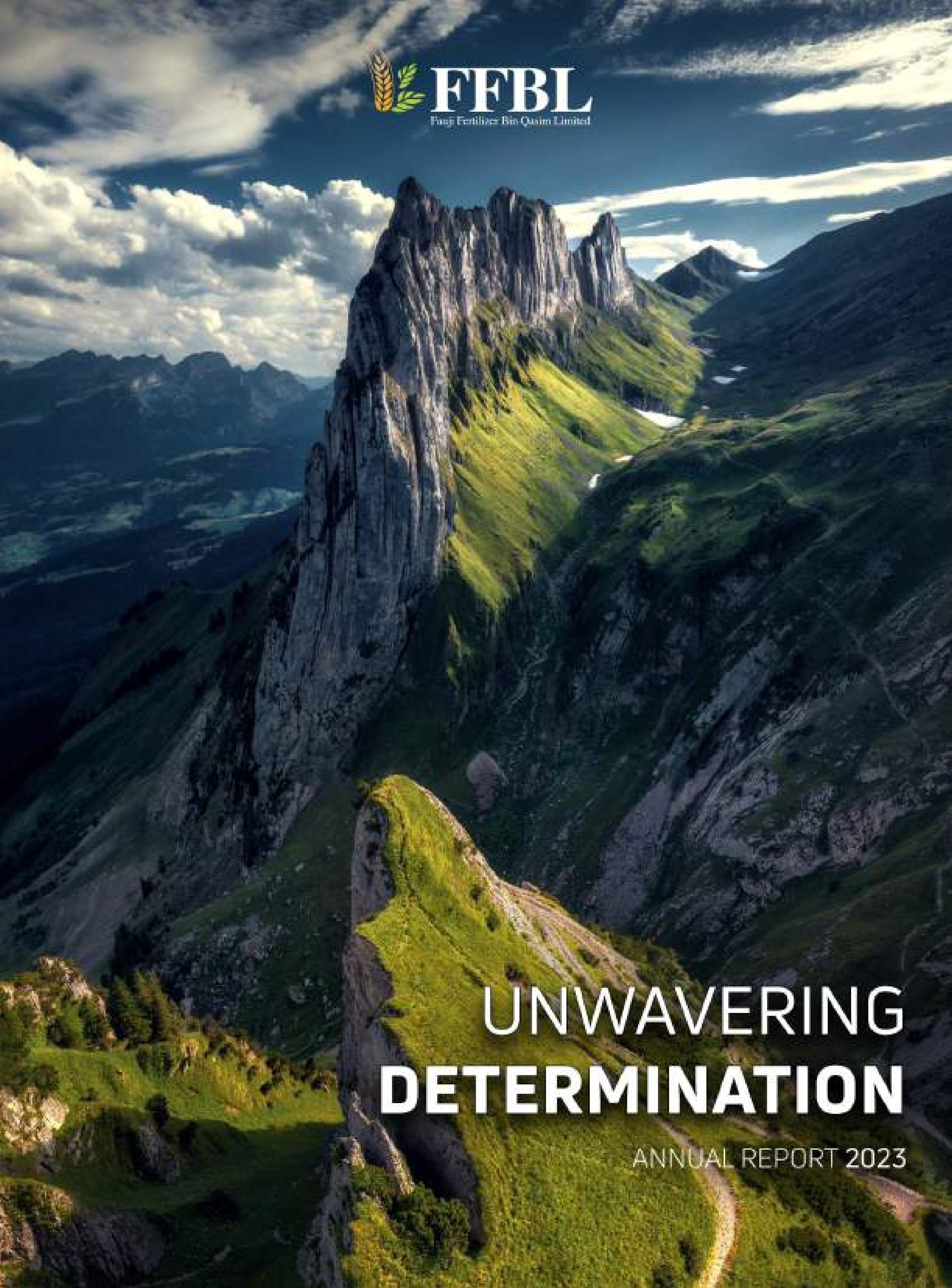


FFBL
Fauji Fertilizer Bin Qasim Limited

UNWAVERING DETERMINATION

ANNUAL REPORT 2023

COVER STORY

FFBL: Pakistan's sole DAP producer

In this annual report, we present not merely a financial reflection but a tale of determination that defines FFBL – Pakistan's exclusive DAP producer. This narrative unfolds against the backdrop of challenges and adversities, where our company stands as a testament to resilience and adaptation.

FFBL faced a multitude of challenges in the past year: managing high opening inventory levels, navigating historic high interest rate risk, addressing shortages of gas supplies, mitigating foreign exchange losses, and contending GST discrimination. Most importantly, FFBL was the only company among local fertilizer producers to face these challenges at such a magnitude.

Let us unfold our narrative of unwavering determination.

ABOUT THIS REPORT

The FFBL Annual Report 2023 (the Report) integrates the following sections:

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

The Report is structured to assist our readers in assessing our business by providing information about state of affairs, performance and the outlook of FFBL. It fairly addresses the material matters pertaining to the long term sustainability of the Company and its integrated performance. This Report comprises of strategic and operational review by the Board of Directors which encompasses financial reviews and analysis, overview of governance, risk management and internal control frameworks. 'Navigating through this Report' given on page 4 shall further facilitate the reader in comprehending this Report. Our value creating business model supported by the outputs, outcomes and impacts of various forms of capitals associated with business activities, and how we look forward towards business opportunities, has also been explained. The Board has endorsed and authorized the release of their report on January 25, 2024.

Scope and Boundary

Our Report covers the period from January 1, 2023 to December 31, 2023 and subsequent events up to the issuance of this report have also been explained in various sections of the Report. Operational and financial analysis and reviews are carried out by extracting financial information from the Audited Financial Statements for the year ended December 31, 2023 with relevant comparative information. The Financial Statements consistently comply with the requirements of:

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

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

Forward Looking Statement

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

External Assurances / Reviews

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

VISION

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

MISSION

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

CONTENTS





NAVIGATING THROUGH THIS REPORT

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

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

Company Overview 01


FFC
ڈی اے پی
18 - 46 - 0
GUARANTEED ANALYSIS
N : 18% P_2O_5 : 46%
50 KG. NET
MANUFACTURED BY FFBL
MARKETED BY FFC
FFC
سونا
یوریا گرینولر
GUARANTEED ANALYSIS
NITROGEN 46%
50 KG. NET
MANUFACTURED BY FFBL
MARKETED BY FFC

PRODUCT PORTFOLIO

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

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

- SONA DAP
- SONA Urea (Granular)

SONA DAP

Agricultural Use

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

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

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

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

FFBL is the sole producer of DAP in Pakistan.

Industrial Use

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

SONA Urea Granular

Agricultural Use

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

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

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

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

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

Industrial Use

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

Dairy

Fauji Foods Limited (FFL)

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

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

Power

FFBL Power Company Limited (FPCL)

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

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

LEGISLATIVE & REGULATORY ENVIRONMENT

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

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

POLICY STATEMENT ON ETHICS AND BUSINESS PRACTICE

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

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

COMPANY INFORMATION

Board of Directors

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

Company Secretary

Brig (Retd) Khurram Shahzada, SI(M)

Chief Financial Officer

Mr. Muhammad Javed Akhtar

Registered Office:

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

Plant Site:

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

Auditors:

M/s EY Ford Rhodes

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

Shares Registrar:

M/s Corplink (Pvt) Limited

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

Legal Advisors:

M/s Orr Dignam & Co. Advocates

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

HOW WE EVOLVED

1993
- Incorporation of the Company

1996
- Listed with Karachi, Lahore and Islamabad Stock Exchanges

2000
- Commencement of commercial production

2003
- Successful commissioning of Desulphurisation Project
- Agreement with Office Cherifien des Phosphates' (OCP), Morocco for supply of raw material Phosphoric Acid (P_2O_5)

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

2010
- Investment in Wind Power Projects
- Successful implementation of SAP-ERP system.

2011
- Rewarding year for FFBL, exhibiting highest standards of performance, surpassing all previous records
- PMP production increased to 382 KT of P_2O_5 (surpassing the name plate capacity of 375 KT in any year)

2013
- Incorporation of Fauji Meat Limited and Fauji Foods Limited
- Investment in Askari Bank Limited
- Highest ever DAP production of 744,436 MT

2017
- Start of commercial production by FPCL
- Record yearly DAP production of 808,808 MT
- Record monthly DAP production of 74,500 MT
- Highest ever daily DAP production of 2,513 MT
- Highest ever Sona DAP sales of 831,173 MT

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

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

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

2005

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

2006

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

2007

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

2014

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

2015

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

2016

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

2021

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

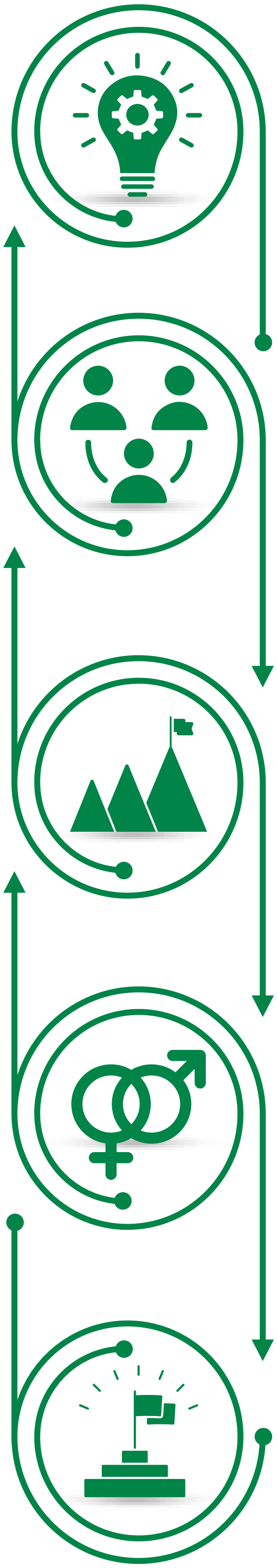
2022

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

2023

- Successfully completed sale of equity investment in Fauji Meat Limited.
- Crossed Rs. 206 Billion gross revenue hallmark.
- Crossed Rs. 33 Billion gross profit hallmark.
- Merit Award from SAFA for annual report 2022.
- 2nd position in Best Corporate Report Award 2022 (Chemical and fertilizer sector).

CORE VALUES



Innovation

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

Teamwork

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

Perseverance

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

Diversity

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

Empowerment

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

CODE OF CONDUCT

1. Corporate Image

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

2. Health and Safety

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

3. Confidentiality

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

4. Stakeholders

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

5. Respect for People and Team Work

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

6. Integrity and Honesty

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

7. Dedication to Quality

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

8. Legal Compliance

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

9. Unauthorized Use of Corporate Assets

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

10. Conflict of Interest

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

11. Corporate Records

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

FFBL GROUP STRUCTURE

FPCL 75.00%

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

FFL 47.84%

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

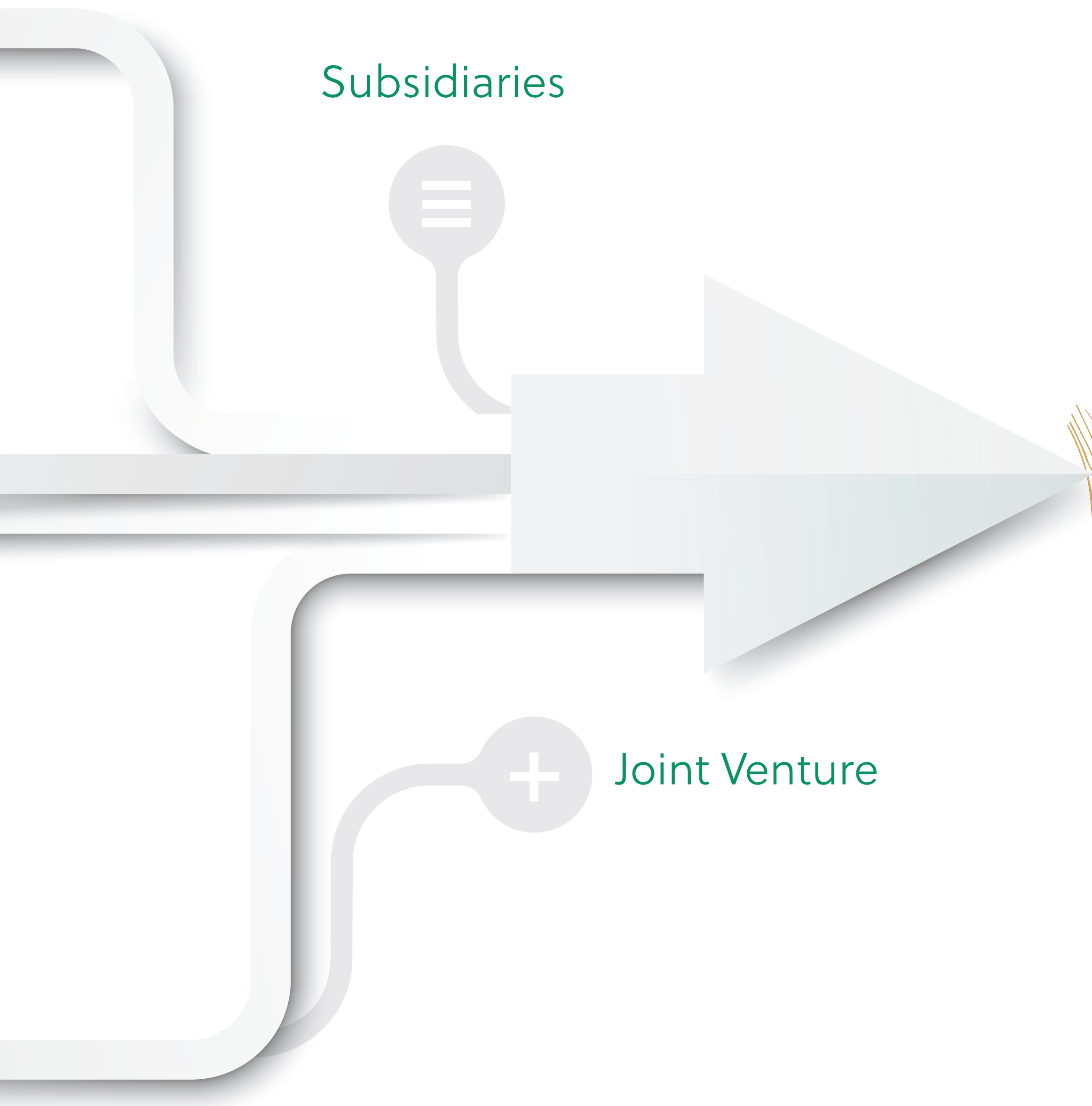
AKBL 21.57%

Askari Bank's branch footprint comprises 765 branches, including 140 Islamic Banking Branches, a Wholesale Banking Branch in Bahrain and a representative office in Beijing, China. Every year FFBL earns dividend income from investment in AKBL and show diversification into different sectors by the Company.

Associate

PMP 25.00%

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



FFBL
Fauji Fertilizer Bin Qasim Limited

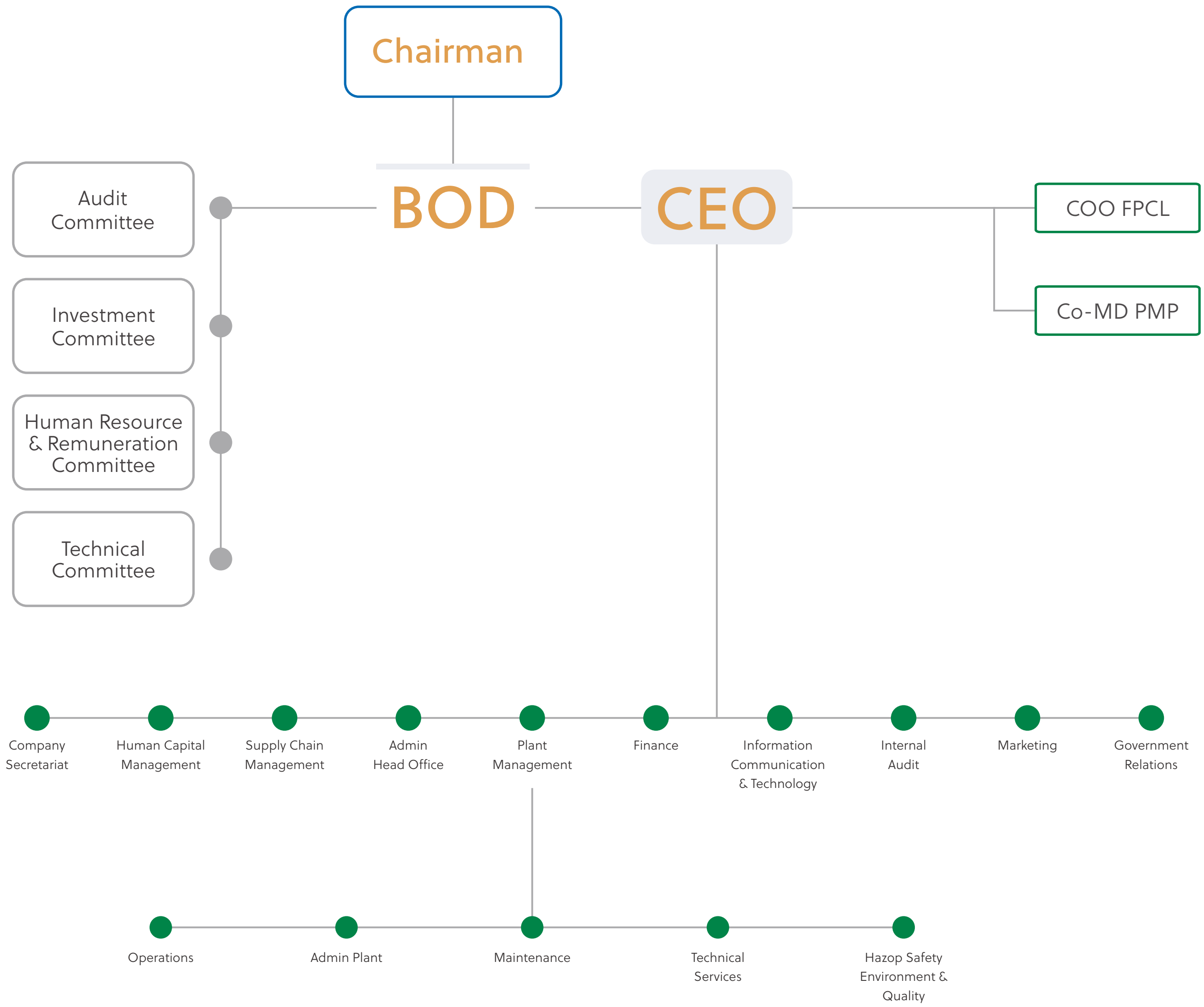
Year
2023
Average Number of Employees

Plant
664

Head Office
156

Total
820

COMPANY STRUCTURE / ORGANOGRAM



Value Creation Business Model

Our value creation business model and process show how we take in value, use our manufacturing facilities, people, systems and relationships to create additional value for our shareholders, employees, and other stakeholders. Detailed value chain has been disclosed on page 134 of the Report.

Significant Changes from Prior Year

Any significant changes from prior year have been appropriately disclosed in the relevant sections of this Report.

External Environment

Significant factors affecting the external environment and our associated responses have been disclosed in detail on page 136 of the Report.

HIGHLIGHTS FOR THE YEAR

(Rs. in Million)
145,872
Total Assets

(Rs. in Million)
193,064
Sales - Net

(Rs. in Million)
33,110
Gross Profit

(Rs. in Million)
21,901
Operating Profit

(Rs. in Million)
4,403
Profit After Tax

(Rs.)
3.41
Earning Per Share

MARKET SHARE

Combined Share of FFBL and FFC

43%
Urea

61%
DAP

MAJOR EVENTS CALENDAR

No.	Month	Event
01	JAN	**BOD Meeting** 30 Jan 2023.
02	FEB	**1st Corporate Briefing**
03	MAR	**29th AGM** 28th March 2023
04	APR	**BOD Meeting** 26 April 2023
05	MAY	**BOD Meeting** 31 May 2023; **2nd Corporate Briefing**
06	JUL	**BOD Meeting** 21 July 2023; **3rd Corporate Briefing**
07	AUG	**21st EOGM** 18 Aug 2023
08	OCT	**BOD Meeting** 23 Oct 2023; **4th Corporate Briefing**
09	DEC	**BOD Meeting** 18 Dec 2023

OBJECTIVES AND STRATEGIES

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

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

Our objectives and the strategies to achieve them are guided by the concept of shared value creation, where we strive to be a source of value creation for all of our stakeholders i.e. our customers (the farming community), shareholders, the Government, our business partners (dealers, suppliers, bankers, consultants), our people and the communities around us.

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

PROFILE OF THE BOARD

PROFILE OF THE BOARD

Mr. Waqar Ahmed Malik
Sitara-e-Imtiaz
Chairman

A fellow member of the Institute of Chartered Accountants of England & Wales (ICAEW) and is also an alumnus of the Harvard Business School (HBS) and INSEAD. Outside work, he is keen on art and horticulture. His career spans more than three decades in both the global and Pakistani business arenas. He specializes in transformation and turnaround along with a keen understanding of governance.

His expertise extends across diverse industries including chemicals, petrochemicals, consumer goods, life sciences, fertilizer, E&P, and cement.

Earlier, he served with the British giant then ICI Plc UK Ltd for 28 years in various roles including in Pakistan, the UK, the Americas & Europe. His last role with them was CEO of ICI Pakistan Ltd from 2005 to 2012.

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

He is a recipient of Sitara-e-Imtiaz given by The President of The Islamic Republic of Pakistan for his contribution towards the economy, public service, and social welfare in Pakistan and the British Asian Trust Award by Prince Charles (Now HM King Charles III).

He is currently serving as a Non-Executive Director & Chairman on the Boards of following entities:

LISTED COMPANIES

- Mari Petroleum Company Ltd
- Fauji Fertilizer Company Ltd
- Fauji Cement Company Ltd
- Askari Bank Ltd
- Fauji Fertilizer Bin Qasim Ltd
- Fauji Foods Ltd
- Pakistan Oxygen Ltd

NON-LISTED COMPANIES

- Fauji Fresh n Freeze Ltd
- Fauji Akbar Portia Marine Terminals Ltd
- Fauji Trans Terminal Ltd
- Fauji Oil Terminal & Distribution Company Ltd
- Fauji Infraavest Foods Ltd
- FFBL Power Company Ltd
- Foundation Power Company Daharki Ltd
- Fauji Kabirwala Power Company Ltd
- Daharki Power Holding Ltd
- FonGrow (Pvt) Ltd
- Fauji Meat Ltd
- Foundation Solar Energy (Pvt) Ltd Pakistan

He is also currently serving as a Non-Executive Director / President on the Board of the following entities:

- Pakistan Maroc Phosphore SA
- Pakistan Mobile Communications Ltd (VEON)
- Foundation University

Earlier, he served on various boards of prominent organizations:

- Member of the Board of Governors, Lahore University of Management Sciences
- Director, Pakistan Business Council
- President, Overseas Chamber of Commerce & Industry
- Director, State Bank of Pakistan
- Director, Standard Chartered Bank (Pak) Ltd
- Director, Engro Corporation Ltd
- Chairman, Pakistan Petroleum Ltd
- Director, Engro Polymer and Chemicals Ltd
- Director, TPL Insurance Ltd
- Director, Rafhan Maize Ltd

Mr. Arif Ur Rehman
Chief Executive Officer

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

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

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

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

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

PROFILE OF THE BOARD

Mr. Sarfaraz Ahmed Rehman
Non-Executive Director

Mr Sarfaraz Ahmed Rehman is the Managing Director & Chief Executive Officer of Fauji Fertilizer Company Limited and Fauji Fresh n Freeze Limited. He holds directorship on the Boards of following renowned companies also:

- Askari Bank Ltd.
- Fauji Fertilizer Bin Qasim Ltd.
- Fauji Foods Ltd.
- Fauji Meat Ltd.
- FFBL Power Company Ltd.
- FFC Energy Ltd. Chairman
- Foundation Wind Energy-I & II Ltd. Chairman
- OLIVE Technical Services Pvt. Ltd. Chairman
- Foundation University Islamabad
- Hisaar Foundation
- International Fertilizer Association
- International Packaging Films Ltd
- Pakistan Maroc Phosphore SA
- Patients Aid Foundation
- Philip Morris (Pakistan) Ltd. Chairman
- Unilever Pakistan Foods Ltd. Chairman
- Thar Energy Ltd.

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

In 2005, he established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. He has also been involved in consultancy projects, with ICI, IBL, JSPE, Shan Foods, Al-Shaheer (Meat One), Soya Supreme, Burque Corp, CCL and ITL.

Mr Rehman was contracted to Grant Thornton for 2016-17 as an executive coach during a culture change project at UBL. He has coached for Careem, Gatron-Novatex, Engro, ICI, Descon, PPL, UBL and City School. Further, he was Chairman of the Broadcasters / Advertisers Council and 1st Effie Awards in Pakistan. He was on the Board of MAP.

Prior to joining FFC, he joined Fauji Fertilizer Bin Qasim Limited (FFBL) as CEO, and his effective business strategy led to turnaround of FFBL making it a profitable entity.

Mr Rehman is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, been associated with Shaukat Khanum Hospital as a Board of Governor and with WWF as a Director. He is also associated with Hisaar Foundation and its work on water / environmental issues in Pakistan.

Dr. Nadeem Inayat

Non-Executive Director

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

He is also on the Boards of following entities:

Public Listed Companies

- Fauji Fertilizer Company Ltd.
- Fauji Fertilizer Bin Qasim Ltd.
- Askari Bank Ltd.
- Mari Petroleum Company Ltd.
- Fauji Foods Ltd.
- Hub Power Company Ltd.
- Fauji Cement Company Ltd.

Non-Listed Companies

- Pakistan Maroc Phosphore, S.A.
- Fauji Oil Terminal & Distribution Company Ltd.
- Fauji Trans Terminal Ltd.
- Fauji Meat Ltd.
- Fauji Akbar Portia Marine Terminals Ltd.
- Fauji Infraavest Foods Ltd.
- Fauji Kabirwala Power Company Ltd.
- Foundation Power Company Daharki Ltd.
- Daharki Power Holding Ltd.
- Foundation Wind Energy Ltd. (I & II)
- FonGrow (Private) Ltd.

PROFILE OF THE BOARD

Mr. Qamar Haris Manzoor
Non-Executive Director

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

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

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

He took over as MD and CEO of Fauji Cement and Askari Cement in June 2020 and is responsible to spearhead cement portfolio of Fauji Foundation. In his role he successfully led the merger of Askari Cement into Fauji Cement as well as spearheaded two expansions of Fauji Cement to grow the Company to become the 3rd largest player of cement sector in the Country.

He also serves as Director on the boards of FFBL Power Company Ltd, Fauji Fertilizer Company Ltd, Foundation Power Company Daharki Ltd and Fauji Kabirwala Power Company Ltd.

Syed Bakhtiyar Kazmi
Non-Executive Director

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

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

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

He is also on Board of following entities:

- Fauji Fertilizer Company Ltd.
- Foundation Power Company Daharki Ltd.
- Fauji Cement Company Ltd.
- Dhaharki Power Holding Company Ltd.
- Mari Petroleum Company Ltd .
- Fauji Trans Terminal Ltd.
- Askari Bank Ltd.
- Fauji Foods Ltd.
- Foundation Wind Energy-I Ltd.
- Fauji Infravest Foods Ltd .
- Foundation Wind Energy-II Ltd.
- Fauji Kabirwala Power Company Ltd.
- FFC Energy Ltd.
- Fauji Oil Terminal & Distribution Co Ltd.
- Olive Technical Services Ltd.
- Foundation Solar Energy Ltd .
- Fauji Fresh n Freeze Ltd.
- Fauji Akbar Portia Marine Terminal Ltd.
- Fauji Meat Ltd.

PROFILE OF THE BOARD

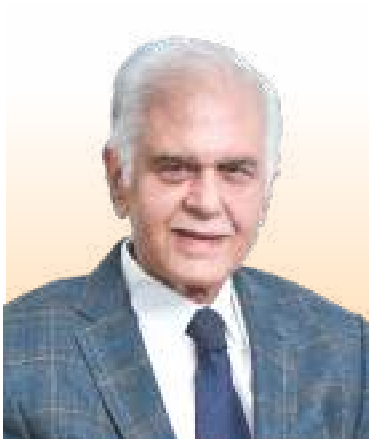
Ms. Pouruchisty Sidhwa
Independent Director

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

Ms. Saira Nasir
Independent Director

Ms. Saira Nasir is a Fellow member of the Institute of Chartered Accountants of Pakistan and is also a Fellow member of the Institute of Corporate Secretaries of Pakistan. She has carried out special assignments, relating to Corporate Governance; including Board Performance Evaluations and Director Orientation Programs. In addition, have been actively involved in conducting various trainings, consultations, workshops, seminars, webinars, podcasts related to innovation in general and e-Learning in particular, to coaches, trainers, teachers, students and other audience. A case study- Disclosure Requirements on Corporate Governance - Pakistan, was prepared and presented by her in the 24th session of ISAR, held in Geneva in October 2009, under the auspices of United Nations Conference on Trade and Development (UNCTAD).

Presently she is the Managing Partner- Board & Governance of THK Associates (Pvt.) Limited. She is a Member of the Women Committee, Digital Board and Economic and Advisory Committee of the Institute of Chartered Accountants of Pakistan. She is on the boards of Fauji Fertilizers Bin Qasim Limited and Allied Rental Modaraba as an Independent Director.



Mr. Bahauddin Khan

Independent Director

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

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

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

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

PROFILE OF THE BOARD

Mr. Muhammad Javed Akhtar
Chief Financial Officer

Javed Akhtar is a fellow member of the Institute of Chartered Accountants of Pakistan, bringing over 25 years of extensive expertise in strategy formulation, business planning, and financial management.

In his role as the CFO and a key member of senior management at FFBL, Javed has been a driving force in advancing financial excellence and strategic decision-making. With a deep understanding of business dynamics and more than 18 years of service, he has played a pivotal role in shaping FFBL's financial landscape.

Beyond his financial acumen, Javed is a dedicated advocate for Diversity, Equity, and Inclusion (DEI), earning him the esteemed title of "DEI Champion". His visionary leadership has led to the implementation of numerous initiatives that have significantly impacted the promotion of diversity and the empowerment of individuals from various backgrounds.

He is a certified director and currently serves as a director on the Board of Foundation Wind Energy II Limited.

With a focus on professional development, he received certification in the Leadership Development from Brown University, where he honed skills in Action Learning Projects, Strategic Agility, Decision Making for Leaders, Innovation and Entrepreneurship, Executive Presence, cross-functional teams, and effective communication. He has completed specialized training Lean Six Sigma from GEM Learnings and attended the National Security Workshop at the National Defense University.

Previously, Javed served as the Director of Finance and Company Secretary at Pakistan Maroc Phosphore, S.A., a joint venture with the Office Cherifien des Phosphates of Morocco, contributing to its success over a three-year period.

Prior to his tenure at FFBL, Javed also worked at Fauji Fertilizer Company Limited, Pakistan State Oil Limited, KPMG Oman, and Attock Refinery Limited.

