressive business performance and sustainable financial results driving up the value for shareholders while maintaining the best standards of Health, Safety & Environment for its employees, business partners and communities.

All plant sites operations continued without any disruption and persisted to build upon their reputation to be the safest working sites for its stakeholders, which resulted in increasing Safe Million Man-Hours and demonstrated zero Total Recordable Incident Rate. The Company has also secured multiple awards and recognitions from local and international organizations on Health, Safety & Environment.

Further, the Company continued the legacy of paying tribute to our farmers through celebrating 'Kissan Day' and further strengthening its 'Salam Kissan' campaign. The Company is committed to position 'Sarsabz' as the most premium fertilizer brand in the market and helping to lead the pursuit for a 'Sarsabz Pakistan'.

During the year under review, the Company has been able to set the new benchmark of highest ever production volume of 2.8 million MT as well as highest ever sales volume of 2.7 million MT. Such additional production volumes have been generated because of enhanced plants efficiencies and additional production from Sheikhupura plant owing to better availability of Gas as compared to previous year.

Product	Volume ('000' MT)			
	Production*/ Purchase		Sales*	
	2022	2021	2022	2021
NP	867	830	745	882
CAN	867	792	868	894
Urea	1,095	801	1,101	836
Trading stock incl. DAP	55	35	21	65
Total	**2,884**	**2,458**	**2,735**	**2,677**

*Includes toll manufacturing operations

Directors' Report cont'd

The Board of Directors of the Company in their meeting held on August 26, 2020, accorded in principle approval for the transfer of operations related to the Company's Sheikhupura plant to Fatimafert Limited, a wholly owned subsidiary of the Company. The Scheme of Arrangement was drafted under the relevant provisions of the Companies Act, 2017 between the Company and Fatimafert Limited which was approved by the Board of Directors of both Companies on July 15, 2021. The Scheme was filed with the Lahore High Court for formal sanction and approval of the Court. On December 01, 2022, the Court granted its approval for the Scheme which is effective from January 01, 2022. On December 30, 2022, the Board of the Company and the Subsidiary Company have agreed to defer the effective date of implementation of the Scheme from January 01, 2022 to January 01, 2024 or such suitable date, earlier or later, as may be decided by the Board of the Company and the Subsidiary Company due to prevailing economic situation in the country. Subsequent to the year end, the Company has approached the Court in this regard.

Further, the Board of Directors of the Company in their meeting held on April 07, 2022, had approved investment in Fatima Cement Limited (FCL), an associated Company, by way of acquisition of 100% ordinary shares of FCL from all the existing shareholders at par value, to make it wholly owned subsidiary of the Company, therefore FCL financial statements have been consolidated into the Company accordingly.

Moreover, the Board of Directors of the Company, in their meeting held on December 5, 2022, has considered, and approved a comprehensive business expansion plan and the Scheme of Compromises, Arrangements and Reconstruction drafted under the relevant provisions of the Companies Act, 2017, aimed at further consolidation of the fertilizer business by amalgamating its associated company, Pakarab Fertilizers Limited (PFL) with and into Fatima Fertilizer Company Limited with effect from July 01, 2022. As per the terms of the Scheme, this Amalgamation would lead to an increased asset base and size of the Company allowing it to benefit from economies of scale effectively and efficiently in the combined business and assets base of both the companies, creating further business expansion opportunities for the Company. Accordingly, Fatima Packaging Limited, a wholly owned subsidiary of PFL, will also become a wholly owned subsidiary of the Company. This Scheme of Amalgamation has been duly approved by the Shareholders of the Company in the Extra Ordinary General Meeting held on December 31, 2022, under the supervision of the Honorable Lahore High Court. This transaction would be subject to the receipt of necessary approvals, sanctions, consents, observations, no objection from the Creditors of the Company, Securities and Exchange Commission of Pakistan, the relevant High Court or such other competent authority as may be applicable.

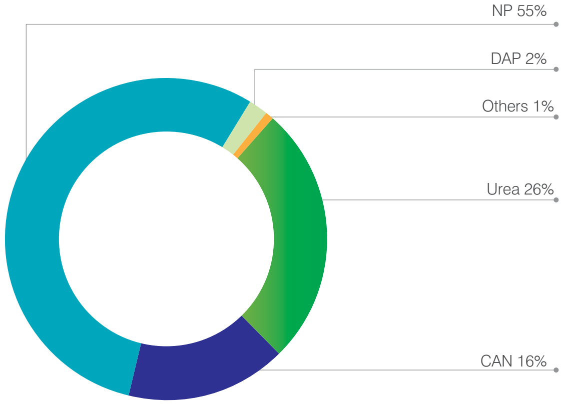
Further, the Company continued to provide services relating to sale and distribution of the fertilizers and for the collection of sale proceeds of the products from the customers of Pakarab Fertilizers Limited. As per the terms of the arrangement for providing such services, the Company is entitled to retain/use the sale proceeds during the retention period for its own benefit and is also entitled to use any profits earned on such proceeds.

Further, Company during the year, along with other fertilizer manufacturers and a gas supplier have entered into a Framework Agreement for Gas Pressure Enhancement Facilities project for its Sadiqabad plant. Under the Agreement, the Fertilizer Manufacturers will jointly develop and install pressure enhancement facilities at Mari Petroleum Company Limited's (MPCL's) delivery node to sustain the current level of pressure of gas supply from HRL reservoir of MPCL in future years as well.

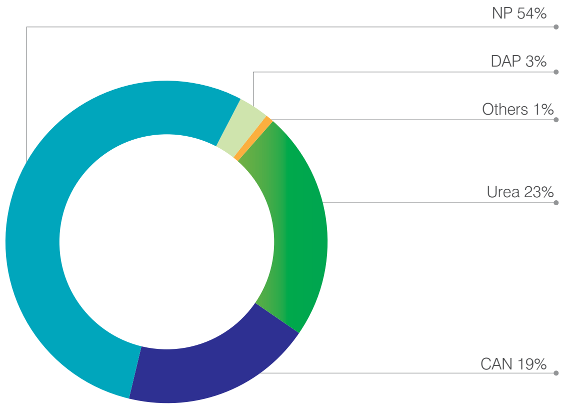
Financial Performance

The Company has recorded sales revenue of PKR 152.2 billion in 2022 as compared to sales revenue of PKR 112.5 billion in the previous year. This has resulted due to increase in volumetric sales and prices of all the products mainly due to higher international prices, increase in input costs due to inflation, higher interest rates and change in taxation regimes. NP contributed 55% of the total sales revenue followed by Urea and CAN representing 26% and 16% respectively, whereas remaining sales represent revenue from imported fertilizer and mid-products.

Revenue Mix - 2022



Revenue Mix - 2021



Decline in gross margin as a percentage to revenue in comparison to 2021 mainly emanates full year impact of increase in gas price due to end of concessionary period gas in June 2021, higher input costs of raw materials and sharp decline in value of Pak Rupee as compared to last year. Further, the surge in manufacturing costs is primarily attributable to inflationary pressures and costs relating to planned turnarounds for its Multan and Sheikhupura plants.

Despite costs increases, due to volumetric sales growth, improved topline and owing to commitment towards manufacturing excellence, on consolidated basis, the Company has posted gross profit of PKR 51.9 billion as compared to PKR 43.1 billion in 2021. The increase in distribution and administrative expenses is mainly attributable to increase in volumetric sales, higher fuel costs and inflationary impact.

The finance cost of the Company has increased mainly due to the surge in interest rates. Other operating expenses escalated on account of impairment against advance for investment, unrealized loss on remeasurement of investments in listed securities and exchange loss. The Board is cognizant of below par performance of the Company's investment portfolio and has suggested measures to improve its performance. Whereas the increase in other income is attributable to higher rate of profit on loans to related parties, short terms investments, savings accounts, and dividend income.

Further during the year, the Company has reversed temporary gain amounting to PKR 274.2 million (2021: 367.5 million) which was booked as notional gain in 2020 amounting to PKR 877.5 million on remeasurement of Gas Infrastructure Development Cess (GIDC) liability. It is worthwhile to mention that the Company has filed suit for declaration and injunction in the High Court of Sindh and has obtained a stay order against collection and recovery of such Cess on account of issues of computation of liability and various other grounds and there has been no significant progress in this regard during 2022.

In addition, the Company has further recognized a loss allowance of PKR 109.7 million (2021: 109.7 million) on subsidy receivable from the Government of Pakistan (GoP) as per the requirements of International Financial Reporting Standards and in view of considerable delay in settlement by the Government. This temporarily recorded loss allowance will be reversed in due course of time.

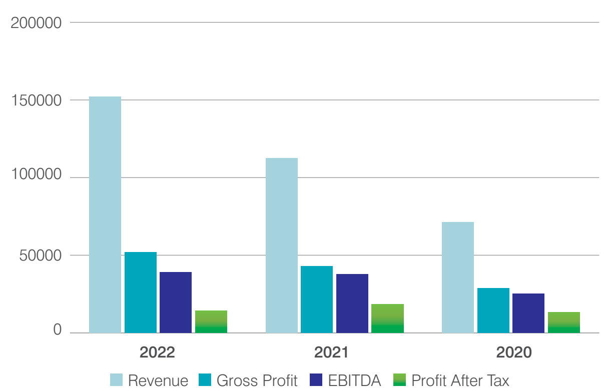
Moreover, increase in taxation represents imposition of Super Tax on profits for the current year as well as on last year which has resulted in higher effective tax rate of 54% (2021: 34%), thus restricting bottom line growth in comparison with corresponding period last year.

Resultantly, the Company has posted Profit before Tax of Rs. 30.8 billion compared to Rs. 28.2 billion last year. However, due to retrospective imposition of Super Tax, the Company has posted a Profit after Tax of PKR 14.1 billion for the year reflecting a decrease of 24% as compared to PKR 18.5 billion last year. Similarly, earnings per share has decreased to PKR 6.73 per share in 2022 as compared to PKR 8.80 per share in 2021.

	2022		2021		2020	
	Rs Million	%	Rs Million	%	Rs Million	%
Revenue	152,231		112,488		71,267	
Gross Profit	51,943	34.1	43,084	38.3	28,795	40.4
EBITDA	39,072	25.7	37,840	33.6	25,180	35.3
Profit Before Tax	30,765	20.2	28,185	25.1	18,743	26.3
Profit after Tax	14,124	9.3	18,474	16.4	13,275	18.6
EPS (PKR)	6.73		8.80		6.32	

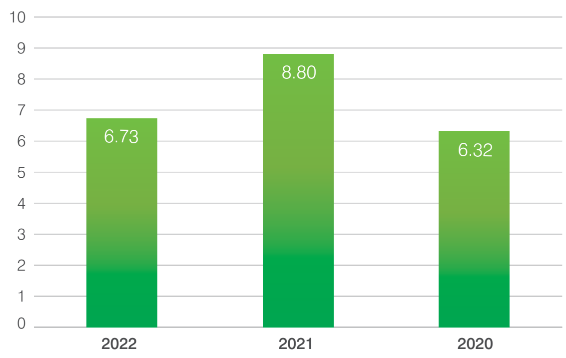
Financial Performance

Rupees in Million



Earnings Per Share

Rupees

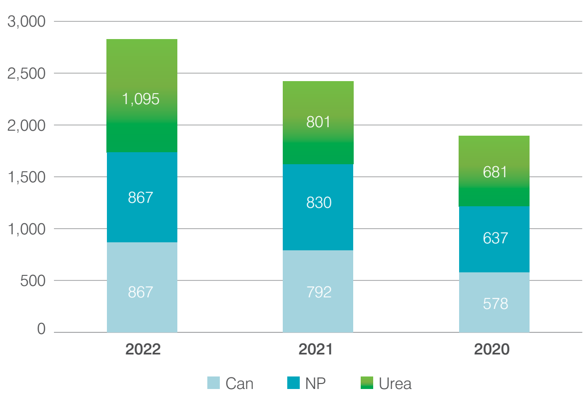


Operational Performance

During the year under review, each of the manufacturing sites have been able to set a new benchmark of highest ever production volume resulting in 2.8 million MT of production on combined basis which is 17% higher than 2021. This is mainly represented by increase in Urea production by 37%, CAN by 9% and NP by 4%. The pursuit to enhance plant assets' reliability, teams' professional focus, resilience, and perseverance were key drivers behind this unprecedented achievement.

Production

Metric Tons in '000'



On combined basis all manufacturing sites successfully achieved 104.6 Safe Million Man-Hours and recorded zero Total Recordable Incident Rate. Further, sites have also secured multiple awards and recognitions from local and international organizations on Health, Safety & Environment. In addition, during the year, all sites have put in place robust turnaround plan for the year 2023, as a result Multan and Sheikhupura plants will complete this activity during first quarter of the year, whereas Sadiqabad plant activity is scheduled in later part of the year.

Capacity Utilization

Products	2022	2021	2020
Urea, CAN and NP	110%	94%	94%

2022 designed capacity is 2.57 million MT, additional production volumes have been generated because of enhanced plants efficiencies and additional production from Sheikhupura plant owing to better availability of Gas as compared to previous year. Underutilization in 2021 was due to planned turnarounds at plants as well as owing to non availability of gas at Sheikhupura plant for a limited period, whereas in 2020 capacity utilization was prorated to the extent that Multan plant was acquired from September 01, 2020.

Dividends and Appropriations

The Board of Directors in its meeting held on April 03, 2023, have proposed a final Cash Dividend @ PKR 3.50 per share i.e. 35% for approval of the members at the Annual General Meeting to be held on April 28, 2023. The financial statements do not reflect this proposed dividend.

Appropriations	PKR in Thousands
Un appropriated profit brought forward	79,263,264
Final Dividend for the year 2021	(7,350,000)
Net profit for the year	14,123,939
Other comprehensive income for the year	(126,235)
Profit available for appropriations	85,910,968
Appropriations	–
Un appropriated profit carried forward	**85,910,968**

Financial Management

Despite rise in commodity prices, increase in interest rates, decline in value of PKR and other challenges faced, all the financial commitments falling due during the year were timely met. Apart from its routine obligations during the year, the Company keeps on investing in projects for future growth and sustainability. As a testament to its strong financial position, the Company at year end had more than PKR 19.6 billion available in unutilized borrowing limits from financial institutions. With a highly favourable gearing position, the Company is deliberating upon further options to maintain and enhance its earnings for the benefit of its stakeholders.

Financial Highlights

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

Auditors' Report on the Financial Statements

Our Auditors have reviewed the Company's consolidated and standalone financial statements which comprise of the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we are pleased to share that they have issued an unqualified opinion on the Company's Financial Statements for the year ended December 31, 2022.

Contribution to National Exchequer

Being a responsible corporate citizen of the country, the Company continued to contribute significantly towards the National Exchequer. An amount of PKR 19.45 billion (2021: PKR 12.98 billion) was contributed during the year in respect of Custom duties, Sales tax, and Income tax.

Statement as to the Value of Investment of Provident Fund

The value of the investment of the provident fund is PKR 2.96 billion. The figure is unaudited for the year under review.

Future Outlook

Business activity in the country is expected to face challenges in the near term. Some of these continue to be macro-economic in nature such as currency devaluation, inflation, high interest rates and the general uncertain political & economic outlook of the country.

Like other sectors, Fertilizer Industry is also facing significant impacts of inflation, devaluation of Pak Rupee and continually increasing interest rates. The fertilizer industry is also facing serious challenges due to non availability of foreign exchange for the import of raw material, packing material, spares, consumables, and items relating to capital expenditure. Fertilizer manufacturers are continuously approaching relevant quarters for arrangement of such foreign exchange and looking forward to getting support to ensure the availability of locally manufactured fertilizers.

Keeping in view the declining gas pressures, the Company along with other fertilizer manufacturers and the gas supplier has undertaken gas pressure enhancement project which involves significant capital spending and is vital for sustained fertilizer production to ensure food security in the country. The industry is making significant investments in gas-related infrastructure on their own to ensure continuation of affordable availability of fertilizers in the country. Therefore, the availability of foreign exchange is critical for the timely execution of this project of national importance.

Farmers in Pakistan have evidenced the outstanding benefits of applying fertilizer with the right quantity and at the right time through the increase in outputs hence it is not the matter of increasing 'farmer awareness', in fact Pakistan's agriculture sector is missing on the commercial frameworks that facilitate and reward a leap to higher productivity and more output per acre. The most powerful drivers of yield increase in today's world can be achieved by using better seed and farm mechanization. Agricultural activity has resumed after the impacts of destructive floods. Owing to better prices of wheat, cotton and other crops, it is expected that the demand for the fertilizers in 2023 will improve. We hope necessary fiscal support in the shape of farmer-friendly Government policies will continue, providing further strength to the farmers.

The Company will capture all available opportunities to further strengthen its association with farmers who are enriching their soils and lives using modern agriculture methods and the application of value-added fertilizers. The Company will continue to support the farmers in providing its products as substitution to expensive imported fertilizers. The government is expected to provide subsidy to the farmers to ensure application of required volumes of phosphatic fertilizers to achieve agricultural growth ensuring food security in country and to save precious foreign exchange via import substitution.

Our continuous costs optimization efforts, improvement in plants' efficiency and reliability, process improvement initiatives, and enhanced focus on employee development have started giving dividends to the Company. With all the three plants in operation at Sadiqabad, Multan, and Sheikhupura, your Company is committed to ensure continuous supply of its products to the farmer community through a cumulative annual name plate capacity of 2.57 million MT per year. This will also ensure that farmers continue to benefit from lower domestic prices and will also result in substitution of high-priced imported fertilizers, hence savings of valuable foreign exchange for the country.

Taking advantage of its strong asset base and financial position, the Company will continue to explore further opportunities both inside and outside the fertilizer sector, for further improvement of value to its associates and stakeholders. The management and the Board of Directors are committed in ensuring that the Company's financial position is further strengthened and that the company continues to play its role for economic well-being of the country.

Code of Corporate Governance

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

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

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

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

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

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

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

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

Changes in the Board

During the year under review, Ms. Malika Nait Oukhedou joined the Board on February 25, 2022 to fill out the casual vacancy in the office of independent director caused by the resignation of Ms. Anja Elisabeth Nielsen.

The names of members of the Board are as follows:

i.	Mr. Arif Habib	Non Executive Director
ii.	Mr. Fawad Ahmed Mukhtar	Executive Director
iii.	Mr. Fazal Ahmed Sheikh	Executive Director
iv.	Mr. Faisal Ahmed Mukhtar	Non Executive Director
v.	Mr. Muhammad Kashif Habib	Non Executive Director
vi.	Ms. Malika Nait Oukhedou	Non Executive / Independent Director
vii.	Mr. Tariq Jamali	Non Executive / Independent Director

Directors' Remuneration

In compliance with regulatory requirements, a transparent and formal process has been established for ascertaining the remuneration of the Directors. All Non-Executive and Independent Directors of the Company are entitled to remuneration for attending Board and Audit Committee meetings along with reimbursement of expenses incurred in connection with these meetings. Any Director who serves on the Committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a Director, may be paid such remuneration by way of salary, allowances, facilities, perquisites, etc., as the Board may determine. Details of the remuneration paid to executive and non-executive directors during the year are given in note 39 of the consolidated and standalone financial statements.

Audit Committee

During the year under review, Ms. Malika Nait Oukhedou was appointed as a member of the Board Audit Committee in place of Ms. Anja Elisabeth Nielsen. The names of members of the audit committee are as follows:

1.	Mr. Tariq Jamali	Chairman
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Faisal Ahmed Mukhtar	Member
4.	Ms. Malika Nait Oukhedou	Member

Human Resource and Remuneration Committee

During the year under review, Ms. Malika Nait Oukhedou was appointed as a member/Chairperson of the Human Resource and Remuneration Committee in place of Ms. Anja Elisabeth Nielsen. The names of members of the Human Resource and Remuneration Committee are as follows:

1.	Ms. Malika Nait Oukhedou	Chairperson
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Fawad Ahmed Mukhtar	Member

Nomination and Risk Management Committee

The names of members of Nomination and Risk Management Committee are as follows:

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

Board and Committees' Meetings and Attendance

During the year under review, seven meetings of the Board of Directors, four meetings of the Audit Committee, and one meeting of the HR and Remuneration Committee were held from January 01, 2022, to December 31, 2022. The attendance of the Board and the Committee members was as follows:

Name of Director	Board Meetings	Audit Committee Meetings	HR & Remuneration Committee Meeting
Mr. Arif Habib	7	N/A	N/A
Mr. Fawad Ahmed Mukhtar	7	N/A	1
Mr. Fazal Ahmed Sheikh	6	N/A	N/A
Mr. Faisal Ahmed Mukhtar	5	3	N/A
Mr. Muhammad Kashif Habib	6	3	1
Ms. Malika Nait Oukhedou	1	2	1
Mr. Tariq Jamali	7	4	N/A

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

Trading in Shares of the Company by Directors and Executives

Name	No. of shares	Nature of transaction
Mr. Arif Habib	72,950,479	Purchase/Gift In
Mr. Asad Murad	1,012	Sale
Ms. Malika Nait Oukhedou	1	Purchase
Mrs. Fatima Fazal	1,814,000	Gift In

Pattern of Shareholding

The pattern of shareholding and categories of shareholders as of December 31, 2022, as required under the Pakistan Stock Exchange Regulations, have been annexed herewith along with the Proxy Form.

Code of Conduct

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

Credit Ratings

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

Related Party Transactions

To comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note 37 of the consolidated and standalone audited financial statements.

Internal Audit

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

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

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

External Auditors

M/s. Yousuf Adil, Chartered Accountants, the retiring auditors of the Company, being eligible, offered themselves for re-appointment. The Board Audit Committee and the Board of Directors have recommended their re-appointment by the shareholders at the 20th Annual General Meeting, as auditors of the Company for the year ending December 31, 2023, at a fee to be mutually agreed.

Health, Safety, and Environment

HSE is one of the core values of the Company. As a result of focused efforts, the Sadiqabad, Multan and Sheikhupura plants successfully achieved 69.7, 20.3, and 14.6 Safe Million Man-Hours, respectively. The plants also demonstrated world-class Total Recordable Incident Rate (TRIR) of zero.

Over the years, Fatima Fertilizer plants have proven to be a safe workplace for all stakeholders. The Company is highly focused on implementing high standards of Process Safety Management (PSM), based on the OSHA complaint DuPont system. It provides a structured approach to prevent process safety incidents.

Corporate HSE function provides strategic guidance to ensure development, effective implementation and compliance of HSE and Process safety policies, standards, SOPs and guidelines to proactively manage process safety and operational safety accident risks. Assurance is provided to the leadership under the Operational Excellence framework. Process Safety and HSE systems auditing and training across the Company are also key deliverables.

Sadiqabad plant was referred as 1st runner-up in the IFA Green Leaf award thus adding further glory to a decorated site in terms of safety performance. Plant also won Merit in British Safety Council International Safety Awards, RoSPA Gold Category Award, the 19th AEEA Award for Environment Excellence, the 9th International Summit Awards for Health, Safety and Environment Performance, and Fire and Safety Award by NFEH and PFPA.

Sadiqabad plant successfully secured AWS International Water Stewardship Certification (Globally applicable framework for sustainable water management). Different initiatives for environmental improvement were undertaken such as Tree Plantation Drive, Environment week, Earth Hour, and World Water Day celebrated, and the successful 3rd Party Audit of Environment Management System by EMC Pakistan.

The achievements, research, and learnings were also presented in international forums, the 18th Global Conference on Process Safety (GCPS) and CCPS Global Summit, the 4th CCPS Middle East Conference, and ANNA Conference.

Multan plant achieved distinction in the British Safety Council International Safety Award, a Certificate of excellence by NFEH, and a Perfect Record Award by the National Safety Council. PSM rejuvenation program was implemented to achieve excellence in Process Safety. A comprehensive PSM energizer campaign was run throughout the year to keep the employees engaged and motivated. Core process safety and HSE training such as LOPA and HAZOP Capability Enhancement, RCA, Incident analysis, First aid, and CPR were organized to enhance competency level.

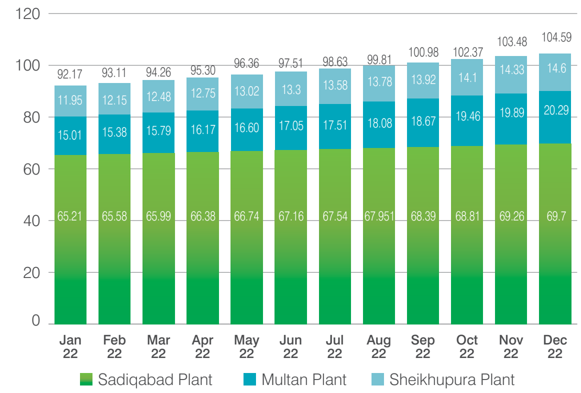
HSE performance of the Sheikhupura plant was acknowledged by national and international forums. The plant won the prestigious International Safety Award by RoSPA (in Gold Category) for the consecutive 3rd time, AEEA Award for Environment Excellence for the second consecutive time, Best Tree Plantation Award by NFEH, the 8th International Summit Awards for Health, Safety and Environment Performance by TPN, Fire and Safety Awards by NFEH. Furthermore, the site received recognition in Health and Safety performance by Pakistan Safety Council (PSC) in the categories of Champion of HSE Award, HSE initiative award, Excellence CSR award and nine other individual/organizational recognitions.

Different initiatives for environmental refinement were taken at Sheikhupura plant such as, Multiple Tree Plantation Drives, Evaporation Pond rehabilitation, Underground Aquifer study, World Environment Day, and Earth Hour Celebrations. Care towards the environment was exemplified by planting an unprecedented number of 7500+ trees/saplings. The Sheikhupura Plant also essayed the Plastic Free month (July) campaign jointly with WWF as another step towards our vision of a world free of plastic waste.

Due to the COVID-19 pandemic, the focus remained on Booster shots and complete vaccination of all employees (including 3rd Party) to guarantee Business Continuity and the well-being of employees. The Company continuously reviewed its Covid preventive measures along with changing global and local scenarios.

All fertilizer plants successfully recertified for the Integrated Management System (IMS) comprising of Occupational Health and Safety Management System (ISO-45001:2018), Quality Management System (ISO-9001:2015), and Environment Management System (ISO-14001:2015).

Safe Million Man Hours (SMMH) All Three Fertilizer Plants



Information Technology

Information technology (IT) is critical for Fatima Fertilizer's operations, providing a competitive edge by streamlining processes, improving supply chain management, automating manufacturing processes and enhancing customer experience. Our investment in the latest IT trends such as data analytics, cloud computing, machine learning and cyber security drives efficiency and enables secure data-driven decision-making. Data protection and proactive measures to mitigate risks of cyber threats continues to be a priority for us. Alongside, we have upgraded our IT infrastructure to support these latest trends, by expanding capacity and adopting modern hardware and software solutions.

Fatima Fertilizer's focus on digital technologies streamlines processes and improves communication and collaboration across departments, leading to higher productivity and profitability. Our IT service management methodology is built on the internationally recognized ITIL framework. This facilitates the adoption of new technologies and supports digital transformation initiatives, enabling the company to innovate and compete in the digital economy.

Sustainability and CSR Initiatives

We remain firmly committed to the communities we operate in as we strongly believe our growth depends on the growth of the communities around us. Sustainability and CSR goals are embedded in how we operate as a business, they are part of our very foundation and reflect our commitment towards the development of the communities we operate in. We are committed to corporate social responsibility, and its initiatives included community development, environment protection, governance and ethical practices, employee growth and well-being, customer service, and working relationships with shareholders and investors.

Human Resource Management and Employees Relations

We believe that our employees are our greatest strength. We are striving to craft a value- based culture that will enable our people to achieve even higher milestones. We continue to embark on cultural programs as we believe that our culture provides the competitive advantage that fuels innovation, enhances our ability to attract and retain talent, and strengthens our employer brand. We partner strategically with the business to provide proactive people solutions to future-proof our organization.

Our Human Resource function played a significant role in driving the organization's strategic agenda by investing over 28,000 hours in leadership development programs, including Blue Ocean Strategy, Harvard Mentor Manager, and Stanford Coaching & Mentoring, with a combination of face-to-face and e-learning programs. The Company values were the top priority, and over 1,000 values round tables were held to ensure values sustainment.

Two key programs, 'Empower to Lead' and 'Lead from the Front' focused on building a succession pipeline, while the organization's career progression framework ensured robust career progression and sustained leadership bench. Further, the Company invested in talent development through its FG Business Academy, which had over 150 management employees, and FG Wellness 360, which covered mental, social, physical, and professional wellness. The Organization Health Survey showed an Employee Engagement Index of 88%, a 14% increase from the previous year's survey.

Further, we believe that diversity, equity and inclusion are integral pillars of a successful and thriving workplace. We are committed to creating an inclusive culture where all employees feel valued and respected for their unique perspectives and contributions. A dedicated D&E&I committee comprising Director HR, Advisor to CEO, Director Marketing along with a cross-functional team has been formed to further strengthen the D&E&I agenda. A reflection of our progress and commitment in advancing diversity, equity and inclusion is as follows:

Diversity

We recognize the importance of having a diverse workforce that represents the communities we serve. Our diversity efforts include initiatives such as:

- Implementing inclusive hiring practices that focus on attracting and retaining diverse talent.
- Providing training and resources to help employees recognize and appreciate differences.
- Establishing employee resource groups that offer a safe and supportive space for under represented groups to connect and collaborate.
- Improving Manager Quality for fostering a culture of Diversity, Equity & Inclusion.

Equity

We believe in treating all employees fairly and equitably, regardless of their background or identity. Our equity efforts include initiatives such as:

- Conducting pay equity analyses to ensure all employees are paid fairly, as per the position covering scope of the job.
- Offering flexible work arrangements to accommodate different needs and responsibilities.
- Providing access to development and advancement opportunities for all employees.

Inclusion

We believe in creating a culture of belonging where all employees feel comfortable bringing their whole selves to work. Our inclusion efforts include initiatives such as:

- Providing diversity and inclusion training for all employees.
- Encouraging open and honest communication to foster a culture of respect and understanding.
- Celebrating diverse perspectives and experiences through employee recognition programs.

Moreover, we are committed in creating a diverse and inclusive workplace where every employee has the opportunity to grow and advance in career. In 2022, 25% female employees were promoted to the next career level, while there is 17% representation of female employees in EXCOM. We are committed to creating a workplace that values and celebrates diversity, equity and inclusion. While we are proud of the progress we have made, we recognize that there is still more work to be done. We remain committed to advancing these efforts and creating a workplace where all employees can thrive.

Acknowledgments

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

For and on behalf of the Board

Fawad Ahmed Mukhtar
Chief Executive Officer

Arif Habib
Chairman

Lahore
April 03, 2023

زرمبادلہ کے انتظام کیلئے مسلسل متعلقہ کوارٹرز تک رسائی حاصل کر رہے ہیں اور مقامی سطح پر تیار کردہ فرٹیلائزرز کی دستیابی یقینی بنانے کیلئے تعاون کے طلب گار ہیں۔

کم ہوتے گیس پریشر کو دیکھتے ہوئے کمپنی نے دیگر فرٹیلائزر مینوفیکچررز اور گیس سپلائرز کے ساتھ مل کر گیس پریشر بڑھانے کے پراجیکٹ پر کام شروع کیا ہے جس کیلئے کثیر سرمایہ درکار ہے۔ یہ پراجیکٹ ملک میں غذائی تحفظ یقینی بنانے کی خاطر پائیدار فرٹیلائزر پروڈکشن کیلئے انتہائی اہم ہے۔ انڈسٹری ملک میں کھادوں کی مناسب قیمت میں دستیابی کا تسلسل برقرار رکھنے کیلئے گیس سے متعلقہ انفراسٹرکچر پراپنے حل ہوتے پر نمایاں سرمایہ کاری کر رہی ہے۔ اس لئے قومی اہمیت کے اس پراجیکٹ پر بروقت عملدرآمد کیلئے غیر ملکی زرمبادلہ کی دستیابی انتہائی اہم ہے۔

پاکستانی کسانوں نے کھاد کے درست مقدار اور بروقت استعمال سے پیداوار بڑھا کر شاندار فوائد حاصل کیے ہیں، اس لئے "کسان کی آگاہی" مہم کا معاملہ نہیں ہے بلکہ پاکستان کا زرعی شعبہ ٹیکنالوجی اس اضافی پیداوار سے بھرپور انداز میں مستفید ہونے کیلئے تجارتی ڈھانچے سے خالی ہے۔ موجودہ دور میں بہتر بیج اور فارم میکانائزیشن وہ طاقتور عوامل ہیں جن کے سہارے پیداوار میں اضافہ ممکن بنایا جاسکتا ہے۔ تباہ کن ژالہ باری کے اثرات کے بعد زرعی سرگرمی بحال ہو چکی ہے۔ گندم، کپاس اور دیگر اجناس کی بہتر قیمتوں کے باعث یہ متوقع ہے کہ سال 2023 میں کھادوں کی طلب بہتر ہوگی۔ ہم توقع رکھتے ہیں کہ حکومت کی کسان دوست پالیسیوں کی صورت میں درکار مالی معاونت جاری رہے گی، جو کاشتکاروں کیلئے خوشحالی اور استحکام کا موجب بنیں گی۔

کمپنی، جدید زرعی طریقوں کے استعمال اور متوازن کھادوں کے استعمال سے مٹی کو سونا بنانے اور زندگیوں کو نکھارنے والے کاشتکار بھائیوں کے ساتھ اپنی شراکت داری مزید مضبوط بنانے کیلئے تمام دستیاب مواقعوں سے فائدہ اٹھائے گی۔ کمپنی کاشتکاروں کو ملکی کھادوں کی نعم البدل اپنی مصنوعات فراہم کر کے ان کی معاونت جاری رکھے گی۔ حکومت کی جانب سے ضروری مقدار میں فاسفیٹک فرٹیلائزرز کا استعمال یقینی بنانے کیلئے کسانوں کو سبسڈی فراہم کیے جانے کی توقع ہے تاکہ ملک میں غذائی تحفظ ممکن بنا کر زرعی ترقی تک رسائی اور درآمد کے نعم البدل کے طور پر قیمتی زرمبادلہ بچایا جاسکے۔

لاگت میں کمی، پلانٹس کی استعداد و پائیداری میں بہتری، عملی بہتری کے اقدامات اور ایمپلائی ڈویلپمنٹ پر زیادہ توجہ کیلئے کی گئی ہماری کاوشوں نے کمپنی کیلئے دور رس فوائد کا آغاز کر دیا ہے۔ صادق آباد، ملتان اور شیخوپورہ کے تینوں پلانٹس کے مکمل فعال ہونے سے آپ کی کمپنی سالانہ 2.57 ملین میٹرک ٹن کی مجموعی پیداواری استعداد کے ساتھ کاشتکار طبقے کو اپنی مصنوعات کی بروقت سپلائی کیلئے پرعزم ہے۔ یہ اس بات کو بھی یقینی بنائے گا کہ کاشتکار مقامی سطح کی کم قیمتوں سے مستفید ہوتے رہیں اور اس کے ساتھ ساتھ یہ ملکی درآمد کردہ کھادوں کا بھی بہترین نعم البدل ثابت ہوگا جو قیمتی زرمبادلہ کی بچت ممکن بنائے گا۔

اپنی مضبوط اخلاقی بنیاد اور مالی پوزیشن سے فائدہ اٹھاتے ہوئے کمپنی اپنے ایسوسی ایٹس اور اسٹیک ہولڈرز کیلئے مزید سودمند ثابت ہونے کیلئے فرٹیلائزر سیکٹر کے اندر اور باہر مزید مواقعوں کی تلاش میں سرگرداں رہے گی۔ انتظامیہ اور بورڈ آف ڈائریکٹرز کمپنی کے مزید مالی استحکام اور ملکی خوشحالی کے سفر میں اس کے بھرپور کردار کیلئے پرعزم ہیں۔

اظہار تشکر:

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

بحکم بورڈ

فواد احمد مختار
چیف ایگزیکٹو آفیسر
لاہور 03 اپریل 2023

عارف حبیب
چیئرمین

لاگتوں میں اضافے کے باوجود بہتر حجم میں بڑھوتری، زیادہ بہتر معیار اور پیداواری مہارت کے عزم کے ساتھ مجموعی طور پر کمپنی نے 51.9 بلین روپے کا گراس منافع کمایا جبکہ سال 2021 میں یہ اعداد و شمار 43.1 بلین روپے تھے۔ ڈسٹری بیوشن اور انتظامی اخراجات میں اضافہ زیادہ سیلز حجم، تیل کی بلند قیمتوں اور مہنگائی کے اثرات کی بدولت تھا۔

بنیادی طور پر شرح سود میں اضافے کی وجہ سے کمپنی کی مالیاتی لاگت میں اضافہ ہوا ہے۔ دیگر آپریٹنگ اخراجات سرمایہ کاری کے لیے ایڈوانس کی امپیئرمنٹ، درج سکیورٹیز میں سرمایہ کاری کی دوبارہ پیمائش پر غیر حاصل شدہ نقصان اور تبادلے کے نقصان کی وجہ سے بڑھ گئے۔ بورڈ کمپنی کے سرمایہ کاری کے پورٹ فولیو کی کم کارکردگی سے واقف ہے اور اس نے اپنی کارکردگی کو بہتر بنانے کے لیے اقدامات تجویز کیے ہیں۔ جبکہ دیگر آمدنی میں اضافہ متعلقہ فریقین کو قرضوں پر منافع کی بلند شرح، قلیل مدتی سرمایہ کاری، بچت کھاتوں، اور ڈیویڈنڈ کی آمدنی سے منسوب ہے۔

مزید براں سال کے دوران کمپنی نے 274.2 ملین روپے (2021 میں 367.5 ملین روپے) کا عارضی گین منعکس کیا ہے جو کہ 2020 میں 877.5 ملین روپے کے تصوراتی گین کے طور پر گیس انفراسٹرکچر ڈویلپمنٹ سیس (GIDC) کی مد میں بک کیا گیا تھا۔ یہ بیان کرنا ضروری ہے کہ کمپنی نے سندھ ہائیکورٹ میں اعلان اور حکم امتناعی کیلئے دعویٰ دائر کیا ہے اور حسابات کی ادائیگی اور دیگر وجوہات اس کے معاملات پر ایسی سیس کی مد میں اس طرز کی کلیکشن اور ریکوری کے خلاف سٹے آرڈر حاصل کیا اور 2022 کے دوران اس پر کوئی نمایاں پیش رفت نہیں ہوئی۔

اس کے علاوہ کمپنی نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے تحت اور حکومت کی جانب سے تصفیہ میں نمایاں تاخیر کے تناظر میں حکومت پاکستان سے قابل وصول سبسڈی پر 109.7 ملین روپے (سال 2021 میں 109.7 ملین روپے) کا نقصان الاؤنس ظاہر کیا ہے۔ یہ عارضی ریکارڈ کیا گیا نقصان الاؤنس مقررہ مدت میں منعکس کر دیا جائے گا۔

علاوہ ازیں لیجسلیشن میں اضافہ موجودہ سال کے ساتھ ساتھ گزشتہ سال کیلئے بھی نافذ کیے گئے سپر ٹیکس کو ظاہر کرتا ہے جس کا نتیجہ 54 فیصد کے بلند effective ٹیکس ریٹ (سال 2021 میں 34 فیصد) کی صورت میں نکلا، اس طرح گزشتہ سال کے مقابلہ میں اس دفعہ زیریں تہہ کی ترقی محدود رہی۔

نتیجتاً کمپنی نے سال کیلئے 30.8 بلین روپے منافع بعد از ٹیکس حاصل کیا جو کہ گزشتہ سال کے 28.2 بلین روپے تھا۔ تاہم سپر ٹیکس کے نفاذ سے کمپنی نے 14.1 بلین روپے منافع بعد از ٹیکس حاصل کیا جو کہ گزشتہ سال کے 18.5 بلین روپے کے مقابلہ میں 24 فیصد کم ہے۔ اسی طرح 2021 میں فی شیئر آمدن 8.80 روپے تھی جو کہ 2022 میں کم ہو کر 6.73 روپے فی شیئر ہو گئی۔

مالی جھلکیاں

	2022		2021		2020	
	ملین روپے	فیصد	ملین روپے	فیصد	ملین روپے	فیصد
آمدن	152,231		112,468		71,267	
مجموعی منافع	51,843	34.1	43,084	38.3	28,795	40.4
EBITDA	39,072	25.7	37,840	33.6	25,180	35.3
منافع قبل از ٹیکس	30,765	20.2	28,185	25.1	18,743	26.3
منافع بعد از ٹیکس	14,124	9.3	18,474	16.4	13,275	18.6
ای پی ایس (روپے)	6.73		8.80		6.32	

ڈیویڈنڈ اور تخصیص:

بورڈ آف ڈائریکٹرز نے مورخہ 03 اپریل 2023 کو منعقدہ اجلاس میں 3.50 روپے فی شیئر (جو کہ 35 فیصد ہے) کے حتمی نقد ڈیویڈنڈ کی تجویز دی ہے جو کہ مورخہ 28 اپریل 2023 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران کی منظوری کیلئے پیش کیا جائے گا۔ مالی سٹیٹمنٹس اس تجویز کردہ تخصیص کو ظاہر نہیں کرتیں۔

تخصیص

	ہزار روپے
غیر تخصیص شدہ منافع جو آگے لایا گیا	79,263,264
حتمی تخصیص برائے سال 2021	(7,350,000)
سال کیلئے خالص منافع	14,123,939
سال کیلئے دیگر جامع آمدن	(126,235)
تخصیص کیلئے دستیاب منافع	85,910,968
تخصیص	-
غیر تخصیص شدہ منافع جو آگے بڑھایا گیا	85,910,968

مستقبل کا نقطہ نظر:

مستقبل قریب میں ملک میں کاروباری سرگرمی کو چیلنجز کا سامنا رہے گا۔ ان چیلنجز میں چند ایک کا ذکر جیسا کہ کرنسی کی قدر میں کمی، مہنگائی، بلند شرح سود اور ملک میں سیاسی اور معاشی غیر یقینی جیسے ہوں گے۔

دیگر شعبہ جات کی طرح فرٹیلائزر انڈسٹری کو بھی مہنگائی، پاکستانی روپے کی قدر میں کمی اور مسلسل بڑھتی شرح سود کا سامنا ہے۔ اس کے ساتھ ساتھ اس انڈسٹری کو خام مال، پیکنگ میٹریل، پرزوں، اشیائے صرف اور سرمایہ جاتی اخراجات سے متعلق اشیاء کی درآمد کیلئے غیر ملکی زرمبادلہ کی عدم دستیابی جیسے ایک تشویشناک چیلنج کا بھی سامنا ہے۔ فرٹیلائزر مینوفیکچررز اس غیر ملکی

مصنوعات	حجم ('000' میٹرک ٹن)			
	پیداوار* / خرید		سیلز*	
	2022	2021	2022	2021
این پی	867	830	745	882
کین	867	792	868	894
یوریا	1,095	801	1,101	836
ٹریڈنگ سٹاک بشمول ڈی اے پی	55	35	21	65
مجموعی	2,884	2,458	2,735	2,677

*مشمول ٹول مینوفیکچرنگ پر مبنی

کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 26 اگست 2020 میں کمپنی کے شیخوپورہ پلانٹ کے آپریشنز کی فاطمہ فرٹ لمیٹڈ (کمپنی کی مکمل ذاتی ملکیت) میں ٹرانسفر کی منظوری کیلئے رضامندی ظاہر کی۔ کمپنیز ایکٹ 2017 کی متعلقہ دفعات کے مطابق کمپنی اور فاطمہ فرٹ لمیٹڈ کے مابین سکیم آف ارینجمنٹ مرتب کی گئی جس کی 15 جولائی 2021 کو دونوں کمپنیز کے بورڈ آف ڈائریکٹرز کی جانب سے منظوری دی گئی۔ عدالت سے رسمی توثیق اور منظوری کیلئے سکیم لاہور ہائیکورٹ میں فائل کی گئی۔ 01 دسمبر 2022 کو عدالت نے سکیم کی منظوری دی جو کہ 01 جنوری 2022 سے مؤثر ہے۔ 30 دسمبر 2022 کو کمپنی اور ذیلی کمپنی کے بورڈ سکیم پر عملدرآمد کی تاریخ کو 01 جنوری 2022 سے 01 جنوری 2024 یا اس سے قبل / بعد کسی بھی دیگر مناسب تاریخ تک ملک میں معاشی حالات کو مدنظر رکھتے ہوئے، جیسا بھی کمپنی اور ذیلی کمپنی کے بورڈ کی جانب سے فیصلہ کیا جائے، موخر کرنے پر رضامند ہوئے۔ سال کے اختتام کے بعد کمپنی نے اس سلسلہ میں عدالت سے رجوع کیا ہے۔

مزید براں، کمپنی کے بورڈ آف ڈائریکٹرز نے مورخہ 07 اپریل 2022 کو منعقدہ اجلاس میں شراکت دار کمپنی فاطمہ سیمنٹ لمیٹڈ (ایف سی ایل) میں تمام موجودہ شیئرز ہولڈرز سے مساوی قیمت پر ایف سی ایل کے 100 فیصد عمومی شیئرز کے حصول کے ذریعے سرمایہ کاری کی منظوری دی ہے، تاکہ اسے کمپنی کا مکمل ملکیتی ذیلی ادارہ بنایا جا سکے۔ اس لئے ایف سی ایل کی مالی اسٹیٹمنٹس کمپنی میں ضم کی گئی ہیں۔

اس کے علاوہ کمپنی کے بورڈ آف ڈائریکٹرز نے 5 دسمبر 2022 کو منعقدہ اپنے اجلاس میں ایک جامع کاروباری توسیعی منصوبہ، کمپنیز ایکٹ 2017 کی متعلقہ دفعات کے تحت تیار کردہ سمجھوتوں، انتظامات اور تعمیر نو کی سکیم، جس کا مقصد 01 جولائی 2022 سے شراکت دار کمپنی پاک عرب فرٹیلائزرز لمیٹڈ (پی اے ایف ایل) کے فاطمہ فرٹیلائزر کمپنی لمیٹڈ میں کے ساتھ انضمام کے ذریعے فرٹیلائزر کے کاروبار کا مزید استحکام ہے، زیر غور لائی اور اس کی منظوری دی ہے۔ سکیم کی شرائط کے مطابق یہ انضمام بنیادی اثاثہ جات اور کمپنی کے حجم میں اضافے کا باعث بنے گا جو کہ دونوں کمپنیوں کے مشترکہ کاروبار اور بنیادی اثاثہ جات میں وسیع پیمانے کے پیداواری فوائد سے مؤثر اور مناسب انداز میں مستفید ہونے اور کمپنی کیلئے مزید کاروباری توسیع کے مواقع پیدا کرنے کی راہ ہموار کرے گا۔ اسی طرح فاطمہ پیکجنگ لمیٹڈ، پی اے ایف ایل کا ایک مکمل ملکیتی ذیلی ادارہ بھی کمپنی کا ایک ذیلی ادارہ بن جائے گا۔ انضمام کی اس سکیم کی منظوری کمپنی کے شیئرز ہولڈرز کی جانب سے خصوصی اجلاس عام منعقدہ 31 دسمبر 2022 میں معزز لاہور ہائیکورٹ کے زیر نگرانی دی جا چکی ہے۔ جبکہ یہ ٹرانزیکشن تمام ضروری منظوریوں، اجازت ناموں، رضامندیوں، جائزوں کے حصول، کمپنی کے کریڈٹ دہندگان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، متعلقہ ہائیکورٹ یا دیگر کسی بھی مجاز اتھارٹی (جس کا دائرہ اختیار ہو) کے اعتراضات دور کرنے سے مشروط ہے۔

مزید براں، کمپنی نے فرٹیلائزرز کی فروخت و تقسیم کی خدمات اور پاک عرب فرٹیلائزرز لمیٹڈ کے کسٹمرز سے مصنوعات فروخت کی وصولی جاری رکھی۔ ان خدمات کی فراہمی کی انتظامی شرائط کے مطابق کمپنی اس ری بینیفٹ دورانیہ میں مصنوعات فروخت کی وصولی اپنے ذاتی فائدے کیلئے پاس رکھ کر استعمال کر سکتی ہے اور اس کے ساتھ ساتھ اس پر سے حاصل ہونے والا منافع بھی استعمال کرنے کا حق رکھتی ہے۔

مزید براں، سال کے دوران کمپنی نے دیگر فرٹیلائزر مینوفیکچررز اور گیس سپلائرز کے ساتھ صادق آباد پلانٹ میں گیس پریشر میں اضافے کی سہولیات کیلئے ایک فریم ورک اگریمنٹ کیا ہے۔ اس معاہدہ کے مطابق فرٹیلائزر مینوفیکچررز ماڑی پٹرولیم کمپنی لمیٹڈ (ایم پی سی ایل) کے ڈیلیوری نوڈ میں پریشر بڑھانے کی سہولیات قائم اور نصب کریں گے تاکہ مستقبل کے برسوں میں ایم پی سی ایل کے ایچ آر ایل ریزروائر سے گیس سپلائی کے پریشر کا موجودہ لیول برقرار رکھا جائے۔

مالی کارکردگی:

سال 2022 کے دوران کمپنی 152.2 بلین روپے سیلز ریونیو حاصل کرنے میں کامیاب رہی جبکہ گزشتہ سال یہ اعداد و شمار 112.5 بلین روپے تھے۔ یہ نتائج بین الاقوامی سطح پر بلند قیمتوں، مہنگائی کی وجہ سے لاگت میں اضافہ، زیادہ شرح سود اور ٹیکس کے نظام میں تبدیلی کے مرہون منت تھے۔ مجموعی سیلز ریونیو میں این پی، یوریا اور کین کا حصہ بالترتیب 55 فیصد، 26 فیصد اور 16 فیصد رہا، جبکہ بقیہ سیلز درآمدی کھاد اور دیگر پراڈکٹس کو ظاہر کرتی ہیں۔

سال 2021 کے مقابلہ میں ریونیو کے گراس مارجن کی شرح میں کمی بنیادی طور پر جون 2021 میں رعایتی مدت ختم ہونے کے بعد گیس کی قیمت میں اضافہ کے اثرات، خام مال پر زیادہ لاگت اور گزشتہ سال کے مقابلہ میں پاکستانی روپے کی قدر میں تیزی سے گراوٹ کی بدولت تھی۔ اس کے علاوہ مینوفیکچرنگ لاگت میں اضافہ بنیادی طور پر مہنگائی کے دباؤ اور ملتان اور شیخوپورہ پلانٹس کیلئے کی گئی تبدیلیوں کے باعث تھا۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز برائے سال مختتمہ 31 دسمبر 2022

کمپنی کے ڈائریکٹرز کمپنی کی ڈائریکٹرز رپورٹ، آڈٹ شدہ جامع اور واحد مالی اسٹیٹمنٹس برائے سال مختتمہ 31 دسمبر 2022 بمعہ آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

بنیادی سرگرمیاں:

کمپنی فرٹیلائزرز اور کیمیکلز کی مینوفیکچرنگ، تیاری، خرید، فروخت، درآمد اور برآمد کے کاروبار سے وابستہ ہے اور پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔

معیشت اور مارکیٹ کا جائزہ:

زیرِ جائزہ سال پاکستانی معیشت کو درپیش بلند کرنٹ اکاؤنٹ خسارے اور مہنگائی کی وجہ سے چیلنجز سے بھرپور تھا، جس کا نتیجہ روپے کی قدر میں تیز گراوٹ اور شرح سود میں اضافے کی صورت میں نکلا، جس کی وجہ سے کاروباری لاگت میں بے پناہ اضافہ ہوا۔ مزید براں، شدید بارشوں اور ملک بھر میں تباہی پھیلانے والے خوفناک سیلاب کے باعث زرعی ویلیو چین بے حد متاثر ہوئی۔ مالی سال 2022-23 کا بجٹ آمدن میں اضافے کے اقدامات پر مبنی رہا، جس میں ٹیکسز میں زیادہ اضافہ، سبسڈیز کا خاتمہ، سپر ٹیکس کا نفاذ وغیرہ قابل ذکر ہیں۔

سال 2022 کے دوران زرعی شعبہ کو بڑھتی قیمتوں اور ماحولیاتی تبدیلی کے مسائل کا سامنا رہا، جس نے موسمی واقعات کی فریکوئنسی بڑھا دی اور براہ راست فارم کی معیشت پر اثر ڈالا۔ پاکستانی زرعی شعبہ کی کمزوریوں نے اب میکرو اکنامک سطح پر اثرات مرتب کرنا شروع کر دیئے ہیں۔

پاکستان کے 2021-22 کے معاشی سروے کے مطابق زرعی شعبہ جی ڈی پی میں 15,191 بلین روپے کا حصہ دار ہے۔ ترقی کی عمودی اور اُفقی حکمت عملیوں پر توجہ مرکوز رکھتے ہوئے زرعی پیداوار دوگنی کی جا سکتی ہے۔ گزشتہ دہائی میں زرعی CAGR سالانہ 4 فیصد کی کم از کم مطلوبہ شرح کے مقابلے میں 1.79 فیصد رہی۔ نتیجتاً ملک تقریباً 7 بلین ڈالر (جولائی تا مارچ 2022) زرعی کموڈیٹیز کی درآمد پر خرچ کر رہا ہے۔ کپاس کی پیداوار 2014 کی 14 ملین بیلز کے مقابلہ میں 4.75 ملین بیلز تک سکڑ چکی ہے۔ پاکستان کو مقامی سطح کی 15 ملین بیلز کی کھپت پوری کرنے کیلئے 4 بلین ڈالر کی لاگت سے 10 ملین خام کپاس کی بیلز درآمد کرنے کی ضرورت ہے۔

پاکستان میں زرعی انقلاب 48.5 بلین ڈالر کے سالانہ تجارتی خسارہ کو کم کرنے میں کلیدی کردار ادا کر سکتا ہے۔ گندم، کپاس اور چاول اور اجناس کی فی ایکڑ پیداوار میں بہتری موجودہ زرعی لینڈ سکیپ میں سالانہ 14.5 بلین ڈالر کا اضافہ کر سکتا ہے۔ کئی ملین ایکڑ کی غیر کاشت شدہ اراضی کو قابل استعمال بنا کر سالانہ 34 بلین ڈالر کا اضافی زرمبادلہ حاصل کیا جا سکتا ہے۔ 20 فیصد قابل کاشت اراضی کو زیر کاشت لا کر ہنگامی بنیادوں پر قومی معیشت میں تقریباً 7 بلین ڈالر کا اضافہ کیا جا سکتا ہے۔

زرعی شعبہ نے ملکی غذائی ضروریات پوری کر کے اور درآمدات کے متبادل کے طور پر کئی بلین ڈالر کی بچت یقینی بنا کر معیشت کیلئے ہمیشہ ریڑھ کی ہڈی کا کردار ادا کیا ہے۔ پاکستان میں سرسبز انقلاب، فارمنگ کے امور کیلئے درست ٹیکنالوجی پر عملدرآمد، بائیو سیڈز وغیرہ کے استعمال کے ذریعے ملک میں مالی اور کرنٹ اکاؤنٹ خسارے جیسے مسائل کو نمایاں انداز میں حل کر کے غذائی تحفظ اور معاشی خوشحالی یقینی بنائے گا۔

کاروباری جائزہ اور اقدامات:

کمپنی نے ملازمین، کاروباری شراکت داروں اور طبقات کیلئے صحت، حفاظت اور ماحول کے اعلیٰ معیارات کو برقرار رکھتے ہوئے بہترین کاروباری کارکردگی اور شیئر ہولڈرز کیلئے منافع بخش مستحکم مالی نتائج کا مظاہرہ کیا ہے۔

تمام پلانٹ سائٹس کے امور بلاتعطل جاری رہے اور اپنے شیئر ہولڈرز کیلئے محفوظ ورکنگ سائٹس کی ساکھ کو برقرار رکھا، جس کا نتیجہ سیف ملین مین آورز میں اضافہ اور صفر ٹوٹل ریکارڈ ایبل انسیڈنٹ ریٹ کی صورت میں نکلا۔ کمپنی نے صحت، حفاظت اور ماحول سے متعلقہ اقدامات کی بدولت کئی ملکی و غیر ملکی اداروں سے مختلف ایوارڈز اور اعزازات بھی حاصل کیے۔

مزید براں، کمپنی نے "کسان ڈے" کے انعقاد اور "سلام کسان" مہم کی مزید مضبوطی سے کسانوں کو خراج تحسین پیش کرنے کی اپنی میراث بھی برقرار رکھی۔ کمپنی مارکیٹ میں "سرسبز" کی سب سے بہترین فرٹیلائزر برانڈ کے طور پر شناخت کیلئے پرعزم ہے اور "سرسبز پاکستان" کی منزل تک رسائی میں مددگار ہے۔

زیر جائزہ سال کے دوران کمپنی اپنی تاریخ کے بلند ترین پیداواری حجم 2.8 ملین میٹرک ٹن اور سیلز حجم 2.7 ملین میٹرک ٹن تک رسائی کے قابل ہوئی۔ ایسے اضافی پیداواری حجم پلانٹس کی استعداد میں اضافہ اور گزشتہ سال کی نسبت بہتر گیس کی دستیابی کی بدولت شیخوپورہ پلانٹ سے اضافی پیداوار کی بدولت ممکن ہوئے۔

KEY PERFORMANCE INDICATORS

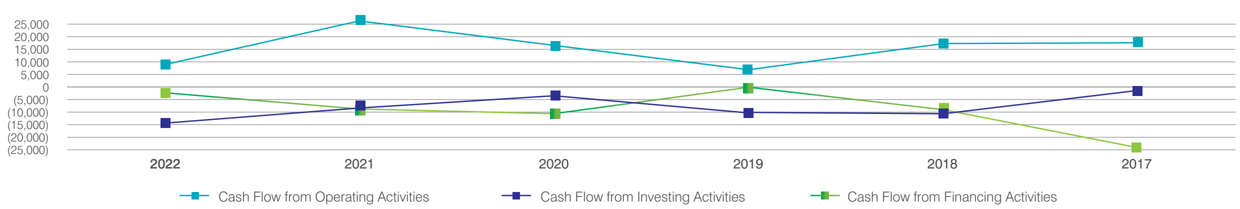
	Unit	Consolidated					
		2022	2021	2020	2019	2018	2017
PROFITABILITY							
Gross profit	%	34.12	38.30	40.40	37.22	50.03	41.18
EBITDA margin	%	25.67	33.64	35.33	31.72	43.27	32.95
Operating profit	%	22.39	27.26	30.44	27.95	36.28	28.27
Profit before tax	%	20.21	25.06	26.30	22.94	32.72	22.31
Net profit	%	9.28	16.42	18.63	16.10	23.22	20.43
Return on equity	%	13.21	18.43	15.24	15.47	17.12	14.12
Return on capital employed	%	12.55	18.17	14.24	13.71	14.81	11.83
Return on total assets	%	6.35	9.99	8.43	7.78	9.29	7.88
LIQUIDITY / ACTIVITY							
Current ratio	Times	1.28	1.32	1.03	0.88	0.89	0.93
Quick / Acid test Ratio	Times	0.69	0.77	0.50	0.50	0.51	0.52
Debt to Assets	Times	0.52	0.46	0.45	0.50	0.46	0.44
Cash from Operations to Sales	Times	0.06	0.23	0.23	0.09	0.34	0.39
Inventory turnover	Times	3.95	4.36	3.39	5.34	4.20	6.34
Stock holding period	Days	92.48	83.78	107.63	68.31	86.84	57.55
Fixed assets turnover	Times	1.38	1.07	0.68	0.74	0.56	0.52
Total assets turnover	Times	0.68	0.61	0.45	0.48	0.40	0.39
CAPITAL STRUCTURE							
Debt : Equity	Ratio	9:91	7:93	9:91	14:86	19:81	24:76
Interest cover	Times	11.50	15.05	6.40	5.57	10.21	4.74
Financial Leverage	Times	0.22	0.14	0.24	0.37	0.31	0.35
Debt service coverage	Times	8.10	4.85	2.60	2.09	2.48	1.82
Total liabilities to net worth	Times	1.08	0.84	0.81	0.99	0.84	0.79
Weighted average cost of debt	%	15.61	9.55	11.06	15.02	7.91	7.33
INVESTMENT / MARKET							
Market price per share	Rs.	33.60	35.99	29.10	26.59	36.47	26.40
Book value per share	Rs	50.91	47.74	41.48	37.15	33.14	31.26
Market to book value per share	Times	0.66	0.75	0.70	0.72	1.10	0.84
Earnings per share	Rs	6.73	8.80	6.32	5.75	5.67	4.41
Price earning	Times	5.00	4.09	4.60	4.63	6.43	5.98
Dividend per share	Rs	3.50	3.50	2.50	2.00	1.75	2.25
Dividend cover	%	192.16	251.35	252.85	287.37	324.18	196.15
Dividend yield	%	10.42	9.72	8.59	7.52	4.80	8.52
Dividend payout	%	52.04	39.79	39.55	34.80	30.85	50.98

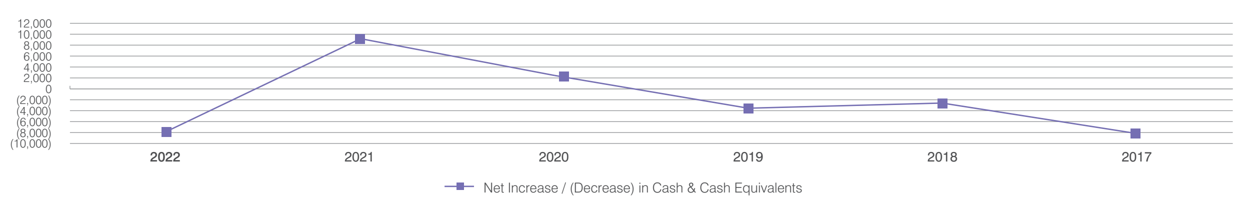
CASH FLOWS SUMMARY

Rs in million	Consolidated 2022	2021	2020	2019	2018	2017
Cash Flows From Operating Activities						
Cash Generated from Operations	22,023	31,427	24,988	16,434	22,112	22,472
Net increase / (decrease) in long term deposits	197	65	49	4	1	(3)
Finance costs paid	(2,397)	(1,963)	(3,736)	(3,158)	(1,777)	(2,845)
Taxes paid	(10,793)	(2,988)	(4,664)	(6,345)	(3,013)	(1,951)
Employee retirement benefits paid	(131)	(242)	(79)	(55)	(44)	(76)
Net cash generated from operating activities	**8,899**	**26,299**	**16,559**	**6,879**	**17,280**	**17,597**
Cash Flows From Investing Activities						
Fixed capital expenditure	(9,467)	(5,771)	(2,217)	(11,379)	(8,654)	(1,914)
Proceeds from disposal of property, plant & equipment	19	3	45	2	2	5
Long term investments	(1,041)	(600)	-	-	(2)	-
Short term loans	(1,500)	(3,758)	-	-	(2,000)	(50)
Short term investments	(2,715)	194	(1,575)	157	(471)	-
Profit received on short term loans and saving accounts	973	1,977	289	725	414	366
Net decrease / (increase) in long term loans and deposits	(655)	(405)	(32)	173	(140)	16
Net cash used in investing activities	**(14,385)**	**(8,359)**	**(3,489)**	**(10,322)**	**(10,851)**	**(1,578)**
Cash Flows From Financing Activities						
Repayment of long term finances	(1,929)	(5,857)	(4,967)	(7,685)	(7,396)	(5,518)
Proceeds from long term finance	5,623	3,920	1,462	4,000	2,156	-
Oversubscribed sukuk	-	-	-	-	-	(8,093)
Repayment of lease liabilities	(270)	(731)	(354)	(291)	-	-
Dividend paid	(9,087)	(3,507)	(4,349)	(3,554)	(4,681)	(4,200)
Increase / (decrease) in short term finance - net	3,377	(2,584)	(2,410)	7,428	890	(6,364)
Net cash used in financing activities	**(2,288)**	**(8,759)**	**(10,617)**	**(102)**	**(9,030)**	**(24,174)**
Net (decrease) / increase in cash and cash equivalents	(7,774)	9,181	2,453	(3,545)	(2,602)	(8,155)
Cash and cash equivalents at beginning of the year	5,643	(3,538)	(5,991)	(2,447)	156	8311
Cash and cash equivalents at end of the year	**(2,131)**	**5,643**	**(3,538)**	**(5,991)**	**(2,447)**	**156**

Cash Flows from Operating, Investing and Financing Activities

Rupees in Million





VERTICAL ANALYSIS

Statement of Financial Position

	Consolidated											
	2022		2021		2020		2019		2018		2017	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Non current assets												
Property, plant and equipment	110,257	49.6%	105,422	57.0%	104,938	66.6%	100,721	64.9%	91,719	71.5%	86,705	73.7%
Intangible assets	3,651	1.6%	3,609	2.0%	5,991	3.8%	5,974	3.9%	5,979	4.7%	5,938	5.0%
Investment property	165	0.1%	775	0.4%	756	0.5%	628	0.4%	-	0.0%	-	0.0%
Long term investments	1,469	0.7%	795	0.4%	202	0.1%	175	0.1%	146	0.1%	86	0.1%
Long term loan to an associated company	2,999	1.3%	1,999	1.1%	2,999	1.9%	2,999	1.9%	1,999	1.6%	2,999	2.5%
Long term deposits	1,174	0.5%	518	0.3%	114	0.1%	82	0.1%	255	0.2%	115	0.1%
Total non current assets	**119,715**	**53.8%**	**113,120**	**61.2%**	**114,999**	**73.0%**	**110,577**	**71.3%**	**100,097**	**78.1%**	**95,843**	**81.5%**
Current assets												
Stores and spares	14,722	6.6%	11,566	6.3%	8,274	5.3%	7,713	5.0%	5,834	4.6%	5,565	4.7%
Stock in trade	32,488	14.6%	18,332	9.9%	13,531	8.6%	11,518	7.4%	6,100	4.8%	4,208	3.6%
Trade debts	22,831	10.3%	9,654	5.2%	4,450	2.8%	7,207	4.6%	2,565	2.0%	1,931	1.6%
Short term loans	8,500	3.8%	7,000	3.8%	3,242	2.1%	3,242	2.1%	3,242	2.5%	1,242	1.1%
Advances, deposits, prepayments and other receivables	17,509	7.9%	15,636	8.5%	8,676	5.5%	11,845	7.6%	9,030	7.0%	7,843	6.7%
Short term investment	4,129	1.9%	2,243	1.2%	2,524	1.6%	530	0.3%	623	0.5%	198	0.2%
Advance income tax	-	0.0%	-	0.0%	1,305	0.8%	1,969	1.3%	-	0.0%	-	0.0%
Cash and bank balances	2,611	1.2%	7,343	4.0%	556	0.4%	515	0.3%	717	0.6%	832	0.7%
Total current assets	**102,790**	**46.2%**	**71,774**	**38.8%**	**42,558**	**27.0%**	**44,539**	**28.7%**	**28,111**	**21.9%**	**21,818**	**18.5%**
Total assets	**222,506**	**100.0%**	**184,893**	**100.0%**	**157,557**	**100.0%**	**155,116**	**100.0%**	**128,208**	**100.0%**	**117,661**	**100%**
Capital and reserves												
Issued, subscribed and paid up capital	21,000	9.4%	21,000	11.4%	21,000	13.3%	21,000	13.5%	21,000	16.4%	21,000	17.8%
Reserves	85,911	38.6%	79,263	42.9%	66,103	42.0%	57,008	36.8%	48,595	37.9%	44,645	37.9%
Total capital and reserves	**106,911**	**48.0%**	**100,263**	**54.2%**	**87,103**	**55.3%**	**78,008**	**50.3%**	**69,595**	**54.3%**	**65,645**	**55.8%**
Non current Liabilities												
Long term finance	8,446	3.8%	5,172	2.8%	3,114	2.0%	6,254	4.0%	8,377	6.5%	13,752	11.7%
Lease liabilities	1,153	0.5%	1,437	0.8%	1,901	1.2%	279	0.2%	-	0.0%	-	0.0%
Deferred liabilities	25,364	11.4%	23,522	12.7%	24,116	15.3%	19,943	12.9%	18,609	14.5%	14,826	12.6%
Deferred government grant	-	0.0%	-	0.0%	61	0.0%	-	0.0%	-	0.0%	-	0.0%
Long term deposits	373	0.2%	175	0.1%	110	0.1%	61	0.0%	57	0.0%	57	0.0%
Total non current liabilities	**35,336**	**15.9%**	**30,307**	**16.4%**	**29,303**	**18.6%**	**26,536**	**17.1%**	**27,043**	**21.1%**	**28,634**	**24.3%**
Current liabilities												
Trade and other payables	55,372	24.9%	38,469	20.8%	22,871	14.5%	26,484	17.1%	18,069	14.1%	13,864	11.8%
Accrued finance cost	715	0.3%	307	0.2%	451	0.3%	837	0.5%	306	0.2%	260	0.2%
Short term finance - secured	12,884	5.8%	6,466	3.5%	11,444	7.3%	16,265	10.5%	5,495	4.3%	2,117	1.8%
Unclaimed dividend	46	0.0%	1,784	1.0%	41	0.0%	190	0.1%	69	0.1%	-	0.0%
Current maturity of lease liablities	541	0.2%	375	0.2%	480	0.3%	571	0.4%	-	0.0%	-	0.0%
Current maturity of long term finances	2,346	1.1%	1,892	1.0%	5,803	3.7%	6,225	4.0%	7,631	6.0%	7,141	6.1%
Loan from directors	18	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Provision for taxation	8,336	3.7%	4,968	2.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Current portion of deferred government grant	-	0.0%	61	0.0%	62	0.0%	-	0.0%	-	0.0%	-	0.0%
Total current liabilities	**80,259**	**36.1%**	**54,323**	**29.4%**	**41,151**	**26.1%**	**50,572**	**32.6%**	**31,570**	**24.6%**	**23,381**	**19.9%**
Total liabilities and equity	**222,506**	**100.0%**	**184,893**	**100.0%**	**157,557**	**100.0%**	**155,116**	**100.0%**	**128,208**	**100.0%**	**117,661**	**100.0%**

HORIZONTAL ANALYSIS

Statement of Financial Position

	Consolidated										
	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017
	PKR	Change	PKR	Change	PKR	Change	PKR	Change	PKR	Change	PKR
Non current Assets											
Property, plant and equipment	110,257	5%	105,422	0.5%	104,938	4.2%	100,721	9.8%	91,719	5.8%	86,705
Intangible assets	3,651	1%	3,609	-39.8%	5,991	0.3%	5,974	-0.1%	5,979	0.7%	5,938
Investment property	165	-79%	775	2.5%	756	20.5%	628	100.0%	-	0.0%	-
Long term investments	1,469	85%	795	294.4%	202	15.3%	175	19.9%	146	69.6%	86
Long term loan to an associated company	2,999	50%	1,999	-33.3%	2,999	0.0%	2,999	50.0%	1,999	-33.3%	2,999
Long term deposits	1,174	126%	518	356.0%	114	39.0%	82	-67.9%	255	122.1%	115
Total non current assets	**119,715**	**6%**	**113,120**	**-1.6%**	**114,999**	**4.0%**	**110,577**	**10.5%**	**100,097**	**4.4%**	**95,843**
Current assets											
Stores and spares	14,722	27.3%	11,566	39.8%	8,274	7.3%	7,713	32.2%	5,834	4.8%	5,565
Stock in trade	32,488	77.2%	18,332	35.5%	13,531	17.5%	11,518	88.8%	6,100	45.0%	4,208
Trade debts	22,831	136.5%	9,654	116.9%	4,450	-38.2%	7,207	181.0%	2,565	32.8%	1,931
Short term loans	8,500	21.4%	7,000	115.9%	3,242	0.0%	3,242	0.0%	3,242	161.1%	1,242
Advances, deposits, prepayments and other receivables	17,509	12.0%	15,636	80.2%	8,676	-26.8%	11,845	31.2%	9,030	15.1%	7,843
Short term investment	4,129	84.1%	2,243	-11.1%	2,524	376.1%	530	-14.9%	623	214.6%	198
Advance income tax	-	0.0%	-	1,305	1,969	0.0%	-	0%	-	0%	-
Cash and bank balances	2,611	-64%	7,343	1221.3%	556	8.0%	515	-28.3%	717	-13.8%	832
Total current assets	**102,790**	**43%**	**71,774**	**68.7%**	**42,558**	**-4.4%**	**44,539**	**58.4%**	**28,111**	**28.8%**	**21,818**
Total assets	**222,506**	**20%**	**184,893**	**17.4%**	**157,557**	**1.6%**	**155,116**	**21.0%**	**128,208**	**9.0%**	**117,661**
Capital and reserves											
Issued, subscribed and paid up capital	21,000	0.0%	21,000	0.0%	21,000	0.0%	21,000	0.0%	21,000	0.0%	21,000
Reserves	85,911	8.4%	79,263	19.9%	66,103	16.0%	57,008	17.3%	48,595	16.0%	44,645
Total capital and reserves	**106,911**	**6.6%**	**100,263**	**15.1%**	**87,103**	**11.7%**	**78,008**	**12.1%**	**69,595**	**10.9%**	**65,645**
Non current liabilities											
Long term finance	8,446	63.3%	5,172	66.1%	3,114	-50.2%	6,254	-25.3%	8,377	-39.1%	13,752
Lease liabilities	1,153	-19.8%	1,437	-24.4%	1,901	582.4%	279	100.0%	-	0.0%	-
Deferred liabilities	25,364	7.8%	23,522	-2.5%	24,116	20.9%	19,943	7.2%	18,609	4.1%	14,826
Deferred government grant	-	0.0%	-	-100.0%	61	100.0%	-	0.0%	-	0%	-
Long term deposits	373	112.8%	175	58.7%	110	80.1%	61	7.1%	57	1.0%	57
Total non current liabilities	**35,336**	**16.6%**	**30,307**	**3.4%**	**29,303**	**10.4%**	**26,536**	**-1.9%**	**27,043**	**-16.7%**	**28,634**
Current liabilities											
Trade and other payables	55,372	43.9%	38,469	68.2%	22,871	-13.6%	26,484	46.6%	18,069	30.3%	13,864
Accrued finance cost	715	132.8%	307	-31.8%	451	-46.2%	837	173.2%	306	17.8%	260
Short term finance - secured	12,884	99.3%	6,466	-43.5%	11,444	-29.6%	16,265	196.0%	5,495	159.6%	2,117
Unclaimed dividend	46	-97.4%	1,784	4266.4%	41	-78.5%	190	176.0%	69	0%	-
Current maturity of lease liablities	541	44.3%	375	-21.9%	480	-15.9%	571	100.0%	-	0%	-
Directors loans	18	100%	-	0.0%	-	0.0%	-	0%	-	0%	-
Current maturity of long term finances	2,346	24.0%	1,892	-67.4%	5,803	-6.8%	6,225	-18.4%	7,631	6.9%	7,141
Provision for taxation	8,336	67.8%	4,968	100.0%	0.0%	0%	-	0%	-	0%	-
Current portion of deferred government grant	-	-100.0%	61	-0.1%	62	0%	-	0%	-	0%	-
Total current liabilities	**80,259**	**47.7%**	**54,323**	**32.0%**	**41,151**	**-18.6%**	**50,572**	**60.2%**	**31,570**	**35.0%**	**23,381**
Total liabilities and equity	**222,506**	**20%**	**184,893**	**17.4%**	**157,557**	**1.6%**	**155,116**	**21.0%**	**128,208**	**9.0%**	**117,661**

VERTICAL ANALYSIS

Statement of Profit or Loss

	Consolidated											
	2022		2021		2020		2019		2018		2017	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Sales	152,231	100%	112,488	100.0%	71,267	100.0%	74,964	100.0%	51,310	100.0%	45,371	100.0%
Cost of sales	(100,289)	-66%	(69,404)	-61.7%	(42,473)	-59.6%	(47,065)	-62.8%	(25,639)	-50.0%	(26,686)	-58.8%
Gross profit	**51,943**	**34%**	**43,084**	**38.30%**	**28,795**	**40.40%**	**27,899**	**37.22%**	**25,671**	**50.0%**	**18,686**	**41.18%**
Distribution cost	(7,947)	-5%	(5,049)	-4.5%	(3,891)	-5.5%	(3,800)	-5.1%	(3,685)	-7.2%	(3,610)	-8.0%
Administrative expenses	(5,936)	-4%	(3,900)	-3.5%	(3,369)	-4.7%	(2,779)	-3.7%	(2,317)	-4.5%	(1,737)	-3.8%
	38,060	25%	34,136	30.3%	21,535	30.2%	21,320	28.4%	19,669	38.3%	13,338	29.4%
Finance cost	(2,930)	-2%	(2,007)	-1.8%	(3,469)	-4.9%	(3,761)	-5.0%	(1,823)	-3.6%	(2,707)	-6.0%
Other operating expenses	(6,337)	-4%	(4,677)	-4.2%	(1,678)	-2.4%	(1,480)	-2.0%	(1,708)	-3.3%	(914)	-2.0%
	28,792	19%	27,452	24.4%	16,389	23.0%	16,079	21.4%	16,138	31.5%	9,717	21.4%
Share of profit from associate	(68)	0%	(0)	0.0%	27	0.0%	25	0.0%	49	0.1%	-	0.0%
Other operating income	2,425	2%	1,210	1.1%	1,810	2.5%	1,090	1.5%	603	1.2%	403	0.9%
(Loss) / gain on re-measurement of GIDC	(274)	0%	(368)	-0.3%	878	1.2%	-	0.0%	-	0.0%	-	0.0%
Loss allowance on subsidy receivable from GoP	(110)	0%	(110)	-0.1%	(360)	-0.5%	-	0.0%	-	0.0%	-	0.0%
Profit before tax	**30,765**	**20%**	**28,185**	**25.1%**	**18,743**	**26.3%**	**17,193**	**22.9%**	**16,790**	**32.7%**	**10,120**	**22.3%**
Taxation	(16,641)	-11%	(9,711)	-8.6%	(5,468)	-7.7%	(5,123)	-6.8%	(4,877)	-9.5%	(852)	-1.9%
Profit for the year	**14,124**	**9.28%**	**18,474**	**16.42%**	**13,275**	**18.63%**	**12,070**	**16.10%**	**11,914**	**23.22%**	**9,268**	**20.43%**

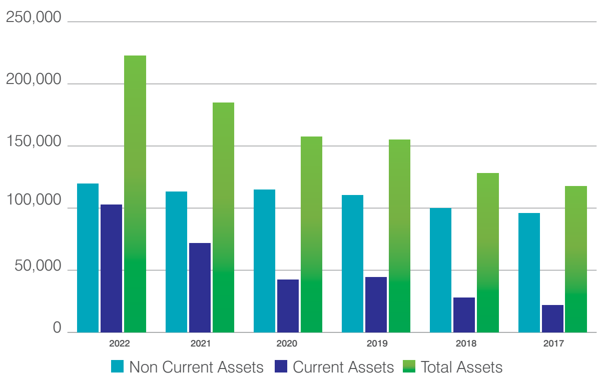
HORIZONTAL ANALYSIS

Statement of Profit or Loss

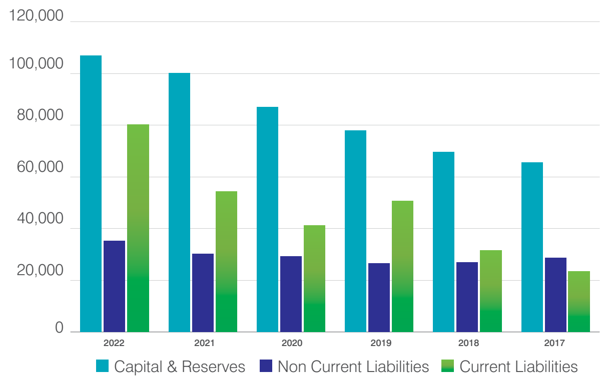
	Consolidated										
	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017
	Rs M	Change	Rs M	Change	Rs M	Change	Rs M	Change	Rs M	Change	Rs M
Sales	152,231	35%	112,488	57.84%	71,267	-4.93%	74,964	46.1%	51,310	13.1%	45,371
Cost of sales	(100,289)	44%	(69,404)	63.41%	(42,473)	-9.76%	(47,065)	83.6%	(25,639)	-3.9%	(26,686)
Gross profit	**51,943**	**21%**	**43,084**	**49.63%**	**28,795**	**3.21%**	**27,899**	**8.7%**	**25,671**	**37.4%**	**18,686**
Distribution cost	(7,947)	57%	(5,049)	29.76%	(3,891)	2.39%	(3,800)	3.1%	(3,685)	2.1%	(3,610)
Administrative expenses	(5,936)	52%	(3,900)	15.77%	(3,369)	21.22%	(2,779)	19.9%	(2,317)	33.4%	(1,737)
	38,060	11%	34,136	58.51%	21,535	1.01%	21,320	8.4%	19,669	47.5%	13,338
Finance cost	(2,930)	46%	(2,007)	-42.16%	(3,469)	-7.75%	(3,761)	106.3%	(1,823)	-32.7%	(2,707)
Other operating expenses	(6,337)	35%	(4,677)	178.80%	(1,678)	13.31%	(1,480)	-13.3%	(1,708)	86.9%	(914)
	28,792	5%	27,452	67.51%	16,389	1.93%	16,079	-0.4%	16,138	66.1%	9,717
Share of profit from associate	(68)	19557%	(0)	-101.30%	27	8.54%	25	-49.8%	49	100.0%	-
Other operating income	2,425	100%	1,210	-33.14%	1,810	66.10%	1,090	80.7%	603	49.6%	403
(Loss) / gain on re-measurement of GIDC	(274)	-25%	(368)	100.00%	878	100.00%	-	0.0%	-	0.0%	-
Loss allowance on subsidy receivable from GoP	(110)	0%	(110)	100.00%	(360)	100.00%	-	0.0%	-	0.0%	-
Profit before tax	**30,765**	**9%**	**28,185**	**50.38%**	**18,743**	**9.01%**	**17,193**	**2.4%**	**16,790**	**65.9%**	**10,120**
Taxation	(16,641)	71%	(9,711)	77.59%	(5,468)	6.73%	(5,123)	5.1%	(4,877)	472.2%	(852)
Profit for the year	**14,124**	**-24%**	**18,474**	**39.17%**	**13,275**	**9.98%**	**12,070**	**1.3%**	**11,914**	**28.5%**	**9,268**