Brig (Retd) Khurram Shahzada, SI(M)

Company Secretary

Brigadier (Retd) Khurram Shahzada, SI(M), is an Infantry officer who has rich experience of Command, Staff, Instructions, Security, Administration and HR Management Assignments at the most prestigious Military – Civil Establishments and revered Institutions, both inland and abroad.

He is a graduate of Command and Staff College, Quetta and holds master's degrees in Security & Warfare Studies from National Defence University (NDU), Islamabad. He possesses exceptional leadership and strategic planning skills, with a proven track record of successful project management and team development.

He has served in the United Nations Peacekeeping Mission and has also represented Pakistan at various international forums, including attending NATO Defense College in Rome, Italy. The officer has remained engaged with vary nature of employment, encompassing with the assignments at both operational and strategic nature. He is a recipient of Sitara-e-Imtiaz (Military) for his meritorious service in Army.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the shareholders of Fauji Fertilizer Bin Qasim Limited will be held at 10:00am on 25 March 2024 at FFBL Tower, C1/C2, Sector-B, Jinnah Boulevard, Phase-2, DHA, Islamabad to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 18 August 2023.

2. To receive, consider and approve the Audited Accounts of the Company (separate and consolidated) together with the Directors' and Auditors' reports thereon for the year ended December 31, 2023.

3. To appoint auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

4. To approve the payment of final cash dividend for the year ended December 31, 2023 at the rate of 10 % i.e. Re. 1 per ordinary share as recommended by the Board of Directors.

Other Business:

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

By Order of the Board
Fauji Fertilizer Bin Qasim Limited

Islamabad
March 1, 2024

Brig (Retd) Khurram Shahzada, SI(M)
Company Secretary

Closure of Share Transfer Books: -

Share transfer books of the Company will remain closed from March 19, 2024 to March 25, 2024 (both days inclusive) for the purpose of holding the Annual General Meeting.

Notes: -

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

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

(a) For attending the meeting
   i. In case of individuals, the account holder or sub-account holder shall authenticate his / her identity by showing his / her original national identity card or original passport at the time of attending the meeting.
   ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

(b) For appointing proxies
   i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.

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

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

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

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

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

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

5. Consent for Video Conference Facility

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

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

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

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

   ____
   Signature of member

6. E-Voting

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

7. Participation in AGM through electronic means:

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

   1. WhatsApp No 0300 8713326
   2. Email ID shares@ffbl.com
   3. Video Link member who wish to participate through video link should intimate through above WhatsApp number / Email ID on or before March 21, 2024.

8. Unclaimed & unpaid dividend / shares

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

9. Conversion of physical shares into Book Entry Form

   The Securities & Exchange Commission of Pakistan through its circular No CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form to convert their shares into book entry form.

   We hereby request all such shareholders of the Company who are holding shares in physical form to convert their shares into book-entry form at the earliest.

10. Web access and QR enable code for Annual Report

   As required under Section 223 of the Companies Act 2017 and in terms of S.R.O No. 389(I)/2023 dated March 21, 2023, the Annual Report including the Financial Statements of the Company has been uploaded on the website of the Company which can be viewed using the following link and QR enable code:

   https://www.ffbl.com/wp-content/uploads/2024/02/2023-FFBL-ANNUAL-REPORT.pdf

SWOT ANALYSIS

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

Internal

Strength

- Sole producer of DAP and Urea (Granular), in Pakistan
- Highly recognized "SONA" brand name and customer loyalty
- Market leadership position
- Secured access to raw material (Phosphoric acid) supplies from PMP.
- Competent & highly engaged human resources
- Well established distribution network

Weakness

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

External

Opportunities

- To enhance local production capacity, as 50% of DAP market demand is met through imports.
- Increasing population deriving demand for agriculture produce and efficient agriculture inputs.
- Efficiencies improvement in processes through implementation of latest technologies and achieving synergies.
- Exploration of alternative sources of raw material.
- Government remains focused in sustaining national food security.
- Exploring other areas such as import of DAP and new product ranges.

Threats

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

Shortcomings of SWOT Analysis

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

GEOGRAPHICAL PRESENCE

PAKISTAN

PAKISTAN	
Islamabad	FFBL Head Office FPCL Head Office AKBL Head Office
Karachi	FFBL Plants FPCL Plant
Lahore	FFL Head Office FFL Marketing Office
Bhalwal	FFL Plant
MOROCCO	
Casablanca	PMP Head Office
Jorf Lasfar	PMP Plant

PESTEL ANALYSIS

Political

International geo-political developments i.e. Russia- Ukraine crisis, Palestine-Israel conflict, fertilizer protectionist measures, resulted in disruption in supply and uncertainty in pricing of raw material (primarily Phos Acid) required for production of DAP as well as pricing and availability of DAP in domestic market.

The Government's Kissan Package 2022 (comprising interest free loans, subsidized fertilizer, machinery) was extended till 31 Dec 2023 aimed at uplifting the agriculture sector.

The Government's fiscal policy measures including higher policy rate and imposition of super tax adversely impacted the profitability of the Company. However, the matter of GST discrimination with local DAP production (by FFBL) was resolved mid- year by imposing GST on import of DAP.

Looking ahead, given the Government's focus on economic revival led by the agriculture sector, the growth of fertilizer sector seems promising. Under the auspices of Special Facilitation Investment Committee (SIFC) and its Green Pakistan Initiative (GPI), the agriculture sector has been identified as flagship sector in the overall economic recovery plan.

Economic

DAP availability and price in domestic market is dependent on International economic and DAP market dynamics as ~ 50% of DAP demand is met through imports. GOP was forced to import 220 KT of Urea to make up for shortfall in local production.

Rising inflation levels coupled with climatic conditions adversely impacted food consumption and demand leading ultimately to less than expected DAP off-take. Headline inflation in FY 23 measured at 29.2% (FY 22 12.2%).

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

The company experienced a notable decrease in production throughout the year primarily attributed to substantial gas curtailment. However, Management is actively pursuing for sustainable gas supplies with relevant authorities. The company received ~42% of the GOP allocated level of 68 MMSCFD leading to reduced production.

Increase in interest rates resulted in increase in financing costs and fertilizer pricing which ultimately impacted fertilizer offtake. Overall economic situation and measures to tackle the balance of payment crisis may disrupt operations of fertilizer production facilities despite imports for agriculture inputs being prioritized.

Economic indicators including institutional reforms, sustained PSX performance, improving fiscal deficit and primary surplus along with growing FDI indicate steady economic recovery and positive outlook.

Social

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

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

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

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

Aspiring to lead in serving Pakistan's agriculture industry, FFBL places a strong emphasis on maintaining the highest level of social responsibility towards its stakeholders.

The company always emphasizes on equal opportunities for all.

The Company places a strong emphasis on ensuring the safety of its employees, preserving plant integrity, and cultivating a pollution-free environment around its facilities.

Technological

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

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

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

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

Our Information Security unit regularly evaluates the legal and regulatory framework with respect to cyber risks.

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

FFBL has established thorough management system procedures that integrate provisions for third-party independent security assessments of its technology environment.

FFBL places a high priority on cultivating a cybersecurity-aware workforce, recognizing the crucial role of employees in maintaining the effectiveness of its cybersecurity program.

The Company has also initiated a project for Enterprise Data Management and Analytics for helping the management in making data driven decisions.

The Company's all-encompassing Business Continuity Plan including the Disaster

Environment

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

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

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

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

The company is also focusing on launch of Boron fortified DAP. Presence of Boron with DAP has synergistic effect, which increases yield and contribute to more sustainable agricultural practices by mitigating environmental impacts related to nutrient runoff.

In adherence to its commitment to energy conservation and efficiency improvement, FFBL has implemented several initiatives. These encompass critical measures such as the Ammonia Plant BMR (Balancing, Modernization, and Rehabilitation), DAP (Diammonium Phosphate) revamp, and the commissioning of a Hydrogen Recovery and Reverse Osmosis unit.

During the year, the Company invested to enhance the capacity of Solar system which now meets 50% of head office total load.

Legal

Through Finance Act 2023, which is primarily a fiscal development, in case of DAP, the Government has withdrawn exemption of sales tax on sale of DAP. The local producer can now adjust input GST from output GST, and it will not become part of cost now. This has improved profitability of local producer. Resolution of GST discrimination with FFBL was a welcome step towards the right direction. However, more supportive policies that recognize the significance of DAP are urgently needed.

The GOP imposed super tax in 2022 retrospectively on profits of 2021 as well as on profits of 2022. Moreover, a higher rate of super tax at 10% was imposed on certain sectors including the fertilizer sector. In this respect, the Islamabad High court (IHC) in its judgement has decided that super tax is not applicable retrospectively while also providing relief on computation of income for super tax and the rate of super tax. However, the matter is still sub-judice in Intra court appeal before the IHC.

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

Directors' Report 02

CHAIRMAN'S REVIEW

Corporate governance has transitioned from a compliance-focused approach towards a value-focused one. In today's business landscape, the strategic guidance and collective wisdom of a well-functioning board is vital for sustainable value creation.

Dear stakeholders

The year 2023 witnessed the promises and implementation of key policy measure for economic revival of Pakistan. It was the first time that the agriculture sector gained prominence and emerged as a flagship sector in the overall economic recovery plan of the Government.

The economic indicators including institutional reforms, sustained Pakistan Stock Exchange (PSX) performance, improving fiscal deficit and primary surplus, and growing foreign direct investment indicate steady economic recovery and positive outlook.

The Government established a Special Investment Facilitation Committee (SIFC) to attract foreign investment and to stimulate the nation's growth in four major sectors including the agriculture sector. The Green Pakistan Initiative (GPI) was also launched aimed at enhancing agriculture development in the Country. The National Farmers' Convention held towards the year end highlighted the challenges being faced by the farming community, the use of technologies and close government-public collaboration. All these measures portray priority of the Government in revival of agriculture sector.

We are immensely proud in our role as the sole DAP-producing company in Pakistan. We are determined to continue our efforts to support the Government as well as the farming community in agriculture transformation.

We find it imperative to emphasize the paramount importance of local fertilizer production, particularly DAP. We continue to advocate for supportive policies that recognize the significance of DAP and provide an environment conducive to the sustainable development of the sector-such as, but not limited to, subsidy to farmers to promote balanced used of fertilizer.

We recognize and welcome the resolution of GST discrimination with FFBL through appropriate legislation in Finance Act 2023. We also reiterate that consistent gas supply is crucial for sustained fertilizer production. The Government's reliance on expensive fertilizer imports from the international market toward the end of 2023 underscores the urgency of prioritizing domestic production.

We must acknowledge that this was a year of many challenges, local as well as international. We recognize that our country and we, as a business, are passing through turbulent times. Our ability to successfully navigate through these testing times says it all about our endurance and commitment. We are prepared to put our resilience to test and progress in an unstable world.

I extend heartfelt gratitude to all stakeholders including our shareholders, employees, partners, and the Government for their unwavering support. Your commitment is pivotal to our collective success. For FFBL, the year 2023 has been a journey defined by challenges met with determination, resilience, and strategic collaboration. As we look ahead, given the return of economic stability and focus of the Government for transformation of agriculture sector, we believe that FFBL is well positioned to capitalize on these opportunities.

Together, we shall achieve sustainable food security for communities.

Waqar Ahmed Malik | Chairman

CEO'S REVIEW

FFBL's performance in 2023 is a testament to the unwavering determination of our people and the resilience of our processes as the challenges persisting from the previous year, compounded by the adversities of the current year, created a unique set of complexities for FFBL, setting it apart from any other fertilizer producer in Pakistan.

Dear stakeholders

The year 2023 is defined by challenges met with unwavering determination.

We commenced the year with challenges persisting from the previous year, including surplus DAP inventory, significant borrowings, and inequitable sales tax laws that put FFBL's locally produced DAP at competitive disadvantage in comparison to import of DAP. The situation was compounded by the devaluation of the Pak rupee against the US Dollar, rising inflation and upward policy rate adjustments by the State Bank of Pakistan. The most significant challenge, however, remained the availability of gas at the Government-allocated level. Recognizing these challenges, we adopted a proactive approach with market forces, customers, and the Government.

The Government has allocated FFBL a daily gas supply level of 68 MMSCFD, totalling 23,800 MMSCF annually. However, FFBL has not received gas supplies at this allocated level for the last many years, and the situation worsened in 2023 where FFBL could only produce 336KT of Urea against the capacity of 650KT. This not only impacted the Company's production but also added to the challenges of farming community in the form of product shortage and price manipulation by middlemen throughout the year. As a result, the Government was also forced to import 220 KT Urea from the International market.

In response to the inequitable GST laws that came into effect in July 2022, we maintained continuous communication with the Government and relevant authorities, emphasizing the serious impact of these laws on FFBL's locally produced DAP. These laws placed local DAP at a competitive disadvantage compared to imported DAP, despite both holding an equal share in the market. Recognizing the gravity of the situation, the Government amended the GST laws applicable to the fertilizer sector, particularly for DAP, effective from July 2023.

The adept execution of a strategic plan facilitated the achievement of inventory and production objectives, resulting in a reduction of borrowing levels through the liquidation of inventory from the previous year and the current year's production. This is in accordance with our debt management strategy, effectively mitigating borrowing costs.

These efforts played a pivotal role in FFBL's financial turnaround, that despite starting the first quarter of the year with a loss after tax of Rs. 5.4 billion, the Company achieved a profit after tax of Rs. 4.4 billion for the year.

Health, Safety and Environment (HSE)

Our robust HSE practices, coupled with a purpose-driven and engaged workforce, form a solid foundation for operational excellence and innovation. To uphold our commitment to HSE standards, we are actively implementing a Process Safety Management (PSM) program which is based on OSHA, USA. This program is designed to prevent the "loss of containment of hazardous materials," with the ultimate goal of fostering an improved safety culture with minimum risk. The integration of PSM with our existing management system is expected to enhance efficiency and reduce costs.

Production

The Company received only 13,714 MMSCF in 2023 representing a 42% reduction in gas supply compared to the Government-allocated level of 23,800 MMSCF and a 28% reduction from the previous year's level of 19,119 MMSCF. This significant deficit had a severe impact on plant production and efficiency.

Consequently, the Company's Urea plant operated at a mere 52% of its 650 KT capacity. The adverse conditions led to a substantial decline in Urea production, falling by 36% to 336 KT (from 524 KT in 2022). DAP production witnessed a 22% decrease to 660 KT (from 848 KT in 2022) primarily on account of additional 33 days shutdown for better inventory management.

Market Performance

The global phosphatic fertilizer market underwent a noticeable upward movement in prices during the start of the third quarter of the year after facing a significant decline in the DAP international prices in the 1st half of the year. This shift was reflected in the domestic DAP market as well, aligning itself with international trends, strengthening as the Rabi season approached. Implementation of axle weight regulation has also resulted in increased freight costs and transport availability issues, which led to acute shipment problems from plants / ports.

The domestic DAP market witnessed a substantial surge in offtake, particularly in the second half of the year, reaching an estimated level of 1,569 KT in 2023 compared to 1,176 KT in 2022, signifying 34% increase. Proactively capitalizing on this market surge, the management

successfully liquidated the entire inventory of DAP, including the carried-over inventory of 189 KT. FFBL's sales grew by 28% from 661 KT in 2022 to 846 KT in 2023, resulting in a market share of 54% (2022: 56%). The notable rebound can be attributed to better farm economics.

Domestic Urea market experienced a slight growth at 6,642 KT, in comparison to 6,616 KT in 2022 It should be noted that despite FFBL's Sona Urea (granular) being a premium Urea fertilizer, comparatively more resistant to moisture and wear due to bigger and stronger granules, the sales dropped significantly by 36% from 523 KT in 2022 to 337 KT in 2023 due to lower production, resulting from a significant cut in gas supplies.

Financial Performance

The Company booked revenue of Rs. 193 billion (2022: Rs. 159 Billion), representing 21% growth whereas gross profit grew by 29% at Rs. 33 Billion (2022: Rs. 25 Billion). The Company incurred finance cost of Rs. 9 billion (2022: Rs. 5 Billion), exchange loss of Rs. 4.5 Billion (2022: Rs. 6.8 Billion) and tax expense of Rs. 9.7 Billion (2022: Rs. 6.1 billion) as the Government retrospectively increased rate of super tax from 4% to 10% on profit of previous year apart from 10% super tax applicable to profit of current year. Despite all odds, the Company achieved profit after tax of Rs. 4.4 Billion (2022: Rs. 2.3 Billion) representing an increase of 89%. As of the reporting date, the company holds a substantial amount in bank balances and short-term investments, primarily attributed to advance bookings of its products. This has led to a positive net debt position of Rs. 42 billion.

On a Consolidated basis, the Company reported net revenue of Rs. 222 billion (2022: Rs. 183 billion), gross profit of Rs. 44 billion (2022: Rs. 35 billion) and operating profit of Rs. 31 billion (2022: Rs. 24 billion). However, the profit after tax declined to Rs. 4.1 from Rs. 8 billion reported in 2022 primarily on account of loss in PMP, which is affected by international commodity price trends i.e higher decrease in phosphoric acid price as compared to its raw material prices. However, PMP is likely to recover the loss by year end due to favourable price trends. Financial results of Fauji Foods Limited showed a significant improvement to the tune of Rs. 2.8 billion as they have reported a profit after tax of Rs. 605 million for 2023 as against loss after tax of Rs. 2.2 billion in 2022.

Outlook

The Company has also embarked on enhancing its product portfolio by introducing value-added products, with trial runs of Boron fortified DAP already underway and it will be available in market in 2024. It is noteworthy that Boron-fortified DAP not only guarantees a more balanced nutrient profile but also fosters enhanced plant development, increased nutrient use efficiency, and the alleviation of boron deficiencies. Beyond these agronomic benefits, the application of boron-fortified DAP holds the potential to contribute to more sustainable agricultural practices by mitigating environmental impacts related to nutrient runoff.

However, the challenge of securing gas supply at allocated levels persists, posing a hurdle to consistent fertilizer production. We strongly urge the Government to ensure consistent gas supplies to the fertilizer sector, benefiting the farming community through the availability of fertilizer at affordable prices and eliminating the need for fertilizer imports, ultimately contributing to the growth of agriculture sector and the economy of the country. The international DAP market forecast remains stable, contingent upon the geopolitical landscape. Rebound of domestic DAP demand during 2023 is indicative of further rebound of growth during 2024.

We recommend the Government to formulate a comprehensive, long-term strategy of gas management, with a specific focus on prioritizing the fertilizer sector. This prioritization is essential to ensure sustainable food security of the country.

I extend heartfelt gratitude to all stakeholders - our shareholders, employees, partners, and the Government for their unwavering support.

Your commitment is pivotal to our collective success.

Arif Ur Rehman | Chief Executive Officer

FINANCIAL CAPITAL

Economic Overview

The year 2023 is experiencing the accumulative effects of severe and relentless shocks particularly the effects of the lingering ongoing Russia-Ukraine war, the ever-worsening impacts of climate change, the escalating monetary tightening, and growing policy challenges. The global economy is therefore entering a phase where growth remains slow in comparison to historical standards and consequently it has driven many countries perilously close to crisis.

During the Financial year 2023, Pakistan's economy observed downfall and GDP growth was marked at 0.29% only (2022: 6%). The geopolitical situation, difficult financial environment and high inflationary pressures, all had a substantial impact on the Pakistan's economy. Economic and political unrest further aggravated the situation. The severe macroeconomic imbalances, flood damages, domestic supply shocks, and international economic slowdown have led to dampening of economic growth. The currency depreciation has further fuelled domestic inflation. These factors, including external imbalances, fiscal deficits, and elevated interest rates always pose a risk to Pakistan's economic growth.

Pakistan's economic growth for FY 2024 is estimated at 2.4% as the expansion in commodity producing sectors is expected to have a knock-on impact on services in FY24. However, the impact of various demand compression measures introduced in past two years may contain the pace of recovery in economic activity.

Agriculture Sector

The agriculture sector's share in the total economy increased slightly from 22.6% in FY 22 to 22.9% in FY 23, however the growth in agriculture sector deteriorated from 4.4% in FY 22 to 1.55% in FY 2023. The decline in growth in the agriculture sector is primarily attributable to flash floods in 2022-23.

Despite the impact of floods, Pakistan's wheat production increased by 5.4% from 26.208 to 27.634 million tons in FY2023. The Kissan Package which provided cheap Agri loans, subsidy for interest-free loans, subsidy for fertilizer, funds for agro-SME, and free seeds including several other Agri-linked reliefs have helped in the revival of agriculture growth.

Going Forward, the agriculture sector is expected to rebound due to better crop outlook. Moreover several measures of the agriculture sector especially the Kissan Package, political stability, and the stable exchange rate would help to achieve price stability as well as crop productivity The increase in agriculture productivity would directly be contributed to the GDP and indirectly have long lasting effect on the overall economy of the country by enhancing the income of the common peasants.

Fiscal Development

Pakistan's fiscal deficit (excluding grants) decreased to 7.7% of GDP amounting Rs. 6,521 billion and public debt rose to 74.3% of GDP. Tax revenue collections increased significantly by 16.6% to Rs. 5,637.9 billion. The growth in total expenditures reduced to 18.7 % in FY2023 from a 27 % increase observed in the same period of last year. It has been observed mainly due to the decline in expenditures on subsidies and grants and is consistent with the government's efforts to ensure fiscal consolidation.

Despite significant challenges due to the global and domestic economic environment, the fiscal consolidation efforts are on track and reaping the benefits in terms of better fiscal accounts.

Money and Credit

The State Bank of Pakistan kept on increasing policy rate in the first half of FY 2023, and it reached at the level of 22% (2022: 13.75%) with 825 basis points increase at the end of FY 2023. The increase in policy rate was primarily to anchor the cost led inflationary pressure. The state bank decided to maintain policy rate at 22% during the period July to December 2023.

As per data released by SBP, the Money Supply (M2) stood at Rs. 31,530 billion at end of FY 2023 with expansion of Rs. 3,927 billion from Rs 27,603 billion in FY 2022, representing 14.2% increase.

Inflation

The headline inflation in Pakistan during FY 2023 is measured at 29.2% up from 12.2% in FY 22, an eleven-year high and 2nd highest in South Asia after Sri Lanka, due to confluence of global economic uncertainties, domestic factors such as increase in food prices ,domestic food shortages, hike in energy prices, domestic supply constraints amid prioritization of imports, increase in taxation and other levies further augmented inflationary pressures.

Subsequently, during the period July to November 2023, the inflation decreased to 28.6% from 29.2% in FY 2023 (comparative period: 25.1%) due to stabilization of Pak Rupee during the period from July to Dec 23 against US Dollar. The inflation rate in the medium term, i.e., FY2024 and FY2025 will be normalized due to the high base effect as well as improvement in the agriculture sector, expected favourable global and domestic environments.

Demographics

Pakistan is the 5th largest country in the world in terms of population. According to National Institute of Population Studies, the estimated population in Pakistan has reached 229.22 million in 2022.There is a continuous shift of migration of population from rural to urban areas. As per the latest estimates 63% of population resides in rural areas and 37% resides in urban areas.

Note: The source of data for economic analysis is Economic Survey of Pakistan 2022-2023 released by the Ministry of Finance and annual report- state of economy issued by state bank of Pakistan official website.

FFBL Performance

International Market Analysis

In the global fertilizer market, an initial bearish trend prevailed due to diminished demand, leading sellers to unload inventory amid crowded markets and a liquidity crunch. The overall market exhibited weakness, characterized by price flattening in key regions. Contributing factors included a worldwide price downturn, adverse weather conditions, and heightened fertilizer prices.

However, a significant shift occurred as Urea and DAP international prices saw a substantial increase and stabilization in later part of the year. This reversal was propelled by unforeseen supply shortages, high inflation, and export quota restrictions imposed by China. The rebound in international prices had a noteworthy impact on the domestic market, especially in the case of DAP. Speculative buying emerged despite being a non-season, driven by a nearly depleted import line and a lack of end-user demand.

Urea Market Analysis

In the domestic market, there was a sustained surge in demand for urea, driven predominantly by the escalating prices of DAP. Despite the challenges in the international fertilizer market, the overall sentiment within the domestic market remained positive. Dealers exhibited a notable enthusiasm for engaging in booking transactions, indicating a proactive approach and confidence in the market conditions.

In 2023, there was a modest increase in Urea production, reaching approximately 6,440 KT. This represented a 1.75% rise from the 2022 production level of 6,329 KT. However, Urea sales for the year are projected at 6,641 KT, showing a slight increase compared to the 2022 figure of 6,616 KT.

The company experienced a notable decrease in production throughout the year, primarily attributed to substantial gas curtailment. Gas supply for the period amounted to 13,714 MMSCF, contrasting with 19,119 MMSCF in the corresponding period of the previous year, and 23,800 MMSCF designated by the government. This represents a 28% and 42% shortfall in gas supply, respectively. Consequently, Urea production and sales witnessed a significant decline of 36%.

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

	Year 2023	Year 2022	% Variance
Production	336,107	523,581	(36%)
Sales	336,785	522,561	(36%)
Market Share	5%	8%	

DAP Market Analysis

The commencement of the year 2023 brought about challenges in the phosphatic fertilizers sector on both the international and domestic fronts. Elevated inflation and the enduring Russia-Ukraine conflict contributed to a climate of uncertainty. The persistent trend inversion, primarily driven by demand and constrained product availability, maintained its momentum. Prices remained resilient and restrictive, given the limited supply of Chinese products, with producers facing constraints due to approaching export quotas coinciding with the domestic season towards the year's end.

As of July, a noticeable scarcity of phosphate emerged, exerting pressure on the domestic market. Due to hike in DAP prices, dealers started forward buying. The domestic prices of DAP experienced a progressive increase throughout the fourth quarter, influenced by the strengthening of international prices, reaching up to US $625/t CFR Pakistan. Additionally, the rise in domestic prices was attributed to the implementation of Axle Weight Regulation (AWR), resulting in escalated freight costs and challenges in transport availability, leading to acute shipment problems from plants/ports.

The conclusion of the year 2023 witnessed industry sales totalling 1,569 KT, marking a notable surge compared to the 1,176 KT recorded in 2022, reflecting a substantial increase of 34%.

The company experienced a 22% reduction in DAP production during the year, primarily attributed to severe gas curtailment. Despite this challenge, the Company successfully liquidated its entire inventory, including carry-over inventory from 2022. Consequently, the company achieved a notable 28% increase in sales. However, the Company's market share decreased to 54% from 56% as compared to last year.

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

	Year 2023	Year 2022	% Variance
Production	660,004	847,843	(22%)
Sales	845,515	660,946	28%
Market Share	54%	56%	

FFBL achieved its highest ever sales revenue of Rs. 193 Billion on the backdrop of better pricing. The gross profit also improved by 29% to Rs. 33 Billion (2022: Rs. 25 Billion). The Company incurred finance cost of Rs. 9 Billion (2022: Rs. 5 Billion), exchange loss of Rs. 4.5 Billion (2022: Rs. 6.8 Billion) and tax expense of Rs. 9.7 Billion as the Government retrospectively increased rate of super tax from 4% to 10% on profit of previous year apart from 10% super tax applicable to profit of current year. Despite challenging market circumstances and incurring, the Company achieved profit after tax of Rs. 4.4 Billion (2022: Rs. 2.3 Billion) representing an impressive 89% increase.

FINANCIAL POSITION & PERFORMANCE ANALYSIS

Financial Position Analysis

Equity Analysis

The company witnessed a notable 17% increase in net assets, culminating in a net worth of Rs 27.09 billion. Consequently, the break-up value per share rose to Rs 20.98, a significant improvement from the Rs. 17.60 per share recorded in the previous year.

Liabilities Analysis

Liabilities registered a 7% decrease, amounting to Rs. 119 billion. This reduction was predominantly driven by a decline in net borrowings by Rs. 21 billion, which was partially offset by an increase in trade and other payables by Rs. 12 billion. The decrease in borrowings can be attributed to effective fund management and the successful liquidation of the entire inventory.

Assets Analysis

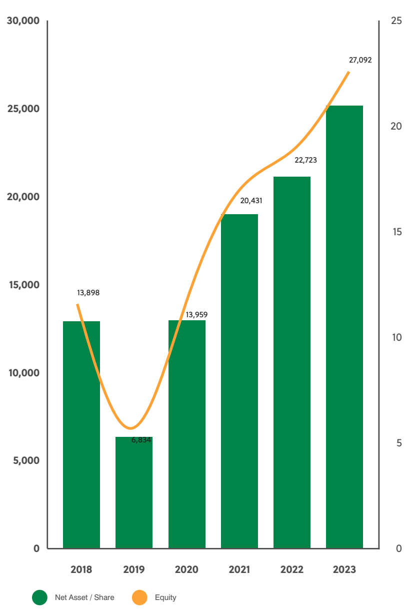
I. The company divested its investment in Fauji Meat Limited, resulting in a decrease of Rs. 4 billion in long-term investments.

II. A substantial decrease of Rs. 25 billion in stock in trade occurred as the company successfully liquidated its entire inventory, including carry-over inventory from 2022.

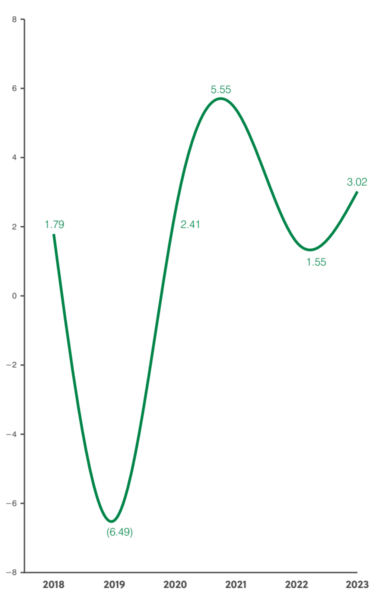
III. Trade debts decreased by Rs 11 billion, driven by the recovery of all outstanding trade debts and reduced credit sales towards the year-end.

IV. There was an offsetting increase in short-term investments and cash and bank balances amounting to Rs. 37 billion, primarily attributed to sale of inventory and cash received against disposal of FML.

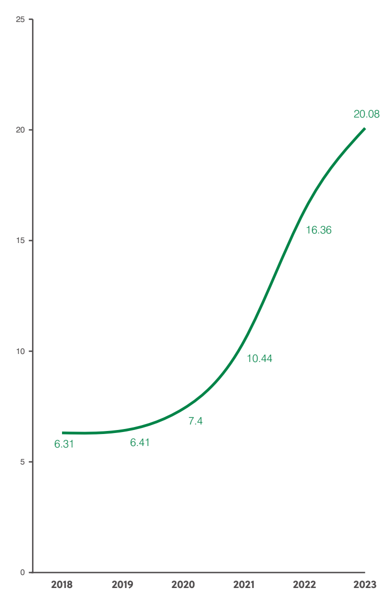
Equity Vs Net Asset/Share
(Rs. in Million)



Return on Total Assets
(Times)



Fixed Asset Turnover
(Times)



FINANCIAL CAPITAL

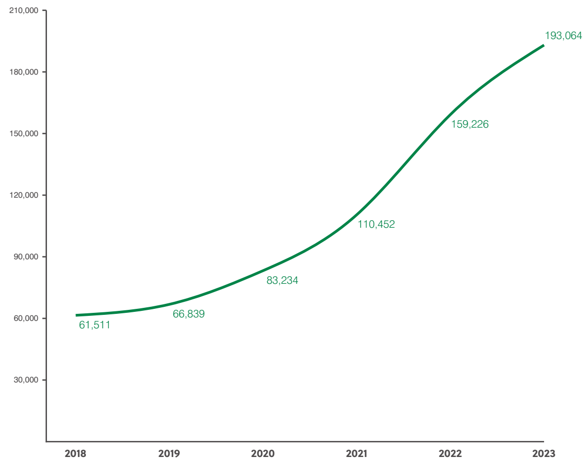
Profit or Loss Analysis

Rs. in Million

	Description	2023	2022
1	**Sales- net**	**193,064**	159,226
2	Cost of sales	**(159,954)**	(133,640)
3	**Gross profit**	**33,110**	25,586
4	Distribution expenses	**(10,073)**	(7,121)
5	Administrative expenses	**(1,136)**	(1,069)
	Operating profit	**21,901**	17,396
6	Finance costs	**(8,828)**	(5,144)
7	Other expenses	**(6,055)**	(7,776)
8	Other income	**9,435**	6,341
9	(Unwinding)/ Provision for GIDC	**(498)**	(891)
10	Allowance for expected credit losses	**(1,810)**	(242)
11	Impairment of equity investment	**-**	(1,179)
	Profit before taxation	**14,145**	8,505
12	Taxation	**(9,742)**	(6,177)
	Profit after taxation	**4,403**	2,328
13	**Earnings per share**	**3.41**	1.80

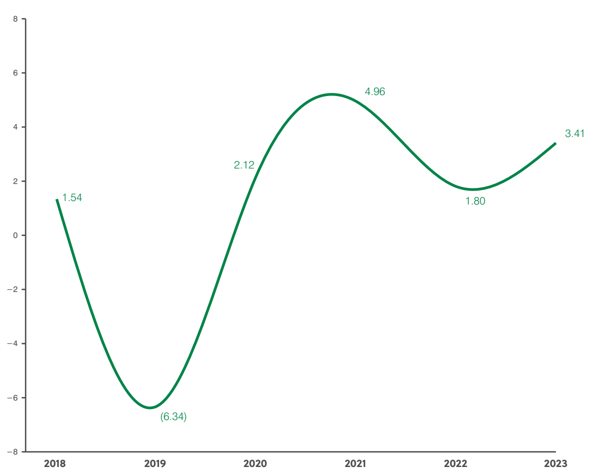
Sales - Net

(Rs in Million)



Earnings / (Loss) Per Share

(Rs.)



During the year, the company attained its highest-ever revenue, marking a substantial 21% growth, driven by the successful liquidation of its entire inventory. **1**

Despite a 22% reduction in production, Sona DAP turnover reached 173 billion, a notable 25% increase compared to the previous year. This growth is primarily attributed to the liquidation of all production and carry-over inventory from the preceding year and better selling prices.

In the case of Sona Urea, although average prices experienced a rise of Rs. 1,000 during the year, a 36% decline in production led to a 4% decrease in Sona Urea revenue, which stood at 21 billion compared to the previous year.

Cost of Sales totalling Rs. 160 Billion compared to Rs. 133.6 Billion, registered an increase of 20% mainly due to inflation and off load of high cost inventory from 2022, despite consistent decline in Phosphotic Acid prices [$1,175/MT in Q4 of 2022 to $850 in Q3 of 2023]. **2**

Gross Profit increased by Rs. 7 Billion to Rs. 33 Billion from Rs. 25 Billion, representing 29% increase in gross profit. However, Gross profit margin of the Company remained same at 16%. **3**

The distribution cost, totaling Rs 7.6 billion, witnessed a 7% increase compared to the previous year. This rise was primarily driven by a significant surge in fuel prices, averaging 21% increase throughout the year after reaching an all-time high of Rs. 329.18 per liter. **4**

The company has successfully implemented rigorous cost control measures, however, rising inflation leading to a slight increase of 6% in administrative expenses throughout the year. **5**

Increase in finance cost is due to: **6**

1- Utilization of short-term borrowing has increased due to excessive inventory carryover and slower sales during the 1st half of the year.

2- SBP increased Policy rates by 825 basis points representing a 60% increase.

3- Impact of significant change in policy rate translates into Rs. 3 Billion while due to better fund management, change in utilization caused Rs. 0.6 Billion.

Decrease is primarily due to decline in exchange loss by Rs. 2.4 billion, suffered mainly due to currency crises resulting delay in foreign payments relating to 2022 and a market devaluation of Pak Rupee against US Dollar. **7**

The increase of Rs. 3 billion in other income primarily relates to increase in financial income earned from short term investments and bank deposits owing to better cash availability. **8**

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

This represents allowance for expected credit loss (ECL) recorded on subsidy receivable from the Government in accordance with applicable financial reporting standards. **10**

This represented impairment of equity investment in Fauji Foods Limited in prior period in accordance with applicable financial reporting standards. **11**

Tax Expense increased significantly due to imposition of additional super tax @ 6% on the profits of last year i.e. 2022 which amounts to Rs. 1 Billion. Further, tax expenses are recorded in accordance with applicable tax laws and is consequent to increase/ decrease in above-mentioned components of FFBL's economic activity. **12**

EPS shows significant improvement as compared to previous year primarily due to better inventory management (liquidation of entire stock including carried over inventory) and fund management. **13**

Cash Flow Analysis

Rs. in Million

		2023	2022
	Cash generated from operating activities	63,305	(23,526)
	Finance costs paid	(9,554)	(4,124)
	Taxes paid	(6,632)	(5,790)
	Payment to gratuity fund	(304)	-
	Compensated absences paid	(36)	(40)
	Payment to Workers' Welfare Fund	(168)	(153)
	Payment to Workers' (Profit) Participation Fund	(862)	(431)
1	**Net cash generated from / (used in) operating activities**	**45,749**	**(34,064)**
	Fixed capital expenditures and advances	(906)	(368)
	Proceed from sale of long-term investment	4,300	-
	Proceeds from sale of property, plant and equipment	18	38
	Dividend received from related parties	2,250	2,511
	Long-term loan disbursed	-	(801)
	Short-term investments – net	(19,819)	(5,440)
	Cash dividend on mutual funds	1,448	647
	Profit received on bank balances, term deposits,	4,283	1,920
2	**Net cash used in investing activities**	**(8,386)**	**(1,493)**
	Long-term loans – received	-	7,500
	Long-term loans – repaid	(5,275)	(4,692)
	Short-term borrowings – net	(5,801)	4,299
3	**Net cash (used in) / generated from financing activities**	**(11,076)**	**7,107**
	Net increase / (decrease) in cash and cash equivalents	**26,287**	**(28,450)**
	Cash and cash equivalents at the beginning of the year	992	29,442
	Cash and cash equivalents at the end of the year	**27,279**	**992**

Cash Flows from Operating Activities

1

Net cash generated from operating activities amounted to Rs. 46 billion, primarily ascribed to proficient working capital management. Notably, the substantial decrease in stock in trade by Rs. 25 billion, resulting from the sale of the entire inventory as of December 2023, including carried-over inventory from 2022, and the reduction in trade debtors by Rs. 11 billion, were significant contributors. Additionally, there was a noteworthy increase in advances from customers by Rs. 24 billion at year-end, driven by forward buying, which played a pivotal role. However, the positive impact was offset by a decrease in trade payables by Rs. 20 billion and an increase in other receivables by Rs. 7 billion.

Cash Flows from Investing Activities

2

During the year, the company successfully divested one of its subsidiaries, Fauji Meat Limited, resulting in cash proceeds from the sale totaling Rs 4.3 billion. Additionally, the company received a dividend of Rs. 2.25 billion from its subsidiary, FFBL Power Company Limited, and garnered returns of Rs. 5.7 billion from bank balances and term deposits. The company also made investments amounting to Rs. 19.8 billion in short-term instruments. Consequently, the net cash invested in investing activities amounted to Rs. 8.2 billion, marking a significant increase from the Rs. 1.4 billion invested in 2022.

Cash Flows from Financing Activities

3

As a result of liquidating all inventory, the company experienced a decrease in average utilization, leading to a reduction in the debt balance. During the year, the company pro-actively repaid a long-term loan amounting to Rs. 5.2 billion and settled short-term borrowings totalling Rs 5.8 billion. Consequently, the net cash utilized in financing activities amounted to Rs 11 billion.

Closing the year with a surplus cash of Rs. 27 billion, compared to Rs. 1 Billion in the previous year, was attributed to improvements in working capital management and efficient marketing strategies. These measures resulted in a decrease in held inventory and trade debtors, along with an increase in advances from customers.

Direct Method Cash Flow

Rs. in Million

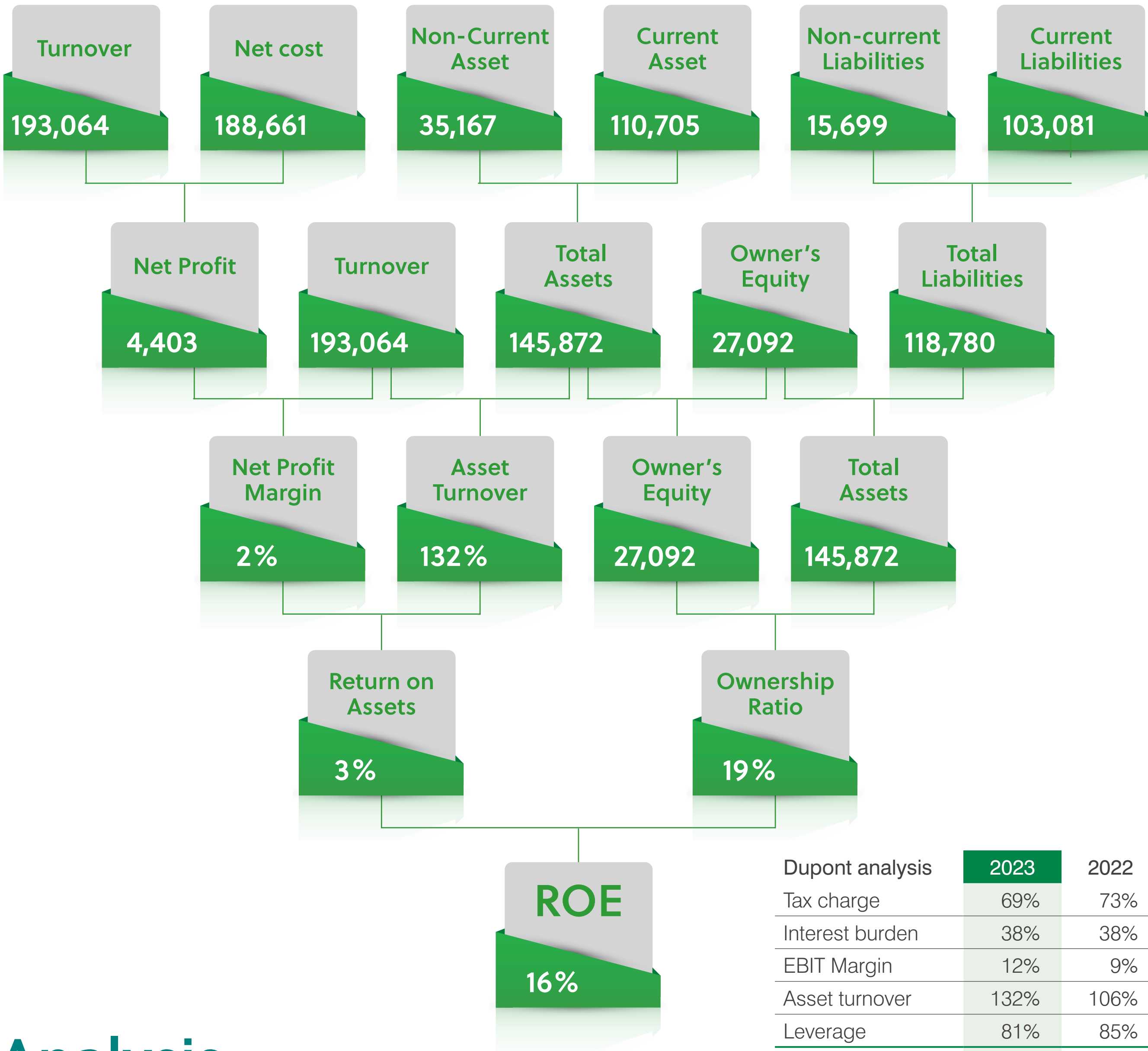
	2023	2022
Cash Flows from Operating Activities		
Cash receipts from customers-net	228,103	146,198
Cash paid to suppliers / service providers and employees-net	(164,798)	(169,724)
Finance costs paid	(9,554)	(4,124)
Taxes paid	(6,632)	(5,790)
Payment to gratuity fund	(304)	-
Compensated absences paid	(36)	(40)
Payment to Workers' Welfare Fund	(168)	(153)
Payment to Workers' (Profit) Participation Fund	(862)	(431)
Net cash generated from / (used in) operating activities	**45,749**	**(34,064)**
Cash Flows from Investing Activities		
Fixed capital expenditures and advances	(906)	(368)
Proceed from sale of long-term investment	4,300	-
Proceeds from sale of property, plant and equipment	18	38
Dividend received from related parties	2,250	2,511
Long-term loan disbursed	-	(801)
Short-term investments – net	(19,819)	(5,440)
Cash dividend on mutual funds	1,488	647
Profit received on bank balances, term deposits,	4,283	1,920
Net cash used in investing activities	**(8,386)**	**(1,493)**

Rs. in Million

	2023	2022
Cash Flows from Financing Activities		
Long-term loans – received	-	7,500
Long-term loans – repaid	(5,275)	(4,692)
Short-term borrowings – net	(5,801)	4,299
Net cash (used in) / generated from financing activities	**(11,076)**	**7,107**
Net increase / (decrease) in cash and cash equivalents	**26,287**	**(28,450)**
Cash and cash equivalents at the beginning of the year	992	29,442
Cash and cash equivalents at the end of the year	**27,279**	**992**

DUPONT ANALYSIS

Rs. in Million



Dupont analysis	2023	2022
Tax charge	69%	73%
Interest burden	38%	38%
EBIT Margin	12%	9%
Asset turnover	132%	106%
Leverage	81%	85%
Return on equity	16%	10%

Analysis

Operational Efficiency

The company realized a revenue growth of 21.25%, driven by an increase in volume. Simultaneously, total costs, when compared to total revenue, remained consistent with the previous year, reflecting the efficiencies achieved in cost management. The substantial increase in sales enabled the company to enhance its net profit margin to 2%, compared to 1% in 2022.

Asset Utilization

Total assets decreased by 3%, amounting to Rs. 146 billion. However, the corresponding utilization of these assets for revenue generation showed a significant improvement compared to the previous year. The company achieved an asset turnover of 132%, up from 106% in 2022, attributable to efficient marketing decisions.

Leverage

Non-equity based funding of total assets significantly decreased, leading to an increase in ownership/equity-based funding, which now stands at 19% compared to 15% in 2022.

Overall, with increase in return on assets as well as in ownership ratio, return on equity increased from 10% in 2022 to 16% in 2023.

HORIZONTAL ANALYSIS
OF STATEMENT OF FINANCIAL POSITION

Rs. in Million

	2023	23 Vs. 22	2022	22 Vs. 21	2021	21 Vs. 20	2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
EQUITY AND LIABILITIES												
Equity												
Share capital	12,913	-	12,913	-	12,913	38.24	9,341	-	9,341	-	9,341	-
Advance against issue of shares	-	-	-	-	-	(100.00)	4,886	100.00	-	-	-	-
Reserves	1,633	-	1,633	-	1,633	616.23	228	-	228	-	228	-
Accumulated profit / (loss)	12,546	53.43	8,177	38.95	5,885	1286.49	(496)	81.86	(2,735)	(163.18)	4,329	20.89
	27,092	19.23	22,723	11.22	20,431	46.36	13,959	104.26	6,834	(50.83)	13,898	5.69
Non Current liabilities												
Long term Loans	13,458	(27.09)	18,458	13.70	16,234	5.24	15,425	11.84	13,792	(14.24)	16,083	4.89
Deferred liabilities	2,241	(50.11)	4,492	(52.53)	9,462	(34.88)	14,530	820.20	1,579	66.39	949	81.00
	15,699	(31.59)	22,950	(10.69)	25,696	(14.22)	29,955	94.88	15,371	(9.75)	17,032	7.41
Current liabilities												
Trade creditors, other payables, taxation & current portion of long term loan	89,182	19.33	74,734	29.14	57,871	87.97	30,787	(22.59)	39,773	13.38	35,079	32.19
Interest and mark - up accrued	514	(58.65)	1,243	454.91	224	(49.66)	445	(53.74)	962	117.65	442	155.78
Short term borrowings	13,385	(52.56)	28,213	156.76	10,988	(30.55)	15,822	(43.95)	28,227	102.88	13,913	40.05
	103,081	(1.06)	104,190	50.82	69,083	46.82	47,054	(31.77)	68,962	39.50	49,434	34.91
	145,872	(2.66)	149,863	30.08	115,210	26.65	90,968	(0.22)	91,167	13.44	80,364	22.41
ASSETS												
Non-Current Assets												
Property, plant, equipment & advances	9,949	(0.91)	10,040	(7.75)	10,884	(3.30)	11,255	7.75	10,446	6.06	9,849	(5.54)
Long term Loans	-	-	-	-	3,231	(53.78)	6,990	123.32	3,130	30.42	2,400	100
Long term investments	25,139	(13.82)	29,171	13.90	25,610	4.33	24,546	(6.24)	26,180	6.57	24,565	6.50
Long term deposits & prepayments	79	-	79	-	79	-	79	-	79	-	79	-
	35,167	(9.37)	39,290	-2.51	39,803	(7.16)	42,870	7.62	39,835	7.97	36,893	5.73
Current assets												
Stores, spares and loose tools	2,442	14.11	2,140	19.29	1,794	(2.23)	1,835	(38.61)	2,989	9.81	2,722	(0.86)
Stock in trade	13,786	(64.86)	39,236	367.76	8,388	193.08	2,862	(80.60)	14,756	160.94	5,655	204.94
Trade debts	379	(96.80)	11,828	12482.98	94	(94.32)	1,656	(80.76)	8,607	50.50	5,719	469.33
Loans and advances	974	105.49	474	(64.44)	1,333	6.90	1,247	6.49	1,171	(22.66)	1,514	23.28
Deposits and prepayments	250	38.12	181	44.80	125	25.00	100	(24.81)	133	177.08	48	(21.79)
Other receivables	19,224	(5.04)	20,245	18.38	17,101	11.41	15,350	(11.64)	17,373	31.73	13,188	115.35
Short term investments	33,686	144.74	13,764	31.81	10,442	100.00	-	(100.00)	1,009	(90.77)	10,936	(22.96)
Cash and bank balances	39,964	76.01	22,705	(37.16)	36,130	44.24	25,048	373.14	5,294	43.51	3,689	4.01
	110,705	0.12	110,573	46.63	75,407	56.78	48,098	(6.30)	51,332	18.08	43,471	41.33
	145,872	(2.66)	149,863	30.08	115,210	26.65	90,968	(0.22)	91,167	13.44	80,364	22.41

HORIZONTAL ANALYSIS
OF STATEMENT OF FINANCIAL POSITION

Shareholders' Equity

There was no change in share capital during the year. An increase in unappropriated profit by 53% over last year is attributable to the increased profitability during 2023. Proposed dividend payout comes out to Rs 1 per share for 2023. As a result, shareholders' equity at Rs 27 billion was the highest during last six years and registered an increase of 95% from 2018.

Non-Current Liabilities

Non-current liabilities historically comprising of long-term borrowings and deferred liabilities, at Rs 15.7 billion in 2023, decreased by 32% and 26% as compared to 2022 and last 6 years average respectively. The decrease is mainly due to repayment of loans and transfer of the long-term portion of GIDC payable to current portion over the years. Over the years non-current liabilities have followed a fluctuating trend depending on borrowing requirements of the company and reclassification on non-current liabilities to current liabilities in accordance with IFRS.

Current Liabilities

Trade and other payables increased to Rs 89.2 billion in 2023 from Rs 74.7 billion last year mainly owing to increase in advances from customers by Rs 24.4 billion, however trade creditors have decreased due to decrease in payable against Phosphoric Acid by Rs. 18.3 billion as compared to last year.

Short term borrowings have followed a fluctuating trend over the period of 6 years that is in line with the working capital requirements of the company. However overall, the current liabilities have followed an increasing trend from 2018 to 2023.

Non-Current Assets

Non-current assets of the Company include property, plant & equipment, long term advances, long term investments and long-term loans to subsidiaries. Non-current assets have followed a fluctuating trend that is attributable to routine Capex requirements and overall company's decision to make investment or dispose off investment in subsidiaries.

During the year, the Company has disposed of investment in one if its subsidiary, Fauji meat limited, amounting to Rs 4 billion.

Current Assets

Current assets mainly comprise of stores and spares, stock in trade, trade debts, sales tax refundable, short-term investments, and cash & bank balances. Stock in trade increased significantly to Rs 39 billion in 2022, as compared to Rs 5.6 billion in 2018 due to flash floods in Pakistan in 2022. However the company managed to liquidate most of the carried over inventory from 2022 in 2023 resulting in decrease of 65% from last year.

The current year-end balance of trade debts and other receivable was recorded at Rs 0.4 billion, being the lowest level since 2018 as most of the sales incurred during the year were in cash and company was able to recover outstanding receivable from 2022.

Short term investments and cash at bank increased exponentially to Rs 33.6 billion and Rs 39.9 billion respectively and are the highest since 2018, primarily attributed to sale of inventory and better cash management by the company and attractive returns on investments placed with financial institutions.

The trends in the statement of financial position are in line with general trends of the Company and fertilizer industry, apart from the variations described above.

VERTICAL ANALYSIS
OF STATEMENT OF FINANCIAL POSITION

Rs. in Million

	2023		2022		2021		2020		2019		2018	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
EQUITY AND LIABILITIES												
Equity												
Share capital	12,913	8.85	12,913	8.62	12,913	11.21	9,341	10.27	9,341	10.25	9,341	11.62
Advance against issue of shares	-	-	-	-	-	-	4,886	5.37	-	-	-	-
Reserves	1,633	1.12	1,633	1.09	1,633	1.42	228	0.25	228	0.25	228	0.29
Accumulated profit / (loss)	12,546	8.60	8,177	5.46	5,885	5.11	(496)	(0.55)	(2,735)	(3.00)	4,329	5.39
	27,092	18.57	22,723	15.17	20,431	17.74	13,959	15.34	6,834	7.50	13,898	17.30
Non Current liabilities												
Long term Loans	13,458	9.22	18,458	12.31	16,234	14.09	15,425	16.96	13,792	15.13	16,083	20.01
Deferred liabilities	2,241	1.54	4,492	3.00	9,462	8.21	14,530	15.97	1,579	1.73	949	1.18
	15,699	10.76	22,950	15.31	25,696	22.30	29,955	32.93	15,371	16.86	17,032	21.19
Current liabilities												
Trade creditors, other payables, taxation & Current portion of long term loan	89,182	61.14	74,734	49.86	57,871	50.23	30,787	33.85	39,773	43.63	35,079	43.65
Interest and mark - up accrued	514	0.35	1,243	0.83	224	0.19	445	0.49	962	1.06	442	0.55
Short term borrowings	13,385	9.18	28,213	18.83	10,988	9.54	15,822	17.39	28,227	30.95	13,913	17.31
	103,081	70.67	104,190	69.52	69,083	59.96	47,054	51.73	68,962	75.64	49,434	61.51
	145,872	100.00	149,863	100.00	115,210	100.00	90,968	100.00	91,167	100.00	80,364	100.00
ASSETS												
Non-Current Assets												
Property, plant, equipment & advances	9,949	6.82	10,040	6.70	10,884	9.45	11,255	12.38	10,446	11.46	9,849	12.25
Long term Loans	-	-	-	-	3,230	2.80	6,990	7.68	3,130	3.43	2,400	2.99
Long term investments	25,139	17.24	29,171	19.47	25,610	22.23	24,546	26.98	26,180	28.72	24,565	30.57
Long term deposits & prepayments	79	0.05	79	0.05	79	0.07	79	0.09	79	0.09	79	0.10
	35,167	24.11	39,290	26.22	39,803	34.55	42,870	47.13	39,835	43.70	36,893	45.91
Current assets												
Stores, spares and loose tools	2,442	1.67	2,140	1.43	1,794	1.56	1,835	2.02	2,989	3.27	2,722	3.38
Stock in trade	13,786	9.45	39,236	26.18	8,388	7.28	2,862	3.15	14,756	16.18	5,655	7.04
Trade debts	379	0.26	11,828	7.89	94	0.08	1,656	1.82	8,607	9.44	5,719	7.12
Loans and advances	974	0.67	474	0.32	1,333	1.16	1,247	1.37	1,171	1.28	1,514	1.88
Deposits and prepayments	250	0.17	181	0.12	125	0.11	100	0.11	133	0.15	48	0.06
Other receivables	19,224	13.18	20,245	13.51	17,101	14.84	15,350	16.87	17,373	19.06	13,188	16.41
Short term investments	33,686	23.09	13,764	9.18	10,442	9.06	-	-	1,009	1.11	10,936	13.61
Cash and bank balances	39,964	27.40	22,705	15.15	36,130	31.36	25,048	27.53	5,294	5.81	3,689	4.59
	110,705	75.89	110,573	73.78	75,407	65.45	48,098	52.87	51,332	56.30	43,471	54.09
	145,872	100.00	149,863	100.00	115,210	100.00	90,968	100.00	91,167	100.00	80,364	100.00

VERTICAL ANALYSIS
OF STATEMENT OF FINANCIAL POSITION

Shareholders' Equity

Revenue reserves as a percentage of equity have increased from 31% in 2018 to 46% at the close of 2023 owing to profit retention in the business to strengthen the capital structure of the company. Conversely, share capital as a percentage of equity has reduced to 48% in 2023 from 67% in 2018 mainly due to better profits during the last 3 years.

Non-Current Liabilities

Following a trend of high borrowings up-to the year 2018, long term borrowing remained higher as a percentage of non- current liabilities in 2018 at 94%, after that the percentage decreased in 2020 due to reclassification of GIDC payable to non-current liabilities and increase in deferred liabilities as a result, following that the company has seen an increasing trend every year to 86% in 2023. The trend can be attributed to average borrowing requirements of the company.

Current Liabilities

Current liabilities have witnessed a fluctuating trend over the period of 6 years. Trade and other payables as a percentage of current liabilities have increased from 71% in 2018 to 86% in 2023.Trade and other payables have overall witnessed an increasing trend as a percentage of current liabilities, however in 2019 and 2022 the same witnessed a drop due to increase in short term borrowings in 2019 and 2022.The current liabilities have overall increased from 2018 to 2023,however the company witnessed sudden drop in 2020 due to reclassification of GIDC payable to non-current liabilities.

Non-Current Assets

Non-current assets have also witnessed a fluctuating trend over the period of 6 years At 27%, property, plant and equipment as a percentage of non-current assets, was greater than six years' average of 26% that is in line with the capital assets requirements of the company.

Long term investments as a percentage of non-current assets at 71% were higher by 5% as compared to last six years' average of 66%.

Current Assets

Stock in trade as a percentage of current assets decreased by 64% from last year. It had remained high at the end of years of 2019, and 2022, when the Company had carried abnormal inventory due to excessive import of fertilizer in 2019, that dented company's sales and flash floods in Pakistan in 2022.

Improvement in fertilizer offtake helped offload all the inventory of both urea and purchased fertilizer at cash. Consequently, trade debts decreased to 0.34% as a percentage of current assets at the close of 2023 against last six years' average of 7.4%.

Short term investments as percentage of current assets at 30% amounting to Rs 33.68 billion constitute as significant portion of current assets at close of 2023 and was highest in the last 6 years.

Explanation of Negative Changes in Performance

All negative changes in performance over the past six years; including the horizontal and vertical analysis of the statement of financial position, statement of profit or loss, statement of cash flows and ratios have been explained in the relevant sections of this Report.

HORIZONTAL ANALYSIS
OF STATEMENT OF PROFIT OR LOSS

Rs. in Million

	2023	23 Vs. 22	2022	22 Vs. 21	2021	21 Vs. 20	2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
Sales - net	193,064	21.25	159,226	44.16	110,452	32.70	83,234	24.53	66,839	8.66	61,511	16.65
Cost of Sales	159,954	19.69	133,641	51.35	88,301	24.97	70,655	15.91	60,955	14.30	53,327	14.18
Gross profit	33,110	29.41	25,585	15.50	22,151	76.10	12,579	113.77	5,884	(28.10)	8,184	35.78
Selling & distribution expenses	10,073	41.45	7,121	26.26	5,640	2.21	5,518	3.26	5,344	18.10	4,525	(7.12)
Administrative expenses	1,136	6.33	1,068	(32.91)	1,592	26.85	1,255	(11.73)	1,422	(8.19)	1,549	(10.34)
	21,901	25.90	17,396	16.60	14,919	156.96	5,806	(758.61)	(882)	(141.77)	2,110	(469.27)
Finance cost	8,828	71.61	5,144	120.02	2,338	(47.39)	4,444	(14.52)	5,199	133.89	2,223	14.46
Other operating expenses	8,363	(17.66)	10,157	(0.09)	10,166	131.36	4,394	103.61	2,158	71.40	1,259	197.64
	4,710	124.84	2,095	(13.25)	2,415	(179.65)	(3,032)	(63.20)	(8,239)	500.64	(1,372)	(53.29)
Other income	9,435	47.19	6,410	(29.64)	9,110	14.95	7,925	81.35	4,370	37.35	3,182	(27.31)
Profit / (loss) before taxation	14,145	66.32	8,505	(26.20)	11,525	135.54	4,893	(226.48)	(3,869)	(313.73)	1,810	25.63
Taxation	9,742	57.72	6,177	20.32	5,134	90.15	2,700	31.58	2,052	450.76	373	(14.75)
Profit / (loss) after taxation	4,403	89.13	2,328	(63.57)	6,391	191.43	2,193	(137.04)	(5,921)	(511.89)	1,437	43.20

Turnover and Cost of Sales

Based on timely pricing decision and effective marketing strategy, the Company liquidated all its production during the year resulting in a 21% increase in net revenue.

The total cost of sales was recorded at Rs. 160 billion compared to Rs. 133.6 billion, 20% higher than last year. The increase is mainly due to impact of inflation and offload of high-cost inventory from 2022 irrespective of consistent decline in Phosphoric Acid prices during the year.

Gross Profit

Based on timely pricing decisions and effective marketing strategy, the Company has earned highest gross profit of Rs. 33 billion in last six years representing 29% increase in gross profit as compared to last year. The Company achieved 14% increase in gross profit margin from last 6 years' average and a 7% increase from last year's gross margin.

Distribution Cost

Higher fuel prices and the implementation of Axle Weight Regulation (AWR) during the year resulted in increased distribution costs for the current year to Rs 10 billion compared to Rs 7.1 billion last year. It also exceeds by 58% from average cost for the last six years.

Finance Cost

Finance cost increased to Rs 8.8 billion for the year 2023 compared to Rs 5.1 billion last year mainly on account of increased policy rates by SBP, during the year an increase of 29.4% has been witnessed. A fluctuating trend has been witnessed in finance costs over the years. Years 2019, 2022 and 2023 witnessed high finance costs mainly due to higher interest rates.