GRAPHICAL PRESENTATION

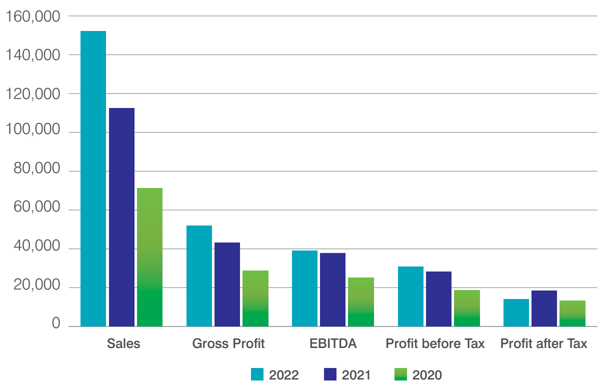
Balance Sheet Analysis (Assets)
Rupees in Million



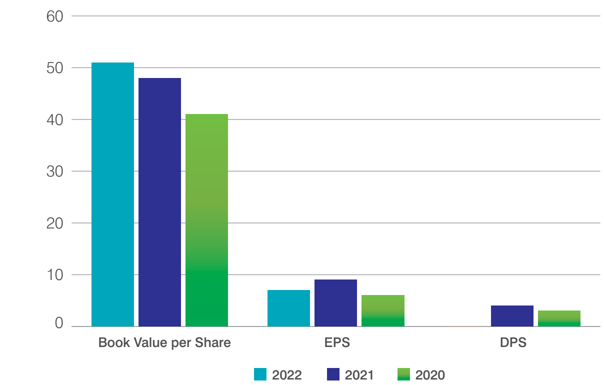
Balance Sheet Analysis (Equity & Liabilities)
Rupees in Million



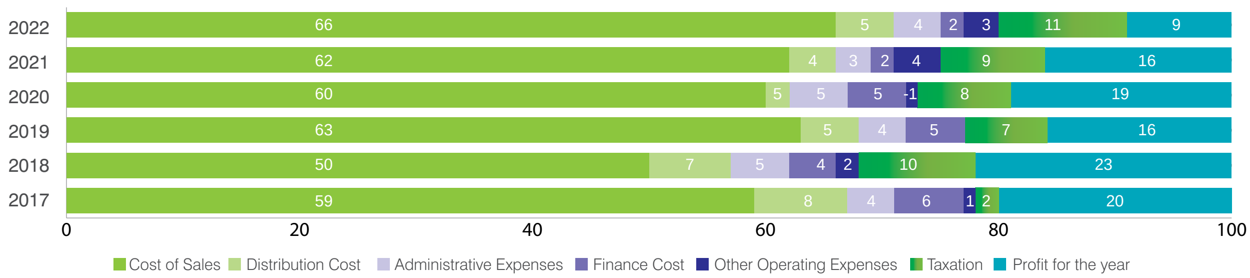
Profit or Loss
Rupees in Million



Book Value, Earnings & Dividend Per Share
Rupees



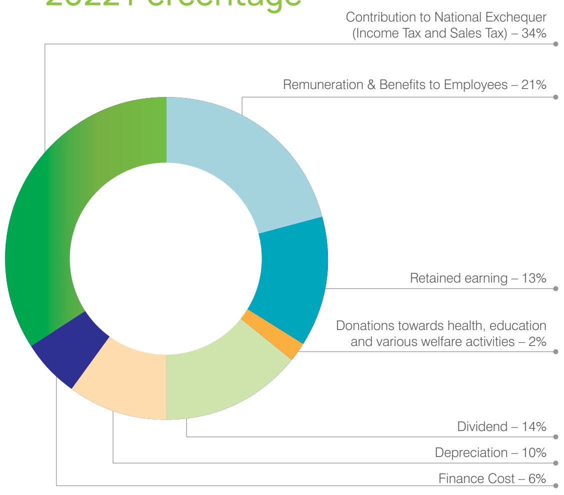
Profit and Loss Analysis
Percentage



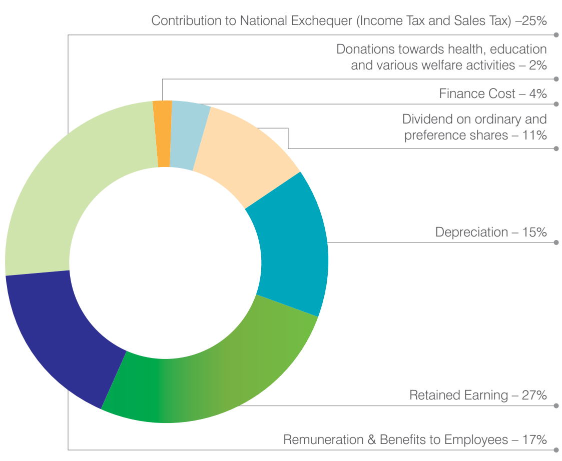
WEALTH CREATION AND DISTRIBUTION

Statement Of Value Addition & Its Distribution	2022		2021		2020	
Wealth Generated	**PKR Million**	**%**	**PKR Million**	**%**	**PKR Million**	**%**
Sales Including GST	153,728	290.3%	114,977	233.4%	72,825	217.8%
Other Income	1,973	3.7%	733	1.5%	2,354	7.0%
	155,701	294.1%	115,710	234.9%	75,179	224.9%
Materials & Services Bought In	102,754	194.1%	66,447	134.9%	41,745	124.9%
Value Addition	52,947	100%	49,263	100.0%	33,433	100.0%
Wealth Distributed	**PKR Million**	**%**	**PKR Million**	**%**	**PKR Million**	**%**
Remuneration & Benefits to Employees	11,400	21.5%	8,263	16.8%	5,884	17.6%
Contribution to National Exchequer (Income Tax and Sales Tax)	18,138	34.3%	12,200	24.8%	7,025	21.0%
Donations towards health, education and various welfare activities	1,021	1.9%	713	1.4%	812	2.4%
Finance Cost	2,930	5.5%	2,007	4.1%	3,469	10.4%
Dividend on ordinary and preference shares	7,350	13.9%	5,250	10.7%	4,200	12.6%
Retained for future growth						
Depreciation	5,334	10.1%	7,607	15.4%	2,968	8.9%
Retained earning	6,774	12.8%	13,224	26.8%	9,075	27.1%
	52,947	100%	49,263	100%	33,433	100.0%

2022 Percentage



2021 Percentage



SWOT ANALYSIS

S Strengths

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

W Weaknesses

- Youngest brand facing long established competition
- Limited suppliers for key raw materials
- Logistic support still evolving

O Opportunities

- Business diversification - local and international markets
- Agrarian economy having substantial growth potential
- High tech mechanized / precision agriculture – corporate farming
- Fintech and crop insurance
- Digitization of business processes

T Threats

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

Identification of Risks

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

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

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

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

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

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

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

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

Issues Raised in the Last AGM

Queries of the shareholders were properly addressed on the Company's published audited financial statements and other agenda items during the 19th Annual General Meeting held on April 29, 2022 and no significant issues were raised.

Review of Related Party Transactions

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

Policy and Procedure for Stakeholders' Engagement

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

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

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

Investor Relations Section on the Corporate Website

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

Annual Report Accessibility

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

Investor Grievance Policy

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

Process:

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

Annual Evaluation of Board's Performance

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

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

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

Role and Responsibilities of the Chairman and Chief Executive

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

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

I. Leadership and control of Board of Directors;

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

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

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

V. Approval of Company policies;

VI. Approves risk mitigation plan; and

VII. Leads and motivates CEO and Management Team.

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

I. Effective running of the Company affairs;

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

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

IV. Policy formulation;

V. Risk assessment and risk management; and

VI. Sound financial management

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

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

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

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

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

Whistle Blowing Policy

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

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

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

Share Price Sensitivity Analysis

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

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

NOTICE OF THE 20th ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the shareholders of FATIMA FERTILIZER COMPANY LIMITED will be held on Friday, April 28, 2023 at 11:00 a.m. at Avari Hotel 87-Shahrah-e-Quaid-e-Azam, Lahore as well as through electronic means to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meetings held on December 27, 2022, and December 31, 2022.
2. To receive, consider and adopt the standalone and consolidated audited financial statements of the Company for the year ended December 31, 2022, together with the Directors' and Auditors' Reports thereon and the Chairman's review report.
3. To consider and approve the final cash dividend for the year ended December 31, 2022, at PKR 3.50 per share i.e., 35% as recommended by the Board of Directors.
4. To appoint Auditors for the year ending December 31, 2023, and to fix their remuneration. The Audit Committee and the Board of Directors have recommended for reappointment of M/s Yousuf Adil Chartered Accountants as external auditors.

Special Business

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

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

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

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

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

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

7. To ratify and approve the transactions carried out by the Company with related parties for the year ended December 31, 2022, and to pass the following Special Resolution(s) with or without modification(s):

   "**Resolved**, that related party transactions carried out by the Company with all the related parties during the year ended December 31, 2022, and as disclosed in Financial Statements for the year ended December 31, 2022, be and are hereby ratified and approved."

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

   "**Resolved**, that the Company may carry out transactions including but not limited to sale and purchase of stores and spares, shared expenses, toll manufacturing, sale and purchase of products/ mid products/raw material/assets and purchase of packaging material, payment against sales collections, lease rentals and license fee, fee for services, with related parties from time to time including but not limited to Pakarab Fertilizers Limited, Fatimafert Limited, Fatima Cement Limited, Fatima Packaging Limited, and other such related parties during the year ending December 31, 2023.

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

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

9. To consider and approve the renewal of facility limit in the nature of Corporate Guarantee(s) extended to Pakarab Fertilizers Limited for a further period of one year and to pass the following Special Resolution(s) with or without modification(s):

   "**Resolved**, that the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of Facility limit in the nature of Corporate Guarantee(s) of up to an aggregate amount of PKR 7,000 million extended to Pakarab Fertilizers Limited, an associated company, for a further period of one year, issued/to be issued by Fatima Fertilizer Company Limited in favor of any bank / financial institution/company, etc. in connection with financing or other facilities availed / to be availed by Pakarab Fertilizers Limited. The limit in the nature of the Corporate Guarantee(s) Facility shall be renewable in the next general meeting(s) for a further period(s) of one year.

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

10. To consider and approve circulation/dissemination of Annual Audited Financial Statements through QR enabled code and weblink and to pass the following Special Resolution(s) with or without modification(s):

    "**Resolved**, that circulation/dissemination of Annual Audited Financial Statements to the shareholders through QR enabled code and weblink as notified by the Securities and Exchange Commission of Pakistan vide its S.R.O. 389 (I)/2023 dated March 21, 2023 or any other transmission medium allowed by the regulators, be and is hereby approved.

    Resolved further, that Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to take and do all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution."

Other Business

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

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

By order of the Board

Lahore
April 07, 2023

Anil Zia
Deputy Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from April 20, 2023, to April 28, 2023 (both days inclusive). Transfers received in order at the office of our Share Registrar/Transfer Agent CDC Share Registrar Services Limited by the close of business on April 19, 2023, will be treated in time for the aforesaid purpose.

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

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

4. Online participation in the Annual General Meeting

a) For online participation in the Annual General Meeting, the shareholders are requested to get themselves registered with the Company's Share Registrar latest by April 26, 2023 till 05:00 p.m. on cdcsr@cdcsrsl.com by providing the following details:

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

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

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

b) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company's share registrar latest by April 26, 2023 till 05:00 p.m , at above given email address or WhatsApp,# 0321-820-0864. Shareholders are required to mention their full name, CNIC No and Folio No. for this purpose.

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

5. Withholding Tax on Dividends

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

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

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

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names do not appear on the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL by April 19, 2023 otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding tax exemption from the dividend income, shall only be allowed if a copy of the valid tax exemption certificate is made available to Company's Share Registrar by Close of Business day as on April 19, 2023.

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

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

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

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

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

6. Payment of Cash Dividend through Electronic Mode

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

7. E-Voting / Postal ballot

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

Procedure for e-Voting

a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on April 19, 2023.

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

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

d) Members shall cast vote online at any time from April 21, 2023, 9:00 a.m. to April 27, 2023. Voting shall close on April 27, 2023, at 5:00 p.m. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

Procedure for voting through postal ballot paper

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

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

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

The Company shall place the financial statements and reports on the Company's website: http://fatima-group.com/ffcl/page.php/financial-results-ffcl at least twenty-one (21) days prior to the date of the Annual General Meeting.

Further, this is to inform that in accordance with S.R.O. 389 (I)/2023 dated March 21 2023, the Company shall circulate the annual audited financial statements through email in case email address has been provided by the member to the Company, and will also dispatch the Annual Report of the Company for the year ended December 31, 2022 to the other shareholders through CD whose email address is not available. However, if a shareholder requests for a hard copy of Annual Accounts on the standard request form available on the website of the Company, the same shall be provided free of cost within seven days of receipt of such request.

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

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

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

10. Unclaimed dividend / shares

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

11. Change of Address

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

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

12. Submission of Copy of CNIC

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

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

13. Proxy

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

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

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

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

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

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

INFORMATION TECHNOLOGY

IT division has thrived with new ideas and accelerated business growth with several high-profile digital initiatives completed this year. With this leap, IT division was able to:

- Rely on internal capabilities and deliver significant savings through in-house implementation of multiple advanced digital solutions.
- Save 25,000 man-hours by bringing efficiencies.
- Exceeded uptime commitments for IT services, and
- Executed two successful live DR drills for critical IT services.

Successful delivery of projects requires robust project management capabilities. IT has embedded agile ways for delivery of projects along with its proven project management methodology through its centralized enterprise project management solution. This has delivered exceptional results by responding to changes and enhancing customer collaboration.

While implementing its security road map, IT division partnered with international security consultants and strengthened its security posture by conducting external and internal assessments of its environment and applications. Continual recertification in ISO27001 by a global independent governance body with one of the largest scopes in fertilizer sector is a testimony to unfaltering management commitment towards cybersecurity.

IT further strengthened and secured the environment by launching other critical security initiatives including deep security solutions. These solutions protect new and existing workloads against unknown threats by using techniques like machine learning and combining full range of security capabilities into an integrated smart agent.

Several organization-wide training programs were delivered, investing 7000 man-hours to upscale the functional, technical, security awareness and leadership capabilities of employees. The entire IT team also achieved certification in the internationally recognized standard of ITIL (IT Infrastructure Library), which will help further in the implementation of ITIL framework across the group.

ServiceNow is a global leader in IT Service Management. It has helped the IT division to automate tasks and streamline customer experience by connecting departments, work flows, and systems to resolve roadblocks, and pro actively resolve issues before they reach customers.

IT team delivered numerous digitization initiatives which yielded major benefits including but not limited to:

- Online order processing of PKR 76 billion through mobile application.
- Warehouse handling bills through automatic calculation and generation, invoice booking and payment scheduling.
- Automated employee compensation management and sensitivity analysis.
- End to end recruitment process digitization spanning country-wide universities.
- Notable decrease in risk of missing important observations and providing ability to track and follow-up on critical plant assets.

2022 continued to be a year of excellence for Fatima Fertilizer's IT division, one in which the team not only exceeded its commitments but also excelled in new areas to grow and strengthen the Company. We look forward to building upon these areas of interest and bringing about shining results in the coming year as well.

OPERATIONAL PERFORMANCE

The cumulative fertilizer production of the manufacturing division was recorded at 2.831 Million MT which is 5.6% higher than the last year and ever highest in the history of Fatima. The pursuit to enhance plant assets' reliability, team professional focus, resilience, and perseverance were key drivers behind this unprecedented achievement.

Sadiqabad Plant: Team's focus on plant assets' reliability has enabled Ammonia Plant to achieve an ever highest on-stream factor of 98.8% which is higher than the world-class benchmark of 98% and is also higher than the average of top 25% International Plants which is 97.3%. The Plant faced various operational and maintenance hiccups throughout the year, however, they were managed safely with minimum plant downtime. The Ammonia Plant's production performance also followed its reliability performance, achieving the best-ever annual production of 604,995 MT. Solely by uninterrupted plant operation being a direct outcome of high on-stream factor, Ammonia Plant's Energy Consumption also remained ever best at 7.94 GCal/MT (annual average of smooth period energy index).

Following the Ammonia Plant, Nitric Acid Plant also set the performance benchmark even higher by breaking the previous ever-highest annual production record and setting a new record of 563,701 MT.

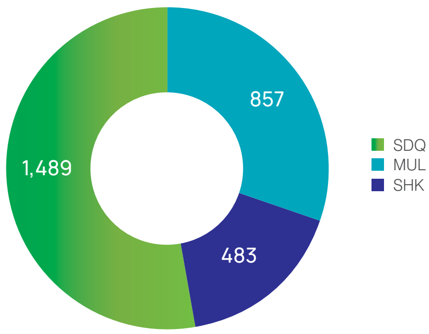
Besides outstanding performance by Intermediate Products Plants (i.e., Ammonia & Nitric Acid), among the Producing Plants (i.e. Urea, CAN & NP), the most outstanding performance was witnessed by CAN Plant, which surpassed its annual budget production by 36,367 MT, the sole contributor of total annual production target surplus of 35,776 MT from Budgeted Target (1,490,861 MT Actual vs 1,455,085 MT Budget), Alhamdulillah.

Multan Plant: The Year 2022 was an unprecedented year. The uninterrupted Natural Gas supply and reliable plant operation led to the ever-highest annual fertilizer production of 857,750 MT which is 12.8% higher than last year. A 4% increase in Nitric Acid Plant's production capacity due to in-house optimizations led to additional NP and CAN productions. Urea Plant also remained in consistent full-year operation. Mari Gas Compression Facility remained in smooth operation augmented by exemplary gas management ensured uninterrupted delivery of gas molecules to the plant.

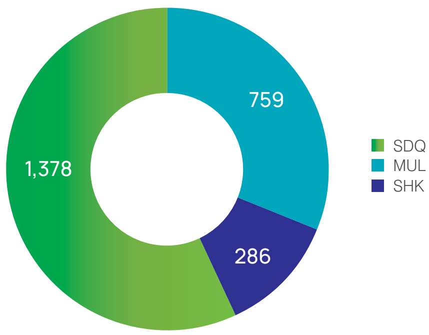
The planning for the biggest turnaround was challenging amidst global logistics and the country's financial situation but done meticulously. 100% Material delivery and 40 Foreign VSMs confirmation assured.

Sheikhupura Plant: Uninterrupted Natural Gas supply and reliable plant operation enabled the plant to produce record fertilizer production of 482,851 MT Urea, 32 kMT higher than the budgeted target, and 69% higher than 2021.

2022 Site Wise Production '000'



2021 Site Wise Production '000'



Learning and Development

All the manufacturing sites continued to focus on the several learning and development activities of which key highlights are as follows:

Sadiqabad plant built further on the digital training feedback & analysis platform, initiated implementation of ISO-29993 framework across all manufacturing sites and started ISO-17024 accreditation preparations, synergized training calendars of manufacturing sites, hosted common trainings for group companies, neighbouring industries, and organized several university academia visits.

Multan plant launched digital training feedback on Process Safety Management application. Apart from providing internships and educational visits, several external trainings were held on Project Management Professional (PMP), Functional Safety, Hazard and Operability Analysis (HAZOP) & and Layers of Protection Analysis (LOPA).

Sheikhupura plant started its journey towards ISO-29993 external certification. GTE's Annual Graduation event was held, and Staff Learning Need Analysis (LNAs) and potential assessment program were launched. Revived an old Distributed Control System (DCS) server for hands-on training in the model lab.

Manufacturing Site	Total	HSE	Technical	Soft Skills
	Hours			
Sadiqabad	45,996	9,079	33,957	2,960
Multan	25,208	2,210	19,680	3,318
Sheikhupura	12,556	1,967	5,452	5,137

MARKETING AND SALES

2022 started with Fatima Fertilizer going global by actively participating and showcasing Pakistan's agricultural economy at the Dubai Expo. We participated in Climate Week, celebrated Pakistan's Farmers Day but the highlight remained a panel discussion of Pakistan's Female Farmers hosted by Sarsabz at the Pakistan Pavilion Dubai Expo. Our aim was to celebrate our three exceptionally inspiring female farmers from Pakistan and their inspirational stories with the world on Rabia Sultan, Azra Mehmood Sheikh and Naz Dharejo. Their real life stories painted a new courageous and resilient image of Pakistani rural women. The event showcased our agronomy, culture and paid a glowing tribute to farmers of the world over. It was attended by visitors and media from around the globe, all effectively realizing the role of farmers in today's globalized food chain and the role Pakistan as a country is playing in becoming the food basket of the world.

For the sixth year running, Fatima Fertilizer continued with its support to the premier Pakistan Super League (PSL) competition through its sponsorship of the Multan Sultans franchise which ended up as the runner up of the 2022 edition. Marketing activities were carried out across Pakistan. Content pieces and Digital Videos were also developed for audience engagement.

Throughout the year, Sarsabz Fertilizers made its presence felt on important days such as Mothers' Day, Pakistan Day, World Water Day, World Health Day, World Food Day, Fathers' Day, International Day of Forests through digital content and social media posts. Keeping up with our tradition of celebrating 14th August with great zeal, Sarsabz launched a new campaign 'Umeed' on the specific day to associate Sarsabz relationship with the soil and Pakistan, the campaign was very well received across all our digital mediums.

This year Sarsabz launched another incentive scheme 'NP ko Laga Aur Jettata Ja' on Sarsabz Nitrophos to facilitate farmers to purchase authentic product from our registered channel network while winning prizes on it as well. NP FIS program used the methods of SMS and Sarsabz App to gain farmer entries. Campaign was pushed on digital and regional channels creating a lot of excitement in farmers' community.

Sarsabz Kahani is another initiative of Fatima Fertilizer that seeks to bring true stories from Pakistan's rural community to the world in a series of short films. After the successful launch of 1st episode Nazo in 2021, 2nd episode was launched in 2022 'Khaki Desan' – a story of entrepreneurship and love for our culture and heritage. Khaki desan showcases the journey of a female farmer Jugnu Mohsin and her struggles to bring back the lost gem of our cotton crop – Khaki Desan back to life. The story has resonated with not just rural community but also urban folks who are realizing how empowered, courageous and determined women are in the rural sector of Pakistan.

On the product development end, we continued to focus on our brand promise of giving more than 10% yields against conventional fertilizers. We brought to mass media farmer testimonials from regional level and executed focused campaigns in areas with high potential. By creating such influential reference groups within the farmer community we have effectively managed to grow our relationship and eventually sales. By continuing the partnership between brands and our on-ground technical advisory team, we managed to execute over 20 technical seminars in partnership with Federal and Provincial governments. These events serve as a platform to not only disseminate useful crop production technology but also recognize the achievements of our hardworking farmers who are achieving record yields in their districts, regions and provinces.

This year we also continued reaping rewards of our hallmark loyalty program for our dealers, Sarsabz Royals! A total of 10 events were held at regional level ensuring participation of 1500+ dealers. We as a company are committed to pursuing excellence when it comes to servicing our dealers and winning their trust and loyalty. Sarsabz Royals to-date stands as the most innovative and unparalleled loyalty program in the industry.

The second half of the year started off with unprecedented floods and rainfall in the country's history. More than 50 days of destructive rains and floods wreaked havoc across the country which in total caused losses of PKR 3.3 trillion. The entire agriculture value chain was substantially affected, especially the fertilizer sector. In combination with an already uncertain political and economic situation, agriculture based businesses across the country suffered immensely. Sarsabz always being at the forefront of aiding farmers did not let go of this opportunity and stepped forward to help our brothers and sisters by providing them flood relief in the areas of Swat, South Sindh and Gilgit Baltistan benefitting more than 500 families.

Continuing on our legacy of paying tribute to our farmers, Fatima Fertilizer celebrated 4th Kissan Day in 2022 in the agricultural heartland of Pakistan – Multan with a large gathering of farmers along with Government officials. The event was covered in state, national as well as regional media. On social media, the hashtag #Sarsabz Pakistan was trending at No.1 in Pakistan in parallel creating strong footprint on TV, Radio, Print & other mediums. We are proud to have effectively created a platform for farmers to not only be recognized but also be at the forefront in influencing policy making and setting a long term vision for Agriculture in Pakistan.

Sarsabz Fertilizers marked this year with another big initiative of launching a female farmers' loyalty program 'Sarsabz Tabeer'! This program aims at empowering, enabling and representing them at different platforms. The program started with providing comprehensive trainings to rural women on farm processing technologies in collaboration with a USAID certified trainer.

Despite the volatility in second half of year, the Marketing Division did not compromise on its objectives or values. It made sure that the year ended with a record highest sale and overachievement of targets. The team also made sure that despite the pressure on the dealer network, the business relationship did not suffer and continued to flourish. It has resulted in mutual respect and trust which augurs well for the future. The year ended at a high note of bagging PDA Award for Salam Kissan - Best Social Media Campaign on Snack Video and Asian Experience Award (Singapore) for Sarsabz Kahani.

We as a team are committed to positioning Sarsabz as the most premium fertilizer brand in the market and helping Fatima Fertilizer lead the pursuit for a 'Sarsabz Pakistan.

SUSTAINABILITY OVERVIEW

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

Sustainability Strategy

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

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

b) Ensuring employee safety and welfare at all levels;

c) Conserve energy, water and reduce carbon emissions;

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

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

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

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

Key Sustainability Indicators (GRI 3.1 Specific)

Key performance indicator	GRI	2022 Consolidated	2022 Sadiqabad Plant	2022 Multan Plant	2022 Sheikhupura Plant	2021
Economic						
Total Fertilizer Sales	EC1	2,735 (MT in 000)	-	-	-	2,677 (MT in 000)
Net Profit	EC1	14,124 (Rs in million)	-	-	-	18,474 (Rs in million)
Revenue	EC1	152,231 (Rs in million)	-	-	-	112,488 (Rs in million)
Contribution to national exchequer		18,138 (Rs in million)	-	-	-	12,200 (Rs in million)
Rural development and responsible sourcing						
Farms addressed for capacity building (numbers)		29,043	-	-	-	25,496
Water						
Total water withdrawal (m^3)	EN8	23,433,943	8,966,933	8,580,960	5,886,050	18,992,280
Environmental sustainability						
Materials						
Raw Material used (Natural gas, Metric Tons)	EN1	1,612,799	851,944	451,777	309,078	1,349,476
Materials for packaging purposes (Metric Tons)	EN1	8,286	4,302	2,578	1,406	7,124

Key performance indicator	GRI	2022 Consolidated	2022 Sadiqabad Plant	2022 Multan Plant	2022 Sheikhupura Plant	2021
Energy						
Total direct energy consumption (gigajoules)	EN3	60,267,072	26,524,728	17,970,770	15,771,574	49,027,481
Total direct energy consumption from renewable sources (% total direct)	EN3	N/A	N/A	N/A	N/A	N/A
Energy saved due to conservation and efficiency improvement	EN5	-	-	-	-	-
Biodiversity						
Total size of manufacturing sites located in projected areas (Acres)	EN11	1,548	1,112	302	134	1,524
Trees Planted		25,799	17,799	500	7,500	26,800
Emissions, Effluents and Waste						
Direct GHG emissions (Metric Tons CO_2 eq), (i.e. Surplus CO_2 from Ammonia Plant + CO_2 emissions from other sources)	EN16	884,752 + 1,245,205	401,492 + 749,474	483,260 + 212,766	0 + 282,965	714,961 + 1,250,572
Indirect GHG emissions (million tons CO_2eq)	EN16	N/A	N/A	N/A	N/A	N/A
Environmental Sustainability Governance						
Human rights and compliance						
Total number of significant products recalls or incidents of non-Compliance	PR2	Nil	Nil	Nil	Nil	Nil
Our People						
Total Workforce - Permanent (number of employees)	LA1	2,545	-	-	-	2,326
Lost time injuries and illnesses rate (per million hours worked) (employees, on site contractors and on site	LA7	Nil	Nil	Nil	Nil	Nil
Total number of fatalities (employees, on site contractors and on site members of public)	LA7	Nil	Nil	Nil	Nil	Nil
Man Hours of training per year (All functions)	LA10	112,647	45,996	12,556	25,208	113,314
Female staff at the head office	LA13	62	-	-	-	56

HEALTH, SAFETY AND ENVIRONMENT STANDARDS, SYSTEMS AND POLICIES

Health, Safety and Environment

Fatima is committed to the highest standards of corporate governance. Our Plants not only comply with the requirements of applicable Regulations but also aim towards implementing globally recognized standards while benchmarking with industrial best practices. We take pride in mentioning that our fertilizer Plants achieved the following certifications and awards in 2022:

Certifications and awards won by the three fertilizer sites

- International Fertilizer Association (IFA) Protect and Sustain Stewardship
- Quality Management System (QMS) ISO 9001:2015
- Environment Management System (EMS) ISO 14001:2015
- Occupational Health and Safety Management Systems (OHSAS) ISO 45001:2018
- WWF Green Office Program

Sadiqabad Plant

- 1st Runner in IFA Green Leaf Award
- British Safety Council International Safety Awards
- RoSPA Gold Category Award
- AEEA Award for Environment Excellence by NFEH
- International Summit Awards for Environment Management and Health, Safety and Environment Performance.
- AWS International Water Stewardship Certification (Globally applicable framework for sustainable water management).

Multan Plant

- British Safety Council International Safety Awards
- “Perfect Record Award & Safety Leadership Award” from National Safety Council
- Excellence Award in “Fire & Safety” from National Forum for Environment & Health (NFEH).

Sheikhupura Plant

- RoSPA Gold Category Award
- AEEA Award for Environment Excellence by NFEH
- International Summit Awards for Environment Management and Health, Safety and Environment Performance.
- Excellence Award in “Fire & Safety” from National Forum for Environment & Health (NFEH).
- 12 individual and organization level awards on HSE performance by Pakistan Engineering Council
- Health, Safety & Environment Performance Award by TPN

Process Safety Excellence

Fatima is highly focused on implementing Process Safety Management standards based on OSHA complaint Dupont System. PSM model is further improved by implementing Risk Based Approach as per the latest guidelines. The following activities have been performed to improve PSM effectiveness.

- Launch of Risk based Process Safety Management System based on Dupont Guidelines.
- Launch & Implementation of Risk based KPIs under the Risk based Process Safety model from CCPS (Center for Chemical Process Safety) at Sheikhupura Plant.
- QRA (Quantitative Risk Assessment) of Ammonia Storage Tank facilities conducted by 3rd party.
- DuPont Safety Solutions (DSS) engagement of Process Hazard Analysis (PHA).
- PHA Capability enhancement workshop by Dupont for the multidisciplinary team from all fertilizer Plants.
- 2nd Party PSM assessments by Corporate HSE.

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

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

Fatima is committed to

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

Global Benchmarking on Systems and Standards

Fatima benchmarks with global industry standards and best practices to achieve the highest levels of excellence in its businesses. Fatima has set sight not only to implement Global standards and guidelines but also to transcend toward being a true leader in HSE. All three Fertilizer Manufacturing sites have benchmarked their Process Safety Management program with OSHA PSM, fire prevention and control program with National Fire Protection Association (NFPA), and various other relevant international standards.

In 2022, Plant sites focused on strengthening the HSE culture, which is directly evident from decreasing trend of process safety incidents and the increasing trend of Safe Million Man hours.

Fatima’s Contribution to the International Process Safety Forums

Fatima showcased Safety, Plant operations, Reliability, and Technological advancements at various international conferences and forums.

Site	Event 2022	Paper Presented
Corporate HSE	66th Annual Safety in Ammonia Plants and Related Facilities Symposium, USA	1. Comparative Analysis of HAZOP and STPA – Catacarb CO_2 Removal System
Corporate Technical Services & Sheikhupura Plant	Nitrogen + Syngas Conference, Germany	1. Ammonia Plant Reliability Assurance by Improving Process Safety and Engineering Controls
Sadiqabad Plant	18th Global Conference on Process Safety (GCPS)	1. Cultural Transformation – Enculturation to Acculturation 2. Implementation of latest digital technology to improve Process Safety & Operational Excellence via Effective Engineering Control
Sadiqabad Plant	ANNA 2022, USA	1. A Guinness World Record Holder in Safety & Sustainability 2. NP Prill Tower Debottlenecking via In House Developments
Sadiqabad Plant	4th CCPS Middle East Conference	1. Effective Emergency Response 2. A Committed and Resilient Culture
Multan Plant	66th Annual Safety in Ammonia Plants and Related Facilities Symposium, USA	1. "Revival and Sustained Operation of 50 years Old Ammonia Plant"

Innovative Safety and Training Programs

Fertilizer Plants focused on effective training programs to sustain process and operational safety standards:

- PHA Capability Enhancement
- LOPA & HAZOP Capability Enhancement training.
- Functional Safety
- RCA and Incident Investigation
- Risk Based Process Safety Approach
- CPR(Cardiopulmonary Resuscitation)
- Practical training for Pool Fires
- First aid & CPR training by Red Crescent Society.

Environmental Excellence

- Fertilizer Plants has also continued its journey toward the world's leading Environmental Management systems through the implementation of DuPont EMS followed by a detailed EMS 2nd party gap assessment by Corporate HSE.
- The Comprehensive Environmental Footprint Report for Year 2021 was developed.
- An Aquifer study for monitoring groundwater quality was carried out at Sheikhupura Plant.
- Successful 3rd Party Audit of Environment Management System by EMC Pakistan at Sadiqabad Plant.

Other HSE Initiatives

- Emergency Response Team restructuring.
- Health Bulletins to communicate Health and Safety measures to all employees.
- Multiple HSE days celebrated to raise awareness of Health and Safety related matters among employees.
- Stakeholders like neighboring communities and industries, Mutual Aid Programs, and Community Awareness on Emergency Response (CAER) devised.

TALENT SUSTAINABILITY

The Human Resources function of Fatima Fertilizer played a pivotal role as a strategic partner and key enabler to the business in delivering and driving the organization's strategic agenda and providing avenues of growth to employees through training and development. Over 28,000+ hours were invested in leadership development, with a blend of face to face and e-learning programs in collaboration with internationally renowned learning partners. These programs included Blue Ocean Strategy, Harvard Mentor Manager, and Stanford Coaching & Mentoring. In addition to external learning partners, FG ASCEND is an in house mentorship program designed to enable employees to seek career guidance from organizational leaders and progress in their careers.

Value-Based Culture

Our values are our foremost priority and a reflection of our commitment to continuous business improvement and strategic vision. We truly believe that Fatima values are the leading principles of our organization and reflect our brand and culture. We remain deeply committed to the implementation of a governance mechanism that ensures "Zero" tolerance for corporate values violations. More than 1000 value round tables were conducted to ensure values sustainment.

Building Succession Pipeline

Consistent 6th year of our University Graduate program, Empower to lead, continues to focus on hiring on boarding and development of high potential Business and Engineering graduates from leading local and international universities. Our Future Leaders Development Program Lead From the Front, LFF has developed 3 batches LFFI, II & III for targeted moves against critical positions. Building Future Leaders, BFL our Signature Leadership Program is our most recent intervention to strengthen our succession pipeline.

Ensuring Robust Career Progression and Sustained Leadership Bench

Our people strategy is an embodiment of people enablement and ensures robust career progression. The year 2022 marked the implementation of our well rounded career progression framework that ensures employee performance and potential based career progression.

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

Employee Capability Development

In line with our commitment to developing future capability, we continue to invest in our talent development and through structured learning interventions at various levels; Individuals, Managers and Leaders. A Robust rotation program ensures employee experience diversification as well as readiness for critical experiences. These initiatives are built on a scientific process of Development Need Analysis; DNA and are implemented on the Fatima career growth philosophy.

FG Business Academy

FG Business Academy is powered by the expertise and knowledge of our in house senior talent and is driven by the agenda of enhancing the core business capabilities of the mid muscle. Business Academy is a 5 day comprehensive program focused on understanding Fatima end to end value chain. So far, more than 150 management employees have attended the academy.

FG Wellness 360

A healthy workforce is a productive workforce. Considering our employee well being first, Fatima has launched Wellness 360 program, covering 4 key aspects: mental, social, physical and professional wellness. Several initiatives have been introduced under the ambit of wellness including the facility of an in house therapist, nutritionist and yoga instructor.

Organization Health Survey (OHS) 2022

Our 2022 OHS, conducted by Mercer Sirota, shows our Employee Engagement Index (EEI) at 88% which is a 14% increase from our previous OHS EEI 2019 of 74%. As a result, the organization moved from a favourable to a very favourable employee index ranking.

Manager Quality Performance Index (MQPI)

As our teams grow and with a diversified workforce, we keep our focus consistent on improving the quality of our managers. Building on this, an independent survey has been institutionalized on yearly basis with in depth action planning.

CORPORATE SOCIAL RESPONSIBILITY

Fatima is committed to the betterment of its employees, customers, partners, and larger communities by delivering excellence and creating shared value for all our stakeholders. We are dedicated to the communities we operate in as we firmly believe our growth depends on the growth of the communities around us.

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

Fatima Flagship Health Project – Mukhtar A. Sheikh Hospital

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

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

For more details please visit our website www.mashospital.org

Spring Clinic Spring Clinic / Institute of Psychiatry

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

Fatima Fertilizer Welfare Trust Hospital

The main objective of Fatima Fertilizer Welfare Trust Hospital is to eradicate hepatitis in the vicinity of Plant areas and the district Rahim Yar Khan. A dialysis center was inaugurated to further benefit the communities.

Our Contributions to the Education Sector

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

In 2022, we have actively sponsored the following organizations' students, besides operating the schools inside our plant premises.

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

Empowering Communities

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

We further built on our collaborations with Deaf Reach, Pakistan Foundation Fighting Blindness (PFFB) and LABARD. Through their platforms, we on boarded deaf and visually impaired individuals for a three month internship program with us.

Floods 2022

Fatima Group has always been at the forefront of relief efforts in unfortunate times of national disasters. The year, the flood devastated the lives and livelihoods of people in Southern Punjab, Sindh, Balochistan and up North.

The Fatima Site team collaborated with local and Army authorities to ensure that relief goods, including food items, medicine, tents and blankets, reach flood affected areas soon. The Plant Site team also collaborated with the Marketing Team to provide relief goods to the farmers affected by the floods.

OUR REPORTING PARAMETERS

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

Report Boundary

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

Reporting Period

The reporting period is January 01, 2022 to December 31, 2022 and the data has mainly been obtained from Finance, Operations, Marketing and Sales, Human Resources, Corporate Secretariat, Internal Audit, Information Technology, Supply Chain, External Auditors, HSE and CSR Functions.

Report Content

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

Data Measurement Techniques

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

Contact Us

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

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE

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

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2022, and reports that:

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

- The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures. Equitable treatment of shareholders has also been ensured.

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

- The Company has complied with all the corporate and financial reporting requirements. Appropriate accounting policies have been consistently applied. All core & other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2022, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company.

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

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

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

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

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

INTERNAL AUDIT

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

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

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

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

EXTERNAL AUDITORS

- The statutory Auditors of the Company, Yousuf Adil, Chartered Accountants have completed their Audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019" for the financial year ended December 31, 2022 and shall retire on the conclusion of the 20th Annual General Meeting.

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

- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Audit Committee had a meeting with the external auditors without the presence of the CFO and the Head of Internal Audit. The Auditors attended the General Meeting of the Company during the Year and have confirmed attendance of the 20th Annual General Meeting scheduled for April 28, 2023 and have indicated their willingness to continue as Auditors.

- Being eligible for reappointment as Auditors of the Company, the Audit Committee recommends their reappointment for the financial year ending December 31, 2023.