Other Expenses

Decrease in other expenses is due to decrease in exchange loss booked by Rs 2.3 billion during the year. Also, an impairment charge of 1.2 billion was booked on equity investment in FML last year, where no such impairment was booked during the year.

Other Income

Other income of Rs. 9.4 billion is higher by 47 % from last year due to better cash sales and effective cash management and primarily comprises of dividend income of Rs. 2.2 billion and return on investments placed with financial institutions of Rs. 5.8 billion.

Taxation

The higher tax charge of Rs 9.7 billion was mainly attributable to higher profitability. Variation over the years has been in line with profitability.

Net Profit

Net profit of the Company registered an 89% increase owing mainly to the increased profitability. The declining trend up-till 2019 was curtailed in 2020 owing to market normalization which was again affected in 2022 owing to floods, rupee devaluation and economic condition in Pakistan. In 2023, the Company was severally affected by rupee devaluation in the first quarter, however, it managed to minimize exchange losses and converted Rs 5.4 billion loss in first quarter to Rs 4 billion profit in the last quarter of 2023.

VERTICAL ANALYSIS
OF STATEMENT OF PROFIT OR LOSS

Rs. in Million

	2023		2022		2021		2020		2019		2018	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
Sales - net	193,064	100.00	159,226	100.00	110,452	100.00	83,234	100.00	66,839	100.00	61,511	100.00
Cost of Sales	159,954	82.85	133,641	83.93	88,301	79.95	70,655	84.89	60,955	91.20	53,327	86.70
Gross profit	33,110	17.15	25,585	16.07	22,151	20.05	12,579	15.11	5,884	8.80	8,184	13.30
Selling & distribution expenses	10,073	5.22	7,121	4.47	5,640	5.10	5,518	6.63	5,344	8.00	4,525	7.36
Administrative expenses	1,136	0.59	1,068	0.67	1,592	1.44	1,255	1.50	1,422	2.13	1,549	2.52
	21,901	11.34	17,396	10.93	14,919	13.51	5,806	6.98	(882)	(1.33)	2,110	3.42
Finance cost	8,828	4.57	5,144	3.23	2,338	2.12	4,444	5.34	5,199	7.78	2,223	3.61
Other operating expenses	8,363	4.33	10,157	6.38	10,166	9.20	4,394	5.28	2,158	3.23	1,259	2.05
	4,710	2.44	2,095	1.32	2,415	2.19	(3,032)	(3.64)	(8,239)	(12.34)	(1,372)	(2.24)
Other income	9,435	4.89	6,410	4.03	9,110	8.25	7,925	9.52	4,370	6.54	3,182	5.17
Profit / (loss) before taxation	14,145	7.33	8,505	5.35	11,525	10.44	4,893	5.88	(3,869)	(5.80)	1,810	2.93
Taxation	9,742	5.05	6,177	3.88	5,134	4.65	2,700	3.24	2,052	3.07	373	0.61
Profit / (loss) after taxation	4,403	2.28	2,328	1.47	6,391	5.79	2,193	2.63	(5,921)	(8.87)	1,437	2.32

Gross Profit

Turnover increased to Rs 193 billion for 2023 compared to Rs 159 billion in 2022. Gross profit margin increased by 7 % due to increase in net sales and better inventory management during the year. Gross profit has followed increasing trend over the years except for 2019 and 2022. A decline in gross profit was attributable to higher feed gas and fuel gas prices in 2019 and flash floods in Pakistan in 2022.

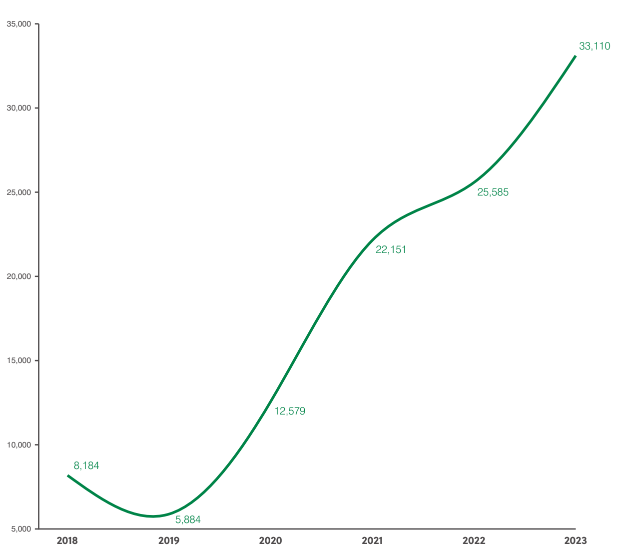
Taxation

Tax charge as a percentage of turnover exhibited an increasing trend from 0.6% in 2018 to 5% in 2023.The trend remains in line with profitability margins of the Company. Tax rates have remained consistent at 29% from 2018 to 2020, After 2021 super tax was also charged on the profits of the company. Nevertheless, irrespective of the tax charge, the combined effect of levy of super tax / final taxes and minimum taxes have caused the tax charge to increase over the period.

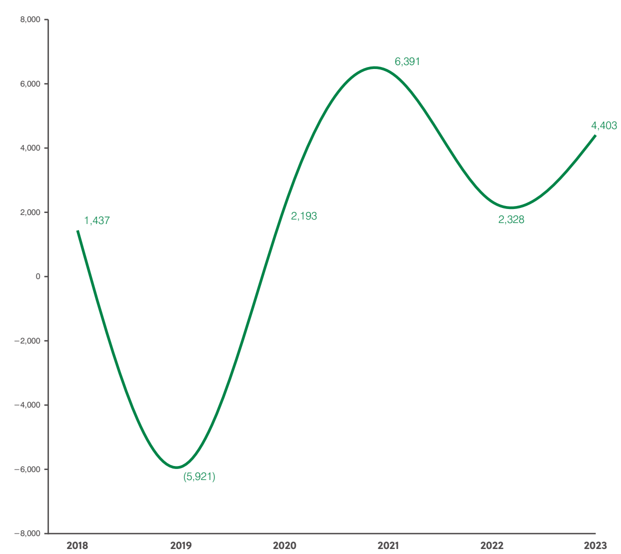
Net Profit

Net profit has followed a fluctuating trend over the periods from 2018 to 2023.Consistent reduction in profitability up to 2019 was mainly due to persistent Governmental pressures restricting pass through ability of the Company in addition to increase in operating costs. Net profit has increased from Rs 1.4 billion in 2018 to Rs 4.4 billion in 2023.The net profit margin declined until 2019, After which it started to stabilize and followed an increasing trend that is the highest margin of 5.8% in 2021. In 2022 due to flash floods in Pakistan net profit margin decreased to 1.46%. However, during the year, the company managed to recover and recorded an increase of 56% from last year's net profit.

Gross Profit
(Rs in Million)



Net Profit
(Rs in Million)



QUARTERLY ANALYSIS

Rupees in million

	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual
Sales – net	31,523	35,235	70,069	56,237	193,064
Cost of sales	(29,278)	(30,689)	(59,712)	(40,275)	(159,954)
Gross Profit	**2,245**	**4,546**	**10,357**	**15,962**	**33,110**
Selling and distribution expenses	(687)	(1,567)	(2,434)	(5,385)	(10,073)
Administrative expenses	(274)	(323)	(412)	(127)	(1,136)
Finance cost	(2,488)	(2,837)	(2,360)	(1,143)	(8,828)
Other operating expenses	(4,784)	(349)	(824)	(2,406)	(8,363)
Other income	898	2,541	2,848	3,148	9,435
PROFIT / (LOSS) BEFORE TAXATION	**(5,090)**	**2,011**	**7,175**	**10,049**	**14,145**
Taxation	(340)	(1,531)	(1,870)	(6,001)	(9,742)
PROFIT / (LOSS) AFTER TAXATION	**(5,430)**	**480**	**5,305**	**4,048**	**4,403**
Earnings / (Loss) per share - basic and diluted (Rupees)	**(4.20)**	**0.37**	**4.11**	**3.13**	**3.41**

Analysis of Variation in Interim Results and Final Accounts

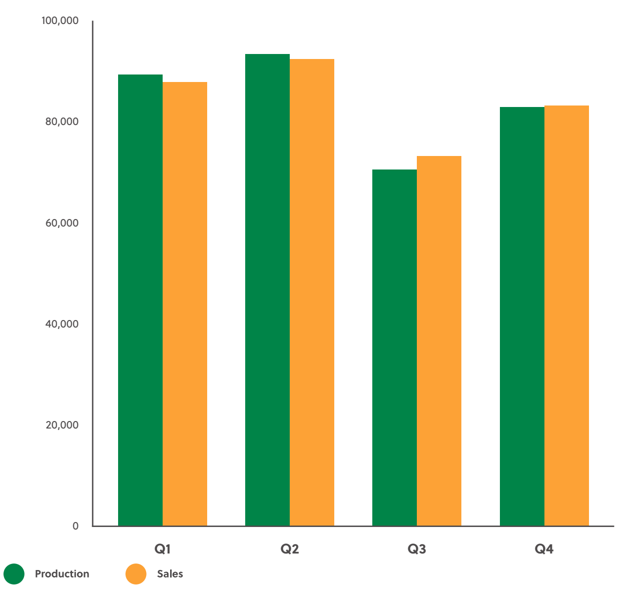
In the first quarter, the Company achieved a gross profit margin of 7%, which subsequently improved to 13% in the second quarter. The net profit margin experienced challenges in Q1, recording (17%) primarily due to a significant exchange loss arising from delayed payments from the previous year. However, a positive shift occurred in Q2, resulting in a net profit margin of 1%, attributed to enhanced inventory management and more stable exchange rates.

The government, through the Finance Act of 2023, introduced amendments to sales tax laws applicable to the fertilizer industry. As a consequence, the sale of DAP was subjected to output sales tax, leading to a reduction in costs that were previously integrated into the cost of production. Additionally, factors such as tightening prices, reduced imports, increased policy rates, and rising inflation prompted forward buying, resulting in the complete sale of the Company's entire stock by the year-end.

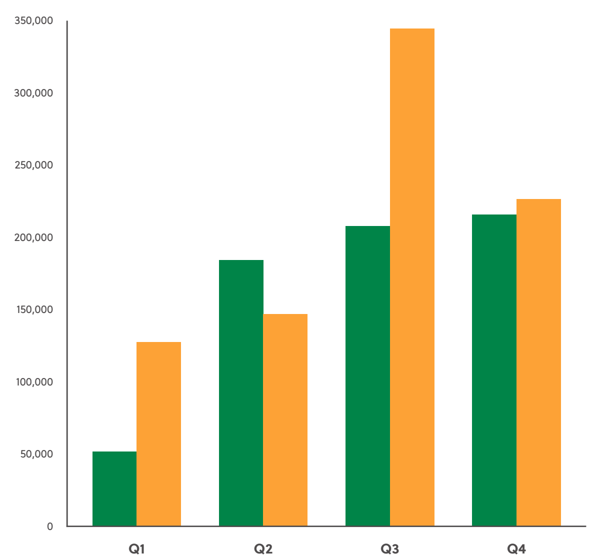
As a reflection of these strategic shifts, FFBL's gross profit margin demonstrated significant improvement, reaching 15% in Q3 and 28% in Q4. Notably, the net profitability outperformed the previous year, with the Company reporting a profit after tax of Rs. 5.3 billion in Q3 and Rs. 4.0 billion in Q4.

Concluding the fiscal year, the Company achieved a profit after tax of Rs. 4.4 billion, marking a commendable increase from the 1% net profit margin reported in 2022. The net profit margin for the year stood at 2%, showcasing the Company's resilience and effective financial management in the face of evolving market dynamics.

SONA Urea (G)



SONA DAP



QUARTERLY ANALYSIS

Q1

Production

The DAP production for the quarter was 52 KT representing 77% decrease from SQLY's production of 222 KT, whereas Urea production for the quarter was 89 KT representing 26% decrease from SQLY's production of 121 KT. FFBL did not receive gas from SSGC for 36 days on account of winter load management during Q1 2023, whereas gas was available on a continuous basis during SQLY.Hence, combined quarterly production of DAP and UREA decreased by 59% from 343KT to 141KT.

Sales

Sona urea offtake for the first quarter was recorded at 88KT as against 117KT, which was 25% lower than the corresponding quarter owing to lower production. However, DAP offtake increased by 11 % and was recorded at 127 KT as compared to corresponding quarter of last year.

Turnover & Other Income

On operational basis the business did well by making sales of Rs 31.5 billion during the quarter as compared to Rs 24 billion during SQLY, by significantly reducing the inventory that was carried over from 2022.

Q2

Production

During the second quarter, Sona Urea production of 93 thousand tons was 34% lower than corresponding quarter of 2022. DAP production also decreased by 19% during the quarter, majorly due to gas curtailment issues during the quarter.

Sales

The Company's urea sales dropped to 92 thousand tons during the second quarter of 2023 as compared to 144 thousand tons in the 1st quarter. While DAP sales declined by 25% during the quarter as compared to last year. Aggregate sales increased by 11% as compared to 1st quarter of 2023, However the same decreased by 30% as compared to SQLY primarily due to decline in production owing to gas curtailments.

Turnover & Other Income

Turnover of Rs 35 billion was 23% lower than the turnover recorded in 2022, however it was 12% above the turnover of first quarter mainly due to increased sales. Second quarter's other income of Rs 2.5 billion was lower than other income during the SQLY by 22% mainly due to decrease in dividend received by 1.3 billion.

Q3

Production

During the second quarter, Sona Urea production of 93 thousand tons was 34% lower than corresponding quarter of 2022. DAP production also decreased by 19% during the quarter, majorly due to gas curtailment issues during the quarter.

Sales

The Company's urea sales dropped to 92 thousand tons during the second quarter of 2023 as compared to 144 thousand tons in the 1st quarter. While DAP sales declined by 25% during the quarter as compared to last year. Aggregate sales increased by 11% as compared to 1st quarter of 2023, However the same decreased by 30% as compared to SQLY primarily due to decline in production owing to gas curtailments.

Turnover & Other Income

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Q4

Production

During the second quarter, Sona Urea production of 93 thousand tons was 34% lower than corresponding quarter of 2022. DAP production also decreased by 19% during the quarter, majorly due to gas curtailment issues during the quarter.

Sales

The Company's urea sales dropped to 92 thousand tons during the second quarter of 2023 as compared to 144 thousand tons in the 1st quarter. While DAP sales declined by 25% during the quarter as compared to last year. Aggregate sales increased by 11% as compared to 1st quarter of 2023, However the same decreased by 30% as compared to SQLY primarily due to decline in production owing to gas curtailments.

Turnover & Other Income

Turnover of Rs 35 billion was 23% lower than the turnover recorded in 2022, however it was 12% above the turnover of first quarter mainly due to increased sales. Second quarter's other income of Rs 2.5 billion was lower than other income during the SQLY by 22% mainly due to decrease in dividend received by 1.3 billion.

Operating Costs

Cost of sales amounting to Rs 29 billion for the first quarter was 51% higher than the corresponding quarter last year due to sale of higher inventory of cost. Whereas distribution cost for the quarter recorded at Rs 0.6 billion registered a decrease of 59% over the same quarter in 2022 owing to decrease in dispatches by 59%.

Profit

The Company's gross margin decreased from 21% to 7% and gross profit stood at Rs. 2.2 billion during the quarter against gross profit of Rs. 5.3 billion during the corresponding quarter. The Rupee depreciated from Rs. 226/ USD on 1st January 2023 to Rs. 284/ USD as at 31 March 2023, which resulted in an exchange loss of Rs. 4.6 billion in this quarter as compared to Rs. 0.6 Billion in the same quarter of last year (SQLY) Due to increased finance cost and exchange loss, the Company went into net loss of Rs. 5.4 Billion for the quarter, against the profit of Rs. 1.6 billion in the corresponding quarter last year.

Operating Costs

Cost of sales for the second quarter stood at Rs 31 billion, 17% lower than the corresponding quarter of 2022 due to lower production of urea and DAP. Distribution cost at Rs 1.5 billion was 18% higher than the corresponding quarter of last year.

Profit

Gross profit for the quarter was decreased to Rs 4.5 billion, registering a decrease of 48% compared to SQLY However the gross profit registered a 102% increase from 1st quarter of 2023.The decrease from last year was mainly due to decrease in sales volume. Net profit also stood at 0.5 billion as compared to the profit of Rs. 1.8 billion in the same quarter last year. The combination of discriminatory tax policies, super tax, and the prevailing economic challenges, including high inflation and currency devaluation, collectively led to the reported decrease for second quarter of 2023.

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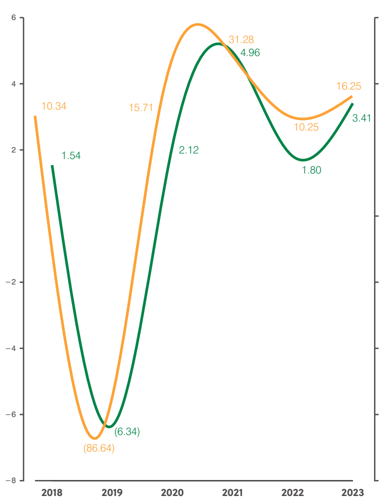
FINANCIAL CAPITAL

Six Year Financial Ratios

FINANCIAL PERFORMANCE		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Gross profit ratio	(%)	17.15	16.07	20.06	15.11	8.80	13.30
EBITDA margin to sales	(%)	12.37	9.19	13.42	12.33	4.48	9.21
Net profit to sales	(%)	2.28	1.46	5.79	2.63	(8.86)	2.34
Return on equity	(%)	16.25	10.25	31.28	15.71	(86.64)	10.34
Return on capital employed	(%)	10.86	5.65	17.43	7.46	(28.71)	4.79
Return on shareholders' fund	(%)	34.10	18.03	49.50	15.41	(63.38)	15.38
Total shareholders' return	(%)	55.63	(61.64)	(2.18)	22.91	(90.93)	33.58
Operating leverage ratio	(%)	0.17	0.20	0.18	0.49	0.09	0.17
Liquidity Ratios							
Current ratio	(Times)	1.07	1.06	1.09	1.02	0.74	0.88
Quick / Acid test ratio	(Times)	0.92	0.66	0.94	0.92	0.49	0.71
Cash and cash equivalent to current liabilities	(%)	71	35	67	53	9	30
Cash flow from operating activities to sales	(%)	24	(21)	20	31	(25)	(11)
Cash flow to capital expenditure	(Times)	(0.07)	0.08	45.89	30.54	(3.96)	(9.04)
Cash flow coverage ratio	(Times)	1.43	(0.66)	0.70	0.67	(0.36)	(0.19)
Activity / Turnover Ratios							
Inventory turnover	(Times)	6.03	5.61	15.70	8.02	5.97	14.20
Inventory turnover	(Days)	60	65	23	46	61	26
Debtors turnover	(Times)	31.63	26.71	126.19	16.22	9.33	18.30
Debtors turnover	(Days)	12	14	3	23	39	20
Creditors turnover	(Times)	5.38	4.08	4.89	3.50	1.88	2.57
Creditors turnover	(Days)	68	90	75	104	194	142
Total assets turnover	(Times)	1.32	1.06	0.96	0.91	0.73	0.77
Fixed assets turnover	(Times)	20.08	16.36	10.44	7.40	6.41	6.31
Operating cycle	(Days)	4	(11)	(48)	(77)	(94)	(96)

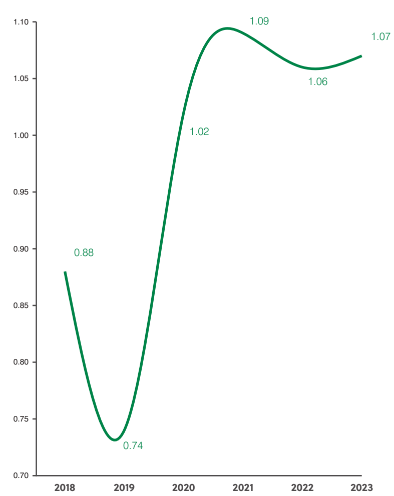
EPS vs ROE

(Rs. vs %)



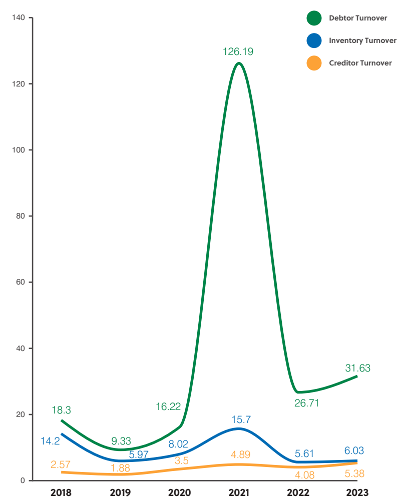
Current Ratio

(Times)



Activity / Turnover Ratio

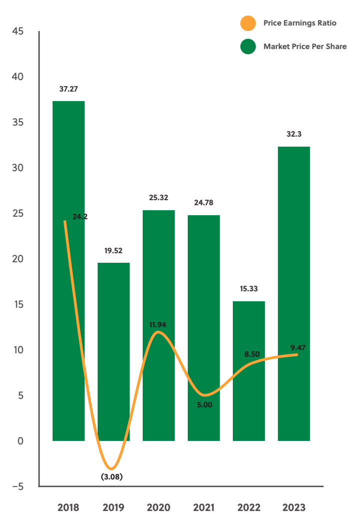
(Times)



FINANCIAL PERFORMANCE		2023	2022	2021	2020	2019	2018
Investment / Market Ratios							
Earnings per share (pre-tax)	(Rs)	10.95	6.59	8.94	4.73	(3.74)	1.94
Earnings per share (after-tax)	(Rs)	3.41	1.80	4.96	2.12	(6.34)	1.54
Diluted EPS	(Rs)	3.41	1.80	4.96	2.12	(6.34)	1.54
Price earnings ratio	(Times)	9.47	8.50	5.00	11.94	(3.08)	24.20
Dividend yield ratio (proposed)	(%)	3.10	-	-	-	-	2.68
Dividend payout ratio (proposed)	(%)	29.33	-	-	-	-	64.94
Dividend cover ratio (proposed)	(%)	340.98	-	-	-	-	154.00
Dividend per share – interim	(Rs)	-	-	-	-	-	-
Dividend per share - proposed final	(Rs)	1.00	-	-	-	-	1.00
Market Price Per Share							
- Year end	(Rs)	32.30	15.33	24.78	25.32	19.52	37.27
- High during the year	(Rs)	32.75	27.30	29.15	27.45	44.20	45.65
- Low during the year	(Rs)	10.80	14.15	20.22	11.56	14.35	30.62
Breakup value per share	(Rs)	20.98	17.60	15.86	13.49	7.32	14.88
Price to book ratio	(Times)	1.54	0.87	1.56	1.88	2.67	2.50
Capital Structure Ratios							
Financial leverage ratio	(Ratio)	1.18	2.29	1.56	2.73	6.82	2.53
Weighted average cost of debt	(%)	24.93	15.94	8.25	10.54	12.45	7.48
Debt: Equity	(Ratio)	41:59	51:49	51:49	61:39	73:27	60:40
Net assets per share	(Times)	20.98	17.60	15.82	10.81	5.29	10.76
Interest cover ratio	(Times)	2.60	2.66	5.93	2.10	0.26	1.81
Non Financial Ratios							
Staff turnover ratio	(%)	15.96	19.93	20.96	30.74	19.91	21.51
Spares inventory as % of assets cost	(%)	1.67	1.43	1.56	2.02	3.28	3.39
Maintenance cost as % of operating expenses	(%)	1.24	1.04	1.28	1.50	1.99	2.61

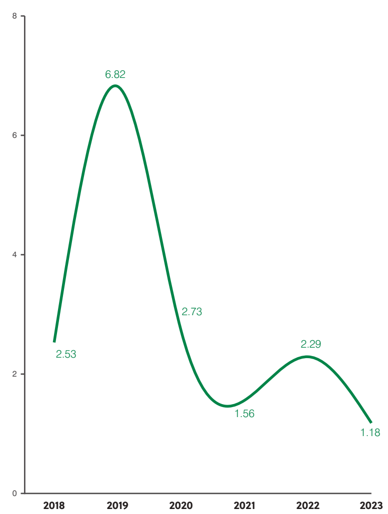
Market Price Per Share
Price Earning Ratio

(Rs vs Times)



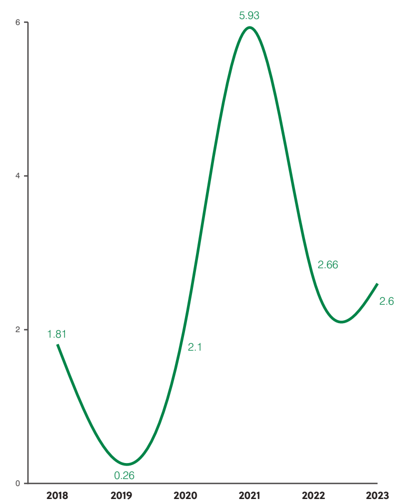
Financial Leverage

(Times)



Interest Cover

(Times)



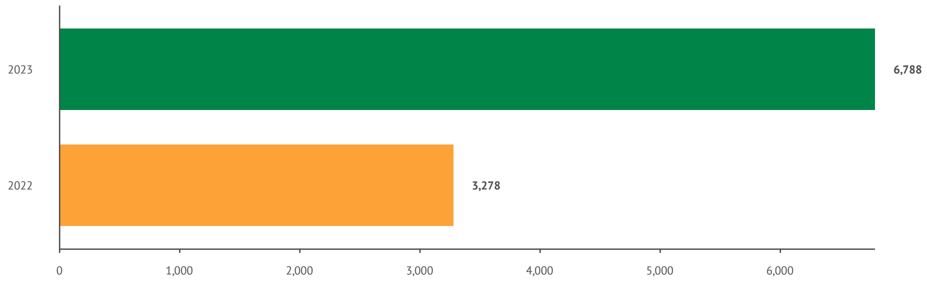
FINANCIAL CAPITAL

Rs in Million

	2023	2022	2021	2020	2019	2018
SUMMARY OF BALANCE SHEET						
Shareholders' equity	27,092	22,723	20,431	13,959	6,834	13,898
Capital employed	40,550	41,181	36,664	29,384	20,626	29,981
Property, plant & equipment	9,616	9,953	10,575	10,193	10,428	9,748
Total non - current assets	35,167	39,290	39,803	42,871	39,835	36,893
Working capital	7,624	6,161	6,324	2,103	(17,630)	(5,963)
Non-current liabilities	15,699	22,950	25,696	29,955	15,370	17,032
Long term loans	13,458	18,458	16,234	15,425	13,792	16,083
Current portion of long-term loans	5,000	5,275	4,692	6,817	4,567	5,125
SUMMARY OF PROFIT OR LOSS						
Sales - net	193,064	159,226	110,452	83,234	66,839	61,511
Gross profit	33,110	25,585	22,151	12,579	5,885	8,184
Profit / (loss) before taxation	14,145	8,505	11,525	4,893	(3,869)	1,810
EBITDA	23,878	14,631	14,827	10,263	2,997	5,666
Profit / (loss) after taxation	4,403	2,328	6,391	2,192	(5,921)	1,437
SUMMARY OF CASH FLOWS						
Net cash flow from operating activities	45,749	(34,064)	22,300	25,432	(16,843)	(6,549)
Net cash flow from investing activities	(8,386)	(1,493)	(3,057)	(3,040)	3,327	(3,832)
Net cash flow from financing activities	(11,076)	7,107	(3,477)	267	4,167	1,400
Changes in cash and cash equivalents	26,287	(28,450)	15,766	22,659	(9,349)	(8,982)
Cash and cash equivalents - year end	27,279	992	29,442	13,676	(8,983)	366
FREE CASH FLOWS						
Profit / (loss) before taxation	14,145	8,505	11,525	4,893	(3,869)	1,809
Adjustment for non-cash items	13,127	10,916	5,596	3,444	5,143	2,642
Changes in working capital	36,033	(42,947)	12,327	23,097	(12,182)	(7,053)
	63,305	(23,526)	29,448	31,434	(10,908)	(2,602)
Less: Capital expenditure	(906)	(368)	(308)	(711)	(2,360)	(994)
Free cash flows	62,399	(23,894)	29,140	30,723	(13,268)	(3,596)
QUANTITATIVE DATA (in KT)						
Sona Urea (G) Production	336	524	501	559	508	562
Sona Urea (G) Sales	337	523	501	559	508	562
Sona DAP Production	660	848	790	740	831	730
Sona DAP Sales	846	661	790	926	688	687

Economic Value Added

(Rs in Million)



WEALTH STATEMENT

Revenue
202,499

Purchases
162,584

	2023
To Employees	3,224
To Government	22,387
To Society	347

Wealth Delivered
39,915

	2023
To Providers of Capital	9,555
Retained in the Company	4,403

Rs in million

FINANCIAL CAPITAL

Contribution to National Exchequer

During the year, the Company's contribution to the national exchequer comprising of taxes and levies was Rs. 22.3 billion (2022: Rs. 12.8 billion). The increase is primarily owing to substantial increase in income tax and sales tax. Moreover, value addition in terms of foreign exchange savings was USD 306 million through import substitution of 337 thousand tonnes Sona urea (G) and 846 thousand tonnes Sona DAP sold in 2023.

Subsequent Events

There has been no subsequent event after the reporting date.

Adequacy of Internal Controls

The Board of Directors has implemented a robust system of internal financial and operational controls across the company as an integral component of its governance framework.

The internal audit function diligently oversees the implementation and effectiveness of these internal controls, providing quarterly reports to the Audit Committee of the Board. This committee, chaired by an independent director, assumes the responsibility of ensuring the efficacy of internal controls throughout the Company.

Liquidity and Cash Flow Management

Strategy to Overcome Liquidity Problems

The company assesses its net cash position by projecting both inflows and outflows. Key sources of cash inflows include sales revenue, income from investments with financial institutions, and dividends from equity investments. On the other hand, outflows encompass payments for the purchase of raw materials, other capital and operating expenses, as well as investments.

Future cash plans undergo thorough evaluation and are regularly updated to align with actual results and any alterations in underlying assumptions and estimates. The company's working capital and financing needs are proficiently handled through a proactive treasury management function. This function not only ensures effective cash flow management but also safeguards against associated risks.

Liquidity Generation

The company generates a substantial cash surplus from its business operations, facilitated by efficient cash flow management and dividends from long-term investments. This surplus cash is strategically invested in assets that can be readily converted into cash as needed. Additionally, the company maintains a significant debt capacity, providing flexibility to meet any potential future funding requirements.

Investments and Placement of Funds

To mitigate liquidity and credit risks, the company strategically allocates funds exclusively to institutions with high credit ratings. The investment portfolio primarily consists of placements in the money market and term deposits with banks/financial institutions, aiming to enhance profitability and maximize shareholders' returns. A regular assessment of the return on these investments is conducted to ensure that the most optimal options have been pursued. This approach reflects the company's commitment to prudent financial management and the protection of stakeholders' interests.

Repayment of Debt and Recovery of Losses

Total debts, encompassing both short-term and current maturity of long-term debt, experienced a significant 39% decrease compared to the previous year, amounting to Rs. 31.8 billion. This reduction includes a decrease of Rs. 15 billion in short-term financing and Rs. 5 billion in long-term financing.

It's noteworthy that all debt repayments due this year were made on time, and there were no defaults in the repayment of any debts throughout the year.

Credit Rating

Despite facing severe economic challenges, the Company has managed to maintain its long-term credit rating at AA. This rating indicates a high level of credit quality and strong protection factors. Furthermore, the short-term rating for the company remains unchanged at A-1. This short-term rating signifies a high certainty of timely payments, supported by excellent liquidity factors and strong fundamental protection measures. Overall, these credit ratings reflect the company's resilience and sound financial standing.

Significant Plans and Decisions

Over the years, the Fauji Group has solidified its position as a market leader in the fertilizer industry, playing a pivotal role in ensuring food security through the provision of high-quality fertilizers. In response to the increasing demand for fertilizers, we consistently evaluate strategies to not only maintain but also enhance our production capacity. This commitment reflects our dedication to meeting the evolving needs of agriculture and sustaining our contribution to the agricultural sector and overall food security.

During the year, the Company successfully divested its investment in Fauji Meat Limited at a valuation of Rs. 4.3 billion.

Additionally, the Company has embarked on enhancing its product portfolio by introducing value-added products, with trial runs of Boron-coated DAP already underway.

Capital Structure

FFBL's equity comprises of share capital amounting to Rs. 12.91 Billion representing ordinary shares of Rs. 10 per share. Fauji Fertilizer Company Limited is the major shareholder of Company with an equity stake of 49.88%. The increase of Rs. 3.9 Billion in Company's equity is on account of retained profit during the year.

The Company's debt to equity ratio of 41:59 reflects significant improvement as compared to 2022. The Company's capital structure is adequate for the foreseeable future keeping in view the current projections.

Capital Market and Market Capitalization

FFBL is listed on the Pakistan Stock Exchange, serving as a key indicator of the country's capital market performance. Throughout the year, the company observed the trading of 701 million shares on the stock exchange, and the free float was recorded at 31.51%. Notably, the company's market capitalization witnessed significant growth, reaching Rs 41.7 billion, marking a notable increase of 121% compared to the previous year's Rs 19 billion.

The market price exhibited notable fluctuations, with an average trading value of Rs 15.20 per share. The stock experienced a range between the highest price of Rs 32.75 per share and the lowest of Rs 10.8 per share. The year concluded with the market price standing at Rs 32.3 per share.

Prospects of the Entity including targets for Financial and Non-Financial Measures

Prospects of the Entity

Recognizing the challenges posed by excessive gas curtailment, the Company is actively addressing this concern. In anticipation of a foreseen decline in gas availability in the country, FFBL is proactively exploring alternative options to ensure uninterrupted production and a consistent supply of fertilizers to farmers. This strategic approach underscores the company's commitment to adapting to evolving circumstances and ensuring the sustainability of its operations.

Given the potential impact of depleting gas reserves on the company's profitability, concerted efforts are being made. The Company is in regular discussions with relevant stakeholders to secure an uninterrupted supply of gas, demonstrating a proactive stance in mitigating the potential challenges associated with gas availability.

Financial Measures

Targets for the year were established after considering various external factors and variables, a majority of which are beyond the Company's control. Others can be monitored or their impact mitigated to some extent. The Company's cost of production is susceptible to external influences, including raw material prices, government intervention in fertilizer pricing, currency fluctuations, changes in taxes and levies, as well as variations in weather and natural calamities.

Thorough evaluation and effective implementation occurred throughout the year to achieve the Company's set goals and targets, as evidenced by the attained production and sales levels. Looking ahead, government policies that create a positive environment for the agriculture and fertilizer sector are crucial. These policies will not only benefit the farming community but also contribute to sustained food supply and the economic stability of the country.

Non-Financial Measures

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

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

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

Methods and Assumptions Used in Compiling the Indicators

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

- Turnover represents the total amount of revenue generated by the business during the mentioned periods. It aids in tracking sales levels and trends in order to spot meaningful changes in activity levels.
- Investment income includes income on deposits and return earned on investments made by the Company. Whereas, dividend income is income earned on the Company's equity investments.
- Market price per share is the measure of perception of the Company in the market. The difference between Book Value and Market Value shows investors' confidence on the script.
- Earnings per share measures the net earnings of the Company against the total outstanding shares, whereas dividend per share represents dividend declared by the Company for every outstanding ordinary share.
- Profitability ratios analyze the Company's financial health.

Changes in Financial and Non-Financial Indicators

Detailed explanations of changes in financial indicators compared to previous years are provided in the 'Financial Capital' section of this report. It is noteworthy that there were no significant changes observed in the non-financial indicators when compared to previous years.

Management's Responsibility Towards the Financial Statements

Management is responsible for the accurate preparation and fair presentation of the financial statements, ensuring compliance with accounting and reporting standards, and adhering to the requirements of the Companies Act, 2017. Additionally, management is tasked with establishing and maintaining internal controls deemed necessary to facilitate the preparation of financial statements that are free from material misstatement, whether arising from fraud or error.

Market Share Information

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

Please refer page 22 for market share information.

Statement of Unreserved Compliance of IFRS Issued by IASB

The Company's Financial Statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017
- Provisions and directives issued under the Companies Act, 2017

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

Note 4.12 of the financial statements specifies the standards and interpretations which are yet to be effective in Pakistan. The Company believes that the impact of these standards and interpretations does not have any material impact on the financial statements.

Business Rationale of Major Capital Expenditure and Projects

The company places significant emphasis on the maintenance of existing equipment and properties, while concurrently ensuring sufficient capital for investment in growth through diversification. All capital expenditure requirements, irrespective of type, undergo rigorous evaluation procedures by committees of the Board before receiving final approval. This meticulous approach highlights the company's commitment to prudent financial management and strategic investment decisions.

Dividend Declaration and Future Prospects

The Board has recommended Rs. 01 / share for the year ended 31 December 2023.

GIDC Status

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

CEO Presentation Video

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

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

RISK AND OPPORTUNITY REPORT

Strengthening risk management capabilities, clarifying risk appetite, and proactively identifying potential risks are essential for organizational health, success, and sustained growth. This demands agility at both enterprise and operational levels to navigate a dynamic and evolving risk landscape effectively.

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

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

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

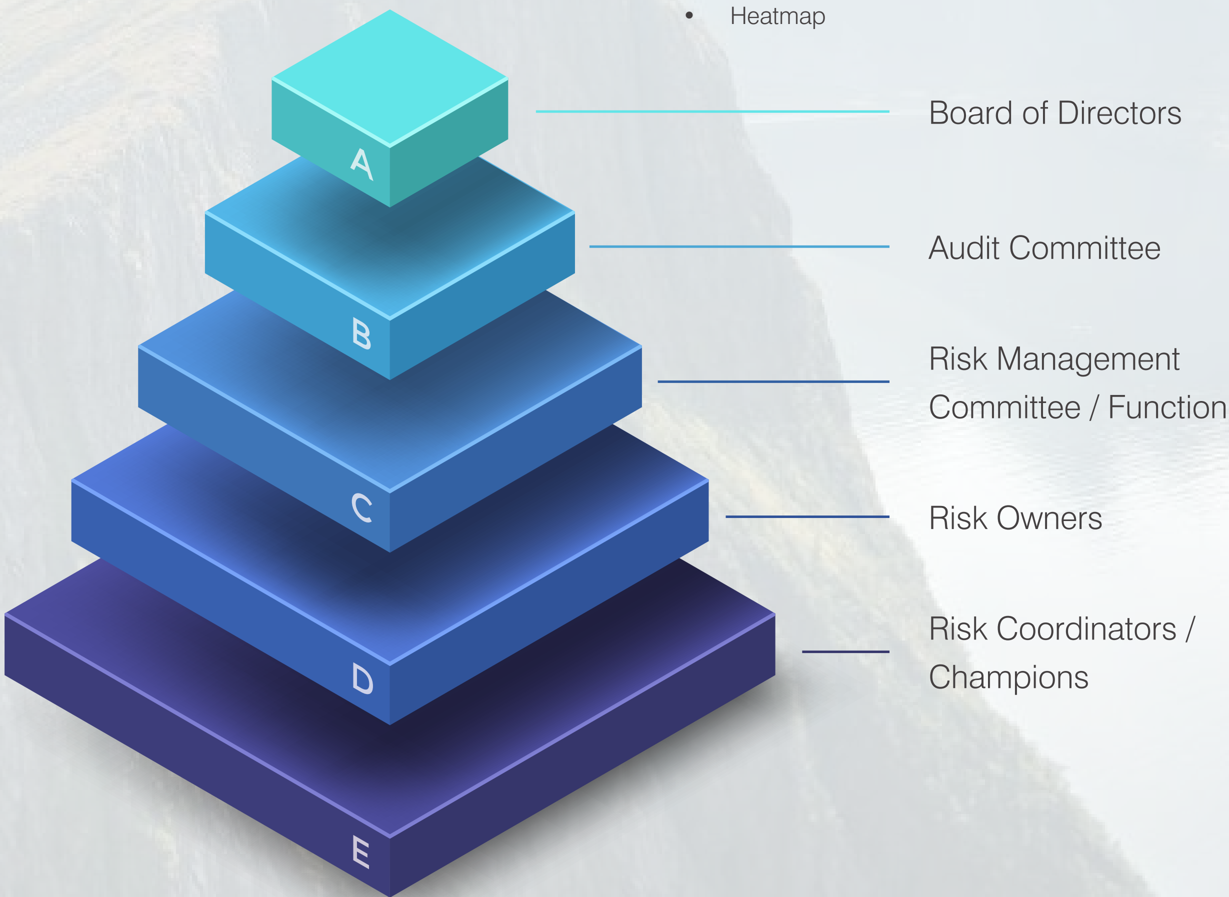
ERM Policy

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

ERM Framework

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

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



Risk Reporting Hierarchy

RISK AND OPPORTUNITY REPORT

The ERM framework has been developed to:

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

Risk Appetite & Tolerance Statement

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

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

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

Risk Register

In alignment with our commitment to sound corporate governance and risk management practices, our company diligently maintains a comprehensive risk register across all departments. This register serves as a dynamic repository, meticulously documenting the array of risks encountered by each department.

Collaboratively, the Risk Management function works closely with individual departments, offering support to identify, assess, and manage their specific risks, thus contributing to the overall risk profile of the company. Our dedicated Risk Management Committee, comprising experienced professionals, conducts periodic reviews of critical and emerging risks.

This collaborative approach ensures that the company remains proactive in addressing challenges and fortifying its resilience in an ever-evolving business landscape. This commitment to robust risk management forms a cornerstone of our corporate strategy, enabling us to navigate uncertainties effectively and safeguard the interests of our stakeholders.

Risk Dashboard - KRIs

In consonance with our commitment towards robust risk management practices, Key Risk Indicators (KRIs) play a pivotal role in our organization's risk monitoring and assessment framework. KRIs serve as invaluable tools, offering early warning signals that empower FFBL's senior management to adopt proactive measures and pre-emptively address potential risks before they escalate into significant challenges. These indicators, whether quantitative or qualitative metrics, closely align with our strategic objectives, tracking both the likelihood and impact of risks.

Recognizing the integral role of KRIs in our risk management strategy, our company is in the process of developing a comprehensive Risk Dashboard. This dashboard will serve as a centralized hub for the continuous monitoring of key risk indicators, allowing for real-time insights.

ERM Maturity Assessment

In line with the strategic vision, the Board of Directors of FFBL acknowledges the paramount significance of a resilient and proactive ERM.

In pursuit of this commitment, the company engaged a third party for comprehensive maturity assessment of our ERM practices. The activity gave us the opportunity to benchmark, align and further improve our systems in line with the international best practices.

Key Sources of Uncertainty

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

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

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

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

Strategic, Commercial, Operational & Financial Risks

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

Strategic Risk

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

Commercial Risk

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

Operational Risk

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

Financial Risk

Financial risks are divided in the following categories:

- Credit risk
- Liquidity risk
- Market risk

These risks are explained in note 38 and 41 of the Company's separate and consolidated financial statements respectively.

Plans and Strategies for Mitigating Risks and Potential Opportunities

Risk Governance

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

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

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

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

The Investment Committee focuses on exploring new opportunities

RISK AND OPPORTUNITY REPORT

for expansion, diversification and divestment, ensuring that thorough due diligence is carried out covering all aspects of the project including risks before according its recommendation to the Board.

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

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

Policies and Procedures

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

Control Activities

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

Performance Management

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

Internal Audit

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

KEY RISKS, RELATED OPPORTUNITIES & MITIGATION STRATEGIES

Description	Categorization	Mitigation Measures	Rating
Continuity of Gas Associated Objective: Sustainable fertilizer business to ensure food security.		Pursue GoP for supply of NG or subsidized RLNG, Consistent NG supply policy for all fertilizer plants to meet national requirements, explore untapped energy resources in Pakistan, Continuous efforts to secure alternate NG supply, Shifting of fuel requirements from NG to Coal. Opportunity: Exploration of alternate sources of natural gas and technological advancement for optimal utilization of resources.	
Movements of Rs. against USD Associated Objective: Ensuring availability of cheaper product to farmers.		Regular monitoring & analysis of economic situation, inflation levels, interest rates, inventory levels, market situation, balance of payment and assessing their impact. Consider adjustment in selling price and / or credit period of raw material payments based on above factors. Synthetically hedged against price of imported fertilizer. Opportunity: Exploring alternative / local sources of raw material.	
Adverse movement of interest rates Associated Objective: To meet working capital requirements through operations.		Ensure working capital cost to be passed to consumer, discourage credit sales, better inventory management, disposal of subsidiaries & associates, keeping borrowings at optimal level, evaluating financing needs & alternative availability of funds. Continuous evaluation of Phos Acid payments for optimum credit period utilization / early payment, Regular analysis of inflation levels, movement in forex rates, political situation, Government policies & assessing their implications. Opportunity: Optimization of working capital requirements.	
Performance of FFBL Investments Associated Objective: Spreading risk by diversifying and achieving synergies through shared services.		Continuous monitoring of operational and financial performance of investments and regularly assessing the remedial plans. Disposal of FML & FFL restructuring (Action Completed). Opportunity: Horizontal and vertical integration.	
Turnover of Trained Employees at Critical Positions Associated Objective: Ensuring availability of skilled manpower to meet organizational objectives.		Continuous monitoring of attrition rate and vacancy ratio. Salary adjustments in high attrition areas. Review of existing benefits inline with the market practices. Detailed succession planning and employee developments plans. Situation leadership programs to better train our people managers. Opportunity: Improve operational efficiency through cost economization and enhanced synergies among functions.	

KEY RISKS, RELATED OPPORTUNITIES & MITIGATION STRATEGIES

Description	Categorization	Mitigation Measures	Rating
Inconsistent government policies & regulations Associated Objective: Sustained growth in fertilizer business to ensure food security.		Pursue GoP to prioritize food security essential. Regularly monitoring of the market and ensures that increase in price corresponds the inflationary pressures. The Company engages with the Government and other stakeholders to address all issues impacting the industry and ultimately the farmers. **Opportunity:** Maximize market share and augment presence.	
Natural Gas Pricing Associated Objective: To achieve cost economization that remain affordable to farmers.		Ensure operational excellence and continuity of urea cost pass through and seek GoP concessions to maintain DAP margins. Ensure GoP maintains network gas price equivalent across industry. For long term sustainability, FFBL product portfolio to be diversified to minimize dependability on single product. **Opportunity:** Explore alternate sources of cheaper raw materials and incorporate operational excellence.	
Non-availability of funds Associated Objective: To enhance operational capacity.		Proactively arranging new working capital lines & retaining existing facilities available. Regular monitoring of market trends, sales, production & inventory levels. GIDC - Proactively pursuing developments in High Courts & involved in GoP efforts for out of court settlement through FMPAC. Proactively involved with GoP for settlement of subsidy receivable and tax refunds. Exploring alternate arrangements for funds availability. **Opportunity:** Efficient working capital management.	

Legend

Risk Rating

Low | Medium | Significant | High | Critical

Magnitude

Insignificant | Minor | Moderate | Major | Severe

Likelihood

Rare | Unlikely | Possible | Likely | Almost Certain

Description	Categorization	Mitigation Measures	Rating
DAP margins deterioration Associated Objective: Improve operational efficiency through cost optimization.		Regularly monitoring local market supply situation as well as international Phos Acid supply market. Engaging GoP relevant forums for subsidization of DAP and changes in taxation laws to remove anomalies. Regular coordination with marketing function. Working on value added products to reduce reliance on single product Opportunity: Exploring value added products and opportunities for cost optimization.	
Increase / Decrease in local Fertilizer Prices Associated Objective: Sustainable fertilizer business.		Increase in levies, duties, and gas costs are beyond the control of the Company. The Company constantly engages with the Government at relevant forums to ensure availability of fertilizer at affordable prices through subsidization of DAP. FFBL plays its role in accessing supply gap in the country to ensure that only required product quantities are imported. Opportunity: Increase market share.	
Import restrictions / non-availability of USD Associated Objective: Ensuring availability of critical spares & raw materials.		Pursue GoP to prioritize imports for food security, increase mix of local coal consumption, ensure availability of critical items including alternate arrangements, explore opportunities for local alternatives, Coordination with banks for timely actions, Regular analysis of Government policies, assessing their implications and continued engagement with Authorities. Opportunity: Exploring alternative / local sources of raw material to reduce dependencies.	
Interruption of steam & power from FPCL Associated Objective: Ensuring undisrupted plant operations		Backup boilers & gas turbines are available to cater for any steam & power interruption / shortage. Further, insurance coverage of FPCL & FFBL in place to cover any adverse exposure. Opportunity: Exploring alternative / additional backup sources to avoid any disruption.	

Source

External

Internal

Nature

Short Term

Medium Term

Long Term

Short to Long Term

Risk Category

Operational

Financial

Liquidity

Interest

Strategic

- 2nd Position by ICAP & ICMAP in Chemical and Fertilizer Sector

- Certificate of merit in the category of SAARC Anniversary Awards for Corporate Governance Disclosure

CORPORATE GOVERNANCE & COMPLIANCE

Corporate governance structure is fundamental in fulfilling the corporate purpose. It offers a framework that facilitates the Board, management, and stakeholders in the effective pursuit of corporate objectives. At the core of our corporate pursuits, the Board of Directors serves as the catalyst for sound decision-making, driving corporate performance, and charting strategic courses—ultimately fulfilling our dedication to shared value creation for stakeholders.

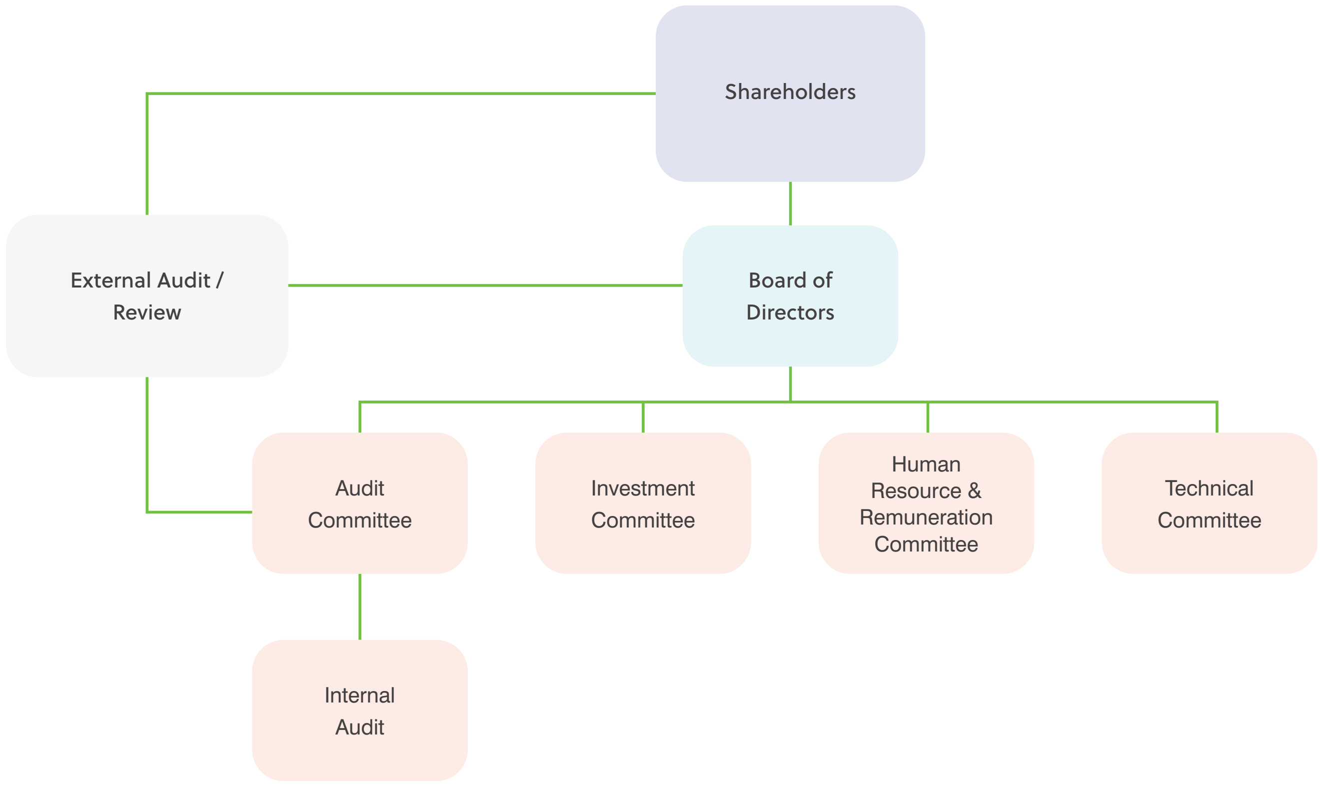
Code of Conduct

The company's code of conduct establishes clear expectations for the behavior of its employees, serving as a guide to comprehend the fundamentals of policies anchored in the company's values. Compliance with the code of conduct is anticipated not only from employees but also from business partners, including bankers, contractors, and advisors, who are expected to align their actions with the principles outlined in the code.

Best Corporate Practices

FFBL is committed to excellence, promoting adherence to proficient corporate and ethical practices, positioning itself as a model corporate citizen. The Board strictly adheres to both international and local best corporate governance principles. All periodic financial statements undergo a thorough approval process, being circulated to the Directors with endorsements from the CEO and CFO before publication. Quarterly unaudited financial statements, accompanied by Directors' Reviews, are promptly published and shared with regulators within a month. Moreover, half-yearly financial statements, reviewed by external auditors, are circulated within two months of the stipulated period, showcasing a commitment to transparency and timely financial reporting.

Corporate Governance Structure



CORPORATE GOVERNANCE & COMPLIANCE

Changes in the Board

The current board was formulated in August 2022 and will complete its tenure in August 2025.

There have been no changes in the Board during the year.

Composition of the Board

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

This composition is carefully designed to encompass a suitable blend of core competencies, diversity, and the essential skills, knowledge, and experience required for effective governance and decision-making processes.

The present composition of the Board is as follows:

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

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

Diversity in Board

The company's Board is characterized by a well-balanced composition, consisting of a diverse group of highly qualified professionals with varied portfolios. Their collective experience spans across different types of companies, showcasing versatility in both nature and working environments. The Board members bring expertise in areas such as Financial Management, Corporate Governance, Audit, Human Resource Management, Procurement & Contract Administration, Development Administration, and Insurance & Planning.

The diverse skill set within the Board reflects a comprehensive understanding of various aspects crucial for the company's functioning. They collectively bear the responsibility of ensuring competent and integrity-driven governance in the company's affairs. This diverse and experienced composition positions the Board to make well-informed decisions and contribute to the overall success and sustainability of the company.

Female Directors

FFBL continues to demonstrate a commitment to gender diversity by maintaining female representation on its Board of Directors. The Board currently includes two female members, surpassing the minimum regulatory requirement for gender diversity. This commitment reflects the company's recognition of the importance of inclusivity and diverse perspectives in corporate governance.

Independent Directors

The Board of Directors comprises three independent members, each having provided consent to serve as directors and submitted a declaration confirming their compliance with the independence criteria outlined in the Companies Act of 2017. This underscores the company's commitment to transparency and adherence to regulatory standards. The role of independent directors is pivotal, as they contribute unbiased judgment and oversight, enhancing the overall effectiveness and integrity of the company's governance structure.

Meetings of the Board

In compliance with regulatory requirement, the Board of Directors convenes at least once per quarter. Furthermore, special meetings are convened as necessary to address significant matters.

The Company Secretary accurately recorded minutes of all Board of Directors' meeting proceedings and promptly shared them with directors for endorsement and approval in subsequent meetings.

During the year, following Board of Directors meetings were convened to address routine and special matters and offering guidance to the management. Adhering to applicable laws, notices and agendas were circulated in advance. The quorum was complete in all Board meetings, facilitated by arrangements for virtual attendance by directors, ensuring efficient and compliant decision-making processes.

	30 Jan 23	26 Apr 23	31 May 23	21 Jul 23	23 Oct 23	18 Dec 23
Mr. Waqar Ahmed Malik	✓	✓	✗	✓	✓	✓
Mr. Arif ur Rehman	✓	✓	✓	✓	✓	✓
Dr. Nadeem Inayat	✓	✓	✓	✓	✓	✗
Mr. Sarfaraz Ahmed Rehman	✓	✓	✓	✓	✓	✓
Mr. Qamar Haris Manzoor	✗	✓	✓	✓	✓	✓
Syed Bakhtiyar Kazmi	✓	✓	✓	✓	✓	✓
Ms. Pouruchisty Sidhwa	✓	✓	✓	✓	✓	✓
Ms. Saira Nasir	✓	✓	✓	✓	✓	✓
Mr. Bahauddin Khan	✓	✓	✓	✓	✓	✓

Casual Vacancies filled during the Year

There were no casual vacancies throughout the year.

CORPORATE GOVERNANCE & COMPLIANCE

Roles and Responsibilities Of The Board

The Board, acting on behalf of shareholders, is entrusted with the governance of the Company. This involves providing directives to the management, establishing performance targets, and monitoring their realization. The principal objective of the Board of Directors is to enhance shareholders' value. It focuses on strategic considerations, regularly overseeing the company's operations in response to evolving risks and opportunities. Additionally, the Board plays a pivotal role in formulating and reviewing the company's strategies, annual targets, and financial objectives. Through these responsibilities, the Board contributes to the overall enhancement of the Company's performance and value.

Compliance with the Best Practices of Code of Corporate Governance

The company diligently follows the best practices of Corporate Governance. The Statement of Compliance with the Code of Corporate Governance, endorsed by the Chairman of the Board and the Chief Executive Officer, along with the Auditor's Review Report, is an integral part of this report. This commitment reflects the company's dedication to transparency, accountability, and adherence to established governance standards.

Role of Chairman

Mr. Waqar Ahmed Malik serves as the Chairman of the Board of Directors, playing a crucial role in providing effective leadership and direction to the Board. His responsibilities encompass fostering an environment conducive to directors conducting the Board's business in accordance with legal and regulatory requirements.

In his capacity as Chairman, he is involved in setting the agenda for Board meetings, ensuring sufficient time for in-depth discussions, and ensures accurate recording of meeting minutes, adhering to the provisions of the Companies Act 2017.

He is entrusted with key responsibilities, including:

- Ensuring the overall effectiveness of the Board.
- Empowering the Board to actively contribute to the development and determination of the Company's strategy and objectives.
- Ensuring the sustainable development of businesses while safeguarding the reputation of the Company and its subsidiaries.

His leadership highlights a strong commitment to the Board's efficiency, strategic development, and adherence to legal and regulatory standards.

Role of CEO

Mr. Arif ur Rehman, currently serving as Chief Executive Officer, is entrusted with the responsibility of providing effective leadership to the management team. He oversees routine operations and manages the Company to ensure the implementation of the Board's policies within defined limits.

In his capacity as CEO, he shoulders the responsibility for executing the Company's long-term strategy, aiming to create shareholder value. This leadership role encompasses ultimate responsibility for all day-to-day management decisions and the implementation of both the Company's short-term and long-term plans.

Serving as a direct liaison, the CEO acts as the communication bridge between the Board and the Company's management. He articulates the views of the management to the Board and represents the Company in communications with shareholders, employees, government authorities, other stakeholders, and the general public.

In his role as a leader within the Company, Mr. Arif ur Rehman not only motivates employees but also actively champions organizational change.

Directors' Training Program

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

Performance Evaluation of Directors Including CEO

At FFBL, the regular practice of evaluating the Board's performance serves as a crucial measure to assess the collective effectiveness of the Board, its committees, individual members, CEO, and Chairman. The primary objective is to identify any performance issues hindering the Board's effectiveness, with a specific focus on high-impact/low-performance areas and opportunities for improvement.

The evaluation process includes an individual assessment of Directors conducted through peer evaluation, ensuring the inclusion of every member in the evaluation process and generating comprehensive feedback.

The Board has established a formal mechanism for evaluating its own performance, the performance of individual board members, and the effectiveness of its Committees.

To introduce an external perspective and enhance transparency while maintaining anonymity, the Company has enlisted the services of a consultant, the Pakistan Institute of Corporate Governance (PICG), to conduct the Board evaluation. This external evaluation aims to achieve several objectives, including recalibrating focus and agreeing on priorities, raising pertinent issues to prompt open discussion, and improving board dynamics and engagement.

Directors' Orientation

FFBL conducts an industry orientation session for its new directors, designed to provide them with a thorough understanding of the company's operations. In accordance with the requirements of the Companies Act 2017, the Chairman of the Board takes the responsibility to comprehensively communicate the duties, roles, responsibilities, powers, term of office, remuneration, as well as the Articles of Association of the Company and the Code of Corporate Governance to newly appointed directors.

During the year, the absence of any changes in the composition of the board, no such orientation session was conducted.

Directors' Remuneration Policy

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

Related Party Transaction

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

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

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

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

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

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

Matters Delegated to Management

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

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

Key Board Polices

Insider Trading

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

Investor Grievances Policy

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

Committees of the Board

Audit Committee

The primary objective of the Committee is to assist the Board of Directors in overseeing the Companies' financial reporting process, encompassing the evaluation of the internal control structure. Additionally, the Committee is entrusted with monitoring the risk management process and evaluating the effectiveness of the internal audit function.

To maintain transparency and independence in the Internal Audit function, the Head of Internal Audit directly reports to the Audit Committee. Furthermore, FFBL emphasizes accountability and oversight by having the Audit Committee approve the annual internal audit plan, followed by a quarterly review to assess its progress.

Presence of the Chairperson Audit Committee at the AGM

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

Composition of Audit Committee

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

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

Terms of Reference

Salient features of Audit Committee's ToR are as follows:

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

Meetings during the year

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

	23 Jan 23	19 Apr 23	20 Jul 23	20 Oct 23	13 Dec 23
Ms. Saira Nasir	✓	✓	✓	✓	✓
Syed Bakhtiyar Kazmi	✓	✓	✓	✓	✓
Ms. Pouruchisty Sidhwa	✓	✓	✓	✓	✓
Mr. Bahauddin Khan	✓	✓	✓	✓	✓

Investment Committee

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

Composition of Investment Committee

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

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

Terms of Reference

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

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

Meetings during the year

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

	13 Jul 23
Dr. Nadeem Inayat	✓
Mr. Sarfaraz Ahmed Rehman	✓
Ms. Saira Nasir	✓
Mr. Bahauddin Khan	✓

Special Investment Committee

During the year the Board also formed special investment committee comprising independent directors for special purpose i.e. Divestment of FFBL Shareholding in FML.