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

For and on behalf of Audit Committee

Tariq Jamali
Chairman-Audit Committee

Lahore
April 03, 2023

STATEMENT OF COMPLIANCE

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

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

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

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

2. The composition of the Board is as follows:

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

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

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

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

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

9. Two directors of the Company, Mr. Tariq Jamali (Independent/Non Executive Director) and Mr. Muhammad Kashif Habib (Non Executive Director) have already completed the formal Directors Training Program ("DTP"). New Board member, Ms. Malika Nait Oukhedou has also obtained the requisite training during the year 2022 whereas the remaining four directors fall under the exemption from the mandatory requirement for acquiring DTP certification.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. There is no new appointment of Company Secretary or Head of Internal Audit during the year;

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

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

a) Audit Committee

1.	Mr. Tariq Jamali	Chairman
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Faisal Ahmed Mukhtar	Member
4.	Ms. Malika Nait Oukhedou	Member

b) HR and Remuneration Committee

1.	Ms. Malika Nait Oukhedou	Chairperson
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Fawad Ahmed Mukhtar	Member

c) Nomination and Risk Management Committee

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

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

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

a) Audit Committee

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

b) HR and Remuneration Committee

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

c) Nomination and Risk Management Committee

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

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

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

S. No.	Requirement	Explanation	Regulation No.
1.	The board may constitute a separate committee, designed as the nomination committee of such number and class of Directors, as it may deem appropriate in its circumstances.	The board has constituted a joint Nomination and Risk Management Committee and the functions of both these committees i.e., Nomination Committee, and Risk Management Committee are being performed by the joint "Nomination and Risk Management Committee".	29
2.	The Company may post on its website key elements of its significant policies and brief synopsis of terms of reference of the Board's committees.	As part of our ongoing efforts to improve our corporate governance and disclosure practices, we intend to publish our company's policies and terms of reference (TORs) on our website in the near future.	35

Place: Lahore	Fawad Ahmed Mukhtar	Arif Habib
April 03, 2023	CEO	Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fatima Fertilizer Company Limited (the Company) for the year ended December 31, 2022, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Company's Board of Directors. 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 to comply with the Regulations.

As a part of our audit of the financial statements, we are required to understand the accounting and internal control systems sufficient to plan the audit and develop a practical audit approach. We are not required to consider whether the Board of Directors statement on internal control covers all risks and rules 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 with this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

Yousuf Adil

Chartered Accountants

Engagement Partner: Muhammad Sufyan

Lahore

Date: April 04, 2023

UDIN: CR202210180DLrOpEqth

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

Opinion

We have audited the annexed financial statements of Fatima Fertilizer Company Limited and its subsidiaries (the Group), which comprise of the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion consolidated financial statements give a true and fair view of consolidated financial position of the Group as at December 31, 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key matters:

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>1 Revenue Recognition
The Group's revenue comprises sale of fertilizer, mid products and toll manufacturing which has been disclosed in note 28 to the consolidated financial statements.

Revenue from the sale of fertilizer, mid products and toll manufacturing is recognized, when the Group satisfies the performance obligation under the contract by transferring the promised goods to the customers. Revenue recognition criteria has been explained in note 4.22 to the consolidated financial statements.

We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction of the performance obligation under the contract with the customer in line with the accounting policy adopted or may not have been recognized in the appropriate period.</td><td>Our audit procedures to address this Key Audit Matter included the following:
- obtaining an understanding of and assessing the design and implementation and operating effectiveness of key internal controls over recognition of revenue;
- assessing the appropriateness of the Group's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;
- checking on a sample basis the recorded sales transactions with underlying sales invoices;
- testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents; and
- assessed the adequacy of related disclosures in the consolidated financial statements.</td></tr>
<tr><td>2 Valuation of Brand
The Group's intangible assets contain a brand with indefinite useful life which has been disclosed in note 17 to the consolidated financial statements. The recognition and subsequent measurement policy has been disclosed in note 4.6 to the consolidated financial statements.

The Group had initially recorded the brand at Rs 5,900 million in the consolidated financial statements on which an impairment of Rs 2,360 million has been recognized as at reporting date.

We identified valuation of the brand as a Key Audit Matter because its amount is material to the financial statements. In addition, annual testing of impairment of Brand is complex and judgmental process which involves assumptions and methods affected by future economic and market conditions.</td><td>Our audit procedures to address this Key Audit Matter included the following:
- obtaining an understanding of and assessing the design and implementation and operating effectiveness of key internal controls over recognition and subsequent measurement of brand value;
- reviewed valuation report of the independent valuer and evaluated appropriateness of assumptions and methodologies used by the valuer.
- evaluated the competence and independence of valuer;
- compared recoverable amount with carrying amount; and
- assessed the adequacy of disclosures related to valuation of brand in notes to the consolidated financial statements.</td></tr>
</table>

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

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

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

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

Responsibilities of Management and 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 the Group's management.

- Conclude on the appropriateness of the Group's management 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 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 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 Muhammad Sufyan.

Yousuf Adil

Chartered Accountants

Lahore
Dated: April 04, 2023
UDIN: AR202210180S8uwh4A7i

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2022

	Note	2022	2021
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
2,700,010,000 (2021: 2,700,010,000) shares of Rs 10 each		27,000,100	27,000,100
Issued, subscribed and paid up share capital			
2,100,000,000 (2021: 2,100,000,000) ordinary shares of Rs 10 each	5	21,000,000	21,000,000
Reserves	6	85,910,968	79,263,264
		106,910,968	100,263,264
NON CURRENT LIABILITIES			
Long term finances	7	8,446,451	5,172,276
Lease liabilities	8	1,152,880	1,437,025
Deferred taxation	9	22,680,356	20,274,052
Deferred liabilities	10	2,683,448	3,248,245
Long term deposits		372,600	175,104
		35,335,735	30,306,702
CURRENT LIABILITIES			
Trade and other payables	11	55,371,837	38,469,418
Accrued finance cost	12	715,007	307,184
Income tax payable		8,336,229	4,968,065
Short term finances - secured	13	12,883,518	6,465,772
Unpaid dividend		–	1,738,864
Unclaimed dividend		46,429	44,951
Loan from directors		18,000	–
Current portion of:			
- Long term finances	7	2,346,431	1,892,328
- Lease liabilities	8	541,363	375,273
- Deferred government grant	14	–	61,440
		80,258,814	54,323,295
CONTINGENCIES & COMMITMENTS	15		
		222,505,517	184,893,261

The annexed explanatory notes from 1 to 47 form an integral part of these consolidated financial statements.

	Note	2022	2021
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	110,256,748	105,422,464
Intangible assets	17	3,651,346	3,608,877
Investment property	18	165,419	775,339
		114,073,513	109,806,680
Long term investments	19	1,469,179	795,311
Long term loan to an associated company	20	2,999,000	1,999,333
Long term advances and deposits		1,173,807	518,424
		5,641,986	3,313,068
		119,715,499	113,119,748
CURRENT ASSETS			
Stores and spares	21	14,722,495	11,565,833
Stock in trade	22	32,487,798	18,331,781
Trade debts	23	22,831,008	9,654,308
Short term loans	24	8,499,723	6,999,723
Advances, deposits, prepayments and other receivables	25	17,509,137	15,635,757
Short term investments	26	4,129,240	2,242,710
Cash and bank balances	27	2,610,617	7,343,401
		102,790,018	71,773,513
		222,505,517	184,893,261

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended December 31, 2022

	Note	2022	2021
		(Rupees in thousand)	
Sales	28	152,231,277	112,488,420
Cost of sales	29	(100,288,585)	(69,403,976)
Gross profit		51,942,692	43,084,444
Distribution cost	30	(7,947,081)	(5,048,813)
Administrative expenses	31	(5,936,088)	(3,899,774)
		38,059,523	34,135,857
Finance cost	32	(2,930,449)	(2,006,559)
Other operating expenses	33	(6,336,952)	(4,676,977)
		28,792,122	27,452,321
Other income	34	2,425,100	1,210,189
Share of loss from associates	19.1	(68,408)	(348)
Other losses:			
- Unwinding of provision for GIDC	10.2	(274,157)	(367,524)
- Loss allowance on subsidy receivable from GoP	25.3	(109,724)	(109,721)
		(383,881)	(477,245)
Profit before tax		30,764,933	28,184,917
Taxation	35	(16,640,994)	(9,710,827)
Profit for the year		14,123,939	18,474,090
Earnings per share - basic and diluted (Rupees)	36	6.73	8.80

The annexed explanatory notes from 1 to 47 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2022

	2022	2021
	(Rupees in thousand)	
Profit for the year	14,123,939	18,474,090
Other comprehensive income:		
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of post retirement benefits obligation	(191,889)	(82,249)
Related tax thereon	72,220	23,852
Share of other comprehensive loss from associates	(7,725)	(5,982)
Related tax thereon	1,159	897
Other comprehensive income - net of tax	(126,235)	(63,482)
Total comprehensive income for the year	13,997,704	18,410,608

The annexed explanatory notes from 1 to 47 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2022

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Total
		Share premium	Unappropriated profit		
			(Rupees in thousand)		
Balance at December 31, 2020	21,000,000	1,790,000	64,374,342	(61,686)	87,102,656
Profit for the year	–	–	18,474,090	–	18,474,090
Other comprehensive income	–	–	(5,085)	(58,397)	(63,482)
Total comprehensive income	–	–	18,469,005	(58,397)	18,410,608
Transaction with owners:					
- Final dividend for the year ended December 31, 2020 @ Rs 2.50 per share	–	–	(5,250,000)	–	(5,250,000)
Balance at December 31, 2021	21,000,000	1,790,000	77,593,347	(120,083)	100,263,264
Profit for the year	–	–	14,123,939	–	14,123,939
Other comprehensive income	–	–	(6,566)	(119,669)	(126,235)
Total comprehensive income	–	–	14,117,373	(119,669)	13,997,704
Transaction with owners:					
- Final dividend for the year ended December 31, 2021 @ Rs 3.50 per share	–	–	(7,350,000)	–	(7,350,000)
Balance at December 31, 2022	21,000,000	1,790,000	84,360,720	(239,752)	106,910,968

The annexed explanatory notes from 1 to 47 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	40	22,022,834	31,427,289
Net increase in long term deposits		197,496	64,734
Finance cost paid		(2,396,873)	(1,962,636)
Taxes paid		(10,793,147)	(2,988,233)
Employee retirement benefits paid		(131,073)	(242,330)
Net cash generated from operating activities		8,899,237	26,298,824
Cash flows from investing activities			
Additions in property, plant and equipment		(9,381,708)	(5,730,994)
Additions in investment property		–	(20,056)
Additions in intangible assets		(85,109)	(19,741)
Proceeds from disposal of property, plant and equipment		18,908	3,430
Short term investments made		(3,050,785)	(673,802)
Short term loan to an associated company		(1,500,000)	(3,758,000)
Payment made for acquisition of subsidiary - net of bank balances		(290,699)	–
Long term investments made		(750,001)	(600,000)
Proceeds from short term investments		335,925	868,243
Profit received on loans and saving accounts		973,441	1,977,017
Net increase in long term advances and deposits		(655,383)	(404,745)
Net cash used in investing activities		(14,385,411)	(8,358,648)
Cash flows from financing activities			
Proceeds from long term finances	7.1	5,622,520	3,920,362
Repayment of long term finances	7.1	(1,929,341)	(5,857,386)
Repayment of lease liabilities	8	(270,149)	(730,690)
Dividend paid		(9,087,386)	(3,507,038)
Increase / (decrease) in short term finances - net		3,376,751	(2,584,266)
Net cash used in financing activities		(2,287,605)	(8,759,018)
Net (decrease) / increase in cash and cash equivalents		(7,773,779)	9,181,158
Cash and cash equivalents at the beginning of the year		5,642,936	(3,538,222)
Cash and cash equivalents at the end of the year		(2,130,843)	5,642,936
Cash and cash equivalents comprises of following:			
Cash and bank balances	27	2,610,617	7,343,401
Running finance	13	(4,741,460)	(1,700,465)
Cash and cash equivalents at the end of the year		(2,130,843)	5,642,936

The annexed explanatory notes from 1 to 47 form an integral part of these consolidated financial statements.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

1 Legal Status and nature of business

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

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

1.2 The Board of Directors of the Holding Company in their meeting held on April 07, 2022, has approved investment in Fatima Cement Limited ("FCL") by way of acquisition of 100% ordinary shares of FCL from all the existing shareholders at par value, aggregating to Rs 300.03 million, to make it wholly owned subsidiary of the Holding Company.

At the acquisition date, total liabilities of FCL amounted to Rs 18.32 million and total assets amounted to Rs 329.90 million inclusive of Rs 9.33 million bank balances.

1.3 The Board of Directors of the Holding Company, in their meeting held on December 05, 2022, has considered and approved a comprehensive business expansion plan and the Scheme of Compromises, Arrangements and Reconstruction ("the Scheme") drafted under the relevant provisions of the Companies Act, 2017, aimed at further consolidation of the fertilizer business by amalgamating its associated company, Pakarab Fertilizers Limited ("PFL") with and into the Holding Company with effect from July 01, 2022. As per the terms of the Scheme, this Amalgamation would lead to an increased asset base and size of the Holding Company allowing it to benefit from economies of scale effectively and efficiently in the combined business and assets base of both companies, creating further business expansion opportunities for the Holding Company. Accordingly, Fatima Packaging Limited, a wholly owned subsidiary of PFL, will also become a wholly owned subsidiary of the Holding Company. This Scheme has been duly approved by the shareholders of the Holding Company in the Extra Ordinary General Meeting held on December 31, 2022, under the supervision of the Honourable Lahore High Court. This transaction would be subject to the receipt of necessary approvals, sanctions, consents, observations, no objection certificates from the creditors of the Holding Company, Securities and Exchange Commission of Pakistan ("SECP"), the relevant High Court or such other competent authority as may be applicable.

1.4 The Board of Directors ("the Board") of the Holding Company in their meeting held on August 26, 2020, accorded in principle approval for the transfer of operations related to the Holding Company's Sheikhupura plant to Fatimafert Limited. The Scheme of Arrangement ("the Scheme") drafted under the relevant provisions of the Companies Act, 2017 between the Holding Company and Fatimafert Limited was approved by the Board of both Companies on July 15, 2021. The Scheme was filed with the Lahore High Court ("the Court") for formal sanction and approval of the Court. On December 01, 2022, the Court granted its approval for the Scheme which is effective from January 01, 2022.

On December 30, 2022, the Board of the Holding Company and Fatimafert Limited have agreed to defer the effective date of implementation of the Scheme from January 01, 2022 to January 01, 2024 or such suitable date, earlier or later, as may be decided by the Board of the Holding Company and Fatimafert Limited due to prevailing economic situation in the country. Subsequent to the year end, the Holding Company has approached the Court for permission in this regard.

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 (IFRSs) issued by the International Accounting Standards Board (IASB);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 New accounting standards / amendments and IFRSs interpretations that are effective for the year ended December 31, 2022

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after:
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

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

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

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 16 ' Leases' - Lease Liability in a Sale and Leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

3 Basis of measurement

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgements

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

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

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

a) Employee retirement benefits

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

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

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

c) Provision for taxation

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

4 Significant accounting policies

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

4.1 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

4.2 Employee retirement benefits

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

a) Defined benefit plan - Gratuity

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

The latest actuarial valuation for gratuity scheme was carried out as at December 31, 2022. Projected unit credit method is used for valuation of the scheme.

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

b) Accumulating compensated absences

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

c) Defined contribution plan - Provident Fund

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

4.3 Basis of consolidation

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

Subsidiaries

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

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

4.3.1 Business Combination

The Holding Company owns the 100% equity shares of Fatimafert Limited, Fatima Cement Limited and Pan-Africa Fertilizers Limited. The control of Fatimafert Limited, Fatima Cement Limited and Pan-Africa Fertilizers Limited was obtained on January 01, 2021, May 27, 2022 and September 02, 2021 respectively.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non controlling interest in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets.

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

4.4 Property, plant and equipment

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

Depreciation on property, plant and equipment is charged to the consolidated statement of profit or loss on straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in note 16.

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

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

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

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

4.5 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost less any recognised impairment loss. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

4.6 Intangibles assets

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

With indefinite useful life

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

With finite useful life

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

4.7 Investment property

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

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

4.8 Investments in associates - at equity method

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

4.9 Government grant

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

4.10 Leases

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

Right of use asset

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

Lease liability

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

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

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

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

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

4.11 Financial instruments

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

4.11.1 Financial assets

Classification

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

(i) Amortised cost, where the effective interest rate method will apply;
(ii) Fair value through profit or loss (FVTPL);
(iii) Fair value through other comprehensive income (FVTOCI).

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

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

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

Recognition and derecognition

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

Measurement

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

Debt instruments

a) Debt instruments measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost: The financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Debt instruments whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured subsequently at fair value through other comprehensive income (FVTOCI).

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

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

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

Equity instruments

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

Impairment of financial assets

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

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

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

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

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

4.11.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Group classifies its financial liabilities in the following categories:

1- At fair value through profit or loss; and
2- Amortised cost.

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

a) Fair value through profit or loss

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

b) Other financial liabilities

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

Derecognition of financial liabilities

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

4.12 Offsetting of financial assets and liabilities

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

4.13 Stores and spares

Stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.14 Stock in trade

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

4.15 Trade debts and other receivables

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

4.16 Cash and cash equivalents

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

4.17 Borrowings and their costs

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

4.18 Trade and other payables

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

4.19 Provisions

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

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

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for the year ended December 31, 2022

4.20 Derivative financial instruments

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

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

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

4.21 Impairment of non financial assets

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

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

4.22 Revenue recognition

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

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

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

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

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

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

4.24 Dividend

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

4.25 Earnings per share

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

5 Issued, subscribed and paid up share capital

2022	2021		2022	2021
(Number of shares)			(Rupees in thousand)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs 10 each fully paid in cash	20,000,000	20,000,000
100,000,000	100,000,000	Ordinary shares of Rs 10 each issued on conversion of fully paid preference shares @ Rs 20 each	1,000,000	1,000,000
2,100,000,000	2,100,000,000		21,000,000	21,000,000

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

	2022	2021
	(Number of shares)	
Arif Habib Corporation Limited	319,000,206	319,000,206
Arif Habib Equity (Private) Limited	19,409,500	19,409,500
Fatima Holding Limited	28,000,000	66,969,373
Fazal Cloth Mills Limited	69,114,031	69,114,031
Reliance Weaving Mills Limited	2,625,166	2,625,166
Farrukh Trading Company Limited	160,430,261	160,430,261
Fatima Management Company Limited	160,450,633	160,430,261
Fatima Trading Company (Private) Limited	147,706,263	97,462,890
Reliance Commodities (Private) Limited	500,000	500,000
	907,236,060	895,941,688

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

	Note	2022	2021
		(Rupees in thousand)	
6 Reserves			
Capital reserve:			
Share premium	6.1	1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		84,360,720	77,593,347
Post retirement benefit obligation reserve	6.2	(239,752)	(120,083)
		85,910,968	79,263,264

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

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

	Note	2022	2021
		(Rupees in thousand)	
7 Long term finances			
Secured loans from banking companies / financial institutions	7.2	10,792,882	7,064,604
Less: Current portion		2,346,431	1,892,328
		8,446,451	5,172,276
7.1 Movement of long term finances			
Opening balance		7,064,604	8,917,289
Disbursements during the year		5,622,520	3,920,362
Repayments during the year		(1,929,341)	(5,857,386)
Accreditation of loan under SBP Islamic Refinance Scheme		35,099	87,651
Exchange gain on translation of foreign currency loan		–	(3,312)
Closing balance		10,792,882	7,064,604

	Note	2022	2021
		(Rupees in thousand)	
7.2 Secured loans from banking companies / financial institutions These are composed of:			
BAHL Term Loan	7.2.1	–	192,714
BOP Term Loan	7.2.2	750,000	1,500,000
ABL Term Loan - II	7.2.3	500,000	750,000
SBP LTF - Faysal Bank Limited	7.2.4	–	344,199
SBP LTF - The Bank of Punjab	7.2.5	–	357,339
ABL Term Loan - III	7.2.6	1,000,000	1,000,000
Meezan Bank Limited - Diminishing Musharakah	7.2.7	2,000,000	2,000,000
SBP Temporary Economic Refinance Facility (TERF) 1	7.2.8	549,181	372,235
SBP Temporary Economic Refinance Facility (TERF) 2	7.2.9	631,232	527,328
SBP Temporary Economic Refinance Facility (TERF) 3	7.2.10	500,000	20,789
Faysal Bank Limited - Diminishing Musharakah	7.2.11	2,000,000	–
Pak Kuwait Investment Company Limited - Term Finance	7.2.12	1,500,000	–
NBP - Demand Finance	7.2.13	1,362,469	–
		10,792,882	7,064,604
Less: Current portion		2,346,431	1,892,328
		8,446,451	5,172,276

7.2.1 BAHL Term Loan

This facility was obtained from Bank Al Habib Limited, for an amount of Rs 1,300 million for purchase of Low Pressure Boosting Compressor.

The facility carried markup at the rate of 6 months KIBOR plus 1.10% per annum. The effective rate of markup charged during the year was 12.57% (2021: 8.25% to 8.77%) per annum.

The facility was secured by pari passu charge over plant and machinery of the Group amounting to Rs 1,733.34 million.

The loan was repayable in three years in six semi annual equal installments starting from October 29, 2019. Last repayment was due and made on April 28, 2022. During the year, the Group has paid installments aggregating to Rs 192.71 million (2021: Rs 385.43 million).

7.2.2 BOP Term Loan

This facility has been obtained from The Bank of Punjab, for an amount of Rs 3,000 million to finance / reimburse BMR.

The facility carries markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 8.29% % to 16.53% (2021: 7.81% to 8.31%) per annum.

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 4,000 million.

The loan is repayable in four years in eight semi annual equal installments starting from January 31, 2020. Last repayment is due on July 31, 2023. During the year, the Group has paid installments amounting to Rs 750 million (2021: Rs 750 million).

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7.2.3 ABL Term Loan - II

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

The facility carries markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 8.81% to 16.81% (2021: 8.01% to 8.85%) per annum.

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

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

7.2.4 SBP LTF - Faysal Bank Limited

This facility was obtained from Faysal Bank Limited for an amount of Rs 718.11 million for disbursement of salaries and wages for the month of April, May and June 2020, in line with SBP Islamic Refinance Scheme.

The facility carried markup at the rate of SBP base rate + 1% per annum. The effective interest rate was calculated at 8.22% and the loan was recognised at the present value.

The facility was secured by pari passu charge over Plant and Machinery of the Group amounting to Rs 1,000 million.

The loan was repayable in two and half years including six months grace period in eight quarterly installments. Last repayment was due and made on December 30, 2022. During the year, the Group paid installments aggregating to Rs 362.39 million (2021: Rs 395.05 million).

7.2.5 SBP LTF - The Bank of Punjab

This facility was obtained from The Bank of Punjab for an amount of Rs 744.33 million for disbursement of salaries and wages for the month of July, August and September 2020, in line with SBP Islamic Refinance Scheme.

The facility carried markup at the rate of SBP base rate + 0.8% per annum. The effective interest rate was calculated at 8.26% and the loan was recognised at the present value.

The facility was secured by pari passu charge over plant and machinery of the Group amounting to Rs 1,000 million.

The loan was repayable in two and half years including six months grace period in eight quarterly installments. Last repayment was due and made on October 31, 2022. During the year, the Group paid installments aggregating to Rs 374.24 million (2021: Rs 372.16 million).

7.2.6 ABL Term Loan - III

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

The facility carries markup at the rate of 6 months KIBOR plus 0.80% per annum. The effective rate of markup charged during the year at 12.26% to 16.15% per annum (2021: 8.96%).

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

The loan is repayable in five years including one year grace period in eight half yearly installments. Last repayment is due on September 30, 2026.

7.2.7 Meezan Bank Limited - Diminishing Musharakah

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

The facility carries markup at the rate of 6 months KIBOR plus 0.85% per annum. The effective rate of markup charged during the year at 9.01% to 16.78% per annum (2021: 9.01%).

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

The loan is repayable in five years including one year grace period in eight half yearly installments. Last repayment is due on September 30, 2026.

7.2.8 SBP Temporary Economic Refinance Facility (TERF) 1

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

The facility carries markup at the rate of 3.00% per annum (SBP base rate plus 2.00%) / 6 month KIBOR plus 2.00% per annum. The effective rate of markup charged during the year ranged from 3.00% to 17.35% per annum (2021: 3.00% to 13.53%).

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 733.33 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual installments. Last repayment is due on March 31, 2031.

7.2.9 SBP Temporary Economic Refinance Facility (TERF) 2

This facility has been obtained from National Bank of Pakistan for an amount of Rs 631.23 million out of total limit of Rs 1,000 million, under SBP TERF Scheme.

The facility carries markup at the rate of 2.50% per annum (SBP base rate plus 1.50%) / 6 month KIBOR plus 1.50% per annum. The effective rate of markup charged during the year ranged from 2.50% to 17.41% per annum (2021: 9.15% to 9.28%).

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

The loan is repayable in ten years including two years grace period in sixteen semi annual installments. Last repayment is due on June 21, 2031.

7.2.10 SBP Temporary Economic Refinance Facility (TERF) 3

This facility has been obtained from Bank Al Habib Limited for an amount of Rs 500 million out of total limit of Rs. 500 million, under SBP TERF Scheme.

The facility carries markup at the rate of 5.00% per annum (SBP base rate plus 4.00%) / 6 month KIBOR plus 1.10% per annum. The effective rate of markup charged during the year ranged from 5.00% to 12.57% per annum (2021: 11.39% to 11.40%).

The facility is secured by pari passu charge over plant and machinery of the Group amounting to Rs 666.67 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual installments. Last repayment is due on February 15, 2032.

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for the year ended December 31, 2022

7.2.11 Faysal Bank Limited - Diminishing Musharakah

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

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

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

The loan is repayable in five years including one year grace period in eight half yearly installments. Last repayment is due on June 14, 2027.

7.2.12 Pak Kuwait Investment Company Limited - Term Finance

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

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

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

The loan is repayable in five years including one year grace period in eight semi annual installments. Last repayment is due on May 19, 2027.

7.2.13 NBP - Demand Finance

This facility has been obtained during the year from National Bank of Pakistan for an amount of Rs 1,362.47 million to finance import & procurement of plant, machinery & spare parts for BMR / CAPEX.

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

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

The loan is repayable in five years including one year grace period in eight half yearly installments. Last repayment is due on June 21, 2031.

7.3 The aggregate unavailed long term financing facilities amounts to nil (2021: Rs 1,129.63 million).

	2022	2021
	(Rupees in thousand)	
8 Lease liabilities		
Opening balance	1,812,298	2,381,795
Interest on lease liabilities	152,094	161,193
Payments made during the year	(270,149)	(730,690)
Closing balance	1,694,243	1,812,298
Less: Current portion of lease liabilities	541,363	375,273
	1,152,880	1,437,025

	2022	2021
	(Rupees in thousand)	

9 Deferred taxation

The balance of deferred tax is in respect of the following:

	2022	2021
Taxable temporary differences:		
Accelerated tax depreciation	23,022,908	20,174,542
Gas Infrastructure Development Cess (GIDC)	77,825	147,897
Investment in associates	4,648	16,111
	23,105,381	20,338,550
Deductible temporary differences:		
Remeasurement of defined benefit obligation	(136,718)	(64,498)
Loss allowance on subsidy receivable from GoP	(191,297)	–
Unrealised loss on equity investments	(97,010)	–
	(425,025)	(64,498)
	22,680,356	20,274,052

9.1 Movement in temporary differences for the year is as follows:

	Balance as at December 31, 2021	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at December 31, 2022
	(Rupees in thousand)			
Taxable temporary differences:				
Accelerated tax depreciation	20,174,542	2,848,366	–	23,022,908
Gas Infrastructure Development Cess (GIDC)	147,897	(70,072)	–	77,825
Investments in associates	16,111	(10,304)	(1,159)	4,648
	20,338,550	2,767,990	(1,159)	23,105,381
Deductible temporary differences:				
Remeasurement of defined benefit obligation	(64,498)	–	(72,220)	(136,718)
Loss allowance on subsidy receivable from GoP	–	(191,297)	–	(191,297)
Unrealised loss on equity investments	–	(97,010)	–	(97,010)
	(64,498)	(288,307)	(72,220)	(425,025)
	20,274,052	2,479,683	(73,379)	22,680,356

	Note	2022	2021
		(Rupees in thousand)	

10 Deferred liabilities

	Note	2022	2021
Employee retirement benefits	10.1	1,583,718	955,419
Provision for Gas Infrastructure Development Cess (GIDC)	10.2	1,099,730	2,292,826
		2,683,448	3,248,245

10.1 Employee retirement benefits

	Note	2022	2021
Gratuity	10.1.1	1,462,253	877,217
Accumulating compensated absences	10.1.2	121,465	78,202
		1,583,718	955,419

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		Note	2022	2021
			(Rupees in thousand)	
10.1.1	**Gratuity**			
a)	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligations	(f)	1,943,615	1,011,303
	Fair value of plan assets	(g)	(481,362)	(134,086)
	Net liability at the end of the year		1,462,253	877,217
b)	**Movement in net liability**			
	Net liability at the beginning of the year		877,217	681,870
	Charge for the year	(c)	265,146	163,305
	Transfer from associated companies		244,166	–
	Benefits paid during the year		(116,165)	(50,207)
	Charged to other comprehensive income	(e)	191,889	82,249
	Net liability at the end of the year		1,462,253	877,217
c)	**Charge for the year**			
	Current service cost		150,979	99,443
	Past service cost		5,937	–
	Net interest cost		108,230	63,862
			265,146	163,305
d)	**Charge for the year has been allocated as follows:**			
	Cost of sales		196,150	127,050
	Administrative expenses		51,565	36,255
	Distribution expenses		17,431	–
			265,146	163,305
e)	**Total remeasurement chargeable to other comprehensive income**			
	Remeasurement of plan obligation:			
	Actuarial gains from changes in financial assumptions		9,562	3,930
	Experience adjustments		161,636	69,715
	Remeasurements of fair value of plan assets		20,691	8,604
			191,889	82,249
f)	**Movement in the present value of defined benefit obligations**			
	Defined benefit obligations at beginning of the year		1,011,303	819,879
	Transfer from associated companies		565,339	–
	Current service cost		151,447	99,443
	Past service cost		5,938	–
	Interest cost		141,657	76,932
	Benefits due but not paid		(3,447)	(469)
	Benefit paid during the year		(99,820)	(58,128)
	Remeasurement of plan obligation		171,198	73,646
	Defined benefit obligations at end of the year		1,943,615	1,011,303

		2022	2021
		(Rupees in thousand)	
g)	**Movement in the fair value of plan assets**		
	Fair value at beginning of the year	(134,086)	(138,009)
	Transferred from associated companies	(321,173)	–
	Contributions	(70,860)	(12,629)
	Interest income on plan assets	(33,427)	(13,070)
	Return on plan assets excluding interest income	20,691	8,604
	Benefits due but not paid	–	469
	Benefits paid	57,493	20,549
	Fair value at end of the year	(481,362)	(134,086)
h)	**Plan assets comprise of:**		
	Deposit with banks	391,687	46,279
	Mutual funds	89,675	70,715
	Investment in TDRs	–	17,561
	Payables	–	(469)
		481,362	134,086

		2022	2021
i)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	11.75%	9.75%
	Discount rate for year end obligation	14.50%	11.75%
	Salary increase used for year end obligation	14.50%	11.75%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
j)	**Sensitivity analysis**			
	Discount rate	1%	(151,677)	168,249
	Salary growth rate	1%	170,640	(156,443)

k) The expected contribution to defined benefit obligation for the year ending December 31, 2023 will be Rs 419.57 million.

		Note	2022	2021
			(Rupees in thousand)	
10.1.2	**Accumulating compensated absences**			
a)	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligations	(e)	121,465	78,202
	Net liability at the end of the year		121,465	78,202

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		Note	2022	2021
			(Rupees in thousand)	
b)	**Movement in net liability**			
	Net liability at the beginning of the year		78,202	304,960
	Transferred from associated companies		30,346	–
	Charge for the year	(c)	27,825	(34,635)
	Benefits paid during the year		(14,908)	(192,123)
	Net liability at the end of the year		121,465	78,202
c)	**Charge for the year**			
	Current service cost		4,485	2,995
	Past service cost		(3,284)	–
	Loss / (gain) arising on plan settlements		9,794	(41,764)
	Interest cost		10,162	20,671
	Experience adjustment		6,668	(16,537)
			27,825	(34,635)
d)	**Charge for the year has been allocated as follows:**			
	Cost of sales		24,961	(21,574)
	Administrative expenses		2,372	(13,061)
	Distribution expenses		492	–
			27,825	(34,635)
e)	**Movement in the present value of obligation**			
	Obligation at beginning of the year		78,202	304,960
	Transferred from associated companies		30,346	–
	Current service cost		4,485	2,995
	Past service cost		(3,284)	–
	Interest cost		10,162	20,671
	Gain on plan assets		–	(41,764)
	Benefit paid during the year		(14,908)	(192,123)
	Actuarial loss from changes in demographic assumptions		82	–
	Actuarial loss from changes in financial assumptions		10,885	–
	Experience adjustment		5,495	(16,537)
	Defined benefit obligations at end of the year		121,465	78,202

		2022	2021
f)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	11.75%	9.75%
	Discount rate for year end obligation	14.50%	11.75%
	Salary increase used for year end obligation	14.50%	11.75%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	Increase in assumption	Decrease in assumption
		% age	(Rupees in thousand)	
g)	**Sensitivity analysis**			
	Discount rate	1%	(5,992)	8,950
	Salary growth rate	1%	8,849	(6,017)

		Note	2022	2021
			(Rupees in thousand)	
10.2	**Provision for Gas Infrastructure Development Cess (GIDC)**			
	Provision for GIDC	10.2.1 & 10.2.2	5,633,182	5,359,025
	Less: Current portion of provision for GIDC	11	4,533,452	3,066,199
			1,099,730	2,292,826
10.2.1	**Movement of provision for Gas Infrastructure Development Cess (GIDC)**			
	Opening balance		5,359,025	4,991,501
	Unwinding of provision for GIDC		274,157	367,524
			5,633,182	5,359,025

10.2.2 The Group has accrued Rs 5,869.01 million (2021: Rs 5,869.01 million) on account of Gas Infrastructure Development Cess (GIDC). On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act as intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

Subsequently, SCP also dismissed all review petitions on November 02, 2020, against the gas consumers including the Holding Company and stated that the Government of Pakistan is agreeable to recover the arrears in forty eight monthly installments instead of twenty four equal monthly installments.

Although, the Holding Company has filed a suit for declaration and injunction in the High Court of Sindh and obtained a stay on October 06, 2020 against collection / recovery of GIDC by Mari Petroleum Company Limited on fuel stock on account of issues of computation of the liability. On a prudent basis, the Group has continued to recognise the provision against GIDC on fuel stock.

Group's Sadiqabad Plant, entitled to receive feed stock at fixed price inclusive of all taxes, duties, levies, fees and charges under Sovereign Commitment from Government of Pakistan pursuant to Fertilizer Policy 2001, has not booked GIDC on feed stock.

The Holding Company has also filed a suit for declaration and permanent injunction in the High Court of Sindh on these grounds on September 29, 2020 and obtained a stay on October 06, 2020 against collection / recovery of GIDC on feed stock.

The management has applied the requirements of IAS 37 and "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) for recognition, measurement and presentation of the provision for GIDC and had recognised a temporary gain on remeasurement of such provision amounting to Rs 877.51 million in 2020. During the period, this temporary gain has been reversed by Rs 274.16 million accumulating to Rs 641.68 million as at reporting date, in accordance with the requirements of IFRS and the guidance referred above.

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	Note	2022	2021
		(Rupees in thousand)	
11 Trade and other payables			
Creditors		26,293,613	12,972,742
Current portion of provision for GIDC	10.2	4,533,452	3,066,199
Contract liabilities	11.1	8,376,123	11,039,853
Accrued liabilities		8,909,852	6,112,717
Withholding tax		122,187	69,199
Workers profit participation fund	11.2	5,450,182	4,260,908
Workers welfare fund	11.3	1,350,752	757,668
Retention money payable		64,862	64,954
Provident fund payable		35,571	19,232
Others		235,243	105,946
		55,371,837	38,469,418

11.1 Contract liabilities as at the beginning of the year, aggregating to Rs 11,031.79 million (2021: Rs 6,913.10 million), have been recognised as revenue upon meeting the performance obligations.

	Note	2022	2021
		(Rupees in thousand)	
11.2 Workers' profit participation fund			
Balance at January 01		4,260,908	2,991,057
Charge for the year	33	1,650,714	1,518,911
Payments made during the year		(461,440)	(249,060)
Balance at December 31		5,450,182	4,260,908
11.3 Workers' welfare fund			
Balance at January 01		757,668	391,409
Charge for the year		702,005	739,805
Reversal of provision during the year		(108,921)	(65,598)
Net charge for the year	33	593,084	674,207
Payments made during the year		–	(307,948)
Balance at December 31		1,350,752	757,668
12 Accrued finance cost			
On long term finances		344,853	160,323
On short term finances		370,154	146,861
		715,007	307,184
13 Short term finances			
Secured loans from banking companies			
Cash finance	13.1	–	850,000
Finance against imported merchandise	13.2	8,142,058	3,915,307
		8,142,058	4,765,307
Running finance	13.3	4,741,460	1,700,465
		12,883,518	6,465,772

13.1 These facilities have been obtained from various banks for working capital requirements, and are secured by pledge of raw material and finished goods. The facilities carry markup ranging from 13.78% to 17.05% (2021: 7.90% to 11.09%) per annum.

13.2 These facilities have been obtained from various banks against imported merchandise. These facilities carry markup ranging from 8.30% to 17.51% (2021: 7.61% to 10.47%) per annum.

13.3 These facilities have been obtained from various banks for working capital requirements, and are secured by pari passu charge of Rs 22,342.01 million (2021: Rs 19,468.68 million) on present and future current assets and by personal guarantees of sponsoring directors. These facilities carry markup ranging from 8.87% to 18.31% (2021: 7.55% to 10.52%) per annum.

13.4 The aggregate unavailed short term borrowing facilities amount to Rs 19,608.54 million (2021: Rs 19,472.97 million).

	2022	2021
	(Rupees in thousand)	
14 Deferred government grant		
Opening balance of government grant	61,440	122,966
Amortization of deferred government grant	(61,440)	(61,526)
	–	61,440
Less: Current portion of deferred government grant	–	61,440
	–	–

14.1 This represents deferred government grant in respect of term finance facilities obtained under SBP Salary Refinance Scheme as disclosed in note 7.2.4 and 7.2.5 to the consolidated financial statements. These facilities carried markup at subsidised rates, as specified by SBP. These loans had been recognised at their fair value which was the present value of the loan proceeds received and discounted at the market interest rates for similar instruments. The differential between the fair value and the present value was recognised as deferred government grant, which has been amortised over the term of the respective facilities at the effective interest rate.

15 Contingencies and commitments

15.1 Contingencies

(i) Till final decision in the matter, the Honorable Lahore High Court (the Court) has suspended the operation of the impugned order of the Commissioner Inland Revenue, Multan, who rejected the Holding Company's application under section 65 of the Sales Tax Act, 1990 regarding exemption of sales tax estimating Rs 690 million inadvertently short levied / paid on its fertilizer product, Calcium Ammonium Nitrate for the period from April 18, 2011 to December 31, 2011.

The court had ordered the Holding Company to file a fresh application under the said section after declaring the earlier rejection of the Holding Company's application filed with FBR as unlawful and ultra vires.

(ii) The Holding Company has filed an appeal before the ATIR dated August 05, 2020 against the order passed by the CIR(A) whereby the order passed under section 11 of the of Sales Tax Act, 1990 (STA) by the assessing officer amounting to Rs 501 million was set aside. CIR(A), through its order dated June 8, 2020, set aside the impugned order instead of 'deleting / annulling' the same and resultantly the Holding Company assailed the same before ATIR. The assessing officer had raised the demand by charging sales tax on advances received from customers.

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(iii) The Holding Company's appeal filed with CIR(A) against the order amounting to Rs 7,745 million has been succeeded and the order has been annulled. CIR(A) through order dated February 19, 2022 decided the case in the favour of the Holding Company on legal touchstone thereby quashing the selection of case for audit u/s 25 by placing reliance on the judgment of LHC in case of M/S Hyundai Nishat Motors (Pvt.) Ltd vs FBR vide WP 25793/2021. The tax department has also filed an appeal before the ATIR dated June 11, 2022 against the order of CIR(A) which is pending for adjudication as of date. Initially, the demand was raised against the Holding Company by selecting it for the sales tax audit u/s 25 of STA for the tax periods from July 2016 to June 2017.

(iv) The Holding Company has filed an appeal before the CIR (A) dated July 13, 2022 against the order u/s 11 of the STA. The assessing officer raised a demand of Rs 122 Million against the Holding Company by disallowing the admissibility of sales tax on various items claimed during July 2020 to June 2021 and invoking the provisions of section 8 of STA.

(v) The Holding Company's appeal filed with CIR(A) against the impugned order has not been succeeded. Resultantly, the Holding Company has filed an appeal before the ATIR in October 2022 against the adverse order of CIR(A) which is pending for adjudication as of date. The assessing officer had raised the impugned demand of Rs 4,272 million against the Holding Company by disallowing the admissibility of sales tax on various items claimed during January 2021 to November 2021 and invoking the provisions of section 8 of STA.