The Committee meeting for the purpose held in Jul 2023. Attendance of the meeting is as under:-

	21 Jul 23
Ms. Saira Nasir	✓
Mr. Bahauddin Khan	✓
Ms. Pouruchisty Sidhwa	✓

Human Resource and Remuneration Committee

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

Composition of Human Resource and Remuneration Committee

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

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

Terms of Reference

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

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

Meetings during the year

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

	10 Jan 23	11 Apr 23	11 Jul 23	17 Oct 23	12 Dec 23
Ms. Pouruchisty Sidhwa	✓	✓	✓	✓	✓
Mr. Sarfaraz Ahmed Rehman	✓	✓	✓	✓	✓
Dr. Nadeem Inayat	✓	✗	✓	✗	✗

Technical Committee

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

Composition of Technical Committee

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

• Mr. Qamar Haris Manzoor	Chairman
• Mr. Sarfaraz Ahmed Rehman	Member
• Mr. Arif ur Rehman	Member
• Mr. Bahauddin Khan	Member

Terms of Reference

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

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

Meetings during the year

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

	17 Apr 23	19 Jul 23	18 Oct 23	4 Dec 23
Mr. Qamar Haris Manzoor	✓	✓	✓	✓
Mr. Arif ur Rehman	✓	✓	✓	✓
Mr. Sarfaraz Ahmed Rehman	✓	✓	✓	✗
Mr. Bahauddin Khan	✓	✓	✓	✓

STAKEHOLDERS' ENGAGEMENT

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

Analysts' Briefing

During the year, the Company organized four analysts' briefings. In these sessions, the Chief Executive Officer and Chief Financial Officer provided comprehensive insights into the Company's operational and financial performance, shedding light on the future outlook. Following these presentations, detailed 'Questions & Answers' sessions were conducted, highlighting the Company's dedication to a transparent and ever-evolving approach to engaging stakeholders.

These briefings garnered substantial interest, drawing attendance from representatives of the Pakistan Stock Exchange (PSX), shareholders and analysts from across the country.

Encouraging Minority Shareholders to Attend General Meetings

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

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

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

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

Investor Relations Section on FFBL Website

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

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

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

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

Shareholders' Meeting

The Annual General Meeting (AGM) of the Company took place on March 28, 2023, with the primary agenda of approving the Annual Financial results for the year 2023. Additionally, an Extraordinary General Meeting (EOGM) was convened on August 18, 2023, specifically for addressing special business matters that required shareholders' approval, beyond the statutory requirements.

During both meetings, shareholders raised general queries and sought clarifications on agenda points and various aspects of the business. These queries were thoroughly addressed, providing satisfactory resolutions and ensuring transparency in communication with the shareholders.

Shareholders' visit to FFL Plant Bhalwal

On June 13, 2023, FFBL organized a visit to the FFL Plant Bhalwal with the primary objective of offering shareholders a comprehensive understanding of FFL's operations and an immersive exposure to its manufacturing processes.

During the visit, shareholders received detailed briefings on various facets of FFL's operations, including its production processes, adherence to quality standards, and strategic positioning in the market. This initiative was undertaken to enhance transparency and accountability, fostering a stronger bond between the company and its shareholders.

Such proactive measures not only promote openness but also play a pivotal role in fortifying the relationship between the company and its stakeholders. This, in turn, contributes significantly to the creation of long-term shareholder value and overall corporate success.

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

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

Non-payment of Dividend / Bonus shares by Company

Shareholders were apprised that considering the inventory pileup, policy rate, debt burden which the Company have accumulated during the period and economic situation both nationally and internationally during 2023 made it impossible for the Company to distribute cash dividend, until the Company becomes stable and improves its debt equity structure.

STAKEHOLDERS' ENGAGEMENT

Further, it was emphasized that super tax and exchange rate loss have significantly disturbed the EPS of the Company including consolidated EPS. Impact of super tax (Rs. 2 / share) and exchange rate (Rs. 4 / share) is around Rs. 6 / share and by adding this impact to the overall consolidated EPS, the Company would have achieved much better consolidated EPS.

Chairman further added that market share price is not reflecting the intrinsic value of the Company because of uncertainty in the Country.

General Sales and Super Tax matter

Shareholders were also apprised that several representations have been made to the GoP in past and continuous efforts are in process to resolve the matter of general sales tax being charged to the local manufacturer of DAP whereas exemption is given for the same to importers. Further, imposition of super tax (10%) on Fertilizer Sector was also put up for the consideration of the Government.

Performance of Subsidiary Companies

Management's key focus was to bring the FML's losses down from over Rs. 2 billion per annum and since last one to two years losses have been brought down to Rs. 0.5 billion per annum. Further, Management is also focusing to improve the capacity factor of the plant and then in parallel start small exports to test various export markets.

Shareholders were also apprised that the debt of Fauji Foods Ltd has been settled and operationally FFL has achieved positive EBIDTA and better results are expected in future. FPCL is also generating better results on investment.

Usage of local coal for FPCL

Shareholders apprised that a research-based program with Hyundai (OEM contractors) has been started in various steps. Further, the damage of Sulphur can be controlled with the help of calcium carbonate and some other techniques to avoid the damage so the management is confident that the usage of local coal will not impact life of boilers, environment, safety and reliability.

Pattern of Shareholding

Please refer page 324.

Internal Control

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

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

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

Whistleblowing

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

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

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

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

Board Statement of Compliance and Authorization of Financial Statements

Directors are pleased to state that:

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

STAKEHOLDERS' ENGAGEMENT

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

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

INFORMATION COMMUNICATION TECHNOLOGY

FFBL embraces technology as a catalyst for transformation. Our investments in ICT infrastructure ensure operational efficiency, enabling effective decision-making and a competitive edge in the dynamic technological landscape.

The Fauji Fertilizer Bin Qasim Limited (FFBL) recognizes the crucial role of Information Communication Technology (ICT). To harness the benefits of ICT, FFBL has proactively implemented policies, regulations, standards, incentives, and capacity building programs. This strategic approach aims to enhance the company's performance, profitability, sustainability, and social impact. FFBL dedicates resources to develop and maintain operational efficiency, striving to secure a competitive advantage in the contemporary technological landscape. The company's commitment to digital transformation is evident through substantial investments in ICT infrastructure, fostering effective decision-making and overall operational enhancement.

ICT Governance and Cybersecurity

Information Communication Technology (ICT) governance and cybersecurity are pivotal components within FFBL, ensuring the efficiency, reliability, and safety of processes.

ICT governance involves the implementation of policies, processes, and structures guiding the use of information and communication technologies. Simultaneously, cybersecurity safeguards information systems and data against unauthorized access, use, modification, or destruction.

Given the increasing complexity and interconnectivity of ICT systems, there is a focus on coordination and integration across different departments, functions, and locations. As critical operations increasingly rely on ICT systems, including process control and quality assurance, attention is directed toward potential cyber threats from external sources.

The cybersecurity team is vigilant against various threats, such as hackers, competitors, activists, or state-sponsored agents, recognizing potential motivations related to economic, political, or ideological factors. Compliance with regulatory and legal requirements, covering areas such as data privacy, environmental protection, and safety standards, is rigorously maintained.

FFBL adopts a holistic and proactive approach to ICT governance and cybersecurity, involving:

1. Vision and Strategy: Establishing a clear vision and strategy for ICT governance and cybersecurity aligned with the organization's goals and values.
2. Policies and Procedures: Developing and implementing comprehensive policies, standards, and procedures covering areas such as roles and responsibilities, risk assessment and management, incident response and recovery, training and awareness, monitoring, and auditing.
3. Technological Investment: Investing in appropriate technologies, tools, and resources for ICT governance and cybersecurity, including firewalls, antivirus software, encryption, backup systems, disaster recovery plans, and security experts.
4. Stakeholder Engagement: Engaging with relevant stakeholders, such as customers, suppliers, regulators, and industry associations, to share best practices, exchange information, and collaborate on common issues.

Recognizing the strategic impact, ICT governance and cybersecurity are not solely technical concerns but also strategic ones which significantly influence the competitiveness, reputation, and sustainability of the Company.

Oversight on ICT Governance and Cybersecurity Matters

By exercising effective oversight on ICT governance and cybersecurity matters, FFBL is actively pursuing a path of enhanced resilience, trustworthiness, and competitiveness in the digital era. This proactive approach reflects the industry's commitment to addressing the evolving landscape of ICT challenges and ensuring the sustained security and integrity of its operations.

ICT Strategy Committee

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

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

ICT Steering Committee

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

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

ICT Governance and Cyber Security Policy and Programs

Efforts have been diligently directed towards establishing and implementing robust ICT governance and cybersecurity policies and practices, aligning with international standards and best practices such as ISO/IEC 27001, NIST Cybersecurity Framework, or CMMC Controls. These comprehensive policies and practices encompass:

1. ICT Governance: Defining roles and responsibilities for ICT decision-making and oversight, ensuring alignment of ICT objectives and strategies with the organization's business goals and values.
2. ICT Risk Management: Identifying, assessing, treating, and monitoring ICT-related risks that may impact the organization's performance or compliance.
3. ICT Security Management: Implementing technical and organizational measures to protect ICT assets from unauthorized access, use, disclosure, modification, or destruction.
4. ICT Incident Management: Preparing plans and procedures to respond to and recover from ICT incidents that could disrupt the organization's operations or services.
5. ICT Compliance Management: Verifying the organization's adherence to applicable legal, regulatory, contractual, or ethical requirements concerning ICT governance and cybersecurity.

Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks

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

Early Warning System

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

Security Assessment

FFBL has established thorough management system procedures that integrate provisions for third-party independent security assessments of its technology environment. The company consistently collaborates with leading cybersecurity firms and third-party solution providers to conduct penetration testing, security assessments, and the fortification of its information systems. This proactive engagement with external experts is part of an ongoing strategy to ensure the robustness of FFBL's cybersecurity measures. Since 2021, FFBL has adopted a continuous methodology, using its in-house resources, to conduct regular penetration testing of its information assets. This includes cyclically testing client and server computing machines, as well as communication and storage devices, demonstrating a commitment to maintaining a high level of security for its information systems. The company also expresses its intention to further

INFORMATION COMMUNICATION TECHNOLOGY

expand its professional associations in the future, highlighting a dedication to staying at the forefront of cybersecurity practices.

Cybersecurity Training and Education

FFBL places a high priority on cultivating a cybersecurity-aware workforce, recognizing the crucial role of employees in maintaining the effectiveness of its cybersecurity program. The company actively conducts in-house awareness sessions, addressing various facets of cybersecurity, for all employees. To further disseminate awareness, information about emerging cyber threats is regularly communicated through emails to all company users. FFBL remains vigilant about staying informed on the latest cybersecurity news and international developments, ensuring the organization remains abreast of global trends and evolving threats in the cybersecurity landscape.

Infrastructure Security & Operations

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

Optimized Data Centre(s) Operations

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

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

Going forward, we are ensuring infrastructure reliability & security by replacing End-of-Life (EOL) & End of support (EOS) equipment both at Head Office and Plant Site.

Enhanced Security of Enterprise Network

FFBL keeps a very close eye on growing risk vectors in cyber security as well as on solutions that provide users with enhanced visibility into the computing devices on their enterprise networks. At FFBL, cybersecurity eco has been enhanced with replacement/ upgradation of firewalls to next generation firewalls, that will be helpful to meet today's ever-expanding attack surface, delivering not only visibility of the network environment, but also ensuring enforcement of dynamic policy control.

Business Intelligence Dashboards - Digital Transformation

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

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

Microsoft 365 - Digital Transformation

FFBL has successfully transitioned from Lotus Domino Email solutions to Microsoft 365 Outlook email solution. Microsoft Outlook 365 is a cloud-based email and calendar service that offers many benefits for users in FFBL Group. It has helped users:

a. Access Email, Office, Teams Meeting, cloud data storage (OneDrive) and SharePoint from any device, anywhere, anytime.

b. Subscription based model for MS Office applications for cost effective utilization.

c. Ample data storage for everyone (email, OneDrive, SharePoint).

d. It also strengthens email and data security of FFBL users with built-in security and compliance tools including monitoring of system health and user logs.

e. Ease of administration of suite and user-friendly interface.

Cost Effective Development (.Net) - Digital Transformation

FFBL is transforming its existing set of applications to The .NET platform which is a powerful and versatile framework for developing and transforming applications across multiple devices and platforms. It offers a rich set of tools, libraries, and languages that enable developers to create high-performance, secure, and scalable solutions.

Review of Business Continuity Plan & Disaster Recovery Plan

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

Business Continuity Planning

FFBL has implemented a robust Business Continuity Plan to ensure uninterrupted business operations and maintain a competitive edge. The plan involves the engagement of external and internal stakeholders in identifying and formulating risk mitigation strategies for critical business functions during adversities. The company conducts mock exercises regularly to enhance employee readiness in coping with disasters, showcasing a proactive approach to minimizing operational disruptions. This commitment reflects FFBL's dedication to sustaining seamless business operations even in challenging circumstances.

Disaster Recovery Planning

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

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

Offline Back-Up Solution

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

SOCIAL AND RELATIONSHIP CAPITAL

Our success is deeply rooted in the strength of our social bonds and relationships. At FFBL, we believe that genuine connections with our stakeholders are invaluable assets, shaping our reputation, resilience, and overall impact.

Aspiring to lead in serving Pakistan's agriculture industry, FFBL places a strong emphasis on maintaining the highest level of social responsibility towards its stakeholders. The company has seamlessly integrated its CSR (Corporate Social Responsibility) strategy into its culture and core values. FFBL is deeply committed to being a source of value creation for all stakeholders, prioritizing the well-being of the communities where it operates. With a genuine desire to leave a lasting impact on society, FFBL is dedicated to fostering inclusive and sustainable growth as part of its overarching commitment to social responsibility.

Highlights of Corporate Social Responsibility

Philanthropic Donations

The Company has consistently demonstrated its commitment to corporate social responsibility (CSR) through regular donations aimed at promoting education, sports, and basic health facilities for the underprivileged. Engaging in national causes and welfare activities is a cornerstone of FFBL's CSR initiatives. The company views CSR as an ever-evolving and continuous process embedded at the core of its operations. FFBL prioritizes local needs in collaboration with the community and local government.

Recognizing the participative relationship it shares with society, FFBL persistently invests in interventions related to education, health, sports, and various sponsorships. In the past year, FFBL's significant monetary contributions towards these causes amounted to Rs. 341 Million, reflecting the company's tangible impact on social well-being and community development.

FFBL Energy Management Policy

As a company operating in an energy-intensive sector, FFBL (Fauji Fertilizer Bin Qasim Limited) recognizes the significance of reducing the energy intensity of its products, aligning both with its corporate interests and social responsibility. In adherence to its commitment to energy conservation and efficiency improvement, FFBL has implemented several initiatives. These encompass critical measures such as the Ammonia Plant BMR (Balancing,

Modernization, and Rehabilitation), DAP (Diammonium Phosphate) revamp, and the commissioning of a Hydrogen Recovery and Reverse Osmosis unit.

The FFBL management firmly believes that environmental protection is not only an ethical and legal obligation but also a key driver for overall success. This commitment is clearly articulated in the company's policy, reflecting its dedication to sustainability, responsible business practices, and making a positive impact on the environment.

Green Energy at Head Office

During the year, the Company invested to enhance the capacity of Solar system which now meets 50% of head office total load.

Besides reduction in monthly electrical cost, it also adds to the step taken towards go green strategy and ultimately reduces harmful emissions and contributes towards environment friendly systems.

Cost Saving Through Energy Conservation

Saving of Rs .5 M per annum achieved through replacement of Lights (conventional lights with LEDs) and Air Conditioners (fixed speed ACs with inverter technology). These have higher energy saving and lesser maintenance cost and greater reliability.

Green Energy at TFA

Installation of Solar Power Project of 200KW at Tank Farm Area (TFA) will result in cost saving through reduced OPEX cost by lesser electricity bills and promotes environment by producing the green energy

Environment Excellence Awards 2022

FFBL was awarded with Environment Excellence Award at the 20th Annual Environment Conference & Excellence Awards 2023 ceremony, hosted by the National Forum for Environment & Health (NFEH), at Karachi.

Annual CSR Award 2022

FFBL's Corporate Social Responsibility (CSR) initiatives won accolade, and awarded with Employee Health safety Program, Sustainability Initiative & Community Impact Awards, at the 12th Int'l CSR Summit 2023 organized by TPN.

Environmental Protection Measures

FFBL has been committed to its responsibility of protecting, preserving, and enhancing the environment since the commissioning of its plants. The company's management firmly believes that environmental stewardship is not only an ethical and legal duty but also a key mechanism for long-term success and sustainability.

To reinforce its efforts in preventing pollution in air, water, and soil, FFBL obtained ISO certification for its Environmental Management System in 2006, and currently holds certification according to the latest version, ISO 14001:2015. Notably, FFBL is a pioneering entity in the fertilizer industry that has embraced an environmentally friendly Phosphate-based cooling water treatment program.

Over the years, FFBL has consistently adhered to environmental standards such as the Sindh Environment Quality Standards (SEQS) and has remained in compliance with legal requirements. The company regularly invests in state-of-the-art equipment and instruments to enhance environmental monitoring. Emphasizing the conservation of flora and fauna, FFBL conducts tree

plantation drives both within and outside its plant premises, coupled with awareness programs for its young engineers and operators.

The following are salient highlights of FFBL's environmental protection measures, demonstrating its commitment to fulfilling environmental obligations applicable to the company.

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

HUMAN CAPITAL

In the contemporary business environment, where access to other forms of capital has become more accessible, we recognize that the collective knowledge, skills, experience, and health of our workforce—the human capital—emerges as our most crucial and distinctive competitive advantage.

Human Capital Management (HCM) strategically deploys formal processes to optimize human talent utilization for achieving organizational objectives. Covering planning, recruitment, selection, induction, safety, and compensation management, HCM also drives employee development through Training & Development initiatives, fostering both professional and personal growth. This dedication to continuous improvement cultivates a corporate culture marked by innovation, teamwork, perseverance, diversity, and empowerment, instilling purpose and value in employees' lives.

In the ever-evolving business landscape, our commitment to HCM remains pivotal for sustainable growth and excellence at Fauji Fertilizer Bin Qasim Limited (FFBL). Recognizing that our success is intricately linked to the growth, engagement, and satisfaction of our most valuable asset – our people.

Diversity, Equity & Inclusion (DEI)

Diversity, Equity, and Inclusion (DEI) are foundational tenets of our organizational principles. In mid-2021, the Company initiated a diversity journey, with a particular focus on Gender Diversity as the initial step. Our organizational beliefs are in direct harmony with the United Nations Sustainable Development Goals, particularly Goal-5, which promotes Gender Equality, and Goal-10, advocating for Reduced Inequalities. The integration of diversity initiatives with sustainable practices has bolstered the Company's commitment to DEI, leading to a more targeted allocation of resources and increased effectiveness in achieving these goals.

Our commitment is to foster a workplace culture that champions equal employment opportunities for all. We prioritize creating an environment where individuals are respected, and they feel empowered to share their views and opinions without fear. Our overarching goal is to be recognized as an Employer of Choice, actively promoting and welcoming diverse talent to collaborate with us. This dedication reflects our belief in the value of inclusivity and the contributions of a diverse workforce towards our organizational success.

Our talent strategy is intricately linked to our Diversity, Equity, and Inclusion (DEI) vision, aiming to attract and retain a diverse pool of talent. Our systems are intentionally designed to facilitate the seamless transfer of diverse talent within various corporations within the Fauji Group. This approach not only ensures a rich and varied workforce but also affirms our commitment to providing equal opportunities and promoting inclusivity across all entities within our corporate ecosystem.

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

Value Recognition Program

We have recently enhanced our Core Values to include "Diversity," highlighting the significance of valuing every voice. This commitment is further reinforced through our "Value Recognition Program." Our adoption of AI-driven tools like Pulsifi and The Talent Games in the Recruitment and Selection processes has streamlined candidate engagement, scheduling, and assessments. This approach ensures a fair and transparent recruitment process, eliminating gender biases. By measuring the effectiveness of recruitment interventions through KPIs, we have achieved a remarkable 180% increase in female representation. These initiatives highlight our steadfast dedication to cultivating a more diverse and inclusive workforce.

Day Care

In line with our commitment to supporting the well-being of our employees, our head office in Islamabad features a state-of-the-art daycare facility. This facility is designed to provide comprehensive support to working parents within our organization. We actively encourage parents to visit their children multiple times a day, fostering a workplace environment that recognizes and accommodates the needs of our employees with families. This initiative reflects our dedication to creating a supportive and family-friendly workplace.

HUMAN CAPITAL

We Value Perspective

Our Diversity Council, 'We Value Perspective,' actively supports under-represented groups, celebrating unique voices and perspectives.

Organization Development

The pursuit of organizational excellence is an ongoing journey at FFBL. In 2023, we focused on enhancing organizational effectiveness through strategic initiatives aimed at optimizing structures, improving processes, and fostering a culture of innovation. Our commitment to organizational development ensures that FFBL remains agile and adaptive in a dynamic business environment.

Industrial Relations Activities

Maintaining positive and constructive relationships with our workforce is essential for FFBL's sustained success. In 2023, our Industrial Relations activities focused on open communication, employee engagement initiatives, and addressing concerns in a timely and transparent manner. This approach fosters a harmonious work environment, contributing to employee satisfaction and organizational stability.

At FFBL, we ensure that we stand compliant to all national regulations / standards related to Labour and their rights and same has been ensured in Year 2023 while accommodating substantial raise in cost due to minimum wages.

Learning & Development

FFBL believes that L&D is crucial for its employees' productivity, efficiency, adaptability, and skill enhancement, including communication, critical thinking, and problem-solving and is given high priority at FFBL. L&D highlights developing self and others, which is a behavior that demonstrates a commitment to ongoing professional development, both your own and that of the people around you. Under this initiative, we developed a training calendar, which is extensively structured around business sustainability with a sharp focus on people development.

We implemented targeted training programs to enhance skills, foster leadership capabilities, and promote a learning culture. Continuous learning opportunities empower our workforce to adapt to evolving industry trends and contribute to our collective success.

FFBL has consistently enhanced its Learning and Development framework, fostering both personal and professional advancement throughout the organization. Through partnerships with renowned institutions such as LUMS, IBA, ICAP, Preston, PSTD, GEM Learning, SGS, PMI, HR Metrics, CFI, Siemens, IRCM, and Abacus, the company has conducted over 100 sessions, accumulating a total of more than 25,000 training hours.

E Learning

Aligned with our commitment to cultivating a learning culture, FFBL has implemented self-paced learning initiatives and forged a partnership with Coursera, a leading provider of open online courses. This learning system facilitates the acquisition of business, technology-related, and creative skills through the accessibility of numerous course videos. The incorporation of Coursera's monthly learning challenges has significantly boosted user

engagement, encouraging participants to compete for associated rewards.

Other Development Programs

The company places a strong emphasis on aligning development programs with organizational goals and objectives, catering to the needs of human resources, and delivering meaningful learning experiences for participants. The following development programs have been initiated:

Strategic Initiatives

Strategic programs, such as the Strategy Development and Executive Management Development Program, the Situational Leadership Program, and the incorporation of Lean Six Sigma methodologies, have significantly enhanced managerial capabilities. These initiatives have played a crucial role in optimizing operations, improving efficiency, and ensuring quality.

Technical Training Centre

The Technical Training Centre at the Plant Site has been revamped, incorporating capacity building and dedicated training staff. The implementation of a Skill Validation Regimen ensures merit-based promotions and reinforces staff proficiency.

Strategy Sessions

Over the past two years, FFBL has conducted department-specific sessions to gather employee insights, evaluate successes and failures, foster inclusivity, and collaboratively shape strategies for the future.

Emerging Leadership Programs

Tailored programs, including the Emerging Leadership Bootcamp, Graduate Trainee Program, and Apprenticeship Training, focus on skill development for individuals in the early stages of their careers. Over the last three years, more than 130 graduates and 200 diploma holders have been trained. Campus Connects at institutions such as GIKI, NUST, IBA, University of Karachi, KSBL, and Habib University have been conducted to attract qualified candidates for the Graduate Trainee Program, establishing a presence in academia.

Job Rotations

Designed for diverse skill development and exploring growth opportunities within the organization, job rotations are strategically planned for critical roles. These rotations, a result of the Talent Review Process, aim to ensure the desired succession at identified levels within the company.

Employee Well being

FFBL has prioritized the well being and growth of its employees, aligning with the United Nations Sustainable Development Goal - 3 advocating Good Health and Well-being. Our 'Employee Wellness' initiative incorporated comprehensive sessions by Heads of Departments, resulting in a marked impact. These sessions focused on physical, psychological, and social aspects, leading to a marked increase in reported satisfaction levels and rise in productivity within the workplace. Notably, the initiative emphasized Psychological Safety and Emotional Intelligence (EI), resulting in employees feeling secure to speak up, ask questions, seek help, and admit mistakes.

HUMAN CAPITAL

Team Building Retreats

Moreover, various departmental Team Building Retreats have significantly contributed to fostering stronger relationships and breaking down silos within the organization. These initiatives resulted in a notable enhancement in collaboration, communication, and trust among team members, reflecting a more cohesive and unified workforce.

Communication Sessions

FFBL's commitment to open dialogue and information sharing, in line with UN Sustainable Development Goal-16, has been pivotal in fostering a culture of sustainable practices within our organization. Emphasizing timely information dissemination through various channels, such as Townhall Communication Sessions, and Coffee Sessions with CEO has empowered employees across all levels, facilitating informed decision-making.

Human Resource Management Policies

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

Compensation and Benefits Policy

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

Compensation Philosophy

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

Health Care Policy

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

Leave Policy

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

Recruitment Policy

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

Additionally, the FFBL Rising Star Internship Program has yielded significant results, offering valuable on-the-job experience along with specialized training in SAP and Excel. This comprehensive program has notably enhanced the skills of over 300 talented students actively pursuing their degree programs. As a direct outcome, there has been a major increase in the preparedness of participants for industry-specific roles upon completion of the afforded internship. Notably, this initiative has successfully created a robust pipeline also, contributing to a 5% increase in the qualified applicants for our prestigious Graduate Trainee Program.

HEALTH AND SAFETY

A foundational value deeply embedded in our organizational culture is creating a work environment that prioritizes physical, mental, social, and spiritual health and overall well-being of every individual.

The Company's production facilities have proudly attained a significant milestone of "25 Million Safe Man-Hours" of plant operation. Remarkably, this accomplishment signifies 5,297 consecutive days of plant operation without any Lost Time Incidents (LTI), highlighting the successful collective efforts of the entire team.

The achievement is a clear manifestation of the unwavering commitment and dedication to safety demonstrated by all employees. It reflects the establishment of a robust safety culture within the organization, where every task undertaken emphasizes the Company's active concern for the well-being of each individual contributing to its growth. This milestone underscores the priority placed on creating a workplace that prioritizes safety and values the contribution of every team member.

Prioritizing Occupational Health and Safety in the Workplace

The Company places a strong emphasis on ensuring the safety of its employees, preserving plant integrity, and cultivating a pollution-free environment around its facilities. Adhering to both local and international Quality, Health, Safety, and Environment (QHSE) standards is a fundamental aspect of our commitment, with the aim of making a significant contribution to the country's economy.

We have implemented and strictly adhere to best practices in QHSE, with a particular focus on comprehensive employee training. This ensures that a resolute commitment to QHSE is embedded in the mindset of all personnel, including both regular and contractor employees. This proactive approach underscores our dedication to fostering a corporate culture where QHSE considerations seamlessly integrate into every facet of our operations.

Our unwavering commitment to maintaining an incident-free environment underscores safety as our topmost priority. To achieve this objective, we have instituted a robust system of checks and balances, incorporating various activities such as management safety audits, behavior-based safety audits, weekly safety meetings, emergency mock drills, safety slogans/housekeeping competitions, job safety analysis, HAZOP studies of plant operating units, and safety training to enhance skills. These collective initiatives contribute significantly to cultivating a culture of safety excellence within our organization.

HEALTH AND SAFETY

Process Safety Management

The company is currently in the process of implementing the Process Safety Management (PSM) program. The primary aim of the PSM program is to prevent the "loss of containment of hazardous materials," with the ultimate goal of fostering an enhanced safety culture within the organization. PSM involves the application of comprehensive programs, procedures, audits, and evaluations to manufacturing or industrial processes. Its purpose is to identify, understand, and control process hazard risks, thereby facilitating systematic business improvements and elevated safety standards. Integrating PSM with the existing management system is expected to enhance efficiency and reduce costs.

Demonstrating strong management commitment, 12 modules of the PSM have been validated and 07 modules have been successfully implemented by the end of the year 2023. This accomplishment is commendable and reflects the company's dedication to ensuring a robust and effective Process Safety Management system.

Promoting Health & Well-Being

The Company's Occupational Health Program encompasses facets of both industrial hygiene and occupational health. In alignment with this program, several health awareness initiatives, including Ergonomics and risk assessment studies, were conducted throughout the year 2023. Additionally, the Company introduced various initiatives aimed at instilling Health, Safety, and Environment (HSE) practices among its employees.

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

With strong emphasis on eliminating safety hazards, adhering to safe work practices, implementing effective emergency response protocols, the Company achieved following safety statistics in year 2023.

Our HSE Performance	2023
Total Recordable Injury Rate (TRIR)	Nil
Lost Time Injury (LTI)	Nil

Our HSE Performance	2023
Safe Man Hours Without LTI (Million Man Hours)	25.6 M
Days without any LTI (as on 31st Dec 2023)	5,797

HSE Awards and Recognitions

The company has received the prestigious “Environment & Health & Safety Performance Awards 2023,” which is the acknowledgment of our unwavering commitment and remarkable efforts in the areas of health, safety, and environmental activities.

CSR Award 2023

FFBL’s Corporate Social Responsibility (CSR) initiatives won accolade, and awarded with Employee Health safety Program, Sustainability Initiative & Community Impact Awards, at the 12th Int’l CSR Summit 2023 organized by TPN.

Fire Safety Award 2023

FFBL was awarded with Fire Safety Award at 13th Annual Fire Safety & Securi-ty Convention and Awards Ceremony hosted by the National Forum for Environment & Health (NFEH) and Fire Protection Association of Pakistan (FPAP).

Annual Environment Excellence Awards 2023

FFBL was awarded with Environment Excellence Award at the 20th Annual Environment Conference & Excellence Awards 2023 ceremony, hosted by the National Forum for Environment & Health (NFEH), at Karachi.

HEALTH AND SAFETY

HSE Audits & Certifications

- 2nd Surveillance audit for Integrated Management certification carried out by M/s Bureau Veritas Pakistan at plant site and Head office including ISO 45001:2018, EMS 14001:2015 and ISO 9001: 2015 certifications audits.
- To further strengthen HSE culture in 2023, refresher trainings on Work permit systems and MSA audit were carried out focusing on bringing improvement towards workplace safety aspects like eliminating slip trip & fall hazards & electrical safety hazards etc. The focus of this activity campaign was to put collaborative efforts towards behavioural & operational discipline.
- FFBL has earned IFA protect & Sustain Stewardship Certification. Further, Company has also acquired WWF Green office diploma for FFBL and compliance has been certified through gap analysis

International Award on Environment, Health & Safety 2023

FFBL was awarded "9th International Summit on Environment, Health and Safety 2023", organized by The Professionals Network

OUR INVESTMENTS

FFBL Power Company Limited

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

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

Financial Highlights

During the year ended December 31, 2023, FPCL have recorded revenue amounting to Rs. 28,927 Million which includes insurance receipt of Rs. 869 Million (2022: 30,651 Million) against cost of sales of Rs. 20,062 Million (2022: 23,395 Million). Profit for the year is Rs. 3,996 Million as against profit of Rs. 4,055 Million posted during the year ended December 31, 2022. Earnings per share (EPS) were at Rs. 4.65 (2022: Rs. 4.72).

The principal loan repayment under the Long Term Finance Facilities amounting to Rs. 3,151 Million have been paid during the year without any delay. Outstanding Long Term Finance Facilities as at December 31, 2023 amounted to Rs. 12,243 Million.

Operational Results

During the year, FPCL delivered 87,533 MWh (2022: 163,479 MWh) of electricity to Fauji Fertilizer Bin Qasim Limited and 322,702 MWh (2022: 395,747 MWh) to K-Electric Limited. The Company also delivered 1,312,031 Metric Tons (2022: 1,532,467 MT) of Steam to Fauji Fertilizer Bin Qasim Limited.

Risks

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

The risk is also being mitigated through efficient coal procurement.

Changes in Board

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

OUR INVESTMENTS

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

Mr. Waqar Ahmed Malik	Appointed: March 26, 2021	
Mr. Arif Ur Rehman	Appointed: October 16, 2021	
Mr. Sarfaraz Ahmed Rehman	Appointed: March 26, 2021	
Mr. Qamar Haris Manzoor	Appointed: March 26, 2021	
Dr. Nadeem Inayat	Appointed: March 26, 2021	Resigned: October 24, 2023
Mr. Aziz Ikram	Appointed: March 26, 2021	
Mr. Khurram Shahzad Khan	Appointed: June 4, 2021	
Maj Gen Abid Rafique	Appointed: April 12, 2022	Resigned: October 24, 2023
Syed Atif Ali	Appointed: October 24, 2022	
Mr. Muhammad Tariq	Appointed: October 24, 2023	
Maj Gen Muhammad Junaid (Retd), HI (M), TI (M)	Appointed: October 24, 2023	

Future Prospects

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

Fauji Foods Limited

Fauji Foods Limited, a majority owned Company of Fauji Fertilizer Bin Qasim Limited (47.84% shareholding), is engaged in processing and marketing dairy products. The Company's brands include the House of Nurpur, a range filled with top line dairy products. Nurpur's portfolio of brands ensures quality and nourishment to our consumers. In addition, the company is also engaged in tea creamer category providing the Pakistani consumer with a leading brand i.e. DOSTEA.

Business Review

While Fauji Foods Limited (FFL) began its steady turnaround in 2022, and had a great run in 2023, recording PAT positive results from March till Dec 2023 with its highest PAT in Q4 2023. Sales revenue of Fauji Foods Limited (FFL) grew by 60.4% over 2022 with margin accretive portfolio growing in volume by 43% vs same period last year (SPLY). The distribution channel grew by 14,000 retail outlets during the year. While focus on channel & margin accretive portfolio continued, cost efficiencies contributed ~Rs. 1.0 billion in the gross margin & played a significant role in improving the gross margin from 7.8% in 2022 to 15.1%, an increase of 7.3% during the year. You will be pleased to note that the Profit After Tax closed at Rs. 605 million vs an SPLY Loss after tax of Rs. 2,169 million.

The share generated a return of 118% in 2023, outperforming the benchmark index by 63pps. This resulted in the company joining the club of USD 100mn market cap. Fauji Foods' losses reduced by 95% in nine months of 2023 to Rs. 109 Mn (Loss per Share of Rs. 0.05) as opposed to a loss of Rs. 1,944mn (Loss per Share of RS. 1.23) in same period last year. The stock trades at a P/S of 0.8x as opposed to the 3yr historical avg of 1.0x and food industry's average of 0.9x. This represents a discount of 20% and 11%, respectively, signifying an attractive entry point for the investors. We think that the company has a strong potential to grow considering the expansion in high margin in food business.

Operational Efficiency

Cost management initiatives are being implemented across our value chain. An efficiency oriented lean management approach and mind-set is being strengthened. The Company has already started reaping benefits in key areas such as production and supply chain. Moreover, this mind-set is enabling optimization of fixed costs across the Company.

Sustainable Development for Dairy Industry

To achieve sustainable sectoral growth, it is of immense importance that there is a lasting relationship formed with the farmers. Driven by our vision of "Unleashing Pakistan's Promise in Everything We Touch", FFL launched the ambitious GRIDD program to change the farmer economics and productivity. FFL partners with Fauji Foundation, Department of Livestock Punjab, other group companies and State Institutions to deliver timely and right input to farmers such as Fertilizer, Vaccinations, Feed and Genetics Improvement Support. The program is transformational in nature. It will improve the yield, provide better prices to the farmer at their doorstep by eliminating middleman, and once rolled out across Pakistan be a potential driver of GDP growth.

Risks

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

Future Outlook

We are grateful to our valued shareholders for approving the acquisitions of Fauji Cereals and Fauji Infraavest Limited. These acquisitions are expected to convert Fauji Foods into a consumer food powerhouse with FFL

Rs. in Million	2023	2022	%
Net Revenue	19,809	12,351	60.4%
Gross profit	2,982	969	207.7%
Profit / (Loss) after tax	605	(2,169)	127.9%

OUR INVESTMENTS

becoming one of the most diverse food companies in Pakistan. Its portfolio will enable it to not only own the breakfast occasion through cheese, butter, UHT Milk & Cereals but will now entrench its taste credentials across multiple culinary occasions through pasta, and other wide-ranging products.

Pending the requisite regulatory & legal approvals, these acquisitions are expected to be EPS accretive transactions for FFL.

Looking ahead, investment in brands and distribution infrastructure coupled with the acquisitions should continue to fuel growth & profitability. With the legacy debt burden now removed, introduction of new products & margin focused growth will hasten improvement in FFL's financial performance at a faster pace. The economic uncertainty, high inflationary environment & a high interest rate are expected to continue to be a challenge & are unlikely to go away soon, however the strategy of pivoting to value added portfolio as well as the new businesses will enable FFL to cover the expected inflation through pricing & margin management. We are confident that FFL, driven by its vision of "Unleashing Pakistan's promise in everything we touch" will not only build a successful business but leave a mark on the broader national & international landscape for times to come.

Transaction with Related Parties

The Company carries out transactions with related parties on an arms' length basis and the amounts, due from and to, related parties as shown under respective heads. Except as disclosed in financial statements, no other transactions were executed with related parties.

Pattern of shareholding

Please refer page 330 for pattern of shareholding.

Askari Bank Limited

Askari Bank's extensive branch network encompasses 623 branches, inclusive of 140 Islamic Banking Branches. The bank's impressive entity rating of AA+ assigned by Pakistan Credit Rating Agency Limited (PACRA) highlights the sustainability of its relative positioning. This robust rating is attributed to continuous improvement in capital adequacy, driven by the bank's strong sponsors and brand, ongoing growth trajectory, enhanced net spreads, and an increase in earning assets. Additionally, the short-term rating has been maintained at 'A1+', highlighting the bank's stability and creditworthiness in the short-term financial landscape.

FFBL holds 21.57% stake and reported consolidated other income from AKBL as Rs 3,862 million (2022: Rs 2,948 million).

Pakistan Maroc Phosphore

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

The overall performance of PMP remained challenging during Jan – Sep 2023 period. PMP produced 241 KT of P2O5 during the period and sold 249 KT as against production of 296 Kt and sale of 303 Kt respectively in the corresponding period.

PMP has posted a net loss of MAD 242 Million for the nine months period ended 30 September 2023 (2022: MAD 592 Million profit). As at September 30, 2023, the accumulated profit was MAD 855 Million (49% of equity).

FFBL reported share of (loss) profit from PMP in its consolidated financial statements at Rs. 1,584 million (2022: Rs. 4,033 million).

PMP paid Nil dividend during the year related to the year ended 2022.

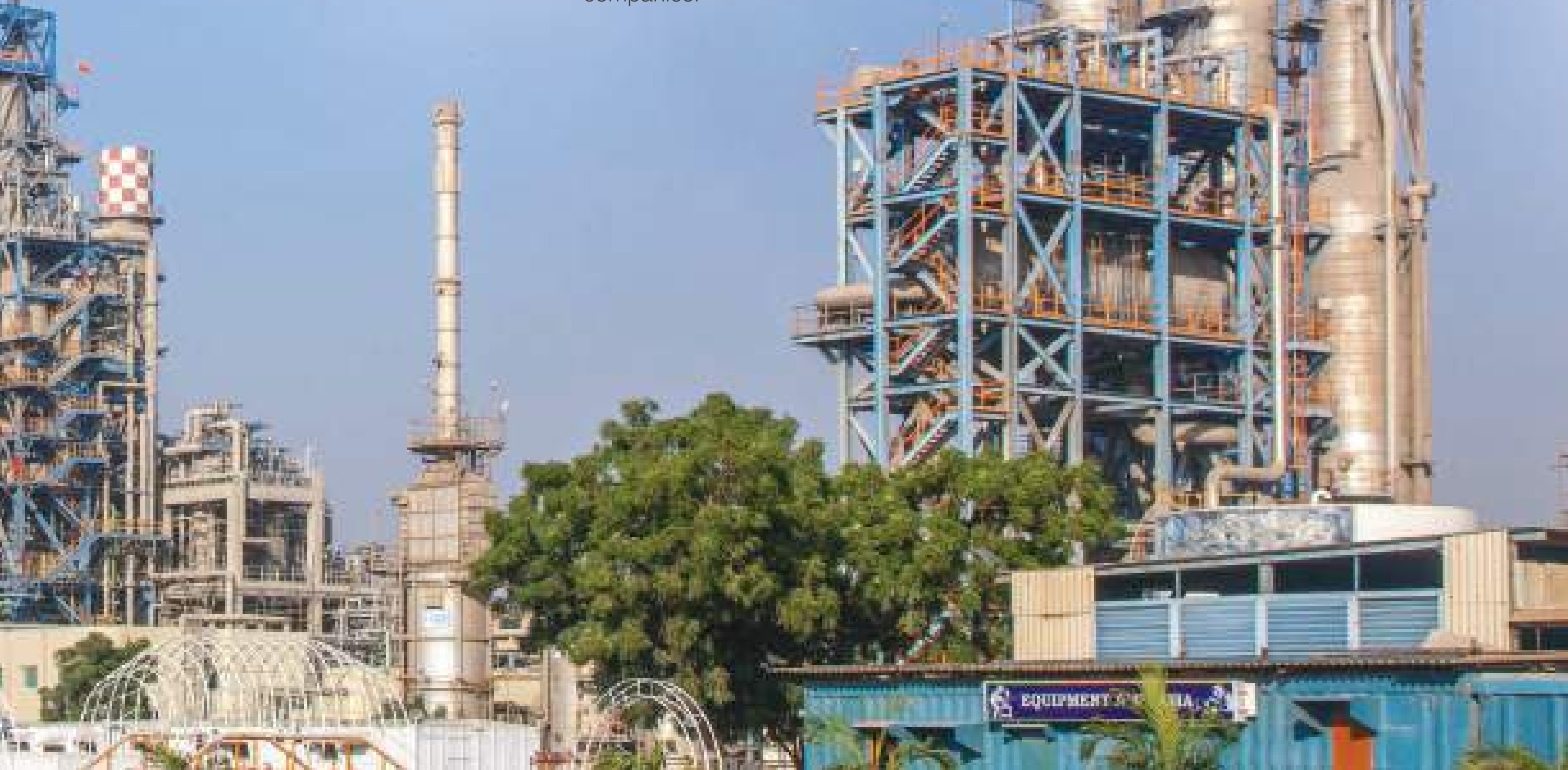
During the year, PMP has started working on Capacity enhancement project of Phosphoric Acid plant concentration area which will result in additional production of 50KT per annum. Project is expected to be complete in within approved Budget in 2025.

Internal Financial Control

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

Sustainability

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



FORWARD LOOKING STATEMENT

Our forward-looking statement aims to offer stakeholders insights into the future strategies of our business concerning the market, challenges, and the economic landscape in which we operate.

Reflection on Last Year's Statement

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

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

FFBL consistently imports its main raw material, Phosphoric Acid, throughout the year to maintain steady production and inventory levels of DAP. However, the challenge arises during the time of sale, primarily in the second half of the year, as FFBL must compete with international DAP prices. Additionally, this year, the inventory carried over from the previous year with high production costs posed a challenge, leading to a temporary shutdown of our production plant as well as increasing borrowing levels and associated borrowing costs. Moreover, due to fluctuations in the US Dollar and Pak Rupee, FFBL incurred Rs. 4.5 Billion exchange loss during the year.

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

FFBL received 13,714 MMSCFD supply in 2023 representing a 42% reduction from the Government-allocated level of 23,800 MMSCFD, and a 28% reduction from the previous year's level of 19,119 MMSCFD. Consequently, the Company's Urea plant operated at a mere 52% of its 615 KT capacity. The Urea production declined by 39% to 317 KT (2022: 524 KT) and DAP production witnessed a 31% decrease to 587 KT (from 848 KT in 2022).

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

The Company's cash flow management as well as profitability will be adversely impacted if the Company is required

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

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

The inequitable GST laws applicable since July 2022 caused a loss of ~ Rs. 3- 4 Billion in the first half of the year till June 2023. We successfully engaged the Government and GST laws were amended vide Finance Act 2023 applicable from 01 July 2023, providing a level playing field to locally produced DAP against imported DAP.

The Company's petition before SHC regarding the factual determination of GIDC payable, following the judgment of the Supreme Court of Pakistan, remained pending throughout the year. As for receivables from the Government, such as GST refunds and subsidy receivables, the balances remain outstanding despite industry-wide efforts.

Source of Information for Projections

The source of information for projections is derived from the corporate strategy and objectives, which guide the formulation of operational, financial, and marketing plans and strategies. This process involves careful consideration of historical data, prevailing conditions, relevant situations, and prospective expectations based on reliable information and insights. The Board actively monitors the Company's direction and provides timely guidance.

The key functions and units of the Company compile necessary information, collaborating with externally acquired data. Factors such as macro and microeconomic indicators, market trends, international fertilizer price forecasts, data from governmental agencies (including regulatory and taxation authorities), seasonal variations, and competitors' actions are taken into account. This information is utilized for making forecasts and projections, and a practical plan is presented to the board for evaluation, insight, and approval. In cases of investment-related decisions, the Company conducts extensive due diligence, encompassing legal, financial, market, and technical feasibility studies with assistance from subject matter experts.

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

Future Outlook

International Economic Outlook

Geopolitical developments have emerged as the foremost risk facing the global economy, accompanied by escalating financial stress amid a sharp rise in global interest rates, trade fragmentation driven by national security concerns, and escalating climatic

FORWARD LOOKING STATEMENT

challenges. Consequently, the outlook for global economic growth appears uncertain, with a more likely likelihood of a slowdown by approximately 2.5%.

With rising global population and increasing demand for food production will derive expansion in agriculture sector, at the same time, the environmental concerns associated with fertilizer use will lead to increased focus on sustainable and precision agriculture practices. As agriculture continues to evolve, fertilizer sector will remain dynamic and is expected to observe innovations in nutrient formulations and technologies. The demand for phosphatic fertilizer market is expected to grow, however, given the geopolitical tensions the supply chain may face disruption and affordability concerns may arise.

Domestic Economic Outlook

The convergence of poor policies and a series of significant shocks, including the impact of COVID-19, catastrophic floods in 2022, and adverse global conditions, has indeed posed substantial economic challenges for the country. The IMF's projection of a modest economic growth of 2% in 2024 is a positive sign, but it also underscores the range of challenges that Pakistan faces including inflationary pressures, currency depreciation, and high levels of sovereign debt in navigating the path to recovery.

The noteworthy aspect is the Government's emphasis on the agriculture sector to lead economic revival. This focus bodes well for the fertilizer sector, indicating a promising outlook. As agriculture plays a pivotal role in Pakistan's economy, supporting this sector can have positive ripple effects on various related industries, including fertilizers.

FFBL Economic Outlook

FFBL occupies a unique position in Pakistan's fertilizer sector as the sole local producer of DAP. The company imports the primary raw material for DAP production, Phosphoric Acid, from the international market. In the domestic DAP market, nearly half of the demand is fulfilled by FFBL's locally produced DAP, and the remaining through direct imports. This business model is inherently vulnerable to both local uncertainties and external factors, including international and regional challenges.

FFBL's primary challenge will remain the supply and pricing of gas, which not only has the potential to impact FFBL's fertilizer production and performance but also the overall availability of fertilizer in Pakistan. This situation may further lead to affordability concerns, prompting the government to resort to importing fertilizer.

The Company also anticipates adverse effects on its cash flow management and profitability, if it is required to make payment of GIDC, which is currently stayed by the Sindh High Court. However, we are making efforts for factual determination of GIDC payable in line with the judgment of the Supreme Court of Pakistan. Additionally, the outstanding receivables from the Government, amounting to Rs. 18 Billion, comprising GST refunds and subsidy receivables, are expected to continue exerting pressure on liquidity and profitability, necessitating expensive external funding alternatives.

We would like to emphasize the continued importance of the Government's role in fostering a conducive environment for the economy and business growth. We are actively coordinating with the Government and anticipate positive interventions to address the challenges faced by the local producer of DAP and the broader fertilizer sector.

We are committed to proactively addressing all challenges, leveraging our strengths, and fulfilling our commitments.

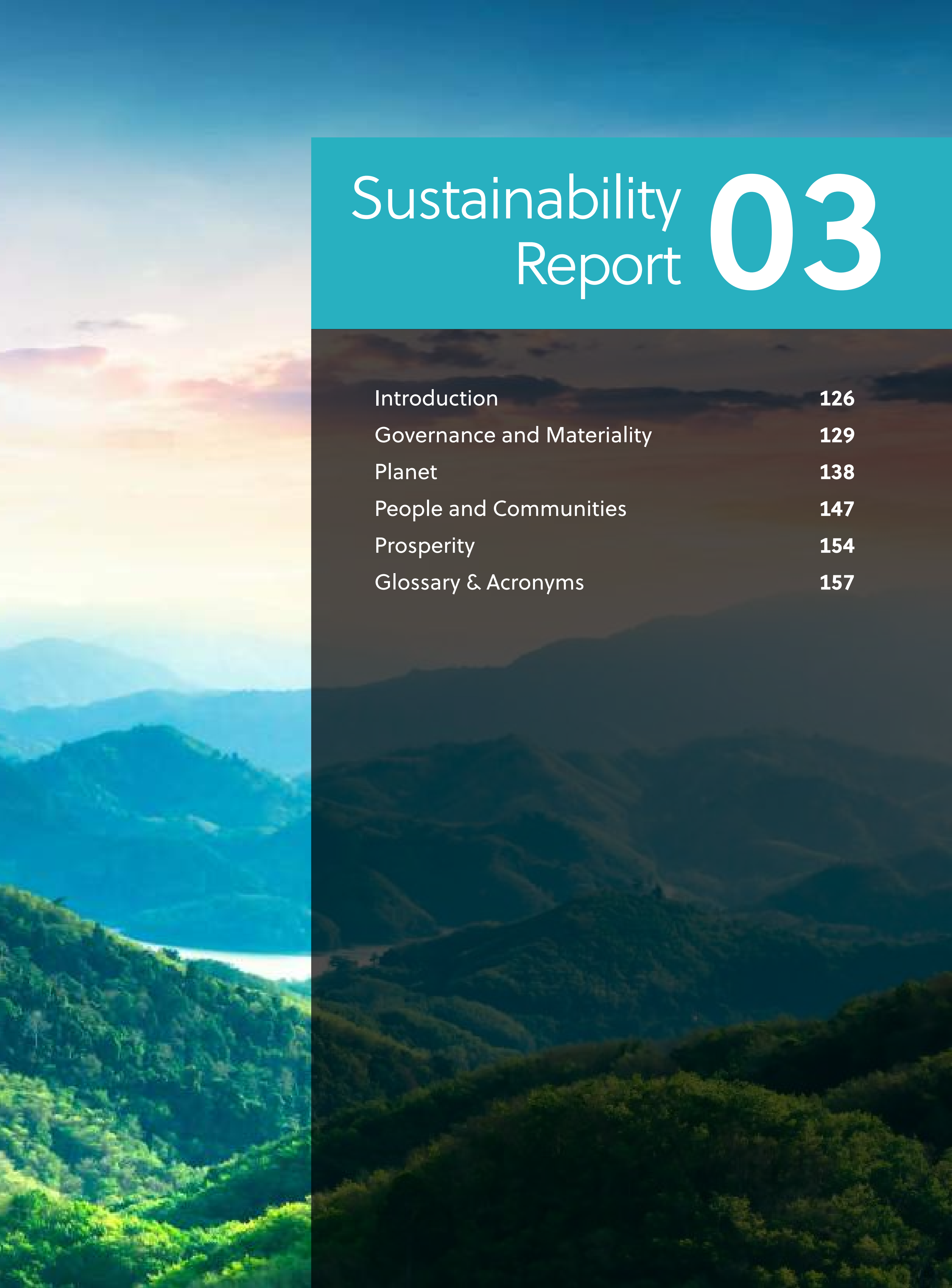
For and on behalf of the Board of Directors of

Fauji Fertilizer Bin Qasim Limited

Waqar Ahmed Malik | Chairman

Arif Ur Rehman | Chief Executive Officer

FFBL AT A GLANCE



Sustainability Report 03

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INTRODUCTION

OUR SUSTAINABILITY JOURNEY

2006

Achieved ISO Certifications in: -

Quality Management Systems, QMS (9001:2000)

Environmental Management Systems, EMS (14001:2004)

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

2007

Successful conclusion of Ammonia BMR led to a 23% boost in Ammonia production, increasing from 1,270 MT to 1,570 MT.

2014

Arranged 3rd International Health, Safety & Environment Seminar.

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

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

2015

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

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

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

2018

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

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

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

2019

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

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

2022

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

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

FFBL's Environment, Health & Safety (EHS) initiatives won accolade at the 5th Climate Change & Green Finance Summit 2022 organized by the Future Forum

FFBL's Environment initiatives won accolade at the 19th Annual Environment Excellence Award 2022 organized by NFEH.

FFBL won the International Environment, Health & Safety Award 2022, organized by the TPN.

WWF awarded diploma to FFBL for implementing effective Green offices operations.

FFBL has secure best Corporate Report Award for the Year 2022 by ICAP and ICMA.

2008

DAP revamp resulting in an increase in production by 51% from 1,472 MT to 2,232 MT per day.

2013

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

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

2016

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

Received Award in the category of “Education Scholarships” from NFEH.

2017

Start of commercial production by FPCL

FFBL received 6th CSR Award in two different Categories “Community Development & Education Scholarships” from NFEH.

Received “Annual Environment Plantation Award” & “Best Tree Plantation Award” from NFEH.

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

2020

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

Green Office Certification from WWF for FFBL HO Building.

Fire Safety Award by NFEH.

2021

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

WWF awarded diploma to FFBL for implementing effective Green offices operations.

Health, Safety & Environment Performance Award 2021 by UNEP.

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

FFBL'S COMMITMENTS & PROGRESS

Paper

Goal	
Reduce 0.5% from 2019 level.	
Target End:	2023
Performance	
Whereas we have successfully reduced to 33%.	

Water

Goal	
Maintain water intake at 2020 level.	
Target End:	2024
Performance	
Overall ~1.0% reduction in freshwater intake achieved from 2020 level due to stringent control.	

Energy

Goal	
Maintain energy index at 2022 level.	
Target End:	2024
Performance	
Whereas we have further reduced consumption from 2022 level.	

Health & Safety

Goal	
Zero injury	
Target End:	2024
Performance	
Achieved	

Emissions

Goal	
Maintain emission level as per previous year and committed to keep it at same level of 2020.	
Target End:	2024
Performance	
We are maintaining the emission level as per the target for 2020 but in true sense emission have been reduced as electrical consumption is reduced significantly thus reducing carbon footprint.	

Supply Chain Management

Goal	
Awareness campaign for Packing material suppliers on sustainability will be conducted in 2024.	
Target End:	2024
Performance	
Awareness campaign completed in 2023 with Bulk material suppliers.	

WHAT'S NEXT

Energy

Goal	
Maintain energy intensity at 2020 level and pursue Natural Gas supply to operate the plant at higher load.	
Target End:	2025

Emissions

Goal	
Maintain emissions intensity at 2020 level	
Target End:	2025

Water

Goal	
Maintain the level of 2020.	
Target End:	2025

GOVERNANCE & MATERIALITY

FFBL AT A GLANCE

Fauji Fertilizer Bin Qasim Limited (FFBL) is primarily engaged in the production and distribution of chemical fertilizers for the agricultural sector in Pakistan. As the exclusive producer of Granular Urea and Di-Ammonium Phosphate (DAP) in the country, we recognize that the future belongs to those who can achieve inclusive and sustainable growth. Sustainability is at the core of our organizational values, embedded in both our Vision and Mission statements.

In all facets of our business, including operations, personnel, products, marketing strategies, and interactions with stakeholders, such as customers, business partners, shareholders, regulators, and the community, FFBL is committed to making a positive and enduring impact on the environment and society. Our dedication extends to fulfilling the mission of being a dependable partner in national food security and contributing to our group's corporate social responsibility initiatives.

To align with this mission, we have carefully calibrated our corporate objectives and strategies, ensuring that they resonate with our commitment to sustainability and responsible business practices.

Our Products

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

- SONA DAP
- SONA Urea (Granular)

ACCREDITATION, MEMBERSHIPS AND AWARDS

FFBL is an entity with diverse affiliations, actively pursuing various strategically evolved initiatives in the realms of the economy, environment, and social administration. Within these domains, FFBL engages in several externally originated voluntary programs.

01

Community Impact Award 2023

This award recognizes FFBL's active participation in community development initiatives such as Education, Healthcare and Social welfare programs.

02

Best Corporate & Sustainability Report Award for the Year 2022

FFBL secured Second Position in fertilizer & chemical sector in Best Corporate Report Award by Institute Chartered Accountant of Pakistan (ICAP) and Institute of Cost & Management Accountants (ICMA) hosted jointly.

03

12th CSR Award 2023

FFBL's Corporate Social Responsibility (CSR) initiatives secured three awards at the 12th International CSR Summit 2023.

04

Environment, Health & Safety Award 2023

FFBL won 9th International award on Environment, Health & Safety organized by TPN.

05

Environment Excellence Award 2023

FFBL's Environment initiatives won accolade at the 20th Annual Environment Excellence Award 2023 organized by National Forum for Environment & Health (NFEH).

06

International Safety Award 2023

FFBL won the International Safety Award -UK, organized by British Safety Council.

07

Sustainable Initiatives Award 2023

This award recognizes FFBL's commitment to achieve a sustainable future by implementing environment friendly strategies in Its business operations.

08

National Safety Council, USA Membership

FFBL has been a proud member of the National Safety Council – USA since 2008.

09

Protect & Sustain Product Stewardship Program

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

IFA member since 2016

10

International Organization for Standardization (ISO) Certifications

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

11

Green World Award

FFBL has been recognized in UK by winning the Green World Award that is the most prestigious environmental awards in the world, recognizing the best practices and initiatives for environmental sustainability.

12

WWF Green Office Certification

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

13

SAFA Award 2023

Certificate of merit in the category of SAARC Anniversary Awards for Corporate Governance Disclosure

14

Fire Safety & Security Award 2023

FFBL Fire Safety practices secured an award at Fire Safety & Security Convention 2023.

15

Global Diversity, Equity & Inclusion Benchmarks (GDEIB) Award 2023

FFBL received GDEIB Award in the category of "Recruitment" for "Best Practice".

OUR GOVERNANCE

The essence of a prosperous and forward-thinking company lies in its capacity to uphold its fundamental values, fostering advancement. This is attainable through a sound Governance Structure that takes into account factors such as longevity, monitoring, and control. A resilient Governance Structure delineates clear roles and responsibilities among the Board, Management, Shareholders, and Stakeholders. FFBL's Governance Structure is methodically designed, promoting effectiveness through the engaged and prudent participation of all stakeholders.

FFBL boasts a dynamic Board, bringing together a wealth of diversified experience to fulfill fiduciary duties. Supported by four specialized committees with expertise in technical, financial, human resource management, and investment portfolio matters, the Board has effectively delegated powers through approved Terms of Reference. This delegation allows the Committees to focus on pertinent issues and ensure swift resolution.

Equipped with knowledge, skills, and experience, the Board plays a pivotal role in strategic decision-making, providing valuable advice to the Management tailored to the Company's unique characteristics, its businesses, and the competitive environment. The Board's composition reflects versatility, including three Independent Directors (including two women directors) and five Non-Executive Directors, with the Chairman of the Board and CEO serving as an Executive Director.

FFBL adheres to clearly defined principles, systems, processes, and policies to safeguard the integrity and protection of the company's resources in the best interest of shareholders. A steadfast commitment to abide by rules and regulations is ingrained in the organizational culture, with no compromise on integrity and transparency.

Throughout the year, the Board convened six meetings to review and approve periodic financial statements, the annual budget, business plans, and strategic frameworks. These gatherings, along with the frequent meetings of the Board's committees, reinforced governance practices and provided essential guidance for optimal resource utilization.

The Board's oversight ensured the optimal use of resources, fostering enhanced transparency, disclosures, and improvements in governance processes. With

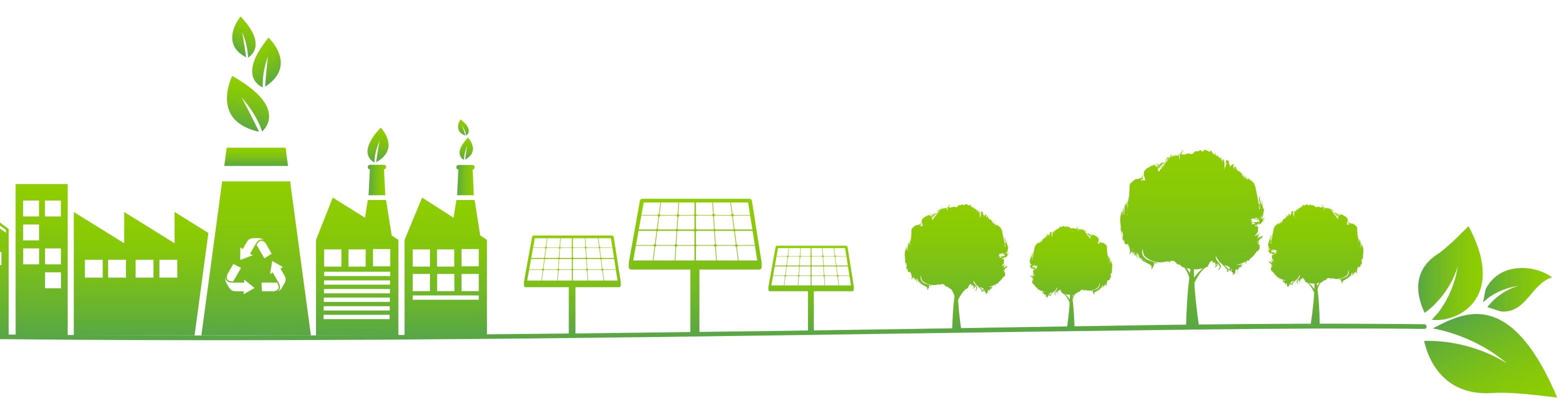
expeditious support and guidance, the Board played a vital role in helping the management achieve short, medium, and long-term objectives.