(vi) The Holding Company has filed a constitutional petition (CPLA) before Supreme Court of Pakistan dated January 17, 2023 against the adverse order of LHC, through which, the rectification order of ATIR had been declared void ab initio on legal infirmity. Resultantly, the original order passed by the assessing officer stood reinstated wherein, the assessing officer alleged that the Holding Company had short paid sales tax by suppression of its production during June 2014 to September 2014. Total demand raised was Rs 628 million.

(vii) The Department has filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) in September 2019 against the order passed by the Commissioner Inland Revenue ('CIR (A)'), whereby the order passed under section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue (DCIR) Multan amounting to Rs 1,055 million was annulled. The DCIR had declared the Holding Company's trial run production / gain as 'Commercial production' thereby imposing consequential income tax towards taxable income for Tax Year 2011.

(viii) The Holding Company has preferred an appeal before the ATIR in June 2021 against the order passed by the CIR(A), whereby the adverse order passed u/s 122(5A) of the Income Tax Ordinance, 2001 by the assessing officer amounting to Rs 1,577 million was confirmed. The assessing officer disallowed and added back various admissible deductions and credits claimed by the Holding Company towards its taxable income for Tax Year 2016.

(ix) The Department has filed an appeal in the ATIR in May 2019 against the order passed by the CIR(A) whereby the order passed under section 122(5A) of the Income Tax Ordinance passed by the Additional Commissioner Inland Revenue ('ACIR') Multan amounting to Rs 1,592 million was annulled. The ACIR had disallowed and added back various admissible deductions claimed by the Holding Company towards its taxable income for Tax Year 2017.

(x) The Holding Company has preferred an appeal before the ATIR dated August 05, 2021 against the order passed by the CIR(A), whereby the adverse order passed under section 122(5A) of the Income Tax Ordinance, 2001 by the assessing officer amounting to Rs 930 million was confirmed. The assessing officer earlier raised the alleged demand by disallowing tax credits and adding back various admissible deductions of the Holding Company towards its taxable income thereby imposing consequential income tax for Tax Year 2018.

(xi) The Holding Company has filed an Intra Court Appeal at the Honorable Lahore High Court ('LHC') in April 2022 against dismissal of the petition challenging levy of Alternative Corporate Tax (ACT) dated March 28, 2022. ACT was imposed at the rate of 17% of 'accounting profit before tax' through Finance Act 2014, by inserting Section 113C in the Income Tax Ordinance, 2001. The Holding Company has challenged the levy of ACT for Tax years 2015 and 2014, on the grounds that it deprived the Holding Company of certain rights already accrued to it. Such appeal regarding challenging the vires of ACT is still pending for adjudication at LHC.

However, the assessing officer through orders dated May 17, 2022 and December 27, 2022 passed u/s 122(5A) of the Income Tax Ordinance 2001, raised alleged demands of Rs 2,031 million and Rs 1,580 million on account of ACT matters pertaining to tax years 2015 and 2014 respectively. The Holding Company contested the issue before CIR(A) in June 2022 against such adverse orders and has also paid the outstanding tax demands to the extent of ACT involved therein. Moreover, CIR(A) through order dated February 27, 2023, decided the appeal in the favour of Holding Company for Tax Year 2015.

(xii) The Holding Company has filed appeal with the Customs Appellate Tribunal, Lahore against the following three cases decided against the Holding Company by the Collector of Customs (Adjudication), Faisalabad. Earlier these cases were remanded back to Collector of Customs (Adjudication), Faisalabad for rehearing the case by the Customs Appellate Tribunal, Lahore:

- Alleged irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.96 million.
- Alleged irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.60 million.
- Alleged irregular claim of exemptions under SRO 575 on import of 64 consignments of various items of capital nature. The Holding Company has filed an appeal before the Custom Appellate Tribunal, Lahore against the order passed by the Collector (Adjudication), Faisalabad in which he again raised a demand of Rs 495.90 million. Earlier the case had been remanded back to Collector of Customs (Adjudication), Faisalabad for re hearing by the Custom Appellate Tribunal, Lahore.

(xiii) The Customs department has filed an appeal before the Lahore High Court against of Order passed by the Custom Appellate Tribunal which had annulled the order passed by the Collector of Customs (Adjudication), Faisalabad, alleging that the Holding Company applied incorrect exchange rate of Rs 60.85 per USD instead of Rs 79 per USD on import clearance of 7 consignments of deformed steel bars. Total demand raised was Rs 17.94 million.

Based on the advice of the Holding Company's legal counsels and tax advisor, management considers that reasonable grounds exist that all the above appeals will succeed. Consequently, no provision has been recognised for the above mentioned amounts.

(xiv) The Holding Company has issued Corporate Guarantee in favour of Pakarab Fertilizers Limited (an associated undertaking) amounting to Rs 4,845 million (2021: Rs 5,271 million). The Company has secured approval of the shareholders for the aforementioned Corporate Guarantee amounting to Rs 7,000 million.

		Note	2022	2021
			(Rupees in thousand)	
15.2	**Commitments in respect of:**			
(i)	Contracts for capital expenditure		1,227,199	3,880,314
(ii)	Contracts for other than capital expenditure		3,019,144	3,605,830
(iii)	The amount of future payments under ijarah rentals and short term / low value leases:			
	- Not later than one year		928,973	231,860
	- Later than one year but not later than five years		1,269,832	144,174
			2,198,805	376,034

16 Property, plant and equipment

	Note	2022	2021
Operating fixed assets	16.1	99,846,171	99,741,174
Capital work in progress	16.2	10,410,577	5,681,290
		110,256,748	105,422,464

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16.1 Operating fixed assets

2022

	Note	Cost			Accumulated Depreciation			Book value	Depreciation
		December 31, 2021	Additions / (deletions)	December 31, 2022	December 31, 2021	Charge / (deletions)	December 31, 2022	December 31, 2022	rate
		(Rupees in thousand)							%
Freehold land	16.1.1	2,546,706	2,090,671	4,637,377	–	–	–	4,637,377	–
Building on freehold land		5,933,032	7,134	5,940,166	1,797,157	237,489	2,034,646	3,905,520	4
Building on leasehold land		30,445	–	30,445	11,163	3,045	14,208	16,237	10
Plant and machinery		107,091,235	2,243,770	109,319,260	18,443,364	4,305,921	22,748,373	86,570,887	4
			(15,745)			(912)			
Aircraft		1,567,285	–	1,567,285	287,336	78,364	365,700	1,201,585	10
Catalysts		3,179,169	57,067	3,236,236	2,869,379	103,824	2,973,203	263,033	10 - 33.33
Furniture and fixtures		125,824	52,328	177,064	80,869	11,545	91,326	85,738	10
			(1,088)			(1,088)			
Office equipment		97,022	40,187	137,209	56,419	8,864	65,283	71,926	10
Electrical installations and appliances		1,448,688	456,087	1,902,363	924,485	117,163	1,039,236	863,127	10
			(2,412)			(2,412)			
Computers		671,940	221,924	871,436	461,887	110,050	549,718	321,718	25
			(22,428)			(22,219)			
Vehicles		643,045	343,626	959,291	360,416	110,454	453,112	506,179	20
			(27,380)			(17,758)			
Right of use assets - plant and machinery		1,156,485	–	866,049	157,829	116,859	202,079	663,970	10 - 12.5
			(290,436)			(72,609)			
Right of use assets - land and building		985,208	167,759	1,152,967	284,606	129,487	414,093	738,874	10 - 33.33
		125,476,084	5,680,553	130,797,148	25,734,910	5,333,065	30,950,977	99,846,171	
			(359,489)			(116,998)			

2021

	Cost			Accumulated Depreciation			Book value	Depreciation
	December 31, 2020	Additions / (deletions)	December 31, 2021	December 31, 2020	Charge / (deletions)	December 31, 2021	December 31, 2021	rate
	(Rupees in thousand)							%
Freehold land	2,480,836	65,870	2,546,706	–	–	–	2,546,706	–
Building on freehold land	5,585,412	347,620	5,933,032	1,567,351	229,806	1,797,157	4,135,875	4
Building on leasehold land	30,445	–	30,445	8,119	3,044	11,163	19,282	10
Plant and machinery	103,365,328	3,725,907	107,091,235	14,239,598	4,203,766	18,443,364	88,647,871	4
Aircraft	1,567,285	–	1,567,285	208,971	78,365	287,336	1,279,949	10
Catalysts	3,079,712	99,457	3,179,169	2,648,433	220,946	2,869,379	309,790	10 - 33.33
Furniture and fixtures	114,335	16,076	125,824	76,320	9,136	80,869	44,955	10
		(4,587)			(4,587)			
Office equipment	77,144	20,612	97,022	50,936	6,210	56,419	40,603	10
		(734)			(727)			
Electrical installations and appliances	1,247,387	203,040	1,448,688	840,817	85,299	924,485	524,203	10
		(1,739)			(1,631)			
Computers	562,908	124,656	671,940	393,659	83,424	461,887	210,053	25
		(15,624)			(15,196)			
Vehicles	425,025	218,020	643,045	303,812	56,604	360,416	282,629	20
Right of use assets - plant and machinery	1,858,971	–	1,156,485	165,381	138,799	157,829	998,656	5 - 12.5
		(702,486)			(146,351)			
Right of use assets - land and building	992,149	–	985,208	158,975	130,321	284,606	700,602	10 - 33.33
		(6,941)			(4,690)			
	121,386,937	4,821,258	125,476,084	20,662,372	5,245,720	25,734,910	99,741,174	
		(732,111)			(173,182)			

16.1.1 Particulars of land in the name of the Group companies are as follows:

Descriptions	Location	Land Area
Free hold Land	Sadiqabad, District Rahim Yar Khan	8,884 kanals
Free hold Land	Chichoki Mallian, District Sheikhupura	1,776 kanals
Free hold Land	Jahangirabad, District Multan	351 kanals
Free hold Land	Dherki, District Ghotki, Sindh	215 kanals
Free hold Land	Pie Khail, District Mianwali	5,018 kanals
Free hold Land	Umer Khail, District Dera Ismail Khan	3,372 kanals

	2022	2021
	(Rupees in thousand)	
16.2 Capital work in progress		
Civil works	468,533	175,861
Plant and machinery	3,262,113	1,882,284
Capital stores	4,343,459	1,799,228
Advances:		
- Freehold land	379,986	756,240
- Plant and machinery	1,956,486	1,067,677
	2,336,472	1,823,917
	10,410,577	5,681,290
16.2.1 Movement of capital work in progress		
Opening balance	5,694,759	4,213,168
Additions during the year	7,861,482	4,751,907
	13,556,241	8,965,075
Less: Capitalization during the year	3,103,857	3,270,316
	10,452,384	5,694,759
Less: Provision for slow moving capital stores	41,807	13,469
Closing balance	10,410,577	5,681,290
16.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales	5,036,065	4,998,414
Administrative expenses	285,271	238,610
Distribution cost	11,729	8,696
	5,333,065	5,245,720

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16.4 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
			(Rupees in thousand)			
Items having net book value above Rs 500,000						
Plant and machinery	15,745	912	14,833	–	(14,833)	Company policy
Vehicles	20,790	11,168	9,622	13,647	4,025	Company policy
Items having net book value below Rs 500,000						
Furniture and fixture	1,088	1,088	–	439	439	Company policy
Vehicles	6,590	6,590	–	3,036	3,036	Company policy
Computers	22,428	22,219	209	1,173	964	Company policy
Electrical installations and appliances	2,412	2,412	–	613	613	Company policy
2022	69,053	44,389	24,664	18,908	(5,756)	
2021	22,684	22,141	543	3,430	2,887	

17 Intangible assets

2022

	Cost			Accumulated amortization / impairment				Book value	Amortization
	December 31, 2021	Additions / (deletions)	December 31, 2022	December 31, 2021	Charge / (deletions)	Impairment / (reversal)	December 31, 2022	December 31, 2022	rate
				(Rupees in thousand)					%
Bubber Sher brand	5,900,000	–	5,900,000	2,360,000	–	–	2,360,000	3,540,000	–
Computer software	266,670	85,109	351,779	197,793	42,640	–	240,433	111,346	25
	6,166,670	85,109	6,251,779	2,557,793	42,640	–	2,600,433	3,651,346	

2021

	Cost			Accumulated amortization / impairment				Book value	Amortization
	December 31, 2020	Additions / (deletions)	December 31, 2021	December 31, 2020	Charge / (deletions)	Impairment / (reversal)	December 31, 2021	December 31, 2021	rate
				(Rupees in thousand)					%
Bubber Sher brand	5,900,000	–	5,900,000	–	–	2,360,000	2,360,000	3,540,000	–
Computer software	246,929	19,741	266,670	155,910	41,883	–	197,793	68,877	25
	6,146,929	19,741	6,166,670	155,910	41,883	2,360,000	2,557,793	3,608,877	

17.1 The amortization / impairment charge for the year has been allocated to administrative / other operating expenses.

18 Investment property

2022

	Note	Cost			Accumulated depreciation			Book value	Amortization
		December 31, 2021	Additions / (deletions)	December 31, 2022	December 31, 2021	Charge / (deletions)	December 31, 2022	December 31, 2022	rate
					(Rupees in thousand)				%
Freehold land	18.1	754,577	(609,014)	145,563	–	–	–	145,563	–
Building		22,650	–	22,650	1,888	906	2,794	19,856	4
		777,227	(609,014)	168,213	1,888	906	2,794	165,419	

	2021							
	Cost			Accumulated depreciation			Book value	Amortization
	December 31, 2020	Additions / (deletions)	December 31, 2021	December 31, 2020	Charge / (deletions)	December 31, 2021	December 31, 2021	rate
	(Rupees in thousand)							%
Freehold land	734,521	20,056	754,577	–	–	–	754,577	–
Building	22,650	–	22,650	982	906	1,888	20,762	4
	757,171	20,056	777,227	982	906	1,888	775,339	

18.1 Freehold land consists of 8,127.78 Kanals situated in District Dera Ismail Khan, Khybar Pakhtunkhwa. The land is in possession and control of the Group and currently it is in the name of the three Directors of the Holding Company, Mr. Fawad Ahmed Mukhtar, Mr. Fazal Ahmed Sheikh and Mr. Faisal Ahmed Mukhtar, which will be transferred in the name of the Holding Company in due course of time.

18.2 Latest valuation of investment property was carried by an independent professional valuator on December 24, 2022. The fair value of these investment properties is determined to be Rs 394.13 million.

	Note	2022 (Rupees in thousand)	2021
19 Long term investments			
In associates - equity method			
Fatima Agri Sales & Services (Pvt) Limited	19.2	32,575	110,301
Multan Real Estate Company (Pvt) Limited	19.3	86,581	84,987
Fatima Electric Company Limited	19.4	23	23
Singfert PTE. Limited	19.5	–	–
		119,179	195,311
At fair value through other comprehensive income (FVTOCI)			
Silk Islamic Development REIT	19.6	600,000	600,000
At amortised cost			
Bank Al-Habib Limited - Term Finance Certificate		750,000	–
		1,469,179	795,311

19.1 Movement in investment in associates

	2022				
	Opening	Purchased during the year	Share of profit / (loss)	Share of other comprehensive income	Closing
	(Rupees in thousand)				
Fatima Agri Sales & Services (Pvt) Limited	110,301	–	(70,002)	(7,725)	32,575
Multan Real Estate Company (Pvt) Limited	84,987	–	1,594	–	86,581
Fatima Electric Company Limited	23	–	–	–	23
Singfert PTE. Limited	–	–	–	–	–
	195,311	–	(68,408)	(7,725)	119,179

	2021				
	Opening	Purchased during the year	Share of profit / (loss)	Share of other comprehensive income	Closing
	(Rupees in thousand)				
Fatima Agri Sales & Services (Pvt) Limited	115,755	–	528	(5,982)	110,301
Multan Real Estate Company (Pvt) Limited	85,851	–	(864)	–	84,987
Fatima Electric Company Limited	35	–	(12)	–	23
Singfert PTE. Limited	–	–	–	–	–
	201,641	–	(348)	(5,982)	195,311

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19.2 This represents investment in 196,000 fully paid ordinary shares of Rs 10 each of Fatima Agri Sales & Services (Pvt) Limited (FASS). The investment represents 49% (2021: 49%) of the total issued, subscribed and paid up share capital of FASS.

The principal activity of FASS is to carry on business as a sellers, marketers, importers, exporters, wholesalers, retailers and dealers in all types of agri inputs including fertilizers, micronutrients, pesticides and insecticides, seeds, vaternity and live stock feeds and feeds supplements, fish feeds and its supplements. The registered office of FASS is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.

19.3 This represents investment in 858,056 fully paid ordinary shares of Rs 100 each of Multan Real Estate Company (Pvt) Limited (MREC). The investment represents 28.37% (2021: 39.5%) of the total issued, subscribed and paid up share capital of MREC. The main business of MREC is establishing and designing housing and commercial schemes, to carry on business of civil engineers for construction of private and governmental buildings and infrastructure and provision of labour and building material. The registered office of MREC is located at 2nd floor, Trust Plaza, L.M.Q Road, Multan.

19.4 This represents investment in 14,000 fully paid ordinary shares of Rs 10 each of Fatima Electric Company Limited (FECL). The investment represents 40% (2021: 40%) of the total issued, subscribed and paid up share capital of FECL.

The main business of FECL is transmission, manufacture, supply, generation and distribution of electricity and all forms of energy and power. The registered office of FECL is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.

19.5 This represents investment in 1 fully paid ordinary share of SGD 1 each of Singfert PTE. Limited (Singfert), a company formed and registered in the Republic of Singapore. The investment represents 25% (2021: 25%) of the total issued, subscribed and paid up share capital of Singfert.

Singfert is a Special Purpose Vehicle (SPV) which will be used to route equity investment in Midwest Fertilizer Company (MFC), USA. MFC is setting up a nitrogen fertilizer project in the State of Indiana, USA.

19.6 This represents 60,000,000 units of Rs. 10 each held in a privately placed closed - end shariah compliant apartment development REIT scheme which constitutes 20% of the total 300 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited. The proportionate fair value of the investment approximates the investment made by the Group in the REIT units as at December 31, 2022.

The Group has valued this investment on fair value basis using the assumption that as the primary asset of REIT comprises parcels of land (Land) which have been recently purchased by the REIT, the Land has been valued by a third party valuer, which approximates the fair value of consideration paid in respect of purchase of such land as at December 31, 2022. Hence, based on above, the proportionate fair value of the Investment approximates the Investment made by the Company in the REIT Units as at December 31, 2022.

		Note	2022	2021
			(Rupees in thousand)	
20	**Long term loan to an associated company**			
	Long term loan to an associated company	20.1	2,999,000	2,999,000
	Less: Current portion		–	999,667
			2,999,000	1,999,333

20.1 This represents loan of Rs 3,000 million approved in the Extra Ordinary General Meeting of the Holding Company held on December 23, 2016 in favour of Pakarab Fertilizers Limited, an associated company. As per the terms of the agreement, the loan was for 5 years period with two and a half years as grace period. However in 16th annual general meeting of the Holding Company held on April 30, 2019 it was resolved that grace and repayment period is extended for further 3 years and has been extended for further three years in 19th annual general meeting of the Holding Company held on April 29, 2022. The loan is receivable in 6 semi annual equal installments. Interest is to be settled semi annually. The maximum amount of loan outstanding during the year was Rs 2,999 million.

The loan carries mark up rate at 6 months KIBOR plus 2% per annum. Effective rate of markup charged during the year ranged from 13.26% to 17.83% (2021: 9.47% to 13.62%).

The loan is fully secured against ranking charge on all present and future fixed assets of the associated company excluding immovable property i.e. land and buildings and complete carbon dioxide recovery / liquefaction plant (along with storage tank, tools, spares and accessories).

		2022	2021
		(Rupees in thousand)	
21	**Stores and spares**		
	Stores	986,605	495,097
	Spares {including in transit: nil (2021: Rs 565.69 million)}	9,548,141	7,498,447
	Catalyst and chemicals	4,513,747	3,672,827
		15,048,493	11,666,371
	Less: Provision for slow moving stores and spares	325,998	100,538
		14,722,495	11,565,833
22	**Stock in trade**		
	Raw materials {including in transit Rs 3,676.14 million (2021: Rs 3,871.03 million)}	6,003,367	10,558,828
	Packing materials	59,893	28,981
		6,063,260	10,587,809
	Mid products		
	Ammonia	161,252	95,189
	Nitric acid	19,941	22,425
	Others	877	4,950
		182,070	122,564
	Finished goods		
	Own manufactured		
	Urea	58,834	247,278
	NP	16,844,077	5,185,720
	CAN	13,060	29,333
	Certified emission reductions	42,810	51,981
		16,958,781	5,514,312
	Purchased for resale	9,283,687	2,107,096
		32,487,798	18,331,781

		Note	2022	2021
			(Rupees in thousand)	
23	**Trade debts**			
	Secured against bank guarantees		13,208,391	5,574,393
	Unsecured - considered good	23.1	9,622,617	4,079,915
			22,831,008	9,654,308

23.1 This includes Rs 9,605.80 million (2021: Rs 4,008.44 million) receivable from Pakarab Fertilizers Limited, an associated company, on account of toll manufacturing in the normal course of business. There is no past due debt at the reporting date. Maximum amount outstanding at any time during the year was Rs 12,347.93 million.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

		Note	2022	2021
			(Rupees in thousand)	
24	**Short term loans**			
	Reliance Commodities (Pvt) Limited	24.1	4,999,723	4,999,723
	Pakarab Fertilizers Limited	24.2	3,500,000	2,000,000
			8,499,723	6,999,723

24.1 This represents loan given to an associated company Reliance Commodities (Pvt) Limited, against an approved limit of Rs 1,250 million, which was enhanced to Rs 5,000 million at the Annual General Meeting of the Holding Company dated April 26, 2021. The loan is repayable within 30 business days notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2% per annum. Effective rate of markup charged during the year ranged from 10.85% to 17.84% (2021: 9.41% to 10.85%). The loan is fully secured against a ranking charge over the present and future current assets of the associated company. The maximum amount of loan outstanding during the year was Rs 4,999.72 million.

24.2 This represents loan against aggregate approved facility of Rs 2,000 million provided to an associated company Pakarab Fertilizers Limited, which was enhanced to Rs 5,000 million at the Extra Ordinary General Meeting of the Holding Company dated December 27, 2022, to support functionality and business requirements. The loan is repayable within 30 business days notice of demand. The loan is fully secured against a ranking charge over the present and future current assets of the associated company. The markup rate on the said loan is 6 months KIBOR plus 2% per annum. Effective rate of markup charged during the year ranged from 10.85% to 17.84% (2021: 9.47% to 10.85%). The maximum amount of loan outstanding during the year was Rs 3,500 million.

		Note	2022	2021
			(Rupees in thousand)	
25	**Advances, deposits, prepayments and other receivables**			
	Advances - considered good			
	- to employees		31,818	17,710
	- to suppliers	25.1	2,344,973	2,631,781
			2,376,791	2,649,491
	Advance against investment	25.2	2,225,796	–
	Impairment against advance		(2,225,796)	–
			–	–
	Margin deposits held by banks		534,618	463,595
	Prepayments		1,432,901	138,624
	Receivable from Government of Pakistan (GoP)			
	- Advance sales tax		10,482,863	9,283,706
	- Subsidy receivable		1,838,075	1,838,075
	Loss allowance on subsidy receivable	25.3	(579,689)	(469,965)
			11,741,249	10,651,816
	Advance sales tax on receipts		22,774	25,131
	Markup receivable		1,171,845	339,290
	Current portion of long term loan to an associated company		–	999,667
	Others		228,959	368,143
			17,509,137	15,635,757

25.1 This includes balance of Rs 295.01 million (2021: Rs 545.78 million) to Pakarab Fertilizers Limited, Rs 127.84 million (2021: Rs 345.62 million) to Fatima Packaging Limited and Rs 326.78 million (2021: Rs 283.14 million) to Fatima Agri Sales & Services (Pvt) Limited, which are related parties of the Group and are in the nature of normal course of business.

25.2 This represents advance which the Holding Company has contributed in technology sector through funding rounds, carrying preferential rights over other investors. Considering the global economic meltdown and prevailing economic conditions the said contribution carries potential risk of remeasurement. The management is assessing multiple avenues to mitigate such risk. Entire balance has been provided for by the management during the year.

25.3 This represents loss allowance on subsidy receivable from GoP in accordance with requirement of IFRS 9. However, management is confident of recovering the full amount from GoP.

		Note	2022	2021
			(Rupees in thousand)	
26	**Short term investments**			
	Investments - FVTPL	26.1	4,067,140	2,242,710
	Term deposit receipts		62,100	–
			4,129,240	2,242,710

26.1 These consist of investments made in equity instruments of various listed companies.

		Note	2022	2021
			(Rupees in thousand)	
27	**Cash and bank balances**			
	Cash in hand		4,603	7,415
	At banks			
	- saving accounts	27.1	1,718,850	120,392
	- current accounts		595,014	4,515,594
	- term deposit receipt		292,150	2,700,000
			2,610,617	7,343,401

27.1 The balances in saving accounts carry markup ranging from 8.25% to 15% (2021: 5.50% to 8.50%) per annum.

		Note	2022	2021
			(Rupees in thousand)	
28	**Sales**			
	Revenue from contracts with customers			
	Local sales	28.1	151,984,635	112,488,420
	Export sales - Certified Emission Reductions		246,642	–
			152,231,277	112,488,420
	28.1 Local sales			
	Own manufactured		104,273,728	90,264,959
	Toll manufacturing		45,924,050	19,688,180
	Mid products		1,371,663	1,186,215
	Purchased for resale		3,831,812	5,402,141
			155,401,253	116,541,495
	Less: Sales tax		1,496,733	2,488,713
	Discounts		1,919,885	1,564,362
			151,984,635	112,488,420

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for the year ended December 31, 2022

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
29 Cost of sales			
Raw material consumed		72,699,400	33,894,924
Packing material consumed		3,491,244	2,435,781
Salaries, wages and other benefits	29.1	8,112,904	6,035,077
Fuel and power		10,453,028	7,705,650
Chemicals and catalyst consumed		3,321,900	2,177,509
Stores and spares consumed		4,345,289	2,560,802
Depreciation	16.3	5,036,065	4,998,414
Technical assistance		523,118	477,832
Repair and maintenance		6,152,332	1,724,118
Insurance		1,150,277	841,210
Travelling and conveyance		284,154	155,026
Rent, rates and taxes		697,410	386,755
Vehicle running and maintenance		254,402	137,654
Others		277,704	147,582
Subsidy on RLNG released by GoP to SNGPL	29.2	(7,892,654)	(1,532,564)
Manufacturing cost		108,906,573	62,145,770
Opening stock of mid products		122,564	311,053
Closing stock of mid products		(182,070)	(122,564)
Cost of goods manufactured		108,847,067	62,334,259
Opening stock of finished goods		5,514,312	8,373,200
Closing stock of finished goods		(16,958,781)	(5,514,312)
Cost of sales - own manufactured		97,402,598	65,193,147
Cost of sales - purchased for resale		2,885,987	4,210,829
		100,288,585	69,403,976

29.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 357.81 million (2021: Rs 194.48 million).

29.2 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the the Holding Company (Sheikhupura plant) by SNGPL and the gas price capped by GoP for fertilizer plants operating on RLNG.

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
30 Distribution cost			
Salaries, wages and other benefits		935,695	248,087
Fee for services	30.1	617,105	998,240
Rent, rates and taxes	30.2	470,632	333,020
Advertisement and sales promotion		910,799	481,973
Transportation and freight		4,503,050	2,854,070
Technical services to farmers		137,165	51,556
Insurance		48,686	11,948
Travelling and conveyance		121,212	2,556
Others		202,737	67,363
		7,947,081	5,048,813

30.1 This amount represents fee for marketing and distribution services charged by an associated company - Fatima Agri Sales and Services (Pvt.) Limited for the first half of the year. The Group had outsourced its marketing and distribution function to Fatima Agri Sales and Services (Pvt.) Limited. However, the arrangement has been cancelled on June 30, 2022 and all the employees have been transferred to the Holding Company with effect from July 01, 2022.

30.2 This includes rental paid for low value leases amounting to Rs 374.10 million (2021: Rs 332.20 million) and ijarah lease rentals amounting to Rs 82.08 million (2021: Nil).

	Note	2022	2021
		(Rupees in thousand)	
31 Administrative expenses			
Salaries, wages and other benefits	31.1	2,351,523	1,776,621
Travelling and conveyance		351,759	233,863
Vehicles' running and maintenance		110,760	51,588
Insurance		15,439	10,550
Communication and postage		57,658	47,280
Printing and stationery		49,090	25,270
Repair and maintenance		91,275	66,741
Rent, rates and taxes	31.2	114,059	64,734
Fees and subscription		219,633	119,556
Entertainment		47,735	20,798
Legal and professional		595,233	74,576
Auditors' remuneration	31.3	11,543	8,112
Utilities		53,510	35,119
Aircraft operating expenses		205,811	275,780
Depreciation on operating fixed assets	16.3	285,271	238,610
Depreciation on investment property	18	906	906
Amortization	17	42,640	41,883
Charity and donation	31.4	1,021,235	712,796
Others		311,008	94,991
		5,936,088	3,899,774

31.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 97.43 million (2021: Rs 59.57 million).

31.2 This includes rental paid for short term leases aggregating to Rs 18 million (2021: Rs 20.38 million) and ijarah lease rentals aggregating to Rs 89.98 million (2021: Rs 42.15 million).

31.3 The breakup of statutory auditors' remuneration including non adjustable sales tax is as follows:

	Note	2022	2021
		(Rupees in thousand)	
Annual audit fee		5,233	4,300
Half yearly review fee		606	578
Others	31.3.1	4,667	2,558
Out of pocket expenses		1,037	676
		11,543	8,112

31.3.1 Others include special audits fee of Rs 4.17 million (2021: Rs 2.07 million).

31.4 Donations

31.4.1 Donations paid to Mian Mukhtar A. Sheikh Trust (the Trust) exceeds 10% of the Group's total amount of donation.

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31.4.2 Donations include the following in which certain directors are interested:

Name of directors	Interest in donee	Name of donees	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Mr. Fawad Ahmed Mukhtar Mr. Faisal Ahmed Mukhtar Mr. Fazal Ahmed Sheikh	Trustees	Mian Mukhtar A. Sheikh Trust	658,514	528,000
Mr. Fawad Ahmed Mukhtar	Member of the Board of Governors of National Management Foundation (NMF) the sponsoring body of LUMS.	Lahore University of Management Sciences (LUMS)	9,216	10,960

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
32 Finance cost			
Markup on:			
- long term finances		1,114,999	712,359
- short term finances		1,006,488	878,625
Interest on lease liabilities		152,094	161,193
Bank charges and others		656,868	254,382
		2,930,449	2,006,559
33 Other operating expenses			
Workers' Profit Participation Fund	11.2	1,650,714	1,518,911
Workers' Welfare Fund	11.3	593,084	674,207
Impairment against advance		2,225,796	–
Impairment of brand	17	–	2,360,000
Loss on remeasurement of investments classified as FVTPL		815,721	117,648
Loss on sale of investments classified as FVTPL		12,609	–
Loss on transfer of investment property		79,070	–
Loss on disposal of property, plant and equipment		5,756	–
Exchange loss - net		954,202	6,211
		6,336,952	4,676,977
34 Other income			
Income from financial assets			
Profit on loan to related parties		1,521,220	839,424
Gain on sale of investment classified as FVTPL		–	30,937
Profit on short term investments and saving accounts		284,776	96,516
Dividend income		305,900	217,225
		2,111,896	1,184,102
Income from non financial assets			
Scrap sales		3,540	18,535
Gain on disposal of property, plant and equipment		–	2,887
Gain on disposal of stores and spares		289,116	–
Others		20,548	4,665
		313,204	26,087
		2,425,100	1,210,189

	Note	2022	2021
		(Rupees in thousand)	
35 Taxation			
Current tax			
- Current year		10,584,497	9,900,868
- Prior year	35.1	3,576,814	(947,181)
		14,161,311	8,953,687
Deferred tax		2,479,683	757,140
		16,640,994	9,710,827

35.1 This includes an amount of Rs 3,494.88 million pertaining to the super tax for the year 2021.

	2022	2021
	(%)	
35.2 Tax charge reconciliation		
Numerical reconciliation between the average tax rate and the applicable tax rate:		
Applicable tax rate	29.00	29.00
Tax effect of :		
Income exempt from income tax or taxed at lower rate	(0.06)	(0.11)
Super tax adjustment	4.00	–
Prior year adjustments	11.72	(3.36)
Deferred tax adjustments	8.79	–
Deductions disallowed	0.26	7.10
Others	0.38	1.82
	25.09	5.45
Average effective tax rate charged to statement of profit or loss	54.09	34.45

		2022	2021
36 Earnings per share - basic and diluted			
Profit attributable to ordinary shareholders	(Rupees in thousand)	14,123,939	18,474,090
Weighted average number of shares	(Number of shares)	2,100,000,000	2,100,000,000
Basic and diluted earnings per share	(Rupees)	6.73	8.80

37 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Group. Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties have been disclosed in the relevant notes to the consolidated financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

Relationship with the Group	Nature of transaction	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Associated companies	Purchase of packing material	3,175,506	2,554,662
	Purchase of raw material	1,438,446	2,222,372
	Purchase of catalysts	–	272,373
	Purchase of stores and spares	1,104,943	462,560
	Sale of mid products	152,774	118,602
	Lease rental and license fee	256,278	345,095
	Payment against sales collection	58,806,468	33,636,365
	Toll manufacturing revenue	45,924,050	19,688,180
	Employees retirement benefits transferred	274,536	–
	Fee for services	2,253,672	3,059,353
	Miscellaneous expenses	51,828	26,740
	Short term loan given	1,500,000	3,758,000
	Markup income	1,521,220	839,424
	Dividend paid	3,793,102	1,618,502
	Markup expense	–	148,429
Directors and key management personnel	Remuneration including benefits and perquisites	557,424	353,194
	Dividend paid	2,709,561	688,791
Retirement benefit plans	Retirement benefit expense	464,505	254,055

37.1 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place.

Name	Basis of Relationship	Aggregate % of shareholding in the Group
Fatima Agri Sales & Services (Private) Limited	Associated company	Nil
Pakarab Fertilizers Limited	Common directorship	Nil
Fatima Packaging Limited	Common directorship	Nil
Air One (Private) Limited	Common directorship	Nil
Arif Habib Corporation Limited	Common directorship	15.19%
Fatima Holding Limited	Common directorship	1.33%
Fazal Cloth Mills Limited	Common directorship	3.29%
Reliance Weaving Mills Limited	Common directorship	0.13%
Reliance Commodities (Pvt.) Limited	Common directorship	0.02%
Fatima Management Company Limited	Common directorship	7.64%
Arif Habib Equity (Private) Limited	Common directorship	0.92%
Fatima Trading Company (Private) Limited	Common directorship	7.03%
Farrukh Trading Company Limited	Common directorship	7.64%

37.2 The Group considers its Chief Executive Officer, Executive Director, and Functional Heads as its key management personnel.

	2022	2021
	Metric ton	

38 Capacity and production

	2022	2021
Urea		
Designed production capacity	1,037,900	1,037,900
Actual production	1,095,084	800,634
CAN		
Designed production capacity	870,000	870,000
Actual production	866,620	792,438
NP		
Designed production capacity	664,500	664,500
Actual production	866,724	829,822

39 Remuneration of directors and management personnel

39.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to full time working Directors and Executives of the Group are as follows:

	Chief Executive		Executive Director		Executives	
	2022	2021	2022	2021	2022	2021
			(Rupees in thousand)			
Short term employee benefits						
Managerial remuneration	45,617	20,355	35,603	18,957	1,381,753	875,853
Housing allowance	20,528	9,160	16,021	8,531	579,157	362,148
Utilities allowance	–	–	–	–	122,474	80,471
Conveyance and site allowance	–	–	–	–	270,173	195,052
Leave fare assistance and bonus	12,414	9,310	12,414	9,310	982,493	441,977
Others	49,751	20,910	5,323	1,189	42,426	33,999
	128,310	59,735	69,361	37,987	3,378,476	1,989,500
Retirement benefits						
Contribution to provident fund and gratuity	–	–	–	–	119,987	207,461
Accumulating compensated absences	–	–	–	–	6,600	–
	128,310	59,735	69,361	37,987	3,505,063	2,196,961
Number of persons	1	1	1	1	573	289

39.2 Non Executive Directors were paid meeting fee aggregating to Rs 1.70 million (2021: Rs 1.70 million).

39.3 The Group also provides the Chief Executive, Executive Director and some of the Executives with Group maintained cars.

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	Note	2022	2021
		(Rupees in thousand)	
40 Cash generated from operations			
Profit before tax		30,764,933	28,184,917
Adjustments for:			
Depreciation on property, plant and equipment	16.3	5,333,065	5,245,720
Depreciation on investment property	18	906	906
Amortization of intangible assets	17	42,640	41,883
Impairment of brand	17	–	2,360,000
Finance cost	32	2,930,449	2,006,559
Provision for staff retirement benefits	10.1	292,971	128,670
Provision for slow moving stores and spares		253,796	74,964
Exchange gain on translation of foreign currency loan	7.1	–	(3,312)
Profit on loans to associated companies	34	(1,521,220)	(839,424)
Loss on investments classified as FTVPL	33	828,330	86,711
Loss allowance on subsidy receivable from GoP	25	109,724	109,721
Unwinding of provision for GIDC	10.2	274,157	367,524
Share of loss from associates	19.1	68,408	348
Profit on short term investments and saving accounts	34	(284,776)	(96,516)
Impairment against advance	33	2,225,796	–
Loss on transfer of investment property		79,070	–
Loss / (gain) on disposal of property, plant and equipment		5,756	(2,887)
		10,639,072	9,480,867
Operating cash flows before working capital changes		41,404,005	37,665,784
Effect on cash flow due to working capital changes:			
Increase in current assets:			
Stores and spares		(3,382,120)	(3,366,963)
Stock in trade		(14,156,017)	(4,800,836)
Trade debts		(13,176,700)	(5,203,832)
Advances, deposits, prepayments and other receivables		(4,101,500)	(7,111,198)
Net increase in creditors, accrued and other liabilities		15,435,166	14,244,334
		(19,381,171)	(6,238,495)
		22,022,834	31,427,289

41 Provident fund

The following information is based on latest unaudited financial statements of the fund:

	2022	2021
Size of the fund	3,219,512	1,982,661
Cost of investments made	2,870,840	1,760,220
Fair value of investments	2,963,931	1,818,992
Percentage of investments made	89.17%	88.78%

41.1 The breakup of fair value of investments is as follows:

	2022		2021	
	(Rupees in thousand)	% age	(Rupees in thousand)	% age
Mutual funds	1,467,288	50%	1,148,752	63%
Scheduled banks	1,496,644	50%	670,240	37%
	2,963,932	100%	1,818,992	100%

41.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

41.3 An amount of Rs 187.01 million (2021: Rs 123.72 million) has been contributed during the year to the provident fund.

42 Financial risk management

42.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the Holding Company. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro (EUR). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2022	2021
	(FCY in thousand)	
Cash at banks and in hand – USD	9,692	39
Trade and other payables – USD	(1,707)	(1,526)
Net exposure – USD	7,985	(1,487)
Trade and other payables – EUR	(841)	(981)
Net exposure – EUR	(841)	(981)

The following significant exchange rates were applied during the year:

	2022	2021
Rupees per USD		
Average rate	202.79	169.74
Reporting date rate	226.90	178.67
Rupees per EUR		
Average rate	222.68	200.35
Reporting date rate	242.33	203.03

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

If the functional currency, at reporting date, had fluctuated by 5% against the USD and EUR with all other variables held constant, the impact on profit after taxation for the year would have been Rs 80.4 million (2021: Rs 23.24 million), respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is also exposed to equity price risk since there are investments in equity securities. The Group is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

Fair value sensitivity analysis - Investments through Profit or Loss

In case of 5% change in KSE 100 index on December 31, 2022, with all other variables held constant, net profit for the year would increase / decrease by Rs 203.35 million (2021: Rs 112.14 million) as a result of gains / losses on equity securities classified as at fair value through profit or loss.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest bearing assets. The Group's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2022	2021
	(Rupees in thousand)	
Fixed rate instruments		
Term deposit receipt	354,250	2,700,000
Floating rate instruments		
Financial assets		
Long term loan to associated company	2,999,000	2,999,000
Cash at bank - saving accounts	1,718,850	120,392
Short term loans	8,499,723	6,999,723
Financial liabilities		
Long term finance	10,792,882	7,064,604
Short term finance - secured	12,883,518	6,465,772

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the consolidated statement of profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If the markup rate on net finance at reporting date, had fluctuated by 100 basis points with all other variables held constant, the impact on profit after taxation for the year would have been Rs 81.35 million (2021: Rs 24.45 million) respectively higher / lower.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and loans, advances, deposits, prepayments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021
	(Rupees in thousand)	
Long term loan to an associated company	2,999,000	2,999,000
Long term advances and deposits	1,173,807	518,424
Short term loan to associated companies	8,499,723	6,999,723
Advances, deposits and other receivables	1,935,422	1,171,028
Trade debts	22,831,008	9,654,308
Bank balances	2,606,014	7,335,986
	40,044,974	28,678,469

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2022	2021
	Short term	Long term	Rating Agency	(Rupees in thousand)	
Allied Bank Limited	A-1+	AAA	PACRA	610	354
Askari Bank Limited	A-1+	AA+	PACRA	292,347	13,724
Bank Alfalah Limited	A-1+	AA+	PACRA	76,212	566,787
Bank Al Habib Limited	A-1+	AAA	PACRA	49,752	747,108
Citibank N.A	P-1	Aa3	Moody's	42	46
Dubai Islamic Bank Limited	A-1+	AA	VIS	92	6
Faysal Bank Limited	A-1+	AA	PACRA	56,613	42,866
Habib Bank Limited	A-1+	AAA	VIS	502,395	524,100
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	521	–
JS Bank Limited	A-1+	AA-	PACRA	182,215	63,244
MCB Bank Limited	A-1+	AAA	PACRA	16,551	30,870
Meezan Bank Limited	A-1+	AAA	VIS	–	882,594
National Bank of Pakistan	A-1+	AAA	VIS	154,853	1,558,375
Soneri Bank Limited	A-1+	AA-	PACRA	–	424
Summit Bank Limited	A-3	BBB-	VIS	1,170,196	183,587
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	53,102	2,714,509
The Bank of Punjab	A-1+	AA+	PACRA	46,453	503
The Bank of Khyber	A+	A1	PACRA	175	–
The Royal Bank of Scotland	P-1	Aa3	Moody's	–	2,820
United Bank Limited	A-1+	AAA	VIS	3,885	4,069

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2022 the Group has Rs 19,608.54 million (2021: Rs 20,602.60 million) unutilized borrowing limits from financial institutions and Rs 2,610.62 million (2021: Rs 7,343.20 million) cash and bank balances.

The following are the carrying values of financial liabilities as at December 31, 2022:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	10,792,882	2,346,431	7,053,989	1,392,462
Lease liabilities	1,694,243	541,363	1,152,880	–
Short term finance - secured	12,883,518	12,883,518	–	–
Trade and other payables	43,879,693	43,879,693	–	–
Unclaimed dividend	46,429	46,429	–	–
Long term deposits	372,600	–	372,600	–
Accrued finance cost	715,007	715,007	–	–
	70,384,372	60,412,441	8,579,469	1,392,462

The following are the carrying values of financial liabilities as at December 31, 2021:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	7,064,604	1,892,328	4,607,803	564,473
Lease liabilities	2,414,760	334,537	2,080,223	–
Short term finance - secured	6,465,772	6,465,772	–	–
Trade and other payables	30,296,212	30,296,212	–	–
Unpaid dividend	1,738,864	1,738,864	–	–
Unclaimed dividend	44,951	44,951	–	–
Long term deposits	175,104	–	175,104	–
Accrued finance cost	307,184	307,184	–	–
	48,507,451	41,079,848	6,863,130	564,473

42.2 Fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the consolidated financial statement approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The Group is required to classify financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments of the Group carried at fair value are categorised as follows:

	2022 (Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment - FVTPL	4,129,240	–	–	4,129,240
Investment - FVTOCI	–	600,000	–	600,000
Total financial assets at fair value	4,129,240	600,000	–	4,729,240

	2021 (Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment - FVTPL	2,242,710	–	–	2,242,710
Investment - FVTOCI	–	600,000	–	600,000
Total financial assets at fair value	2,242,710	600,000	–	2,842,710

42.3 Financial instruments by categories

	2022			2021		
	Amortized Cost	Fair value Through P & L	Fair value Through OCI	Amortized Cost	Fair value Through P & L	Fair value Through OCI
	(Rupees in thousand)					
Financial assets as per statement of financial position						
Long term loan to an associated company	2,999,000	–	–	2,999,000	–	–
Long term investments	–	–	600,000	–	–	600,000
Long term deposits	1,173,807	–	–	518,424	–	–
Short term loan to related parties	8,499,723	–	–	6,999,723	–	–
Advances, deposits, prepayments and other receivables	1,935,422	–	–	1,171,028	–	–
Trade debts	22,831,008	–	–	9,654,308	–	–
Short term investment	–	4,129,240	–	–	2,242,710	–
Cash and bank balances	2,610,617	–	–	7,343,201	–	–
	40,049,577	4,129,240	600,000	28,685,684	2,242,710	600,000

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2022

Financial liabilities as per consolidated statement of financial position - at amortised cost

	2022	2021
	(Rupees in thousand)	
Long term finance	10,792,882	7,064,604
Short term finance - secured	12,883,518	6,465,772
Unpaid dividend	–	1,738,864
Unclaimed dividend	46,429	44,951
Lease liabilities	1,694,243	1,812,298
Long term deposits	372,600	175,104
Trade and other payables	43,879,693	30,315,444
Accrued finance cost	715,007	307,184
	70,384,372	47,924,221

42.4 Capital risk management

The Group's objectives when managing capital are to safeguard Group's ability to continue as a going concern in order to provide maximum return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure as required by the lenders. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of debt to equity ratio.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, issue new ordinary / preference shares, or obtain / repay loans.

	2022	2021
	(Rupees in thousand)	
Total debt	25,370,643	15,342,674
Cash and cash equivalents	(2,610,617)	(7,343,201)
Net debt	22,760,026	7,999,473
Total equity	106,910,968	100,263,440
Total capital	129,670,994	108,262,913
Debt to capital ratio	17.55%	7.39%

	2022	2021
43 Number of employees		
Average number of employees during the year	3,724	2,750
Number of employees at end of the year	4,553	2,895

43.1 With effect from July 01, 2022, employees of Pakarab Fertilizers Limited and Fatima Agri Sales & Services Limited, associated companies, have been transferred to the Holding Company.

44 Shariah compliance disclosure

	2022		
	Conventional	Shariah Compliant	Total
	(Rupees in thousand)		
Finance cost			
Long term loans	669,215	445,784	1,114,999
Short term borrowings	779,303	227,185	1,006,488
Lease liabilities	152,094	–	152,094
Liabilities			
Long term loans	6,792,882	4,000,000	10,792,882
Short term borrowings	9,322,522	3,560,996	12,883,518
Lease liabilities	1,694,243	–	1,694,243
Accrued markup			
Long term loans	243,770	101,083	344,853
Short term borrowings	231,134	139,020	370,154
Finance income			
Long term loans	483,115	–	483,115
Short term loans	1,038,105	–	1,038,105
Banks	284,776	–	284,776
Cash at bank	2,361,854	244,160	2,606,014

	2021		
	Conventional	Shariah Compliant	Total
	(Rupees in thousand)		
Finance cost			
Long term loans	475,711	236,648	712,359
Short term borrowings	752,531	126,094	878,625
Lease liabilities	161,193	–	161,193
Liabilities			
Long term loans	4,720,405	2,344,199	7,064,604
Short term borrowings	6,039,212	426,560	6,465,772
Lease liabilities	1,812,298	–	1,812,298
Accrued markup			
Long term loans	113,282	47,041	160,323
Short term borrowings	121,851	25,010	146,861
Finance income			
Long term loans	289,901	–	289,901
Short term loans	549,523	–	549,523
Banks	94,450	–	94,450
Term finance certificates	2,066	–	2,066
Cash at bank	7,154,852	180,934	7,335,786

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2022

45 Non adjusting events after reporting date

The Board of Directors of the Holding Company in its meeting held on April 03, 2023 proposed a final dividend of Rs 3.50 (2021: Rs 3.50) per share for the year ended December 31, 2022, aggregating to Rs 7,350 million (2021: Rs 7,350 million) for approval of the members at the Annual General Meeting to be held on April 28, 2023.

46 Date of authorization of issue

These consolidated financial statements have been authorized for issue on April 03, 2023 by the Board of Directors of the Holding Company.

47 General

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

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

SEPARATE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Fatima Fertilizer Company Limited (the Company), which comprise of statement of financial position as at December 31, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 1.4 to the financial statements which states that the Scheme of Arrangement between the Company and Fatimafert (a wholly owned subsidiary) was approved by the Lahore High Court ("the Court") on December 01, 2022 with effective date of January 01, 2022. However, Board of Directors of both companies have agreed to defer the implementation of the Scheme. Accordingly, the financial statements have been prepared by the management of the Company including the Sheikhupura plant.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>1 Revenue Recognition
The Company's revenue comprises sale of fertilizer, mid products and toll manufacturing which has been disclosed in note 28 to the financial statements.

Revenue from the sale of fertilizer, mid products and toll manufacturing is recognized, when the Company satisfies the performance obligation under the contract by transferring the promised goods to the customers. Revenue recognition criteria has been explained in note 4.22 to the financial statements.

We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction of the performance obligation under the contract with the customer in line with the accounting policy adopted or may not have been recognized in the appropriate period.</td><td>Our audit procedures to address this Key Audit Matter included the following:
- obtaining an understanding of and assessing the design and implementation and operating effectiveness of key internal controls over recognition of revenue;
- assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;
- checking on a sample basis the recorded sales transactions with underlying sales invoices;
- testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents; and
- assessed the adequacy of related disclosures in the financial statements.</td></tr>
<tr><td>2. Valuation of Brand
The Company's intangible assets contain a brand with indefinite useful life which has been disclosed in note 17 to the financial statements. The recognition and subsequent measurement policy has been disclosed in note 4.5 to the financial statements.

The Company had initially recorded the brand at Rs 5,900 million in the financial statements on which an impairment of Rs 2,360 million has been recognized as at reporting date.

We identified valuation of the brand as a Key Audit Matter because its amount is material to the financial statements. In addition, annual testing of impairment of Brand is complex and judgmental process which involves assumptions and methods affected by future economic and market conditions.</td><td>Our audit procedures to address this Key Audit Matter included the following:
- obtaining an understanding of and assessing the design and implementation and operating effectiveness of key internal controls over recognition and subsequent measurement of brand value;
- reviewed valuation report of the independent valuer and evaluated appropriateness of assumptions and methodologies used by the valuer.
- evaluated the competence and independence of valuer;
- compared recoverable amount with carrying amount; and
- assessed the adequacy of disclosures related to valuation of brand in notes to the financial statements.</td></tr>
</table>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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, the 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 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 the Company's management.
- Conclude on the appropriateness of the Company's management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan.

Yousuf Adil

Chartered Accountants

Lahore

Dated: April 04, 2023

UDIN: AR202210180PYZQdRso4

STATEMENT OF FINANCIAL POSITION
as at December 31, 2022

	Note	2022	2021
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
2,700,010,000 (2021: 2,700,010,000) shares of Rs 10 each		27,000,100	27,000,100
Issued, subscribed and paid up share capital			
2,100,000,000 (2021: 2,100,000,000) ordinary shares of Rs 10 each	5	21,000,000	21,000,000
Reserves	6	85,926,356	79,263,440
		106,926,356	100,263,440
NON CURRENT LIABILITIES			
Long term finances	7	8,446,451	5,172,276
Lease liabilities	8	1,142,549	1,437,025
Deferred taxation	9	22,680,356	20,274,052
Deferred liabilities	10	2,683,448	3,248,245
Long term deposits		372,600	175,104
		35,325,404	30,306,702
CURRENT LIABILITIES			
Trade and other payables	11	55,371,289	38,469,330
Accrued finance cost	12	715,007	307,184
Income tax payable		8,347,535	4,968,065
Short term finances - secured	13	12,883,518	6,465,772
Unpaid dividend		–	1,738,864
Unclaimed dividend		46,429	44,951
Current portion of:			
- Long term finances	7	2,346,431	1,892,328
- Lease liabilities	8	539,029	375,273
- Deferred government grant	14	–	61,440
		80,249,238	54,323,207
CONTINGENCIES & COMMITMENTS	15		
		222,500,998	184,893,349

The annexed explanatory notes from 1 to 47 form an integral part of these financial statements.

	Note	2022	2021
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	109,066,170	105,422,464
Intangible assets	17	3,651,346	3,608,877
Investment property	18	165,419	775,339
		112,882,935	109,806,680
Long term investments	19	1,769,409	795,511
Long term loan to an associated company	20	2,999,000	1,999,333
Long term advances and deposits		2,114,948	518,424
		6,883,357	3,313,268
		119,766,292	113,119,948
CURRENT ASSETS			
Stores and spares	21	14,722,495	11,565,833
Stock in trade	22	32,487,798	18,331,781
Trade debts	23	22,831,008	9,654,308
Short term loans	24	8,499,723	6,999,723
Advances, deposits, prepayments and other receivables	25	17,517,219	15,635,845
Short term investments	26	4,067,140	2,242,710
Cash and bank balances	27	2,609,323	7,343,201
		102,734,706	71,773,401
		222,500,998	184,893,349

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

STATEMENT OF PROFIT OR LOSS
for the year ended December 31, 2022

	Note	2022	2021
		(Rupees in thousand)	
Sales	28	152,231,277	112,488,420
Cost of sales	29	(100,288,585)	(69,403,976)
Gross profit		51,942,692	43,084,444
Distribution cost	30	(7,947,081)	(5,048,813)
Administrative expenses	31	(5,902,070)	(3,899,598)
		38,093,541	34,136,033
Finance cost	32	(2,929,107)	(2,006,559)
Other operating expenses	33	(6,336,952)	(4,676,977)
		28,827,482	27,452,497
Other income	34	2,411,196	1,210,189
Share of loss from associates	19.1	(68,408)	(348)
Other losses:			
- Unwinding of provision for GIDC	10.2	(274,157)	(367,524)
- Loss allowance on subsidy receivable from GoP	25.3	(109,724)	(109,721)
		(383,881)	(477,245)
Profit before tax		30,786,389	28,185,093
Taxation	35	(16,647,238)	(9,710,827)
Profit for the year		14,139,151	18,474,266
Earnings per share - basic and diluted (Rupees)	36	6.73	8.80

The annexed explanatory notes from 1 to 47 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2022

	2022	2021
	(Rupees in thousand)	
Profit for the year	14,139,151	18,474,266
Other comprehensive income:		
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of post retirement benefits obligation	(191,889)	(82,249)
Related tax thereon	72,220	23,852
Share of other comprehensive loss from associates	(7,725)	(5,982)
Related tax thereon	1,159	897
Other comprehensive income - net of tax	(126,235)	(63,482)
Total comprehensive income for the year	14,012,916	18,410,784

The annexed explanatory notes from 1 to 47 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2022

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Total
		Share premium	Unappropriated profit		
	(Rupees in thousand)				
Balance at December 31, 2020	21,000,000	1,790,000	64,374,342	(61,686)	87,102,656
Profit for the year	–	–	18,474,266	–	18,474,266
Other comprehensive income	–	–	(5,085)	(58,397)	(63,482)
Total comprehensive income	–	–	18,469,181	(58,397)	18,410,784
Transaction with owners:					
- Final dividend for the year ended December 31, 2020 @ Rs 2.50 per share	–	–	(5,250,000)	–	(5,250,000)
Balance at December 31, 2021	21,000,000	1,790,000	77,593,523	(120,083)	100,263,440
Profit for the year	–	–	14,139,151	–	14,139,151
Other comprehensive income	–	–	(6,566)	(119,669)	(126,235)
Total comprehensive income	–	–	14,132,585	(119,669)	14,012,916
Transaction with owners:					
- Final dividend for the year ended December 31, 2021 @ Rs 3.50 per share	–	–	(7,350,000)	–	(7,350,000)
Balance at December 31, 2022	21,000,000	1,790,000	84,376,108	(239,752)	106,926,356

The annexed explanatory notes from 1 to 47 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS
for the year ended December 31, 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	40	22,028,554	31,427,289
Net increase in long term deposits		197,496	64,734
Finance cost paid		(2,396,485)	(1,962,636)
Taxes paid		(10,782,952)	(2,988,233)
Employee retirement benefits paid		(131,073)	(242,330)
Net cash generated from operating activities		8,915,540	26,298,824
Cash flows from investing activities			
Additions in property, plant and equipment		(9,028,085)	(5,730,994)
Additions in investment property		–	(20,056)
Additions in intangible assets		(85,109)	(19,741)
Proceeds from disposal of property, plant and equipment		18,908	3,430
Short term investments made		(2,988,685)	(673,802)
Short term loan to an associated company		(1,500,000)	(3,758,000)
Long term investments made		(1,050,031)	(600,200)
Proceeds from short term investments		335,925	868,243
Profit received on loans and saving accounts		972,560	1,977,017
Net increase in long term advances and deposits		(1,066,580)	(404,745)
Net cash used in investing activities		(14,391,097)	(8,358,848)
Cash flows from financing activities			
Proceeds from long term finances	7.1	5,622,520	3,920,362
Repayment of long term finances	7.1	(1,929,341)	(5,857,386)
Repayment of lease liabilities	8	(281,860)	(730,690)
Dividend paid		(9,087,386)	(3,507,038)
Increase / (decrease) in short term finances - net		3,376,751	(2,584,266)
Net cash used in financing activities		(2,299,316)	(8,759,018)
Net (decrease) / increase in cash and cash equivalents		(7,774,873)	9,180,958
Cash and cash equivalents at the beginning of the year		5,642,736	(3,538,222)
Cash and cash equivalents at the end of the year		(2,132,137)	5,642,736
Cash and cash equivalents comprises of following:			
Cash and bank balances	27	2,609,323	7,343,201
Running finance	13	(4,741,460)	(1,700,465)
Cash and cash equivalents at the end of the year		(2,132,137)	5,642,736

The annexed explanatory notes from 1 to 47 form an integral part of these financial statements.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended December 31, 2022

1 Legal Status and nature of business

1.1 Fatima Fertilizer Company Limited ("the Company"), was incorporated in Pakistan on December 24, 2003 as a public company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals.

Registered office of the Company is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the Company are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and Chichoki Mallian - Sheikhupura, Pakistan.

1.2 The Board of Directors of the Company in their meeting held on April 07, 2022, has approved investment in Fatima Cement Limited ("FCL") by way of acquisition of 100% ordinary shares of FCL from all the existing shareholders at par value, to make it wholly owned subsidiary of the Company.

1.3 The Board of Directors of the Company, in their meeting held on December 05, 2022, has considered and approved a comprehensive business expansion plan and the Scheme of Compromises, Arrangements and Reconstruction ("the Scheme") drafted under the relevant provisions of the Companies Act, 2017, aimed at further consolidation of the fertilizer business by amalgamating its associated company, Pakarab Fertilizers Limited ("PFL") with and into Fatima Fertilizer Company Limited with effect from July 01, 2022. As per the terms of the Scheme, this Amalgamation would lead to an increased asset base and size of the Company allowing it to benefit from economies of scale effectively and efficiently in the combined business and assets base of both companies, creating further business expansion opportunities for the Company. Accordingly, Fatima Packaging Limited, a wholly owned subsidiary of PFL, will also become a wholly owned subsidiary of the Company. This Scheme has been duly approved by the Shareholders of the Company in the Extra Ordinary General Meeting held on December 31, 2022, under the supervision of the Honourable Lahore High Court. This transaction would be subject to the receipt of necessary approvals, sanctions, consents, observations, no objection certificates from the Creditors of the Company, Securities and Exchange Commission of Pakistan ("SECP"), the relevant High Court or such other competent authority as may be applicable.

1.4 The Board of Directors ("the Board") of the Company in their meeting held on August 26, 2020, accorded in principle approval for the transfer of operations related to the Company's Sheikhupura plant to Fatimafert Limited. The Scheme of Arrangement ("the Scheme") drafted under the relevant provisions of the Companies Act, 2017 between the Company and Fatimafert Limited was approved by the Board of both Companies on July 15, 2021. The Scheme was filed with the Lahore High Court ("the Court") for formal sanction and approval of the Court. On December 01, 2022, the Court granted its approval for the Scheme which is effective from January 01, 2022.

On December 30, 2022, the Board of the Company and Fatimafert Limited have agreed to defer the effective date of implementation of the Scheme from January 01, 2022 to January 01, 2024 or such suitable date, earlier or later, as may be decided by the Board of the Company and Fatimafert Limited due to prevailing economic situation in the country. Subsequent to the year end, the Company has approached the Court for permission in this regard.

1.5 These financial statements are the separate financial statements of the Company in which investment in subsidiary company is accounted for on the basis of actual cost incurred to acquire subsidiary and investment in associates are accounted for under equity method. Consolidated financial statements are prepared separately.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB);

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and

– Provisions of and directives issued under the Companies Act, 2017.

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

2.2 New accounting standards / amendments and IFRSs interpretations that are effective for the year ended December 31, 2022

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after:
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

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

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

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 16 ' Leases' - Lease Liability in a Sale and Leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

3 Basis of measurement

3.1 Accounting convention

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2022

3.2 Critical accounting estimates and judgements

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

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

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

a) Employee retirement benefits

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

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

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

c) Provision for taxation

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

4 Significant accounting policies

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

4.1 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

4.2 Employee retirement benefits

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

a) Defined benefit plan - Gratuity

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

The latest actuarial valuation for gratuity scheme was carried out as at December 31, 2022. Projected unit credit method is used for valuation of the scheme.

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

b) Accumulating compensated absences

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

c) Defined contribution plan - Provident Fund

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

4.3 Property, plant and equipment

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

Depreciation on property, plant and equipment is charged to the statement of profit or loss on straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in note 16.

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

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

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

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

4.4 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost less any recognised impairment loss. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2022

4.5 Intangibles assets

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

With indefinite useful life

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

With finite useful life

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

4.6 Investment property

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

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

4.7 Investments in associates - at equity method

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

4.8 Investments in subsidiaries - at cost

Investments in subsidiaries are initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries which are recognised in other income.

4.9 Government grant

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

4.10 Leases

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

Right of use asset

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

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

Lease liability

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

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

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

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

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

4.11 Financial instruments

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

4.11.1 Financial assets

Classification

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

(i) Amortised cost, where the effective interest rate method will apply;
(ii) Fair value through profit or loss (FVTPL);
(iii) Fair value through other comprehensive income (FVTOCI).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended December 31, 2022

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

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

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

Recognition and derecognition

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

Measurement

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

Debt instruments

a) Debt instruments measured at amortised cost

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

The financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Debt instruments whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured subsequently at fair value through other comprehensive income (FVTOCI).

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

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

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

Equity instruments

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

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

Impairment of financial assets

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

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

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

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

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

4.11.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

1- At fair value through profit or loss; and
2- Amortised cost.

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

a) Fair value through profit or loss

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

b) Other financial liabilities

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

Derecognition of financial liabilities

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

4.12 Offsetting of financial assets and liabilities

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

4.13 Stores and spares

Stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.14 Stock in trade

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

4.15 Trade debts and other receivables

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

4.16 Cash and cash equivalents

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

4.17 Borrowings and their costs

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

4.18 Trade and other payables

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

4.19 Provisions

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

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

4.20 Derivative financial instruments

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

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

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

4.21 Impairment of non financial assets

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

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

4.22 Revenue recognition

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

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

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

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

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

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

4.24 Dividend

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

4.25 Earnings per share

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

5 Issued, subscribed and paid up share capital

2022	2021		2022	2021
(Number of shares)			(Rupees in thousand)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs 10 each fully paid in cash	20,000,000	20,000,000
100,000,000	100,000,000	Ordinary shares of Rs 10 each issued on conversion of fully paid preference shares @ Rs 20 each	1,000,000	1,000,000
2,100,000,000	2,100,000,000		21,000,000	21,000,000

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

	2022	2021
	(Number of shares)	
Arif Habib Corporation Limited	319,000,206	319,000,206
Arif Habib Equity (Private) Limited	19,409,500	19,409,500
Fatima Holding Limited	28,000,000	66,969,373
Fazal Cloth Mills Limited	69,114,031	69,114,031
Reliance Weaving Mills Limited	2,625,166	2,625,166
Farrukh Trading Company Limited	160,430,261	160,430,261
Fatima Management Company Limited	160,450,633	160,430,261
Fatima Trading Company (Private) Limited	147,706,263	97,462,890
Reliance Commodities (Private) Limited	500,000	500,000
	907,236,060	895,941,688

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

	Note	2022	2021
		(Rupees in thousand)	
6 Reserves			
Capital reserve:			
Share premium	6.1	1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		84,376,108	77,593,523
Post retirement benefit obligation reserve	6.2	(239,752)	(120,083)
		85,926,356	79,263,440

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

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

	Note	2022	2021
		(Rupees in thousand)	
7 Long term finances			
Secured loans from banking companies / financial institutions	7.2	10,792,882	7,064,604
Less: Current portion		2,346,431	1,892,328
		8,446,451	5,172,276
7.1 Movement of long term finances			
Opening balance		7,064,604	8,917,289
Disbursements during the year		5,622,520	3,920,362
Repayments during the year		(1,929,341)	(5,857,386)
Accreditation of loan under SBP Islamic Refinance Scheme		35,099	87,651
Exchange gain on translation of foreign currency loan		–	(3,312)
Closing balance		10,792,882	7,064,604

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	Note	2022	2021
		(Rupees in thousand)	
7.2 Secured loans from banking companies / financial institutions These are composed of:			
BAHL Term Loan	7.2.1	–	192,714
BOP Term Loan	7.2.2	750,000	1,500,000
ABL Term Loan - II	7.2.3	500,000	750,000
SBP LTF - Faysal Bank Limited	7.2.4	–	344,199
SBP LTF - The Bank of Punjab	7.2.5	–	357,339
ABL Term Loan - III	7.2.6	1,000,000	1,000,000
Meezan Bank Limited - Diminishing Musharakah	7.2.7	2,000,000	2,000,000
SBP Temporary Economic Refinance Facility (TERF) 1	7.2.8	549,181	372,235
SBP Temporary Economic Refinance Facility (TERF) 2	7.2.9	631,232	527,328
SBP Temporary Economic Refinance Facility (TERF) 3	7.2.10	500,000	20,789
Faysal Bank Limited - Diminishing Musharakah	7.2.11	2,000,000	–
Pak Kuwait Investment Company Limited - Term Finance	7.2.12	1,500,000	–
NBP - Demand Finance	7.2.13	1,362,469	–
		10,792,882	7,064,604
Less: Current portion		2,346,431	1,892,328
		8,446,451	5,172,276

7.2.1 BAHL Term Loan

This facility was obtained from Bank Al Habib Limited, for an amount of Rs 1,300 million for purchase of Low Pressure Boosting Compressor.

The facility carried markup at the rate of 6 months KIBOR plus 1.10% per annum. The effective rate of markup charged during the year was 12.57% (2021: 8.25% to 8.77%) per annum.

The facility was secured by pari passu charge over plant and machinery of the Company amounting to Rs 1,733.34 million.

The loan was repayable in three years in six semi annual equal installments starting from October 29, 2019. Last repayment was due and made on April 28, 2022. During the year, the Company has paid installments aggregating to Rs 192.71 million (2021: Rs 385.43 million).

7.2.2 BOP Term Loan

This facility has been obtained from The Bank of Punjab, for an amount of Rs 3,000 million to finance / reimburse BMR.

The facility carries markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 8.29% % to 16.53% (2021: 7.81% to 8.31%) per annum.

The facility is secured by pari passu charge over plant and machinery of the Company amounting to Rs 4,000 million.

The loan is repayable in four years in eight semi annual equal installments starting from January 31, 2020. Last repayment is due on July 31, 2023. During the year, the Company has paid installments amounting to Rs 750 million (2021: Rs 750 million).

7.2.3 ABL Term Loan - II

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

The facility carries markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 8.81% to 16.81% (2021: 8.01% to 8.85%) per annum.

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

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

7.2.4 SBP LTF - Faysal Bank Limited

This facility was obtained from Faysal Bank Limited for an amount of Rs 718.11 million for disbursement of salaries and wages for the month of April, May and June 2020, in line with SBP Islamic Refinance Scheme.

The facility carried markup at the rate of SBP base rate + 1% per annum. The effective interest rate was calculated at 8.22% and the loan was recognised at the present value.

The facility was secured by pari passu charge over Plant and Machinery of the Company amounting to Rs 1,000 million.

The loan was repayable in two and half years including six months grace period in eight quarterly installments. Last repayment was due and made on December 30, 2022. During the year, the Company paid installments aggregating to Rs 362.39 million (2021: Rs 395.05 million).

7.2.5 SBP LTF - The Bank of Punjab

This facility was obtained from The Bank of Punjab for an amount of Rs 744.33 million for disbursement of salaries and wages for the month of July, August and September 2020, in line with SBP Islamic Refinance Scheme.

The facility carried markup at the rate of SBP base rate + 0.8% per annum. The effective interest rate was calculated at 8.26% and the loan was recognised at the present value.

The facility was secured by pari passu charge over plant and machinery of the Company amounting to Rs 1,000 million.

The loan was repayable in two and half years including six months grace period in eight quarterly installments. Last repayment was due and made on October 31, 2022. During the year, the Company paid installments aggregating to Rs 374.24 million (2021: Rs 372.16 million).

7.2.6 ABL Term Loan - III

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

The facility carries markup at the rate of 6 months KIBOR plus 0.80% per annum. The effective rate of markup charged during the year at 12.26% to 16.15% per annum (2021: 8.96%).

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

The loan is repayable in five years including one year grace period in eight half yearly installments. Last repayment is due on September 30, 2026.

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7.2.7 Meezan Bank Limited - Diminishing Musharakah

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

The facility carries markup at the rate of 6 months KIBOR plus 0.85% per annum. The effective rate of markup charged during the year at 9.01% to 16.78% per annum (2021: 9.01%).

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

The loan is repayable in five years including one year grace period in eight half yearly installments. Last repayment is due on September 30, 2026.

7.2.8 SBP Temporary Economic Refinance Facility (TERF) 1

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

The facility carries markup at the rate of 3.00% per annum (SBP base rate plus 2.00%) / 6 month KIBOR plus 2.00% per annum. The effective rate of markup charged during the year ranged from 3.00% to 17.35% per annum (2021: 3.00% to 13.53%).

The facility is secured by pari passu charge over plant and machinery of the Company amounting to Rs 733.33 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual installments. Last repayment is due on March 31, 2031.

7.2.9 SBP Temporary Economic Refinance Facility (TERF) 2

This facility has been obtained from National Bank of Pakistan for an amount of Rs 631.23 million out of total limit of Rs 1,000 million, under SBP TERF Scheme.

The facility carries markup at the rate of 2.50% per annum (SBP base rate plus 1.50%) / 6 month KIBOR plus 1.50% per annum. The effective rate of markup charged during the year ranged from 2.50% to 17.41% per annum (2021: 9.15% to 9.28%).

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

The loan is repayable in ten years including two years grace period in sixteen semi annual installments. Last repayment is due on June 21, 2031.

7.2.10 SBP Temporary Economic Refinance Facility (TERF) 3

This facility has been obtained from Bank Al Habib Limited for an amount of Rs 500 million out of total limit of Rs. 500 million, under SBP TERF Scheme.

The facility carries markup at the rate of 5.00% per annum (SBP base rate plus 4.00%) / 6 month KIBOR plus 1.10% per annum. The effective rate of markup charged during the year ranged from 5.00% to 12.57% per annum (2021: 11.39% to 11.40%).

The facility is secured by pari passu charge over plant and machinery of the Company amounting to Rs 666.67 million.

The loan is repayable in ten years including two years grace period in sixteen semi annual installments. Last repayment is due on February 15, 2032.

7.2.11 Faysal Bank Limited - Diminishing Musharakah

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

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

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

The loan is repayable in five years including one year grace period in eight half yearly installments. Last repayment is due on June 14, 2027.

7.2.12 Pak Kuwait Investment Company Limited - Term Finance

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

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

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

The loan is repayable in five years including one year grace period in eight semi annual installments. Last repayment is due on May 19, 2027.

7.2.13 NBP - Demand Finance

This facility has been obtained during the year from National Bank of Pakistan for an amount of Rs 1,362.47 million to finance import & procurement of plant, machinery & spare parts for BMR / CAPEX.

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

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

The loan is repayable in five years including one year grace period in eight half yearly installments. Last repayment is due on June 21, 2031.

7.3 The aggregate unavailed long term financing facilities amounts to nil (2021: Rs 1,129.63 million).

	2022	2021
	(Rupees in thousand)	
8 Lease liabilities		
Opening balance	1,812,298	2,381,795
Interest on lease liabilities	151,140	161,193
Payments made during the year	(281,860)	(730,690)
Closing balance	1,681,578	1,812,298
Less: Current portion of lease liabilities	539,029	375,273
	1,142,549	1,437,025

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	2022	2021
	(Rupees in thousand)	
9 Deferred taxation		
The balance of deferred tax is in respect of the following:		
Taxable temporary differences:		
Accelerated tax depreciation	23,022,908	20,174,542
Gas Infrastructure Development Cess (GIDC)	77,825	147,897
Investment in associates	4,648	16,111
	23,105,381	20,338,550
Deductible temporary differences:		
Remeasurement of defined benefit obligation	(136,718)	(64,498)
Loss allowance on subsidy receivable from GoP	(191,297)	–
Unrealised loss on equity investments	(97,010)	–
	(425,025)	(64,498)
	22,680,356	20,274,052

9.1 Movement in temporary differences for the year is as follows:

	Balance as at December 31, 2021	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at December 31, 2022
	(Rupees in thousand)			
Taxable temporary differences:				
Accelerated tax depreciation	20,174,542	2,848,366	–	23,022,908
Gas Infrastructure Development Cess (GIDC)	147,897	(70,072)	–	77,825
Investments in associates	16,111	(10,304)	(1,159)	4,648
	20,338,550	2,767,990	(1,159)	23,105,381
Deductible temporary differences:				
Remeasurement of defined benefit obligation	(64,498)	–	(72,220)	(136,718)
Loss allowance on subsidy receivable from GoP	–	(191,297)	–	(191,297)
Unrealised loss on equity investments	–	(97,010)	–	(97,010)
	(64,498)	(288,307)	(72,220)	(425,025)
	20,274,052	2,479,683	(73,379)	22,680,356

	Note	2022	2021
		(Rupees in thousand)	
10 Deferred liabilities			
Employee retirement benefits	10.1	1,583,718	955,419
Provision for Gas Infrastructure Development Cess (GIDC)	10.2	1,099,730	2,292,826
		2,683,448	3,248,245
10.1 Employee retirement benefits			
Gratuity	10.1.1	1,462,253	877,217
Accumulating compensated absences	10.1.2	121,465	78,202
		1,583,718	955,419

		Note	2022	2021
			(Rupees in thousand)	
10.1.1	**Gratuity**			
a)	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligations	(f)	1,943,615	1,011,303
	Fair value of plan assets	(g)	(481,362)	(134,086)
	Net liability at the end of the year		1,462,253	877,217
b)	**Movement in net liability**			
	Net liability at the beginning of the year		877,217	681,870
	Charge for the year	(c)	265,146	163,305
	Transfer from associated Companies		244,166	–
	Benefits paid during the year		(116,165)	(50,207)
	Charged to other comprehensive income	(e)	191,889	82,249
	Net liability at the end of the year		1,462,253	877,217
c)	**Charge for the year**			
	Current service cost		150,979	99,443
	Past service cost		5,938	–
	Net interest cost		108,229	63,862
			265,146	163,305
d)	**Charge for the year has been allocated as follows:**			
	Cost of sales		196,150	127,050
	Administrative expenses		51,565	36,255
	Distribution expenses		17,431	–
			265,146	163,305
e)	**Total remeasurement chargeable to other comprehensive income**			
	Remeasurement of plan obligation:			
	Actuarial gains from changes in financial assumptions		9,562	3,930
	Experience adjustments		161,636	69,715
	Remeasurements of fair value of plan assets		20,691	8,604
			191,889	82,249
f)	**Movement in the present value of defined benefit obligations**			
	Defined benefit obligations at beginning of the year		1,011,303	819,879
	Transfer from associated companies		565,339	–
	Current service cost		151,447	99,443
	Past service cost		5,938	–
	Interest cost		141,657	76,932
	Benefits due but not paid		(3,447)	(469)
	Benefit paid during the year		(99,820)	(58,128)
	Remeasurement of plan obligation		171,198	73,646
	Defined benefit obligations at end of the year		1,943,615	1,011,303

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		2022	2021
		(Rupees in thousand)	
g)	**Movement in the fair value of plan assets**		
	Fair value at beginning of the year	(134,086)	(138,009)
	Transferred from associated companies	(321,173)	–
	Contributions	(70,860)	(12,629)
	Interest income on plan assets	(33,427)	(13,070)
	Return on plan assets excluding interest income	20,691	8,604
	Benefits due but not paid	–	469
	Benefits paid	57,493	20,549
	Fair value at end of the year	(481,362)	(134,086)
h)	**Plan assets comprise of:**		
	Deposit with banks	391,687	46,279
	Mutual funds	89,675	70,715
	Investment in TDRs	–	17,561
	Payables	–	(469)
		481,362	134,086

		2022	2021
i)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	11.75%	9.75%
	Discount rate for year end obligation	14.50%	11.75%
	Salary increase used for year end obligation	14.50%	11.75%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
j)	**Sensitivity analysis**			
	Discount rate	1%	(151,677)	168,249
	Salary growth rate	1%	170,640	(156,443)

k) The expected contribution to defined benefit obligation for the year ending December 31, 2023 will be Rs 179.83 million.

		Note	2022	2021
			(Rupees in thousand)	
10.1.2	**Accumulating compensated absences**			
a)	**Amount recognised in the statement of financial position**			
	Present value of defined benefit obligations	(e)	121,465	78,202
	Net liability at the end of the year		121,465	78,202

		Note	2022	2021
			(Rupees in thousand)	
b)	**Movement in net liability**			
	Net liability at the beginning of the year		78,202	304,960
	Transferred from associated companies		30,346	–
	Charge for the year	(c)	27,825	(34,635)
	Benefits paid during the year		(14,908)	(192,123)
	Net liability at the end of the year		121,465	78,202
c)	**Charge for the year**			
	Current service cost		4,485	2,995
	Past service cost		(3,284)	–
	Loss / (gain) arising on plan settlements		9,794	(41,764)
	Interest cost		10,162	20,671
	Experience adjustment		6,668	(16,537)
			27,825	(34,635)
d)	**Charge for the year has been allocated as follows:**			
	Cost of sales		24,961	(21,574)
	Administrative expenses		2,372	(13,061)
	Distribution expenses		492	–
			27,825	(34,635)
e)	**Movement in the present value of obligation**			
	Obligation at beginning of the year		78,202	304,960
	Transferred from associated companies		30,346	–
	Current service cost		4,485	2,995
	Past service cost		(3,284)	–
	Interest cost		10,162	20,671
	Gain on plan assets		–	(41,764)
	Benefit paid during the year		(14,908)	(192,123)
	Actuarial loss from changes in demographic assumptions		82	–
	Actuarial loss from changes in financial assumptions		10,885	–
	Experience adjustment		5,495	(16,537)
	Defined benefit obligations at end of the year		121,465	78,202

		2022	2021
f)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	11.75%	9.75%
	Discount rate for year end obligation	14.50%	11.75%
	Salary increase used for year end obligation	14.50%	11.75%
	Retirement assumption	60 years	60 years

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		Impact on defined benefit obligation		
		Change in assumption	Increase in assumption	Decrease in assumption
		% age	(Rupees in thousand)	
g)	**Sensitivity analysis**			
	Discount rate	1%	(5,992)	8,950
	Salary growth rate	1%	8,849	(6,017)

		Note	2022	2021
			(Rupees in thousand)	
10.2	**Provision for Gas Infrastructure Development Cess (GIDC)**			
	Provision for GIDC	10.2.1 & 10.2.2	5,633,182	5,359,025
	Less: Current portion of provision for GIDC	11	4,533,452	3,066,199
			1,099,730	2,292,826
10.2.1	**Movement of provision for Gas Infrastructure Development Cess (GIDC)**			
	Opening balance		5,359,025	4,991,501
	Unwinding of provision for GIDC		274,157	367,524
			5,633,182	5,359,025

10.2.2 The Company has accrued Rs 5,869.01 million (2021: Rs 5,869.01 million) on account of Gas Infrastructure Development Cess (GIDC). On August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act as intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

Subsequently, SCP also dismissed all review petitions on November 02, 2020, against the gas consumers including the Company and stated that the Government of Pakistan is agreeable to recover the arrears in forty eight monthly installments instead of twenty four equal monthly installments.

Although, the Company has filed a suit for declaration and injunction in the High Court of Sindh and obtained a stay on October 06, 2020 against collection / recovery of GIDC by Mari Petroleum Company Limited on fuel stock on account of issues of computation of the liability. On a prudent basis, the Company has continued to recognise the provision against GIDC on fuel stock.

Company's Sadiqabad Plant, entitled to receive feed stock at fixed price inclusive of all taxes, duties, levies, fees and charges under Sovereign Commitment from Government of Pakistan pursuant to Fertilizer Policy 2001, has not booked GIDC on feed stock.

The Company has also filed a suit for declaration and permanent injunction in the High Court of Sindh on these grounds on September 29, 2020 and obtained a stay on October 06, 2020 against collection / recovery of GIDC on feed stock.

The management has applied the requirements of IAS 37 and "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) for recognition, measurement and presentation of the provision for GIDC and had recognised a temporary gain on remeasurement of such provision amounting to Rs 877.51 million in 2020. During the period, this temporary gain has been reversed by Rs 274.16 million accumulating to Rs 641.68 million as at reporting date, in accordance with the requirements of IFRS and the guidance referred above.

	Note	2022	2021
		(Rupees in thousand)	
11 Trade and other payables			
Creditors		26,293,613	12,972,742
Current portion of provision for GIDC	10.2	4,533,452	3,066,199
Contract liabilities	11.1	8,376,123	11,039,853
Accrued liabilities		8,909,304	6,112,629
Withholding tax		122,187	69,199
Workers profit participation fund	11.2	5,450,182	4,260,908
Workers welfare fund	11.3	1,350,752	757,668
Retention money payable		64,862	64,954
Provident fund payable		35,571	19,232
Others		235,243	105,946
		55,371,289	38,469,330

11.1 Contract liabilities as at the beginning of the year, aggregating to Rs 11,031.79 million (2021: Rs 6,913.10 million), have been recognised as revenue upon meeting the performance obligations.

	Note	2022	2021
		(Rupees in thousand)	
11.2 Workers' profit participation fund			
Balance at January 01		4,260,908	2,991,057
Charge for the year	33	1,650,714	1,518,911
Payments made during the year		(461,440)	(249,060)
Balance at December 31		5,450,182	4,260,908
11.3 Workers' welfare fund			
Balance at January 01		757,668	391,409
Charge for the year		702,005	739,805
Reversal of provision during the year		(108,921)	(65,598)
Net charge for the year	33	593,084	674,207
Payments made during the year		–	(307,948)
Balance at December 31		1,350,752	757,668
12 Accrued finance cost			
On long term finances		344,853	160,323
On short term finances		370,154	146,861
		715,007	307,184
13 Short term finances			
Secured loans from banking companies			
Cash finance	13.1	–	850,000
Finance against imported merchandise	13.2	8,142,058	3,915,307
		8,142,058	4,765,307
Running finance	13.3	4,741,460	1,700,465
		12,883,518	6,465,772

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13.1 These facilities have been obtained from various banks for working capital requirements, and are secured by pledge of raw material and finished goods. The facilities carry markup ranging from 13.78% to 17.05% (2021: 7.90% to 11.09%) per annum.

13.2 These facilities have been obtained from various banks against imported merchandise. These facilities carry markup ranging from 8.30% to 17.51% (2021: 7.61% to 10.47%) per annum.

13.3 These facilities have been obtained from various banks for working capital requirements, and are secured by pari passu charge of Rs 22,342.01 million (2021: Rs 19,468.68 million) on present and future current assets and by personal guarantees of sponsoring directors. These facilities carry markup ranging from 8.87% to 18.31% (2021: 7.55% to 10.52%) per annum.

13.4 The aggregate unavailed short term borrowing facilities amount to Rs 19,608.54 million (2021: Rs 19,472.97 million).

	2022	2021
	(Rupees in thousand)	
14 Deferred government grant		
Opening balance of government grant	61,440	122,966
Amortization of deferred government grant	(61,440)	(61,526)
	–	61,440
Less: Current portion of deferred government grant	–	61,440
	–	–

14.1 This represents deferred government grant in respect of term finance facilities obtained under SBP Salary Refinance Scheme as disclosed in note 7.2.4 and 7.2.5 to the financial statements. These facilities carried markup at subsidised rates, as specified by SBP. These loans had been recognised at their fair value which was the present value of the loan proceeds received and discounted at the market interest rates for similar instruments. The differential between the fair value and the present value was recognised as deferred government grant, which has been amortised over the term of the respective facilities at the effective interest rate.

15 Contingencies and commitments

15.1 Contingencies

(i) Till final decision in the matter, the Honorable Lahore High Court (the Court) has suspended the operation of the impugned order of the Commissioner Inland Revenue, Multan, who rejected the Company's application under section 65 of the Sales Tax Act, 1990 regarding exemption of sales tax estimating Rs 690 million inadvertently short levied / paid on its fertilizer product, Calcium Ammonium Nitrate for the period from April 18, 2011 to December 31, 2011.

The court had ordered the Company to file a fresh application under the said section after declaring the earlier rejection of the Company's application filed with FBR as unlawful and ultra vires.

(ii) The Company has filed an appeal before the ATIR dated August 05, 2020 against the order passed by the CIR(A) whereby the order passed under section 11 of the of Sales Tax Act, 1990 (STA) by the assessing officer amounting to Rs 501 million was set aside. CIR(A), through its order dated June 8, 2020, set aside the impugned order instead of 'deleting / annulling' the same and resultantly the Company assailed the same before ATIR. The assessing officer had raised the demand by charging sales tax on advances received from customers.

(iii) The Company's appeal filed with CIR(A) against the order amounting to Rs 7,745 million has been succeeded and the order has been annulled. CIR(A) through order dated February 19, 2022 decided the case in the favour of the Company on legal touchstone thereby quashing the selection of case for audit u/s 25 by placing reliance on the judgment of LHC in case of M/S Hyundai Nishat Motors (Pvt.) Ltd vs FBR vide WP 25793/2021. The tax department has also filed an appeal before the ATIR dated June 11, 2022 against the order of CIR(A) which is pending for adjudication as of date. Initially, the demand was raised against the Company by selecting it for the sales tax audit u/s 25 of STA for the tax periods from July 2016 to June 2017.

(iv) The Company has filed an appeal before the CIR (A) dated July 13, 2022 against the order u/s 11 of the STA. The assessing officer raised a demand of Rs 122 Million against the Company by disallowing the admissibility of sales tax on various items claimed during July 2020 to June 2021 and invoking the provisions of section 8 of STA.

(v) The Company's appeal filed with CIR(A) against the impugned order has not been succeeded. Resultantly, the Company has filed an appeal before the ATIR in October 2022 against the adverse order of CIR(A) which is pending for adjudication as of date. The assessing officer had raised the impugned demand of Rs 4,272 million against the Company by disallowing the admissibility of sales tax on various items claimed during January 2021 to November 2021 and invoking the provisions of section 8 of STA.

(vi) The Company has filed a constitutional petition (CPLA) before Supreme Court of Pakistan dated January 17, 2023 against the adverse order of LHC, through which, the rectification order of ATIR had been declared void ab initio on legal infirmity. Resultantly, the original order passed by the assessing officer stood reinstated wherein, the assessing officer alleged that the Company had short paid sales tax by suppression of its production during June 2014 to September 2014. Total demand raised was Rs 628 million.

(vii) The Department has filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) in September 2019 against the order passed by the Commissioner Inland Revenue ('CIR (A)'), whereby the order passed under section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue (DCIR) Multan amounting to Rs 1,055 million was annulled. The DCIR had declared the Company's trial run production / gain as 'Commercial production' thereby imposing consequential income tax towards taxable income for Tax Year 2011.

(viii) The Company has preferred an appeal before the ATIR in June 2021 against the order passed by the CIR(A), whereby the adverse order passed u/s 122(5A) of the Income Tax Ordinance, 2001 by the assessing officer amounting to Rs 1,577 million was confirmed. The assessing officer disallowed and added back various admissible deductions and credits claimed by the Company towards its taxable income for Tax Year 2016.

(ix) The Department has filed an appeal in the ATIR in May 2019 against the order passed by the CIR(A) whereby the order passed under section 122(5A) of the Income Tax Ordinance passed by the Additional Commissioner Inland Revenue ('ACIR') Multan amounting to Rs 1,592 million was annulled. The ACIR had disallowed and added back various admissible deductions claimed by the Company towards its taxable income for Tax Year 2017.

(x) The Company has preferred an appeal before the ATIR dated August 05, 2021 against the order passed by the CIR(A), whereby the adverse order passed under section 122(5A) of the Income Tax Ordinance, 2001 by the assessing officer amounting to Rs 930 million was confirmed. The assessing officer earlier raised the alleged demand by disallowing tax credits and adding back various admissible deductions of the Company towards its taxable income thereby imposing consequential income tax for Tax Year 2018.

(xi) The Company has filed an Intra Court Appeal at the Honorable Lahore High Court ('LHC') in April 2022 against dismissal of the petition challenging levy of Alternative Corporate Tax (ACT) dated March 28, 2022. ACT was imposed at the rate of 17% of 'accounting profit before tax' through Finance Act 2014, by inserting Section 113C in the Income Tax Ordinance, 2001. The Company has challenged the levy of ACT for Tax years 2015 and 2014, on the grounds that it deprived the Company of certain rights already accrued to it. Such appeal regarding challenging the vires of ACT is still pending for adjudication at LHC.

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However, the assessing officer through orders dated May 17, 2022 and December 27, 2022 passed u/s 122(5A) of the Income Tax Ordinance 2001, raised alleged demands of Rs 2,031 million and Rs 1,580 million on account of ACT matters pertaining to tax years 2015 and 2014 respectively. The Company contested the issue before CIR(A) in June 2022 against such adverse orders and has also paid the outstanding tax demands to the extent of ACT involved therein. Moreover, CIR(A) through order dated February 27, 2023, decided the appeal in the favour of company for Tax Year 2015.

(xii) The Company has filed appeal with the Customs Appellate Tribunal, Lahore against the following three cases decided against the Company by the Collector of Customs (Adjudication), Faisalabad. Earlier these cases were remanded back to Collector of Customs (Adjudication), Faisalabad for rehearing the case by the Customs Appellate Tribunal, Lahore:

- Alleged irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.96 million.
- Alleged irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.60 million.
- Alleged irregular claim of exemptions under SRO 575 on import of 64 consignments of various items of capital nature. The Company has filed an appeal before the Custom Appellate Tribunal, Lahore against the order passed by the Collector (Adjudication), Faisalabad in which he again raised a demand of Rs 495.90 million. Earlier the case had been remanded back to Collector of Customs (Adjudication), Faisalabad for re-hearing by the Custom Appellate Tribunal, Lahore.

(xiii) The Customs department has filed an appeal before the Lahore High Court against of Order passed by the Custom Appellate Tribunal which had annulled the order passed by the Collector of Customs (Adjudication), Faisalabad, alleging that the Company applied incorrect exchange rate of Rs 60.85 per USD instead of Rs 79 per USD on import clearance of 7 consignments of deformed steel bars. Total demand raised was Rs 17.94 million.

Based on the advice of the Company's legal counsels and tax advisor, management considers that reasonable grounds exist that all the above appeals will succeed. Consequently, no provision has been recognised for the above mentioned amounts.

(xiv) The Company has issued Corporate Guarantee in favour of Pakarab Fertilizers Limited (an associated undertaking) amounting to Rs 4,845 million (2021: Rs 5,271 million). The Company has secured approval of the shareholders for the aforementioned Corporate Guarantee amounting to Rs 7,000 million.

		Note	2022	2021
			(Rupees in thousand)	
15.2	**Commitments in respect of:**			
(i)	Contracts for capital expenditure		1,227,199	3,880,314
(ii)	Contracts for other than capital expenditure		3,019,144	3,605,830
(iii)	The amount of future payments under ijarah rentals and short term / low value leases:			
	- Not later than one year		928,973	231,860
	- Later than one year but not later than five years		1,269,832	144,174
			2,198,805	376,034
16	**Property, plant and equipment**			
	Operating fixed assets	16.1	98,693,731	99,741,174
	Capital work in progress	16.2	10,372,439	5,681,290
			109,066,170	105,422,464

16.1 Operating fixed assets

2022

	Note	Cost December 31, 2021	Cost Additions / (deletions)	Cost December 31, 2022	Accumulated Depreciation December 31, 2021	Accumulated Depreciation Charge / (deletions)	Accumulated Depreciation December 31, 2022	Book value December 31, 2022	Depreciation rate
		(Rupees in thousand)							%
Freehold land	16.1.1	2,546,706	951,989	3,498,695	–	–	–	3,498,695	–
Building on freehold land		5,933,032	7,134	5,940,166	1,797,157	237,489	2,034,646	3,905,520	4
Building on leasehold land		30,445	–	30,445	11,163	3,045	14,208	16,237	10
Plant and machinery		107,091,235	2,243,770	109,319,260	18,443,364	4,305,921	22,748,373	86,570,887	4
			(15,745)			(912)			
Aircraft		1,567,285	–	1,567,285	287,336	78,364	365,700	1,201,585	10
Catalysts		3,179,169	57,067	3,236,236	2,869,379	103,824	2,973,203	263,033	10 - 33.33
Furniture and fixtures		125,824	52,328	177,064	80,869	11,545	91,326	85,738	10
			(1,088)			(1,088)			
Office equipment		97,022	40,187	137,209	56,419	8,864	65,283	71,926	10
			–						
Electrical installations and appliances		1,448,688	456,087	1,902,363	924,485	117,163	1,039,236	863,127	10
			(2,412)			(2,412)			
Computers		671,940	221,924	871,436	461,887	110,050	549,718	321,718	25
			(22,428)			(22,219)			
Vehicles		643,045	343,626	959,291	360,416	110,454	453,112	506,179	20
			(27,380)			(17,758)			
Right of use assets - plant and machinery		1,156,485	–	866,049	157,829	116,859	202,079	663,970	10 - 12.5
			(290,436)			(72,609)			
Right of use assets - land and building		985,208	152,313	1,137,521	284,606	127,799	412,405	725,116	10 - 33.33
		125,476,084	4,526,425	129,643,020	25,734,910	5,331,377	30,949,289	98,693,731	
			(359,489)			(116,998)			

2021

	Cost December 31, 2020	Cost Additions / (deletions)	Cost December 31, 2021	Accumulated Depreciation December 31, 2020	Accumulated Depreciation Charge / (deletions)	Accumulated Depreciation December 31, 2021	Book value December 31, 2021	Depreciation rate
	(Rupees in thousand)							%
Freehold land	2,480,836	65,870	2,546,706	–	–	–	2,546,706	–
Building on freehold land	5,585,412	347,620	5,933,032	1,567,351	229,806	1,797,157	4,135,875	4
Building on leasehold land	30,445	–	30,445	8,119	3,044	11,163	19,282	10
Plant and machinery	103,365,328	3,725,907	107,091,235	14,239,598	4,203,766	18,443,364	88,647,871	4
Aircraft	1,567,285	–	1,567,285	208,971	78,365	287,336	1,279,949	10
Catalysts	3,079,712	99,457	3,179,169	2,648,433	220,946	2,869,379	309,790	10 - 33.33
Furniture and fixtures	114,335	16,076	125,824	76,320	9,136	80,869	44,955	10
		(4,587)			(4,587)			
Office equipment	77,144	20,612	97,022	50,936	6,210	56,419	40,603	10
		(734)			(727)			
Electrical installations and appliances	1,247,387	203,040	1,448,688	840,817	85,299	924,485	524,203	10
		(1,739)			(1,631)			
Computers	562,908	124,656	671,940	393,659	83,424	461,887	210,053	25
		(15,624)			(15,196)			
Vehicles	425,025	218,020	643,045	303,812	56,604	360,416	282,629	20
Right of use assets - plant and machinery	1,858,971	–	1,156,485	165,381	138,799	157,829	998,656	5 - 12.5
		(702,486)			(146,351)			
Right of use assets - land and building	992,149	–	985,208	158,975	130,321	284,606	700,602	10 - 33.33
		(6,941)			(4,690)			
	121,386,937	4,821,258	125,476,084	20,662,372	5,245,720	25,734,910	99,741,174	
		(732,111)			(173,182)			

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16.1.1 Particulars of land in the name of the Company are as follows:

Descriptions	Location	Land Area
Free hold Land	Sadiqabad, District Rahim Yar Khan	8,884 kanals
Free hold Land	Chichoki Mallian, District Sheikhupura	1,776 kanals
Free hold Land	Jahangirabad, District Multan	351 kanals
Free hold Land	Dherki, District Ghotki, Sindh	215 kanals

	2022	2021
	(Rupees in thousand)	
16.2 Capital work in progress		
Civil works	430,395	175,861
Plant and machinery	3,262,113	1,882,284
Capital stores	4,343,459	1,799,228
Advances:		
- Freehold land	379,986	756,240
- Plant and machinery	1,956,486	1,067,677
	2,336,472	1,823,917
	10,372,439	5,681,290
16.2.1 Movement of capital work in progress		
Opening balance	5,694,759	4,213,168
Additions during the year	7,823,344	4,751,907
	13,518,103	8,965,075
Less: Capitalization during the year	3,103,857	3,270,316
	10,414,246	5,694,759
Less: Provision for slow moving capital stores	41,807	13,469
Closing balance	10,372,439	5,681,290
16.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales	5,036,065	4,998,414
Administrative expenses	283,582	238,610
Distribution cost	11,730	8,696
	5,331,377	5,245,720

16.4 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
	(Rupees in thousand)					
Items having net book value above Rs 500,000						
Plant and machinery	15,745	912	14,833	–	(14,833)	Company policy
Vehicles	20,790	11,168	9,622	13,647	4,025	Company policy
Items having net book value below Rs 500,000						
Furniture and fixture	1,088	1,088	–	439	439	Company policy
Vehicles	6,590	6,590	–	3,036	3,036	Company policy
Computers	22,428	22,219	209	1,173	964	Company policy
Electrical installations and appliances	2,412	2,412	–	613	613	Company policy
2022	69,053	44,389	24,664	18,908	(5,756)	
2021	22,684	22,141	543	3,430	2,887	

17 Intangible assets

2022

	Cost			Accumulated amortization / impairment				Book value	Amortization
	December 31, 2021	Additions / (deletions)	December 31, 2022	December 31, 2021	Charge / (deletions)	Impairment / (reversal)	December 31, 2022	December 31, 2022	rate
	(Rupees in thousand)								%
Bubber Sher brand	5,900,000	–	5,900,000	2,360,000	–	–	2,360,000	3,540,000	–
Computer software	266,670	85,109	351,779	197,793	42,640	–	240,433	111,346	25
	6,166,670	85,109	6,251,779	2,557,793	42,640	–	2,600,433	3,651,346	

2021

	Cost			Accumulated amortization / impairment				Book value	Amortization
	December 31, 2020	Additions / (deletions)	December 31, 2021	December 31, 2020	Charge / (deletions)	Impairment / (reversal)	December 31, 2021	December 31, 2021	rate
	(Rupees in thousand)								%
Bubber Sher brand	5,900,000	–	5,900,000	–	–	2,360,000	2,360,000	3,540,000	–
Computer software	246,929	19,741	266,670	155,910	41,883	–	197,793	68,877	25
	6,146,929	19,741	6,166,670	155,910	41,883	2,360,000	2,557,793	3,608,877	

17.1 The amortization / impairment charge for the year has been allocated to administrative / other operating expenses.

18 Investment property

2022

	Note	Cost			Accumulated depreciation			Book value	Amortization
		December 31, 2021	Additions / (deletions)	December 31, 2022	December 31, 2021	Charge / (deletions)	December 31, 2022	December 31, 2022	rate
		(Rupees in thousand)							%
Freehold land	18.1	754,577	(609,014)	145,563	–	–	–	145,563	–
Building		22,650	–	22,650	1,888	906	2,794	19,856	4
		777,227	(609,014)	168,213	1,888	906	2,794	165,419	

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2021

	Cost			Accumulated depreciation			Book value	Amortization
	December 31, 2020	Additions / (deletions)	December 31, 2021	December 31, 2020	Charge / (deletions)	December 31, 2021	December 31, 2021	rate
	(Rupees in thousand)							%
Freehold land	734,521	20,056	754,577	–	–	–	754,577	–
Building	22,650	–	22,650	982	906	1,888	20,762	4
	757,171	20,056	777,227	982	906	1,888	775,339	

18.1 Freehold land consists of 8,127.78 Kanals situated in District Dera Ismail Khan, Khybar Pakhtunkhwa. The land is in possession and control of the Company and currently it is in the name of the three Directors of the Company, Mr. Fawad Ahmed Mukhtar, Mr. Fazal Ahmed Sheikh and Mr. Faisal Ahmed Mukhtar, which will be transferred in the name of the Company in due course of time.

18.2 Latest valuation of investment property was carried by an independent professional valuator on December 24, 2022. The fair value of these investment properties is determined to be Rs 394.13 million.

	Note	2022	2021
		(Rupees in thousand)	
19 Long term investments			
In associates - equity method			
Fatima Agri Sales & Services (Pvt) Limited	19.2	32,575	110,301
Multan Real Estate Company (Pvt) Limited	19.3	86,581	84,987
Fatima Electric Company Limited	19.4	23	23
Singfert PTE. Limited	19.5	–	–
		119,179	195,311
In wholly owned subsidiary companies - at cost			
Fatima Cement Limited	19.6	300,030	–
Fatimafert Limited	19.7	200	200
Pan-Africa Fertilizers Limited	19.8	–	–
		300,230	200
At fair value through other comprehensive income (FVTOCI)			
Silk Islamic Development REIT	19.9	600,000	600,000
At amortised cost			
Bank Al-Habib Limited - Term Finance Certificate		750,000	–
		1,769,409	795,511

19.1 Movement in investment in associates

2022

	Opening	Purchased during the year	Share of profit / (loss)	Share of other comprehensive income	Closing
	(Rupees in thousand)				
Fatima Agri Sales & Services (Pvt) Limited	110,301	–	(70,002)	(7,725)	32,575
Multan Real Estate Company (Pvt) Limited	84,987	–	1,594	–	86,581
Fatima Electric Company Limited	23	–	–	–	23
Singfert PTE. Limited	–	–	–	–	–
	195,311	–	(68,408)	(7,725)	119,179

	2021				
	Opening	Purchased during the year	Share of profit / (loss)	Share of other comprehensive income	Closing
	(Rupees in thousand)				
Fatima Agri Sales & Services (Pvt) Limited	115,755	–	528	(5,982)	110,301
Multan Real Estate Company (Pvt) Limited	85,851	–	(864)	–	84,987
Fatima Electric Company Limited	35	–	(12)	–	23
Singfert PTE. Limited	–	–	–	–	–
	201,641	–	(348)	(5,982)	195,311

19.2 This represents investment in 196,000 fully paid ordinary shares of Rs 10 each of Fatima Agri Sales & Services (Pvt) Limited (FASS). The investment represents 49% (2021: 49%) of the total issued, subscribed and paid up share capital of FASS.

The principal activity of FASS is to carry on business as a sellers, marketers, importers, exporters, wholesalers, retailers and dealers in all types of agri inputs including fertilizers, micronutrients, pesticides and insecticides, seeds, vaternity and live stock feeds and feeds supplements, fish feeds and its supplements. The registered office of FASS is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.

19.3 This represents investment in 858,056 fully paid ordinary shares of Rs 100 each of Multan Real Estate Company (Pvt) Limited (MREC). The investment represents 28.37% (2021: 39.5%) of the total issued, subscribed and paid up share capital of MREC. The main business of MREC is establishing and designing housing and commercial schemes, to carry on business of civil engineers for construction of private and governmental buildings and infrastructure and provision of labour and building material. The registered office of MREC is located at 2nd floor, Trust Plaza, L.M.Q Road, Multan.

19.4 This represents investment in 14,000 fully paid ordinary shares of Rs 10 each of Fatima Electric Company Limited (FECL). The investment represents 40% (2021: 40%) of the total issued, subscribed and paid up share capital of FECL.

The main business of FECL is transmission, manufacture, supply, generation and distribution of electricity and all forms of energy and power. The registered office of FECL is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.

19.5 This represents investment in 1 fully paid ordinary share of SGD 1 each of Singfert PTE. Limited (Singfert), a company formed and registered in the Republic of Singapore. The investment represents 25% (2021: 25%) of the total issued, subscribed and paid up share capital of Singfert.

Singfert is a Special Purpose Vehicle (SPV) which will be used to route equity investment in Midwest Fertilizer Company (MFC), USA. MFC is setting up a nitrogen fertilizer project in the State of Indiana, USA.

19.6 This represents investment in 30,003,000 (2021: nil) fully paid ordinary shares of Rs 10 each of its wholly owned subsidiary Fatima Cement Limited (FCL), as approved by the Board of Directors of the Company in their meeting held on April 07, 2022.

The principal activity of FCL is manufacturing, producing, buying, selling, importing and exporting cement. The registered office of FCL is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Lahore, Pakistan.

19.7 This represents investment in 20,000 (2021: 20,000) fully paid ordinary shares of Rs 10 each of its wholly owned subsidiary company Fatimafert Limited (FFT).

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The principal line of business of FFT is to carry on business of manufacture, produce, treat, refine, reduce and process all kinds of artificial manures and fertilizers, chemicals and minerals and any products and by-products which may be prepared therefrom. The registered office of the FFT is located at E-110, Khayaban-e-Jinnah, Lahore Cantt., Lahore, Pakistan.

19.8 This represents incorporation of a wholly owned subsidiary company in Kenya. The principal business of this company is trade marketing services including but not limited to manufacturing and / or sales / provision of fertilizer products or alike or any other business. The registered address of the company is located at Westlands District, Nairobi, Kenya.

19.9 This represents 60,000,000 units of Rs. 10 each held in a privately placed closed - end shariah compliant apartment development REIT scheme which constitutes 20% of the total 300 million units issued (the Investment). This REIT Scheme is managed by Arif Habib Dolmen REIT Management Company Limited. The proportionate fair value of the investment approximates the investment made by the Company in the REIT units as at December 31, 2022.

The Company has valued this investment on fair value basis using the assumption that as the primary asset of REIT comprises parcels of land (Land) which have been recently purchased by the REIT, the Land has been valued by a third party valuer, which approximates the fair value of consideration paid in respect of purchase of such land as at December 31, 2022. Hence, based on above, the proportionate fair value of the Investment approximates the investment made by the Company in the REIT Units as at December 31, 2022.

		Note	2022	2021
			(Rupees in thousand)	
20	**Long term loan to an associated company**			
	Long term loan to an associated company	20.1	2,999,000	2,999,000
	Less: Current portion		–	999,667
			2,999,000	1,999,333

20.1 This represents loan of Rs 3,000 million approved in the Extra Ordinary General Meeting held on December 23, 2016 in favour of Pakarab Fertilizers Limited, an associated company. As per the terms of the agreement, the loan was for 5 years period with two and a half years as grace period. However in 16th annual general meeting held on April 30, 2019 it was resolved that grace and repayment period is extended for further 3 years and has been extended for further three years in 19th annual general meeting held on April 29, 2022. The loan is receivable in 6 semi annual equal installments. Interest is to be settled semi annually. The maximum amount of loan outstanding during the year was Rs 2,999 million.

The loan carries mark up rate at 6 months KIBOR plus 2% per annum. Effective rate of markup charged during the year ranged from 13.26% to 17.83% (2021: 9.47% to 13.62%).

The loan is fully secured against ranking charge on all present and future fixed assets of the associated company excluding immovable property i.e. land and buildings and complete carbon dioxide recovery / liquefaction plant (along with storage tank, tools, spares and accessories).

		2022	2021
		(Rupees in thousand)	
21	**Stores and spares**		
	Stores	986,605	495,097
	Spares {including in transit: nil (2021: Rs 565.69 million)}	9,548,141	7,498,447
	Catalyst and chemicals	4,513,747	3,672,827
		15,048,493	11,666,371
	Less: Provision for slow moving stores and spares	325,998	100,538
		14,722,495	11,565,833

	Note	2022	2021
		(Rupees in thousand)	
22 Stock in trade			
Raw materials {including in transit Rs 3,676.14 million (2021: Rs 3,871.03 million)}		6,003,367	10,558,828
Packing materials		59,893	28,981
		6,063,260	10,587,809
Mid products			
Ammonia		161,252	95,189
Nitric acid		19,941	22,425
Others		877	4,950
		182,070	122,564
Finished goods			
Own manufactured			
Urea		58,834	247,278
NP		16,844,077	5,185,720
CAN		13,060	29,333
Certified emission reductions		42,810	51,981
		16,958,781	5,514,312
Purchased for resale		9,283,687	2,107,096
		32,487,798	18,331,781
23 Trade debts			
Secured against bank guarantees		13,208,391	5,574,393
Unsecured - considered good	23.1	9,622,617	4,079,915
		22,831,008	9,654,308

23.1 This includes Rs 9,605.80 million (2021: Rs 4,008.44 million) receivable from Pakarab Fertilizers Limited, an associated company, on account of toll manufacturing in the normal course of business. There is no past due debt at the reporting date. Maximum amount outstanding at any time during the year was Rs 12,347.93 million.

	Note	2022	2021
		(Rupees in thousand)	
24 Short term loans			
Reliance Commodities (Pvt) Limited	24.1	4,999,723	4,999,723
Pakarab Fertilizers Limited	24.2	3,500,000	2,000,000
		8,499,723	6,999,723

24.1 This represents loan given to an associated company Reliance Commodities (Pvt) Limited, against an approved limit of Rs 1,250 million, which was enhanced to Rs 5,000 million at the Annual General Meeting dated April 26, 2021. The loan is repayable within 30 business days notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2% per annum. Effective rate of markup charged during the year ranged from 10.85% to 17.84% (2021: 9.41% to 10.85%). The loan is fully secured against a ranking charge over the present and future current assets of the associated company. The maximum amount of loan outstanding during the year was Rs 4,999.72 million.

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24.2 This represents loan against aggregate approved facility of Rs 2,000 million provided to an associated company Pakarab Fertilizers Limited, which was enhanced to Rs 5,000 million at the Extra Ordinary General Meeting dated December 27, 2022, to support functionality and business requirements. The loan is repayable within 30 business days notice of demand. The loan is fully secured against a ranking charge over the present and future current assets of the associated company. The markup rate on the said loan is 6 months KIBOR plus 2% per annum. Effective rate of markup charged during the year ranged from 10.85% to 17.84% (2021: 9.47% to 10.85%). The maximum amount of loan outstanding during the year was Rs 3,500 million.

	Note	2022	2021
		(Rupees in thousand)	
25 Advances, deposits, prepayments and other receivables			
Advances - considered good			
- to employees		31,818	17,710
- to suppliers	25.1	2,344,973	2,631,781
		2,376,791	2,649,491
Advance against investment	25.2	2,225,796	–
Impairment against advance		(2,225,796)	–
		–	–
Margin deposits held by banks		534,618	463,595
Prepayments		1,432,001	138,624
Receivable from Government of Pakistan (GoP)			
- Advance sales tax		10,482,863	9,283,706
- Subsidy receivable		1,838,075	1,838,075
Loss allowance on subsidy receivable	25.3	(579,689)	(469,965)
		11,741,249	10,651,816
Advance sales tax on receipts		22,774	25,131
Markup receivable		1,170,376	339,290
Current portion of long term loan to an associated company		–	999,667
Others		239,410	368,231
		17,517,219	15,635,845

25.1 This includes balance of Rs 295.01 million (2021: Rs 545.78 million) to Pakarab Fertilizers Limited, Rs 127.84 million (2021: Rs 345.62 million) to Fatima Packaging Limited and Rs 326.78 million (2021: Rs 283.14 million) to Fatima Agri Sales & Services (Pvt) Limited, which are related parties of the Company and are in the nature of normal course of business.

25.2 This represents advance which the Company has contributed in technology sector through funding rounds, carrying preferential rights over other investors. Considering the global economic meltdown and prevailing economic conditions the said contribution carries potential risk of remeasurement. The management is assessing multiple avenues to mitigate such risk. Entire balance has been provided for by the management during the year.

25.3 This represents loss allowance on subsidy receivable from GoP in accordance with requirement of IFRS 9. However, management is confident of recovering the full amount from GoP.

	Note	2022	2021
		(Rupees in thousand)	
26 Short term investments			
Investments - FVTPL	26.1	4,067,140	2,242,710

26.1 These consist of investments made in equity instruments of various listed companies.

	Note	2022	2021
		(Rupees in thousand)	
27 Cash and bank balances			
Cash in hand		4,603	7,415
At banks			
- saving accounts	27.1	1,718,850	120,392
- current accounts		593,720	4,515,394
- term deposit receipt		292,150	2,700,000
		2,609,323	7,343,201

27.1 The balances in saving accounts carry markup ranging from 8.25% to 15% (2021: 5.50% to 8.50%) per annum.

	Note	2022	2021
		(Rupees in thousand)	
28 Sales			
Revenue from contracts with customers			
Local sales	28.1	151,984,635	112,488,420
Export sales - Certified Emission Reductions		246,642	–
		152,231,277	112,488,420
28.1 Local sales			
Own manufactured		104,273,728	90,264,959
Toll manufacturing		45,924,050	19,688,180
Mid products		1,371,663	1,186,215
Purchased for resale		3,831,812	5,402,141
		155,401,253	116,541,495
Less: Sales tax		1,496,733	2,488,713
Discounts		1,919,885	1,564,362
		151,984,635	112,488,420

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	Note	2022	2021
		(Rupees in thousand)	
29 Cost of sales			
Raw material consumed		72,699,400	33,894,924
Packing material consumed		3,491,244	2,435,781
Salaries, wages and other benefits	29.1	8,112,904	6,035,077
Fuel and power		10,453,028	7,705,650
Chemicals and catalyst consumed		3,321,900	2,177,509
Stores and spares consumed		4,345,289	2,560,802
Depreciation	16.3	5,036,065	4,998,414
Technical assistance		523,118	477,832
Repair and maintenance		6,152,332	1,724,118
Insurance		1,150,277	841,210
Travelling and conveyance		284,154	155,026
Rent, rates and taxes		697,410	386,755
Vehicle running and maintenance		254,402	137,654
Others		277,704	147,582
Subsidy on RLNG released by GoP to SNGPL	29.2	(7,892,654)	(1,532,564)
Manufacturing cost		108,906,573	62,145,770
Opening stock of mid products		122,564	311,053
Closing stock of mid products		(182,070)	(122,564)
Cost of goods manufactured		108,847,067	62,334,259
Opening stock of finished goods		5,514,312	8,373,200
Closing stock of finished goods		(16,958,781)	(5,514,312)
Cost of sales - own manufactured		97,402,598	65,193,147
Cost of sales - purchased for resale		2,885,987	4,210,829
		100,288,585	69,403,976

29.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 357.81 million (2021: Rs 194.48 million).

29.2 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Company (Sheikhupura plant) by SNGPL and the gas price capped by GoP for fertilizer plants operating on RLNG.

	Note	2022	2021
		(Rupees in thousand)	
30 Distribution cost			
Salaries, wages and other benefits		935,695	248,087
Fee for services	30.1	617,105	998,240
Rent, rates and taxes	30.2	470,632	333,020
Advertisement and sales promotion		910,799	481,973
Transportation and freight		4,503,050	2,854,070
Technical services to farmers		137,165	51,556
Insurance		48,686	11,948
Travelling and conveyance		121,212	2,556
Others		202,737	67,363
		7,947,081	5,048,813

30.1 This amount represents fee for marketing and distribution services charged by an associated company - Fatima Agri Sales and Services (Pvt.) Limited for the first half of the year. The Company had outsourced its marketing and distribution function to Fatima Agri Sales and Services (Pvt.) Limited. However, the arrangement has been cancelled on June 30, 2022 and all the employees have been transferred to the Company with effect from July 01, 2022.

30.2 This includes rental paid for short term leases aggregating to Rs 374.10 million (2021: Rs 332.20 million) and ijarah lease rentals aggregating to Rs 82.08 million (2021: Nil).

	Note	2022	2021
		(Rupees in thousand)	
31 Administrative expenses			
Salaries, wages and other benefits	31.1	2,351,523	1,776,621
Travelling and conveyance		351,759	233,863
Vehicles' running and maintenance		110,760	51,588
Insurance		14,878	10,550
Communication and postage		55,031	47,280
Printing and stationery		49,090	25,270
Repair and maintenance		91,275	66,741
Rent, rates and taxes	31.2	114,059	64,734
Fees and subscription		195,587	119,556
Entertainment		47,735	20,798
Legal and professional		595,233	74,576
Auditors' remuneration	31.3	11,098	7,936
Utilities		53,510	35,119
Aircraft operating expenses		205,811	275,780
Depreciation on operating fixed assets	16.3	283,582	238,610
Depreciation on investment property	18	906	906
Amortization	17	42,640	41,883
Charity and donation	31.4	1,021,235	712,796
Others		306,358	94,991
		5,902,070	3,899,598

31.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 97.43 million (2021: Rs 59.57 million).

31.2 This includes rental paid for low value leases amounting to Rs 18 million (2021: Rs 20.38 million) and ijarah lease rentals amounting to Rs 89.98 million (2021: Rs 42.15 million).

31.3 The breakup of statutory auditors' remuneration including non adjustable sales tax is as follows:

	Note	2022	2021
		(Rupees in thousand)	
Annual audit fee		4,836	4,124
Half yearly review fee		606	578
Others	31.3.1	4,625	2,558
Out of pocket expenses		1,031	676
		11,098	7,936

31.3.1 Others include special audits fee of Rs 4.17 million (2021: Rs 2.07 million).

31.4 Donations

31.4.1 Donations paid to Mian Mukhtar A. Sheikh Trust (the Trust) exceeds 10% of the Company's total amount of donation.

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31.4.2 Donations include the following in which certain directors are interested:

Name of directors	Interest in donee	Name of donees	2022	2021
			(Rupees in thousand)	
Mr. Fawad Ahmed Mukhtar Mr. Faisal Ahmed Mukhtar Mr. Fazal Ahmed Sheikh	Trustees	Mian Mukhtar A. Sheikh Trust	658,514	528,000
Mr. Fawad Ahmed Mukhtar	Member of the Board of Governors of National Management Foundation (NMF) the sponsoring body of LUMS.	Lahore University of Management Sciences (LUMS)	9,216	10,960

	Note	2022	2021
		(Rupees in thousand)	
32 Finance cost			
Markup on:			
- long term finances		1,114,999	712,359
- short term finances		1,006,488	878,625
Interest on lease liabilities		151,140	161,193
Bank charges and others		656,480	254,382
		2,929,107	2,006,559
33 Other operating expenses			
Workers' Profit Participation Fund	11.2	1,650,714	1,518,911
Workers' Welfare Fund	11.3	593,084	674,207
Impairment against advance	25.2	2,225,796	–
Impairment of brand		–	2,360,000
Loss on remeasurement of investments classified as FVTPL		815,721	117,648
Loss on sale of investments classified as FVTPL		12,609	–
Loss on disposal of investment property		79,070	–
Loss on disposal of property, plant and equipment		5,756	–
Exchange loss - net		954,202	6,211
		6,336,952	4,676,977
34 Other income			
Income from financial assets			
Profit on loans to related parties		1,521,220	839,424
Gain on sale of investment classified as FVTPL		–	30,937
Profit on short term investments and saving accounts		282,426	96,516
Dividend income		305,900	217,225
		2,109,546	1,184,102
Income from non financial assets			
Scrap sales		3,540	18,535
Gain on disposal of property, plant and equipment		–	2,887
Gain on disposal of stores and spares		289,116	–
Others		8,994	4,665
		301,650	26,087
		2,411,196	1,210,189

		Note	2022	2021
			(Rupees in thousand)	
35	**Taxation**			
	Current tax			
	- Current year		10,590,741	9,900,868
	- Prior year	35.1	3,576,814	(947,181)
			14,167,555	8,953,687
	Deferred tax		2,479,683	757,140
			16,647,238	9,710,827

35.1 This includes an amount of Rs 3,494.88 million pertaining to the super tax for the year 2021.

	2022	2021
	(%)	
35.2 Tax charge reconciliation		
Numerical reconciliation between the average tax rate and the applicable tax rate:		
Applicable tax rate	29.00	29.00
Tax effect of :		
Income exempt from income tax or taxed at lower rate	(0.06)	(0.11)
Super tax adjustment	4.00	–
Prior year adjustments	11.72	(3.36)
Deferred tax adjustments	8.79	–
Deductions disallowed	0.26	7.10
Others	0.36	1.82
	25.07	5.45
Average effective tax rate charged to statement of profit or loss	54.07	34.45

			2022	2021
36	**Earnings per share - basic and diluted**			
	Profit attributable to ordinary shareholders	(Rupees in thousand)	14,139,151	18,474,266
	Weighted average number of shares	(Number of shares)	2,100,000,000	2,100,000,000
	Basic and diluted earnings per share	(Rupees)	6.73	8.80

37 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties have been disclosed in the relevant notes to the financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

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Relationship with the Company	Nature of transaction	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Subsidiary companies	Acquisition of shares	300,030	–
	Disposal of investment property	529,945	–
	Payments made on behalf	367,292	–
	Miscellaneous expenses	59,177	–
Associated companies	Purchase of packing material	3,175,506	2,554,662
	Purchase of raw material	1,438,446	2,222,372
	Purchase of catalysts	–	272,373
	Purchase of stores and spares	1,104,943	462,560
	Sale of mid products	152,774	118,602
	Lease rental and license fee	256,278	345,095
	Payment against sales collection	58,806,468	33,636,365
	Toll manufacturing revenue	45,924,050	19,688,180
	Employees retirement benefits transferred	274,536	–
	Fee for services	2,253,672	3,059,353
	Miscellaneous expenses	51,828	26,740
	Short term loan given	1,500,000	3,758,000
	Markup income	1,521,220	839,424
	Dividend paid	3,793,102	1,618,502
	Markup expense	–	148,429
Directors and key management personnel	Remuneration including benefits and perquisites	557,424	353,194
	Dividend paid	2,709,561	688,791
Retirement benefit plans	Retirement benefit expense	464,505	254,055

37.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Name	Basis of Relationship	Aggregate % of shareholding in the Company
Fatima Agri Sales & Services (Private) Limited	Associated company	Nil
Fatimafert Limited	Subsidiary company	Nil
Fatima Cement Limited	Subsidiary company	Nil
Pakarab Fertilizers Limited	Common directorship	Nil
Fatima Packaging Limited	Common directorship	Nil
Air One (Private) Limited	Common directorship	Nil
Arif Habib Corporation Limited	Common directorship	15.19%
Fatima Holding Limited	Common directorship	1.33%
Fazal Cloth Mills Limited	Common directorship	3.29%
Reliance Weaving Mills Limited	Common directorship	0.13%
Reliance Commodities (Pvt.) Limited	Common directorship	0.02%
Fatima Management Company Limited	Common directorship	7.64%
Arif Habib Equity (Private) Limited	Common directorship	0.92%
Fatima Trading Company (Private) Limited	Common directorship	7.03%
Farrukh Trading Company Limited	Common directorship	7.64%

37.2 The Company considers its Chief Executive Officer, Executive Director, and Functional Heads as its key management personnel.

	2022	2021
	Metric ton	
38 Capacity and production		
Urea		
Designed production capacity	1,037,900	1,037,900
Actual production	1,095,084	800,634
CAN		
Designed production capacity	870,000	870,000
Actual production	866,620	792,438
NP		
Designed production capacity	664,500	664,500
Actual production	866,724	829,822

39 Remuneration of directors and management personnel

39.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to full time working Directors and Executives of the Company are as follows:

	Chief Executive		Executive Director		Executives	
	2022	2021	2022	2021	2022	2021
			(Rupees in thousand)			
Short term employee benefits						
Managerial remuneration	45,617	20,355	35,603	18,957	1,381,753	875,853
Housing allowance	20,528	9,160	16,021	8,531	579,157	362,148
Utilities allowance	–	–	–	–	122,474	80,471
Conveyance and site allowance	–	–	–	–	270,173	195,052
Leave fare assistance and bonus	12,414	9,310	12,414	9,310	982,493	441,977
Others	49,751	20,910	5,323	1,189	42,426	33,999
	128,310	59,735	69,361	37,987	3,378,476	1,989,500
Retirement benefits						
Contribution to provident fund and gratuity	–	–	–	–	119,987	207,461
Accumulating compensated absences	–	–	–	–	6,600	–
	128,310	59,735	69,361	37,987	3,505,063	2,196,961
Number of persons	1	1	1	1	573	289

39.2 Non Executive Directors were paid meeting fee aggregating to Rs 1.70 million (2021: Rs 1.70 million).

39.3 The Company also provides the Chief Executive, Executive Director and some of the Executives with Company maintained cars.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2022

	Note	2022	2021
		(Rupees in thousand)	
40 Cash generated from operations			
Profit before tax		30,786,389	28,185,093
Adjustments for:			
Depreciation on property, plant and equipment	16.3	5,331,377	5,245,720
Depreciation on investment property	18	906	906
Amortization of intangible assets	17	42,640	41,883
Impairment of brand	17	–	2,360,000
Finance cost	32	2,929,107	2,006,559
Provision for staff retirement benefits	10.1	292,971	128,670
Provision for slow moving stores and spares		253,796	74,964
Exchange gain on translation of foreign currency loan	7.1	–	(3,312)
Profit on loans to related parties	34	(1,521,220)	(839,424)
Loss on investments classified as FTVPL	33	828,330	86,711
Loss allowance on subsidy receivable from GoP	25	109,724	109,721
Unwinding of provision for GIDC	10.2	274,157	367,524
Share of loss from associates	19.1	68,408	348
Profit on short term investments and saving accounts	34	(282,426)	(96,516)
Impairment against advance	33	2,225,796	–
Loss on disposal of investment property		79,070	–
Loss / (gain) on disposal of property, plant and equipment		5,756	(2,887)
		10,638,392	9,480,867
Operating cash flows before working capital changes		41,424,781	37,665,960
Effect on cash flow due to working capital changes:			
Increase in current assets:			
Stores and spares		(3,382,120)	(3,366,963)
Stock in trade		(14,156,017)	(4,800,836)
Trade debts		(13,176,700)	(5,203,832)
Advances, deposits, prepayments and other receivables		(4,116,096)	(7,111,286)
Net increase in creditors, accrued and other liabilities		15,434,706	14,244,246
		(19,396,227)	(6,238,671)
		22,028,554	31,427,289
41 Provident fund			
The following information is based on latest un audited financial statements of the fund:			
Size of the fund		3,219,512	1,982,661
Cost of investments made		2,870,840	1,760,220
Fair value of investments		2,963,931	1,818,992
Percentage of investments made		89.17%	88.78%

41.1 The breakup of fair value of investments is as follows:

	2022		2021	
	(Rupees in thousand)	% age	(Rupees in thousand)	% age
Mutual funds	1,467,288	50%	1,148,752	63%
Scheduled banks	1,496,644	50%	670,240	37%
	2,963,932	100%	1,818,992	100%

41.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

41.3 An amount of Rs 187.01 million (2021: Rs 123.72 million) has been contributed during the year to the provident fund.

42 Financial risk management

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro (EUR). Currently, the Company's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2022	2021
	(FCY in thousand)	
Cash at banks and in hand – USD	9,692	39
Trade and other payables – USD	(1,707)	(1,526)
Net exposure – USD	7,985	(1,487)
Trade and other payables – EUR	(841)	(981)
Net exposure – EUR	(841)	(981)

The following significant exchange rates were applied during the year:

	2022	2021
Rupees per USD		
Average rate	202.79	169.74
Reporting date rate	226.90	178.67
Rupees per EUR		
Average rate	222.68	200.35
Reporting date rate	242.33	203.03

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended December 31, 2022

If the functional currency, at reporting date, had fluctuated by 5% against the USD and EUR with all other variables held constant, the impact on profit after taxation for the year would have been Rs 80.4 million (2021: Rs 23.24 million), respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is also exposed to equity price risk since there are investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

Fair value sensitivity analysis - Investments through Profit or Loss

In case of 5% change in KSE 100 index on December 31, 2022, with all other variables held constant, net profit for the year would increase / decrease by Rs 203.35 million (2021: Rs 112.14 million) as a result of gains / losses on equity securities classified as at fair value through profit or loss.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2022	2021
	(Rupees in thousand)	
Fixed rate instruments		
Term deposit receipt	292,150	2,700,000
Floating rate instruments		
Financial assets		
Long term loan to associated company	2,999,000	2,999,000
Cash at bank - saving accounts	1,718,850	120,392
Short term loans	8,499,723	6,999,723
Financial liabilities		
Long term finance	10,792,882	7,064,604
Short term finance - secured	12,883,518	6,465,772

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the statement of profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If the markup rate on net finance at reporting date, had fluctuated by 100 basis points with all other variables held constant, the impact on profit after taxation for the year would have been Rs 81.35 million (2021: Rs 24.45 million) respectively higher / lower.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and loans, advances, deposits, prepayments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021
	(Rupees in thousand)	
Long term loan to an associated company	2,999,000	2,999,000
Long term advances and deposits	2,114,948	518,424
Short term loan to associated companies	8,499,723	6,999,723
Advances, deposits and other receivables	1,949,537	1,171,116
Trade debts	22,831,008	9,654,308
Bank balances	2,604,720	7,335,786
	40,998,936	28,678,357

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2022	2021
	Short term	Long term	Rating Agency	(Rupees in thousand)	
Allied Bank Limited	A-1+	AAA	PACRA	610	354
Askari Bank Limited	A-1+	AA+	PACRA	292,164	13,524
Bank Alfalah Limited	A-1+	AA+	PACRA	76,212	566,787
Bank Al Habib Limited	A-1+	AAA	PACRA	49,082	747,108
Citibank N.A	P-1	Aa3	Moody's	42	46
Dubai Islamic Bank Limited	A-1+	AA	VIS	92	6
Faysal Bank Limited	A-1+	AA	PACRA	56,613	42,866
Habib Bank Limited	A-1+	AAA	VIS	502,395	524,100
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	521	–
JS Bank Limited	A-1+	AA-	PACRA	182,215	63,244
MCB Bank Limited	A-1+	AAA	PACRA	16,551	30,870
Meezan Bank Limited	A-1+	AAA	VIS	–	882,594
National Bank of Pakistan	A-1+	AAA	VIS	154,844	1,558,375
Soneri Bank Limited	A-1+	AA-	PACRA	–	424
Summit Bank Limited	A-3	BBB-	VIS	1,169,764	183,587
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	53,102	2,714,509
The Bank of Punjab	A-1+	AA+	PACRA	46,453	503
The Bank of Khyber	A+	A1	PACRA	175	–
The Royal Bank of Scotland	P-1	Aa3	Moody's	–	2,820
United Bank Limited	A-1+	AAA	VIS	3,885	4,069

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2022

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2022 the Company has Rs 19,608.54 million (2021: Rs 20,602.60 million) unutilized borrowing limits from financial institutions and Rs 2,609.32 million (2021: Rs 7,343.20 million) cash and bank balances.

The following are the carrying values of financial liabilities as at December 31, 2022:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	10,792,882	2,346,431	7,053,989	1,392,462
Lease liabilities	1,681,578	539,029	1,142,549	–
Short term finance - secured	12,883,518	12,883,518	–	–
Trade and other payables	43,879,145	43,879,145	–	–
Unclaimed dividend	46,429	46,429	–	–
Long term deposits	372,600	–	372,600	–
Accrued finance cost	715,007	715,007	–	–
	70,371,159	60,409,559	8,569,138	1,392,462

The following are the carrying values of financial liabilities as at December 31, 2021:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	7,064,604	1,892,328	4,607,803	564,473
Lease liabilities	2,414,760	334,537	2,080,223	–
Short term finance - secured	6,465,772	6,465,772	–	–
Trade and other payables	30,296,124	30,296,124	–	–
Unpaid dividend	1,738,864	1,738,864	–	–
Unclaimed dividend	44,951	44,951	–	–
Long term deposits	175,104	–	175,104	–
Accrued finance cost	307,184	307,184	–	–
	48,507,363	41,079,760	6,863,130	564,473

42.2 Fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statement approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The Company is required to classify financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments of the Company carried at fair value are categorised as follows:

	2022			
	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment - FVTPL	4,067,140	–	–	4,067,140
Investment - FVTOCI	–	600,000	–	600,000
Total financial assets at fair value	4,067,140	600,000	–	4,667,140

	2021			
	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment - FVTPL	2,242,710	–	–	2,242,710
Investment - FVTOCI	–	600,000	–	600,000
Total financial assets at fair value	2,242,710	600,000	–	2,842,710

42.3 Financial instruments by categories

	2022			2021		
	Amortized Cost	Fair value Through P & L	Fair value Through OCI	Amortized Cost	Fair value Through P & L	Fair value Through OCI
	(Rupees in thousand)					
Financial assets as per statement of financial position						
Long term loan to an associated company	2,999,000	–	–	2,999,000	–	–
Long term investments	–	–	600,000	–	–	600,000
Long term deposits	2,114,948	–	–	518,424	–	–
Short term loan to related parties	8,499,723	–	–	6,999,723	–	–
Advances, deposits, prepayments and other receivables	1,949,537	–	–	1,171,116	–	–
Trade debts	22,831,008	–	–	9,654,308	–	–
Short term investment	–	4,067,140	–	–	2,242,710	–
Cash and bank balances	2,609,323	–	–	7,343,201	–	–
	41,003,539	4,067,140	600,000	28,685,772	2,242,710	600,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended December 31, 2022

Financial liabilities as per statement of financial position - at amortised cost

	2022	2021
	(Rupees in thousand)	
Long term finance	10,792,882	7,064,604
Short term finance - secured	12,883,518	6,465,772
Unpaid dividend	–	1,738,864
Unclaimed dividend	46,429	44,951
Lease liabilities	1,681,578	1,812,298
Long term deposits	372,600	175,104
Trade and other payables	43,879,145	30,315,356
Accrued finance cost	715,007	307,184
	70,371,159	47,924,133

42.4 Capital risk management

The Company's objectives when managing capital are to safeguard Company's ability to continue as a going concern in order to provide maximum return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure as required by the lenders. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of debt to equity ratio.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, issue new ordinary / preference shares, or obtain / repay loans.

	2022	2021
	(Rupees in thousand)	
Total debt	25,357,978	15,342,674
Cash and cash equivalents	(2,609,323)	(7,343,201)
Net debt	22,748,655	7,999,473
Total equity	106,926,356	100,263,440
Total capital	129,675,011	108,262,913
Debt to capital ratio	17.54%	7.39%

	2022	2021
43 Number of employees		
Average number of employees during the year	3,724	2,750
Number of employees at end of the year	4,553	2,895

43.1 With effect from July 01, 2022, employees of Pakarab Fertilizers Limited and Fatima Agri Sales & Services Limited, associated companies, have been transferred to the Company.

44 Shariah compliance disclosure

	2022		
	Conventional	Shariah Compliant	Total
	(Rupees in thousand)		
Finance cost			
Long term loans	669,215	445,784	1,114,999
Short term borrowings	779,303	227,185	1,006,488
Lease liabilities	151,140	–	151,140
Liabilities			
Long term loans	6,792,882	4,000,000	10,792,882
Short term borrowings	9,322,522	3,560,996	12,883,518
Lease liabilities	1,681,578	–	1,681,578
Accrued markup			
Long term loans	243,770	101,083	344,853
Short term borrowings	231,134	139,020	370,154
Finance income			
Long term loans	483,115	–	483,115
Short term loans	1,038,105	–	1,038,105
Banks	282,426	–	282,426
Cash at bank	2,360,560	244,160	2,604,720

	2021		
	Conventional	Shariah Compliant	Total
	(Rupees in thousand)		
Finance cost			
Long term loans	475,711	236,648	712,359
Short term borrowings	752,531	126,094	878,625
Lease liabilities	161,193	–	161,193
Liabilities			
Long term loans	4,720,405	2,344,199	7,064,604
Short term borrowings	6,039,212	426,560	6,465,772
Lease liabilities	1,812,298	–	1,812,298
Accrued markup			
Long term loans	113,282	47,041	160,323
Short term borrowings	121,851	25,010	146,861
Finance income			
Long term loan	289,901	–	289,901
Short term loan	549,523	–	549,523
Banks	94,450	–	94,450
Term finance certificates	2,066	–	2,066
Cash at bank	7,154,852	180,934	7,335,786

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2022

45 Non adjusting events after reporting date

The Board of Directors of the Company in its meeting held on April 03, 2023 proposed a final dividend of Rs 3.50 (2021: Rs 3.50) per share for the year ended December 31, 2022, aggregating to Rs 7,350 million (2021: Rs 7,350 million) for approval of the members at the Annual General Meeting to be held on April 28, 2023.

46 Date of authorization of issue

These financial statements have been authorized for issue on April 03, 2023 by the Board of Directors of the Company.

47 General

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

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

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Item 5 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company, however, the directors have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors

1) Mr. Fawad Ahmed Mukhtar
2) Mr. Fazal Ahmed Sheikh
3) Mr. Faisal Ahmed Mukhtar

The Directors have carried out the required due diligence for the purpose of this loan.

The information required under S.R.O 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required
(a)	**Disclosure for all types of Investments**	
(A)	**Disclosure regarding associated company**	
(i)	Name of associated company or associated undertaking	Reliance Commodities (Pvt) Limited (RCL)
(ii)	Basis of relationship	Due to common directorship by the following: 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar
(iii)	Earnings per share for the last three years	PKR 25.06 for the year 2020 PKR 45.51 for the year 2021 PKR 85.86 for the year 2022
(iv)	Break-up value per share, based on latest audited financial statements	PKR 453.33
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the audited Financial Statements for the year ended June 30, 2022 **PKR in Million** Authorized Capital 350 Paid-up capital and reserves 3,629 Surplus on revaluation of property, plant and equipment 595 Non-Current Liabilities 638 Current Liabilities 11,266 Current Assets 14,307 Non-Current Assets 1,226 Revenue 5,281 Gross Profit 1,112 Finance Cost 888 Profit After Tax 687

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: (I) Description of the project and its history since conceptualization; (II) starting date and expected date of completion of work; (III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	Not applicable
(B)	**General Disclosures**	
(i)	Maximum amount of investment to be made	Loan Investment in the nature of running finance facility up to PKR 5,000 Million (Already made).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To support the functionality and operations of the associated undertaking and to continue investment of the Company's funds at an attractive rate of mark-up for a further period of one year.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Already given/Own sources of the Company.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Salient terms of the agreement to be entered as follows: 1. The parties agree to extend the repayment period of the Running Finance Facility to be repaid within 30 days of the notice of demand for a further period of one year. The limit in the nature of Running Finance Facility shall be renewable in the next general meeting(s) for a further period(s) of one year. 2. Markup will be charged on the entire loan at the rate of 6M KIBOR+1.25% but not less than the borrowing cost of Fatima. Markup is payable on a six monthly basis.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The following directors of the Company are also the directors in the investee company, however, the directors have no direct or indirect interest except to the extent of shareholding/ directorship in the investee company: **Directors** 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	A loan of an aggregate amount of up to PKR 5,000 million in the nature of a renewable running finance facility has already been granted to RCL. The Company is now seeking renewal of this running finance facility for a further period of one year at the mark-up rate of 6M KIBOR + 1.25% but not less than the borrowing cost of Fatima and to be repaid within 30 days of the notice of demand. There is no impairment or write-offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None
(b)	**Additional Disclosures regarding Loan Investment**	
(i)	Category-wise amount of investment	Loan Investment in the nature of running finance facility up to PKR 5,000 Million (Already made).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	The average borrowing cost of investing company is 12.891%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	6M KIBOR+1.25% per annum but not less than the borrowing cost of Fatima.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The security for the loan shall continue in the form of a charge over the present and future current assets of RCL and the charge shall be vacated on the repayment of the entirety of the loan.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	None
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The Loan will be repayable within a year within 30 days of the notice of demand unless renewed by mutual consent of the parties, provided shareholders of Fatima approve any renewal.

Item 6 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors

1) Mr. Arif Habib
2) Mr. Fawad Ahmed Mukhtar
3) Mr. Fazal Ahmed Sheikh
4) Mr. Faisal Ahmed Mukhtar
5) Mr. Muhammad Kashif Habib

Relative

1) Mrs. Ambreen Fawad

The Directors have carried out the required due diligence for the purpose of this loan.

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

The information required under S.R.O. 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required
(a)	**Disclosure for all types of Investments**	
(A)	**Disclosure regarding associated company**	
(i)	Name of associated company or associated undertaking	Pakarab Fertilizers Limited (PFL)
(ii)	Basis of relationship	Due to common directorship by the following: 1) Mr. Arif Habib 2) Mr. Fawad Ahmed Mukhtar 3) Mr. Fazal Ahmed Sheikh 4) Mr. Faisal Ahmed Mukhtar 5) Mr. Muhammad Kashif Habib
(iii)	Earnings per share for the last three years	PKR (9.17) for the year 2019 PKR 2.46 for the year 2020 PKR 5.76 for the year 2021 PKR 1.21 for the half year ended June 30, 2022
(iv)	Break-up value per share, based on latest audited financial statements	PKR 28.62
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the audited Financial Statements for the half year ended June 30, 2022 **PKR in Billion** Authorized Capital 10.0 Total Equity (Paid up capital & reserves) 12.877 Non-Current Liabilities 7.776 Current Liabilities 23.794 Current Assets 19.726 Non-Current Assets 24.721 Revenue 29.193 Gross Profit 2.061 Finance Cost 0.846 Profit After Tax 0.543
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: (I) Description of the project and its history since conceptualization; (II) starting date and expected date of completion of work; (III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	Not applicable

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(B)	**General Disclosures**	
(i)	Maximum amount of investment to be made	Loan Investment in the nature of running finance facility up to PKR 5,000 Million already made.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To facilitate PFL in meeting its financial obligations towards the lenders/financial institutions/Government/Corporate bodies from July 01, 2022 onwards during the proceedings in the Court for its approval of the Scheme merger with Fatima Fertilizer.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Already given/Own sources of the Company.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Agreement: 1. The parties agree to extend the repayment period of the Running Finance Facility to be repaid within 30 days of the notice of demand for a further period of one year. The limit in the nature of Running Finance Facility shall be renewable in the next general meeting(s) for a further period(s) of one year. 2. Markup will be charged on the Loan at the rate of 6M KIBOR+1.25% per annum but not less than the borrowing cost of Fatima. Markup is payable on a six monthly basis.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship in the investee company: **Directors** 1) Mr. Arif Habib 2) Mr. Fawad Ahmed Mukhtar 3) Mr. Fazal Ahmed Sheikh 4) Mr. Faisal Ahmed Mukhtar 5) Mr. Muhammad Kashif Habib **Relative** 1) Mrs. Ambreen Fawad
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Long term loan of an aggregate amount of up to PKR 3,000 million and a corporate guarantee facility limit of up to PKR 7,000 million is already given to PFL. There is no impairment or write-offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(b)	**Additional Disclosures regarding Loan Investment**	
(i)	Category-wise amount of investment	Loan investment in the nature of running finance facility up to PKR 5,000 million already made.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	The average borrowing cost of investing company is 12.891%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	6M KIBOR+1.25% per annum but not less than the borrowing cost of Fatima.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	None
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	None
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Upon sanction of the merger Scheme by the Court.

Item 7 of the Agenda:

The transactions carried out with associated companies/related parties have been approved by the Board as recommended by the Audit Committee on a quarterly basis pursuant to provisions of applicable laws. However, as majority of Company Directors were interested in certain related party transactions due to their common directorship and holding of shares in the associated companies/related parties, the Board has recommended for placement of the same before the shareholders of the Company in general meeting for ratification/approval.

All these related party transactions during the mentioned period were executed at Arm's Length Price in a fair and transparent manner and there was no departure from the guidelines mentioned in the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and Code of Corporate Governance for such transactions.

Pursuant to the above, these transactions have to be approved/ratified by the shareholders in the General Meeting.

The directors and their relatives have no direct or indirect interest in the aforesaid except to the extent of their shareholding/ common directorship with associated companies/related parties.

Item 8 of the Agenda:

Due to the composition of the Board of Directors of the Company, many Directors may be deemed to be treated as interested in transactions with certain related parties due to their common directorships and/or shareholding. Therefore the shareholders are being approached to grant a broad and prior approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board and irrespective of its composition and interest of directors due to their common directorship and holding of shares in the associated companies/related parties, triggering approval of shareholders under section 207 and/or 208 of the Companies Act, 2017, for the year ending December 31, 2023, which transactions shall be deemed to be approved by the shareholders. The Company shall ensure that such transactions with related parties, if needed, continue to be carried out in a fair and transparent manner and at Arm's Length Basis.

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Transactions intended to be carried out by the Company include, but are not limited to, sale and purchase of stores and spares, shared expenses, toll manufacturing, sale and purchase of products/mid-products/raw material/assets, and purchase of packaging material with the following related parties but are not limited to:

Company Name and Nature of Relationship

1. Pakarab Fertilizers Limited - Associated company
2. Fatimafert Limited – Wholly owned subsidiary
3. Fatima Cement Limited – Wholly owned subsidiary
4. Fatima Packaging Limited - Wholly owned subsidiary of Pakarab Fertilizers Limited (an associated company)

The shareholders should note that it is not possible for the Company or the directors to accurately predict the nature of related party transaction or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad/ prior approval of the shareholders that the Board may cause the Company to enter into related party transactions in its discretion and in accordance with the policy of the Company. Such transactions shall be presented in the next annual general meeting of shareholders for their formal approval/ratification.

The following directors of the Company are also the directors in PFL and the following relative of the director is also the shareholder of PFL, however, the directors/relative have no direct or indirect interest except to the extent of their shareholding/directorship in PFL:

Directors	**Relative**
1) Mr. Arif Habib	
2) Mr. Fawad Ahmed Mukhtar	1) Mrs. Ambreen Fawad
3) Mr. Fazal Ahmed Sheikh	
4) Mr. Faisal Ahmed Mukhtar	
5) Mr. Muhammad Kashif Habib	

Further, the following directors of the Company are also the directors in Fatimafert Limited and Fatima Cement Limited, however, the directors have no direct or indirect interest except to the extent of their shareholding/directorship in Fatimafert Limited and Fatima Cement Limited. Mr. Asad Murad, CFO of the Company, is also the CFO of Fatimafert Limited:

Directors

1) Mr. Arif Habib
2) Mr. Fawad Ahmed Mukhtar
3) Mr. Fazal Ahmed Sheikh
4) Mr. Faisal Ahmed Mukhtar
5) Mr. Muhammad Kashif Habib

The Directors/Key managerial personnel are interested in the resolution only to the extent of their shareholding and/or directorships in such related parties.

Item 9 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors	**Relative**
1) Mr. Arif Habib	
2) Mr. Fawad Ahmed Mukhtar	1) Mrs. Ambreen Fawad
3) Mr. Fazal Ahmed Sheikh	
4) Mr. Faisal Ahmed Mukhtar	
5) Mr. Muhammad Kashif Habib	

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

The Directors have carried out the required due diligence for the purpose of issuance of corporate guarantees.

The information required under S.R.O. 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required
(a)	**Disclosure for all types of Investments**	
(A)	**Disclosure regarding associated company**	As given in item no. 6 above
(B)	**General Disclosures**	
(i)	Maximum amount of investment to be made	Corporate Guarantee(s) limit of up to an aggregate amount of PKR 7,000 Million.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	As given in item no. 6 above
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Not applicable
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Renewal of limit for issuance of Corporate Guarantee(s) up to an aggregate amount of up to PKR 7,000 million for a further period of one year for Corporate Guarantee(s) issued/ to be issued by Fatima Fertilizer Company Limited, as and when needed, in favor of any bank / financial institution/ Government/Corporate bodies, etc. in connection with financing or other facilities availed / to be availed by Pakarab Fertilizers Limited.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	As given in item no. 6 above
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Long-term loan of an aggregate amount of up to PKR 3,000 million and running finance facility of an aggregate amount of PKR 5,000 million is already given to PFL. There is no impairment or write-offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None

STATEMENTS UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(b)	**Additional Disclosures regarding Loan Investment**	
(i)	Category-wise amount of investment	Corporate Guarantee(s) limit of up to an aggregate amount of PKR 7,000 million.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	The average borrowing cost of investing company is 12.891%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	In line with prevailing commercial rates for similar unfunded facilities.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	None
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	None
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The limit of Corporate Guarantee(s) will be for a period of one year and shall be renewable in the next general meeting(s) for a further period(s) of one year(s).

Item 10 of the Agenda:

Circulation/Dissemination of Annual Audited Financial Statements through QR enabled code and weblink.

SECP has notified through S.R.O. 389 (I)/2023 dated March 21, 2023, whereby subject to the approval of shareholders in the general meeting, the listed companies have been allowed to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink and considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD/DVD/USB may be discontinued. Accordingly, approval is hereby sought from shareholders to comply with the requirements of the said SRO.

None of the directors have any interest whether directly or indirectly in the proposed business except to the extent of their respective shareholding/directorship.

PATTERN OF SHAREHOLDING
as at December 31, 2022

Category - Wise

Categories of Shareholders	Shares held	Percentage
Directors and their spouse(s) and minor children		
Mr. Fawad Ahmed Mukhtar	80,900,389	3.85
Mr. Fazal Ahmed Sheikh	101,016,205	4.81
Mr. Faisal Ahmed Mukhtar	131,932,979	6.28
Mr. Arif Habib	257,474,220	12.26
Mrs. Ambreen Fawad	15,473,526	0.74
Mr. Asad Muhammad Sheikh	24,364,808	1.16
Mr. Mohid Muhammad Ahmed	5,942,301	0.28
Mrs. Farah Faisal	56,250	0.00
Mrs. Fatima Fazal	1,884,311	0.09
Mr. Muhammad Kashif Habib	62,293,675	2.97
Mr. Tariq Jamali	1	0.00
Ms. Malika Nait Oukhedou	1	0.00
Associated Companies, undertakings and related parties	907,236,060	43.20
Sponsors	288,646,354	13.75
Executives	447,185	0.02
NIT and ICP	596	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions	49,899,124	2.38
Insurance Companies	274,652	0.01
Modarabas and Mutual Funds	3,038,389	0.14
General Public		
a. Local	44,453,701	2.12
b. Foreign	1,191,508	0.06
Foreign Companies	20,809,420	0.99
Others	102,664,346	4.89
Totals	2,100,000,000	100.00

Share holders holding 10% or more	Shares held	Percentage
Arif Habib	257,474,219	12.26
Arif Habib Corporation Limited	319,000,206	15.19

No. of Shareholders	From	Having Shares	To	Shares Held
2358	1	to	100	86,005
3611	101	to	500	1,451,341
1046	501	to	1000	929,368
1312	1001	to	5000	3,480,582
393	5001	to	10000	3,085,686
168	10001	to	15000	2,110,028
88	15001	to	20000	1,612,083
61	20001	to	25000	1,408,864
33	25001	to	30000	922,423
20	30001	to	35000	656,033
19	35001	to	40000	716,471
16	40001	to	45000	679,993
32	45001	to	50000	1,579,208
17	50001	to	55000	888,135
16	55001	to	60000	934,508
11	60001	to	65000	691,347
11	65001	to	70000	759,720
7	70001	to	75000	501,940
1	75001	to	80000	78,750
5	80001	to	85000	413,797
2	85001	to	90000	171,134
3	90001	to	95000	280,441
16	95001	to	100000	1,594,856
2	100001	to	105000	205,187
6	105001	to	110000	645,822
2	110001	to	115000	226,108
1	120001	to	125000	125,000
1	125001	to	130000	130,000
1	135001	to	140000	140,000
2	140001	to	145000	288,008
5	145001	to	150000	746,400
1	150001	to	155000	152,000
3	155001	to	160000	477,000
1	160001	to	165000	165,000
1	170001	to	175000	171,225
1	175001	to	180000	177,459
1	185001	to	190000	185,566
3	195001	to	200000	595,115
1	210001	to	215000	210,419
2	220001	to	225000	445,500
1	225001	to	230000	229,000
1	230001	to	235000	232,000
1	235001	to	240000	235,752
2	240001	to	245000	481,199
4	245001	to	250000	997,940
3	270001	to	275000	825,000
1	290001	to	295000	291,519
2	295001	to	300000	600,000
1	300001	to	305000	305,000

PATTERN OF SHAREHOLDING
as at December 31, 2022

No. of Shareholders	From	Having Shares	To	Shares Held
1	310001	to	315000	310,180
1	320001	to	325000	321,500
1	325001	to	330000	328,038
2	335001	to	340000	672,081
1	340001	to	345000	340,263
1	345001	to	350000	347,000
2	350001	to	355000	706,948
2	360001	to	365000	730,000
1	365001	to	370000	370,000
1	375001	to	380000	379,000
1	415001	to	420000	418,490
1	425001	to	430000	428,865
1	445001	to	450000	450,000
2	475001	to	480000	958,000
1	485001	to	490000	486,000
2	495001	to	500000	1,000,000
1	505001	to	510000	505,241
1	550001	to	555000	550,500
2	585001	to	590000	1,176,361
1	595001	to	600000	597,626
1	605001	to	610000	609,292
1	670001	to	675000	675,000
1	725001	to	730000	725,288
1	745001	to	750000	749,500
1	750001	to	755000	753,687
1	755001	to	760000	758,797
2	780001	to	785000	1,567,950
1	950001	to	955000	955,000
1	975001	to	980000	979,000
3	995001	to	1000000	3,000,000
1	1005001	to	1010000	1,009,500
1	1035001	to	1040000	1,035,812
1	1095001	to	1100000	1,095,270
1	1215001	to	1220000	1,218,923
2	1345001	to	1350000	2,699,050
1	1455001	to	1460000	1,457,000
2	1540001	to	1545000	3,081,895
1	1590001	to	1595000	1,591,500
1	1695001	to	1700000	1,698,357
1	1860001	to	1865000	1,863,218
1	1995001	to	2000000	2,000,000
2	2015001	to	2020000	4,030,430
1	2400001	to	2405000	2,403,669
1	2605001	to	2610000	2,610,000
1	2625001	to	2630000	2,625,166
1	2795001	to	2800000	2,800,000
1	2920001	to	2925000	2,925,000
1	2980001	to	2985000	2,981,177
1	3525001	to	3530000	3,528,055

No. of Shareholders	From	Having Shares	To	Shares Held
1	3920001	to	3925000	3,924,459
1	5115001	to	5120000	5,116,285
3	5155001	to	5160000	15,474,978
2	5355001	to	5360000	10,718,543
1	5370001	to	5375000	5,373,907
3	5375001	to	5380000	16,125,084
1	5655001	to	5660000	5,658,075
1	7425001	to	7430000	7,429,576
2	7735001	to	7740000	15,474,978
1	8035001	to	8040000	8,038,869
1	8865001	to	8870000	8,866,946
2	10015001	to	10020000	20,039,578
1	10065001	to	10070000	10,066,585
1	11925001	to	11930000	11,927,500
1	12490001	to	12495000	12,492,349
2	16625001	to	16630000	33,254,639
1	17910001	to	17915000	17,913,706
2	18785001	to	18790000	37,579,583
1	19405001	to	19410000	19,409,500
1	19610001	to	19615000	19,613,553
1	26195001	to	26200000	26,200,000
1	27995001	to	28000000	28,000,000
1	31345001	to	31350000	31,350,000
1	39255001	to	39260000	39,258,014
1	39510001	to	39515000	39,512,487
1	41160001	to	41165000	41,163,375
1	46610001	to	46615000	46,610,769
1	53875001	to	53880000	53,878,336
1	59720001	to	59725000	59,721,043
1	62290001	to	62295000	62,293,675
1	64795001	to	64800000	64,800,000
1	69110001	to	69115000	69,114,031
2	75535001	to	75540000	151,076,076
1	82635001	to	82640000	82,638,426
2	84890001	to	84895000	169,784,446
1	91900001	to	91905000	91,900,380
1	147705001	to	147710000	147,706,263
1	254200001	to	254205000	254,200,206
1	257470001	to	257475000	257,474,219
9,407				2,100,000,000

FORM OF PROXY

20th Annual General Meeting

I/We ______________________________

of ______________________________

being a member(s) of Fatima Fertilizer Company Limited hold ______________________________

Ordinary Shares hereby appoint Mr. / Mrs. / Miss ______________________________

of ______________________ or falling him / her ______________________________

of ______________________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 20th Annual General Meeting of the Company to be held on April 28, 2023 and / or any adjournment thereof.

As witness my/our hand/seal this ______________________ 2023.

Signed by ______________________________

in the presence of ______________________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Fifty Rupees
Revenue Stamp

The Signature should agree with the specimen registered with the Company

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the office of our Shares Registrar not later than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

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

AFFIX
CORRECT
POSTAGE

Company Secretary
FATIMA FERTILIZER COMPANY LIMITED
E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.

فاطمہ فرٹیلائزر کمپنی لمیٹڈ

پراکسی فارم

20واں سالانہ عمومی اجلاس

میں / ہم ....

ساکن ....بطور ممبر(ز) فاطمہ فرٹیلائزر کمپنی لمیٹڈ

حامل ....عام حصص، محترم / محترمہ ....

ساکن ....یا ان کے حاضر نہ ہوسکنے کی صورت میں..

ساکن ....کو اپنے/ہمارے ایما پر کمپنی کے مورخہ 28 اپریل 2023

بروز جمعہ کو ہونے والے یا کسی بھی التوا کی صورت میں 20 واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

بطور گواہ آج ....بتاریخ..................اپریل2023..................کی موجودگی میں دستخط ہوئے۔

پچاس روپے کے رسیدی ٹکٹ پر دستخط		

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیئے جائیں گے۔

3۔ سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہو گا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہو گی۔

AFFIX
CORRECT
POSTAGE

Company Secretary
FATIMA FERTILIZER COMPANY LIMITED
E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.

If undelivered, please return to:
The Company Secretary
Fatima Fertilizer Company Limited
E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.
UAN:111FATIMA (111-328-462) Fax: 042-36621389
www.fatima-group.com

MANDATORY REQUIREMENT OF BANK ACCOUNT DETAILS FOR ELECTRONIC CREDIT OF CASH DIVIDEND PAYMENT AS PER THE COMPANIES ACT, 2017

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is **mandatory** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information **to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) OR to our Share Registrar CDC Share Registrar Services Limited ,CDC House, 99-B, B lock B,S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form)**:

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No. (Copy attached)	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) "**Mandatory**"	**PK**______________________________________ **(24 digits)** (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly. ____________________ **Signature of shareholder**	

Fatima
Fertilizer Company Limited

موصول نہ ہونے کی صورت میں، براہ کرم یہاں واپس بھیج دیں:

کمپنی سیکرٹری

فاطمہ فرٹیلائزر کمپنی لمیٹڈ

E-110، خیابان جناح لاہور کینٹ، پاکستان

یو اے این: (111-328-462) 111FATIMA، فیکس: 042-36621389

www.fatima-group.com

کمپنیز ایکٹ 2017 کے مطابق کمپنی منافع (ڈیویڈنڈ) کی نقد ادائیگی کے واسطے الیکٹرانک کریڈٹ کے بینک اکاؤنٹ تفصیلات کی لازمی شرائط

معزز شیئر ہولڈر،

آپ کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق، **نقد کی صورت میں ادا کیے جانے والے کسی بھی کمپنی منافع کو (ڈیویڈنڈ) صرف الیکٹرانک ذریعہ سے حقدار شیئر ہولڈر کی طرف سے نامزد کردہ بینک اکاؤنٹ میں براہ راست ادا کیا جائیگا**۔ براہ مہربانی نوٹ فرمائیں کہ کمپنی منافع (ڈیویڈنڈ) ادائیگیوں کے لئے بینک مینڈیٹ کا دیا جانا **لازمی** ہے اور اس انضباطی شرط کے مطابق عمل درآمد کے لئے نیز کمپنی منافع (ڈیویڈنڈ) کی رقم کی اپنے بینک میں براہ راست منتقلی کی سہولت سے بہرہ مند ہونے کے لئے، آپ سے درخواست کی جاتی ہے کہ براہ مہربانی **اپنے متعلقہ سی ڈی سی حصہ دار / سی ڈی سی سرمایہ کار اکاؤنٹ سروسز (آپ کے شیئر ہولڈنگ کے بک انٹری فارم میں ہونے کی صورت میں) یا ہمارے شیئر رجسٹرار سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل کراچی۔74400 (آپ کا شیئر ہولڈنگ فزیکل فارم میں ہونے کی صورت میں) کو درج ذیل معلومات فراہم کریں:**

شیئر ہولڈر کی تفصیلات	
شیئر ہولڈر کا نام	
فولیو / سی ڈی ایس اکاؤنٹ نمبر	
کمپیوٹرائزڈ شناختی کارڈ نمبر (نقل شدہ کاپی)	
شیئر ہولڈر کا سیل فون نمبر	
شیئر ہولڈر کا لینڈ لائن نمبر، اگر کوئی ہو تو	
ای میل	
بینک اکاؤنٹ کی تفصیلات	
بینک اکاؤنٹ کا عنوان	
بین الاقوامی بینک اکاؤنٹ نمبر (آئی بین) "لازمی"	(24 حروف) PK ______________________ (براہ مہربانی اپنے متعلقہ بینک برانچ سے مشورہ کر کے اپنا درست آئی بین نمبر فراہم کریں کیونکہ آئی بین نمبر میں کسی بھی غلطی یا بھول چوک کے باعث آپ کے نقد کمپنی منافع (ڈیویڈنڈ) ادائیگی میں نقصان یا دیر ہو جانے کی صورت میں کمپنی کسی بھی طرح ذمہ دار نہ ہوگی)
بینک کا نام	
برانچ کا نام اور پتہ	

فراہم کی گئی درج بالا تمام معلومات بالکل درست ہیں اور ان میں کسی بھی قسم کی تبدیلی واقع ہونے کی صورت میں، میں / ہم فوری طور پر حصہ دار / شیئر رجسٹرار کو مطلع کریں گے۔

____

دستخط شیئر ہولڈر

www.fatima-group.com

Fatima
Fertilizer Company Limited
JV of Fatima and Arif Habib Group

E-110, Khayaban-e-Jinnah
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