Shareholders/Investors

Our investors prioritize sound economic returns, profitability, and the broader influence on the environment and society. Regular engagement with shareholders is facilitated through the Secretariat / Shares department. The company is consistently enhancing the well-being of its people and organization by implementing environmentally friendly and clean processes, along with diversification across various energy conservation sectors. Timely updates on investor and shareholder information are consistently provided through the company's regularly updated website.

Shareholders' Recommendations

Regular, feedback and recommendations from shareholders and investors are received through general meetings and various communication channels. Our utmost priority is to safeguard the interests of shareholders, a commitment realized through the implementation of efficient and tangible business models as well as through effective corporate reporting. The FFBL team consistently communicates all essential information and carefully assesses the feedback received to determine appropriate follow-up actions.



VALUE CREATION BUSINESS MODEL

Our whole operation revolves around our value generating business model. It describes the risks and opportunities that exist in our external environment, as well as the inputs we use, the activities we engage in, the connections we rely on, and the outputs and results we want to attain in the short, medium, and long terms—all while generating sustainable value for our stakeholders.

Risk & Opportunities in Our Operating Environment

- Environmental risks and climate change.
- Depleting raw materials.
- Low farm mechanization.
- ESG index and SDGs reporting.
- Enhancing value creation ability by embedding SDGs into corporate strategy.
- Diversification and tapping opportunities offered by SDGs.

Governance Oversight

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

Our Key Resources & Relationships

People

We engage skilled and enthusiastic staff with a culture that prioritizes people, placing a strong emphasis on both organization health and safety, as well as the well-being of our employees.

Industrial

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

Intellectual

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

Environment

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

Partners, Suppliers, and Communities

We empower our partners' ecosystem to keep serving our customers and we extend sustainability requirements in our supply chain by providing training to suppliers.

Our Value Creation Process

Manufacturing

Key resources and relationships as input to manufacture fertilizers.

Transportation

Products transported through haulage contractors.

Distribution

Dealers facilitate connection with customers.

Product use

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

Our Sustainable Value for All Stakeholders

Focusing on the Welfare of People

- We are committed to a thriving culture with equal opportunities for everyone.
- We recognise and reward excellent performance while dedicating resources to attract, mature and retain our workforce.
- We nourish our human capital through trainings with 7,968 total training hours in 2023.
- We strive to achieve the highest safety standards and eliminate workplace accidents with record 25.57 million safe man-hours for FFBL employees and ~12.6 million man-hours for contractors' employees.

Managing Environmental Impact

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

Investing for Better Communities

- Invested Rs. 347 million in education, health, flood & disaster management and overall community welfare.
- Three Reverse Osmosis (RO) plants have been successfully installed at Dadu, Faridabad and Dhabeji.

Prioritizing Ethical Partnerships with Suppliers

- Awareness to local supply chain partners on sustainability .

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

EXTERNAL ENVIRONMENT

The operational and financial success of the organization is significantly influenced by the external environment. Our plan is to put the business in the best possible position regarding the outside world, so that it may minimize risks and take full advantage of possibilities in the fields of politics, economics, social sciences, technology, the environment and regulatory.

Political and Macroeconomic

Unrest in politics has an impact on Economic policy and sudden or inconsistent shifts in government policies may have a detrimental effect on the company's operations. To optimize value generation, the company keeps a constant eye on macroeconomic policies, indicators, and political changes and as necessary, adjusts its stance.

Global growth decelerated due to weak performance in advanced economies and tight monetary policy stance, at the global level to address inflation.

The Russia-Ukraine conflict adversely affected the global economy, leading growth to decelerate and high inflation. The pass-through of increased international commodity prices is reflected in currency depreciation and elevated cost of production. After realizing 3.4% global growth in 2022, the growth is projected to slow down to 2.8% in 2023 before rising to 3.0% in 2024. Global inflation, which increased from 4.7% in 2021 to 8.7% in 2022, will decline to 7.0% in 2023 on account of lower commodity prices.

Moreover Israel – Palestine conflict and recent red sea attacks has adversely affected the supply chain of different commodities, resulting in uncertain price movement. This developing situation has further enhanced the uncertainties and risks.

The world trade volume is estimated to grow 1.7% in 2023 before picking up to 3.2% in 2024. Tightening global financial conditions could impact credit conditions, public finances which lead to capital outflows, debt burden, reduced savings and investment in emerging and developing economies.

Overall domestic production of fertilizers during Jul-Mar FY2023 decreased by 8.3% over the same period of FY2022. In addition, the import of fertilizer also decreased by 26.2%, therefore, total availability of fertilizer decreased by 11.2% during Jul-Mar FY2023. Total offtake of fertilizer nutrient witnessed decrease by 15%. Subsidy in the form of cheap natural gas and budgeted subsidy was given on RLNG for two urea plants and imported urea by the government during FY2023.

Environment

FFBL focuses on environment related issues in all areas of its operation. All plants including boilers, furnaces and gas turbines are operated in such a way to have minimum environmental impacts. All the regulatory parameters set by Sindh Environment Protection Agency (SEPA) in its environmental Act 2014 are met and ensured no excursion of any parameter observed during operation. To strengthen the environmental commitment, FFBL has implemented ISO-14001 in true letter and spirit. All regulatory parameters are analyzed inhouse as well as from third party SEPA approved lab. No solid waste is generated from operations of DAP and Urea plants. However, solid waste generated from axillary services like tyres, used batteries, busted packing material, used oil etc are well segregated and auctioned to SEPA approved vendors.

The manner that businesses operate is being impacted by growing statutory obligations and awareness of environmental preservation on a global scale. In addition to adhering to regulations, the Company works to protect its natural capital. The company's initiatives to lessen its carbon footprint include using renewable energy sources, conserving water, and protecting biodiversity.

Social

The socioeconomic state of the neighbourhood has a direct bearing on a business's capacity to survive. The Company continuously strives to improve the socioeconomic standing of the local populations. Investments and a sizeable budget are set aside for Environment, Social and Governance (ESG) initiatives pertaining to the environmental, health, and education sectors. Currency devaluation, high general inflation, higher interest rates generally impact the input that results in squeezed margins. Furthermore, these factors impact the income level of people and result in low demand. The Company continues to work on cost optimization and new value-added products to minimize the impact of any economic slowdown.

Technology

Advances in technology have the power to change people's needs and patterns of consumption, which affects the demand for any commodity. It is now imperative that all business operations continuously use the newest technologies.

Due to inadequate production capacity, ignorance, and outdated farming and harvesting methods, Pakistan's agricultural sector is underperforming. Globally, farmers benefit from enhanced yields, growth, and associated processes from seed to harvest, such as balanced fertilizer use, irrigation strategies, and insect management, by using this advance technology. FFBL has always worked to keep its production facilities up to date and is committed to staying ahead of the technological curve by investment in technology.

FFBL is continuously improving its processes with digital transformation, involving but not limited to Microsoft Office 365 and SAP HANA.

Regulatory

The legal framework and regulatory environment wield substantial influence over every company and its products. FFBL diligently adheres to all pertinent legislation, ensuring that every facet of the enterprise aligns with the relevant legal requirements. Proficient and dedicated personnel play a crucial role in guaranteeing this compliance.

For fertilizer manufacturers, the impact of laws, rules, and decisions is particularly significant, especially concerning cost components like provincial government subsidies, fluctuations in fuel prices and freight schedules, and modifications to income tax and sales tax laws related to unregistered dealers.

The adoption of best practices has gained momentum due to the PSX's introduction of minimum reporting standards for Sustainable Development Goals (SDGs) and heightened regulatory obligations in this domain. Recent developments in Pakistan's norms and laws have been instigated by PSX's adoption of SDG reporting minimum standards, future ESG indices, and ongoing discussions on non-financial reporting and compliance with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. The International Sustainability Standards Board's (ISSB) General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and Climate-related Disclosures (IFRS S2) are set to become effective and available for jurisdictional adoption for annual reporting periods commencing January 1, 2024.

PLANET

Manage the Impact and Create Value

At FFBL, we prioritize operating our plants with minimal impact on the environment and surrounding communities. Regular air monitoring is conducted to detect any presence of ammonia, ensuring a safe and healthy workplace for our employees and neighbouring communities. To address environmental concerns and combat climate change, FFBL adopts a prudent management approach, making environmental conservation a top priority. We employ ecologically friendly technologies and optimize procedures to minimize overall and relative effects.

To uphold high standards for environmental, health, and safety (HSE), all industrial facilities adhere to an integrated environmental, health, and safety policy. The main objectives include preventing environmental degradation, providing a safe and healthy work environment, and improving the quality of life for employees, subcontractors, visitors, and the surrounding community. Our operations focus on resource efficiency and environmental management, supported by third-party certified environmental management systems.

FFBL has obtained certifications such as the OH&SMS 45001 Occupational Health & Safety Management System, the ISO 14001 Environmental Management System, and the ISO 9001 Quality Management System. The IFA Product Stewardship "Protect and Sustain" Certification covers manufacturing processes, supply chain operations, sourcing/contractor management, product development, planning, and management systems. Additionally, FFBL maintains four Key Performance Indicators (paper, water, energy, and travel) for Go Green Certification.

The FFBL Lab is accredited with the ISO 17025 standard by the Pakistan National Accreditation Council (PNAC) under the Ministry of Science and Technology. Future plans include the implementation of RC 14001, a comprehensive standard that includes ISO-14001 and the IFA Sustain and Protect Stewardship Program. Initial work has commenced, and it will be considered for implementation in the coming years. Gaining the trust of stakeholders, identifying energy management points, enhancing internal data management, and recognizing risks and opportunities related to these management systems are all within our reach.

The General Manager Plant (GMP) at the plant site oversees regulatory affairs, compliance monitoring, and manufacturing plant performance. Top management of production facilities and employees engaged in online duties receive regular training. Additionally, staff members are nominated for external training and validations. FFBL has developed in-house training modules specifically tailored for various internal training programs.

To ensure compliance with internal Health, Safety, and Environment (HSE) policies, as well as applicable laws and regulations, HSE systems undergo regular monitoring. Plant EHSEC and IMS reviews are conducted regularly to perform internal checks and identify any gaps. The results of internal checks, combined with external certifications of the management systems, are used for ongoing evaluations of the environmental management approach.

Through strict compliance with inspections and voluntary agreements, FFBL did not breach any laws, regulations, or voluntary codes of practice related to nature and environmental preservation in 2023. Furthermore, FFBL did not incur any non-monetary fines or penalties for violating environmental laws and regulations throughout the year, and no complaints were lodged.

All types of waste are disposed of by approved and authorized vendors of the Sindh Environmental Protection Agency (SEPA). The provincial environment agency regularly examines and approves the suppliers' processes. Legislatively, SEPA-approved vendors determine whether the material should be recycled or buried in a landfill.

Environmental activities conducted include celebrating World Environment Day 2023 with banners, environmental talks, plantation drives, environmental walks, and distribution of T-shirts. FFBL has obtained Go Green certification, issues a monthly Environment Bulletin, and conducts bi-monthly environmental talks.

CONSISTENT FOCUS ON THE ECONOMY

Producing Quality Fertilizer

Our high-quality fertilizer boosts the land's potential for production, resulting in nutritious farm produce. This contributes to improved economic growth and national food security. Any impact resulting from the usage of our products is handled by imparting appropriate training and providing assistive written material to farmers.

We regularly perform external certifications of health and safety of production systems, as the outcome and feedback help us in the evaluation of our approach and take appropriate and timely measures. The standard weight of fertilizer bags is ensured, and regular quality analysis of product samples is performed in respect to its physical and chemical properties. FFBL is endeavouring to develop value added products of Urea and DAP through Research & Development (R&D) to increase farm productivity and our end consumers' earnings. To meet the expectations of our customers and in line with our strategy, we are committed to producing quality products that correspond to the international environment and safety standards.

Economic Growth

Over the years, FFBL has established itself as a key market player in the fertilizer industry, contributing towards National food security by providing high quality fertilizers. Keeping in view the growing demand of fertilizer, we incurred significant capital expenditure and carried out Balancing, Modernization & Revamp (BMR) of plants to enhance our production capacities of Ammonia and DAP. We also ventured with our Moroccan partners in 2004 to build a Phosphoric Acid plant, a major raw material for DAP, to ensure secured and uninterrupted supply. Due to these measures, today, we meet more than 50% of the DAP demand through our production and strive hard to ensure the availability of DAP throughout the year.

The Company is an active taxpayer and has contributed Rs. 199 billion to National exchequer in the form of taxes and levies since its incorporation.

The Company has also played its part to reduce unemployment in the Country. Approximately, more than 1,600 employees are attached with the company and are excelling in their respective fields. Along with this, the Company's business activity engages numerous dealers, suppliers, service providers and consultants, playing its role in enhancing livelihood of people engaged with the company.

We are proud to have achieved growth in every aspect of the business and created wealth for our stakeholders over the year. We are confident that we will be performing our duties to the best of our abilities, providing benefits to our stakeholders.

CLIMATE CHANGE EFFECT

Mitigating Impact & Adding Value

Everyone is impacted by climate change, including farmers, suppliers, and the community. Given the rising temperatures and extreme weather patterns that are affecting our flora, it is imperative that we take collective action. Greenhouse gases are released throughout our operations when fuel and natural gas are used as sources of energy. It is well acknowledged that to accomplish the goals of climate action, cooperative efforts are required. Being one of the top producers and distributors of fertilizers, we are investigating how can we impact climate action both inside and outside of our firm.

We have determined that the climate change might affect our company both financially and physically. The changing weather patterns may affect the products' consumption patterns and farm productivity resulting in reduced purchasing power of end consumers. We are aware of this important issue and have set priorities by making sustainability an integral part of our corporate strategy regardless of economic or seasonal fluctuations and exceptions. The expected financial impact of climate change-related risks is reasonably high and FFBL is planning to develop a system to calculate the financial implications of climate change related risks and how to mitigate its effects on its operations.

We have set targets to reduce the emissions in our operations and across our value chain through different measures. FFBL is not only achieving its targets but also striving to contribute as maximum as possible to reduce its Carbon footprints.

*Environmental Sustainability: FFBL's dedication to environmental sustainability and ethical practices resonates deeply with the United Nations Sustainable Development Goals, particularly Goal 13: Climate Action, and Goal 15: Life on Land. As an organization, FFBL understands the imperative need to safeguard our climate and protect the Earth's ecosystems. In response to this, FFBL has undertaken substantial measures to curtail its carbon footprint and contribute to a healthier planet.

We've reduced paper dependency by shifting from paper records to digital documentation. This ongoing commitment has multiple benefits:

Conserves Resources: Less paper usage preserves forests and biodiversity.

Saves Energy: Digitization reduces carbon emissions and energy costs.

Minimizes Waste: Going digital lowers paper waste, lessening environmental impact.

Enhances Access: Digital records streamline HR processes for better employee access.

Contribution to SDGs

FFBL is committed to achieve compliance of SDGs with the collective efforts of all stakeholders throughout our chain of processes, from raw material accusation to the transportation of the finished products. FFBL has taken the SDGs as an important KPIs to make contributions to society and the surrounding environment.

Our Actions and Performance

We are committed to reducing the climate impact of our operations and supply chain, exploring different options and technologies in the existing context. Our determination has resulted in keeping the emissions and energy at almost the same level for many years.

CLIMATE CHANGE EFFECT

Energy Consumption and Reductions

The utilization of energy contributes to greenhouse gas (GHG) emissions and climate change. Our products, being additives that dissolve in the soil upon usage, inherently demand minimal energy. Nevertheless, FFBL is committed to diminishing energy consumption in the production process through the incorporation of energy-efficient technologies and the optimization of processes.

FFBL sources electricity from its subsidiary company, FPCL, which produces electricity from coal. Consequently, FFBL indirectly relies on coal energy for the generation of electricity and steam. This approach is driven by considerations such as diminishing natural reserves and the country's predominant dependence on natural gas for energy needs.

Diesel serves as a backup in generators for electricity production in the Tank Farm area, acting as an alternative during power interruptions from the coal power plant or issues with K-electric supplies.

Aligned with the management's vision, there is a strategic exploration and utilization of renewable sources to meet 50% of the head office's energy requirements in the initial phase. An upcoming 200 KW solar plant at the Tank Farm Area in Port Qasim, scheduled to be operational in 2024, is expected to contribute to emission reduction and a decrease in our carbon footprint.

FFBL is actively pursuing additional opportunities for renewable energy generation, with a continual commitment to increasing the share of energy obtained from renewable sources. While our products, as soil additives, inherently demand minimal energy, the company is dedicated to reducing energy consumption in the production process through the adoption of energy-efficient technologies and process optimization. These efforts have led to progressively more energy-efficient production over the years.

Despite fluctuations in plant loads due to the current natural gas supply and demand crises, the Plantsite's energy consumption has shown both increases and decreases. In 2022, energy consumption decreased by 0.07 Gcal/MT of Ammonia compared to 0.14 Gcal/MT in 2021. However, in 2023, there was an increase of 0.51 Gcal/MT of Ammonia compared to the previous year due to low plant load operations resulting from natural gas curtailment.

To measure energy savings, the company utilizes the previous year's production and energy consumption levels as a benchmark.

Gaseous Emissions

The production process inevitably results in gas emissions, posing significant environmental impacts that, despite diligent environmental protection efforts, cannot be entirely eliminated. These emissions are subject to strict control limits set by the Environmental Protection Agency (EPA). FFBL actively monitors adherence to these limits through environmental protection measures and is committed to minimizing emissions to the greatest extent possible. The company regularly assesses total emissions at the plant site, conducting frequent checks to maintain control and prevent fluctuations.

Direct carbon dioxide (CO_2) emissions stem from combustion processes for electricity, heat, and steam generation, directly correlating with the carbon content in the utilized fuels. Continuous measurement of greenhouse gas emissions, primarily CO_2, is a routine practice at the plant site. Additionally, emissions of other greenhouse gases like methane, nitrous oxide (N_2O), and sulphur dioxide (SO_2) are consistently

measured to monitor and manage any deviations.

It is noteworthy that all emissions fall within the prescribed limits defined by the SEQS (Sindh Environmental Quality Standards) and are regularly reported to the EPA as part of the SMART reporting program. This underscores FFBL's commitment to environmental compliance and responsible reporting practices.

Emissions Reduction

FFBL is striving to reduce its emissions by continuously optimizing production processes, adopting innovative technologies, and modernization of its plants. The results of the reductions in emissions are small but in total lead to significantly lower emissions of pollutants. The company products are environmentally friendly and are an additive for increasing farm productivity.

The only negative environmental impact is the release of N2O during its mixing in the soil. However, we are carrying out R&D work on many improved fertilizer products to reduce the negative environmental impacts. Company is working on various value-added products like Boron fortified DAP and Zinc coded urea, that will have positive impact on agriculture as well as on environment.

Our priority is to maintain emission level as per previous years and are committed to keep it at the same level. There were no emissions of ozone-depleting substances during the year. The company is committed to the non-use of ozone-depleting substances as a part of its environmental management policy.

Tree Plantation Campaign at FFBL

FFBL organized a plantation ceremony to start the Tree Plantation Campaign on the occasion of World Environment Day officials from the Senior Cadre, and other officials of FFBL took part in the event and planted of 80 Royal Poinciana Gulmohar trees at different areas of FFBL under this campaign.

At present FFBL has planted more than 3,330 trees at plant site out of this more than 294 are fruiter's and more than 3,036 are other trees

Solar Energy Project

In our commitment to contribute to green energy initiatives and diminish our carbon footprint, we have successfully implemented a solar power project boasting an installed capacity of approximately 450 KW. Remarkably, this ground breaking project was conceptualized and executed within a record time frame of one month. As the inaugural project of its kind within the FF Group, our Solar Project serves as a significant milestone, underscoring our dedication to sustainable practices and environmental responsibility. This initiative is poised to alleviate 60% of the building load, effectively offsetting our carbon footprint. Moreover, the project includes the provision of parking spaces for employees, further enhancing its positive impact.

USING RESOURCES RESPONSIBLY

Availability of raw materials mainly dependent on Natural resources. Future business is at danger due to the rapid depletion of natural gas, a feedstock used in the manufacturing of fertilizer. Heightened efforts are required for the exploration of more gas fields and substitute feedstock for value generation and company sustainability.

Continuity and Value Creation

During the production process, chemicals and lubricants are also employed. The use of renewable resources when appropriate and biodegradable urea packaging material are assisting us in our efforts to create a value chain that is broadly sustainable.

While FFBL makes every effort to employ recycled materials, recycled raw materials can only be used in small amounts because of the nature of the production process. DAP and UREA dust was collected and used over the year. The packing material is biodegradable and cannot be reclaimed. However, bags are used by farmers till the end of their life.

Reclaiming of P2O5 evaporation pond sludge continued in year 2022 and 2023. Phosphoric acid, main raw material for DAP fertilizer, is also being used very carefully and efforts are in place to consume every single drop of acid. Even sludge of Phosphoric Acid, recovered during tank cleaning, is utilized in process and not being wasted.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CARING FOR WATER

Water is essential to human survival. The supply of pure, fresh water is being impacted by climate change. Droughts and floods, two extreme weather phenomena, are happening increasingly frequently.

Water, an indispensable resource for our operations, is a key aspect of our attention. Recognizing its potential impact on our company, we are actively engaging with farmers to promote water conservation initiatives in collaboration with our marketing partner, FFC, both in the present and for the future.

Our Actions and Performance:

FFBL primarily requires water for steam production, cooling purposes, potable and sanitary needs, and for supplying FPCL. Our water demand is fulfilled through Keenjhar Lake, where the lake water undergoes thorough cleaning, using various filtration systems tailored to its intended applications before entering the system. The plant rigorously monitors water consumption, recognizing its direct correlation with plant sustainability. To address this, we regularly conduct studies to pinpoint opportunities for reducing water usage and maximizing recycling to meet the minimum requirement from freshwater resources. FFBL has established a goal for efficient water usage to mitigate the impact on depleting freshwater resources in Pakistan.

Utilizing cutting-edge machinery, FFBL employs a continuous circulation and capture process to re-cool water for reuse, promoting an environmentally friendly cooling method whenever technically feasible.

Wastewater / Water Discharge

FFBL uses water for a variety of purposes in the production process. The wastewater generated is treated to remove the pollutants & discharge into port Qasim, government premises.

The wastewater is also used for horticulture purposes at plant sites. The wastewater discharged by FFBL is largely cleaned and therefore does not burden the environment excessively. Moreover, during the year. No non-compliance with water disposal regulations occurred.

The wastewater figures are estimated figures. Flow rate is estimated from the operating pumping capacity of the wastewater disposal plant. Discharge water quality is being routinely monitored for pH/ conductivity/ Ammonia /Urea/ COD/BOD/SS. The discharged water analysis of the years 2020, 2021, 2022 & 2023 are well below SEQS limits.

6 CLEAN WATER AND SANITATION

CONTROLLING & MANAGING WASTE

A healthy environment is necessary for human life to exist. However, natural capital and biodiversity are in jeopardy due to the rapid consumption of resources. Waste, particularly plastic waste, is building up in landfills and oceans, putting wildlife at risk. Additionally, waste disposal, dumping, and incineration have a negative impact on the environment. We have a responsibility to lessen the effects through effective waste management, which is an urgent priority for us.

Our strategy is to eliminate as much waste as possible from operations. The manufacturing processes for Urea & DAP are safe for the environment. Air, water, natural gas, and phosphoric acid are the basic materials. Pipelines transport water and natural gas, phosphoric acid is transported through bowsers from port to plant. A WPP bag houses the finished products Granulated Urea & DAP in an oxo-biodegradable liner. There is no waste after use because the product dissolves during use. The material used in the packaging is not only recyclable but also biodegradable. There are no byproducts produced during the manufacturing process. However, the manufacturing process and other operational activities generate waste. The majority of the waste is packaging material for a variety of products used in maintenance or other support services. Processes at plant sites produce resin, catalysts, and used lube oil. Other waste includes insulation, broken tube lights, toner cartridges, battery cells, used oil filters, lab bottles, empty chemical drums, plastic and rubber, and clinical waste. The properties of each of these different types of waste range from non-hazardous to hazardous.

FFBL tries to get products that are good for the environment and green. In its supply chain, FFBL promotes waste prevention and prioritizes waste prevention over recovery or disposal. However, production waste that cannot be avoided is recycled or disposed of appropriately. In addition, prior to declaring a product waste, assessment is carried out at appropriate levels. When they are no longer needed in the operations, items are declared waste and sent to the landfill. Each kind of waste must be precisely recorded, analyzed, and described as part of the FFBL procedures. Internal records accurately document waste, including where it came from, how much of it was produced throughout the year, whether it was hazardous or non-hazardous, and how it might be disposed of.

Sindh Environmental Protection Agency (SEPA) and authorized contractors are used to dispose of all waste. The provincial environmental agency regularly examines and approves the suppliers' processes. Legislatively, these contractors decide whether the material should be recycled or buried in a landfill.

Recently FFBL has taken another environment friendly initiative to gradually eliminate Asbestos use at plant site by replacing it with non-asbestos material. It will also eliminate the generation of dangerous asbestos waste and help to protect our people and environment.

PEOPLE & COMMUNITIES

Decent Work and Economic Growth

At FFBL, sustainability stands as the root of our operational philosophy. Within our Human Capital division, we deeply acknowledge our responsibility in fostering a sustainable and thriving workplace. Our foremost dedication revolves around nurturing a sustainable workforce, comprising talent development, Diversity, Equity, and Inclusion (DEI) initiatives, Wellness programs, promotion of an Open Communication Culture, and environmental sustainability among other crucial facets. Some of the initiatives undertaken in 2023 are outlined below:

Talent Development:

In alignment with the UN Sustainable Development Goals 4 (Quality Education) and 8 (Decent Work and Economic Growth), FFBL actively contributes to advancing quality education by fortifying skills, knowledge, and capabilities, enabling individuals to excel in employment and career progression. FFBL's robust Learning and Development framework facilitates both personal and professional growth, driving the company's overall progress. Under the banner of 'Inspiring excellence by Investing in Talent,' FFBL is dedicated to nurturing a workforce that adeptly adapts to change. The comprehensive Training Calendar for 2023 strategically aligns with business sustainability objectives, prioritizing employee development.

- The multifaceted learning model at FFBL, embracing the 70-20-10 principle (70% learning from Experience, 20% from Exposure, and 10% from Education), encompasses Technical and Behavioral competencies. Throughout 2023, FFBL collaborated with esteemed institutions such as LUMS, IBA, ICAP, Prescon, PSTD, GEM Learning, SGS, PMI, HR metrics, CFI, Siemens, IRCM, and Abacus. This collaboration resulted in 26 sessions, amassing a total of 7968 training hours.
- Acknowledging the diverse workforce and their unique learning styles, FFBL invested in e-learning platforms and partnered with Coursera. This strategic initiative aims to empower employees by fostering continuous learning and professional growth, providing remote access and flexible learning opportunities.
- Furthermore, FFBL initiated several key programs to bolster managerial capabilities, including the Situational Leadership Program. This program focuses on cultivating executive presence, handling difficult conversations, and honing leadership skills through a Leadership Bootcamp. Additionally, the organization introduced Lean Six Sigma methodologies to optimize operations, ensuring efficiency and quality enhancement.
- Moreover, FFBL has kickstarted Strategy Sessions aimed at harnessing insights from employees to chart the roadmap for the forthcoming year, fostering a culture of inclusivity and collaborative strategy development.
- Our tailored programs, like the Emerging Leadership Bootcamp, Graduate Trainee Program, and Apprenticeship training, cater for various career stages. Apprenticeship, specifically for rural individuals with diplomas, ensures skill development and opportunity. Our thorough one to two-years program involves Skill Validation Training and assessments, providing independent work permits upon completion.
- We encourage cross-cultural interactions and industry engagement by facilitating travel between locations and encouraging participation in conferences.

  a) The FFBL Rising Star 2023 Internship Program is a transformative six-week learning journey during summers, enriching both FFBL and the talented participants pursuing their degree programs. These rising stars bring fresh perspectives and energy to our workplace, and as they move forward in their careers, we witness their continued development. This year, interns gained on-the-job experience and participated in in-house SAP and Excel Training

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

GOOD HEALTH & WELLBEING

We prioritize the well-being and growth of our employees by offering comprehensive wellness programs and professional development opportunities. Aligned with the United Nations Sustainable Development Goal 3, advocating Good Health and Well-being, FFBL took significant strides with its 'Employee Wellness' initiative. Some highlighted initiatives include:

- Employee Wellness Sessions were themed 'Building a Stronger You for a Resilient Future.' This meticulously crafted program comprehensively addressed the physical, psychological, and social aspects of our employees' well-being. During these sessions, our Heads of Department conducted cross-functional sessions, providing tools and strategies to maintain and improve overall well-being. They emphasized three key aspects that enhanced life expectancy, satisfaction, and productivity in the workplace. Our People Managers promoted Psychological Safety through an environment where individuals could speak up, ask questions, seek help, and admit mistakes without fear. HODs emphasized Emotional Intelligence (EI) - a critical skill enabling effective understanding and management of emotions. Developing EI could enhance communication, teamwork, and collaboration, fostering a positive and supportive work environment.
- FFBL's Whistle Blowing Policy is integral to our holistic approach to employee wellness, fostering a secure and healthy work environment. It promotes transparency, honesty, and accountability, ensuring swift resolution of concerns to safeguard employees' mental and emotional well-being. This initiative reflects our commitment to nurturing a workplace that prioritizes both physical safety and emotional wellness, reducing stress levels and fostering a culture where employees feel valued and protected.
- We encouraged Work-Life Balance through various initiatives, including paternity leaves, an on-site daycare facility, paid time off, Subsidized Café Services, flexible dress codes, defined breaks, variable workweek, Sabbatical, and remote working etc.
- Team Building Retreat – Various departments have organized a series of engaging team-building activities designed to foster stronger relationships and break down silos within the organization. These activities aim to enhance collaboration, communication, and trust among team members, ensuring a more cohesive and unified workforce.

3 GOOD HEALTH AND WELL-BEING

ENSURING HEALTH AND SAFETY

Ensuring a healthy and safe work environment is crucial for the well-being of employees, maintaining productivity, and complying with relevant laws and regulations. The HSE system places a paramount emphasis on employee health and safety, ensuring operational efficiency and delivering value to stakeholders.

Our health and safety policies and procedures are designed with the primary goals of safeguarding the health, safety, and overall well-being of our employees. Continuous efforts are made to adopt new industrial safety standards and enhance safety systems to eliminate or reduce the likelihood of harm. Both corporate offices and manufacturing facilities undergo constant monitoring and evaluation of health and safety aspects. The General Manager Plant establishes rules for the operational aspects of health and safety practices.

FFBL is dedicated to preserving employee health by preventing accidents, and to this end, an occupational health and safety management system has been implemented for risk assessment in operations. This system aligns with the requirements of key regulations such as the Environmental Protection Act (EPA), Industrial Relations Act (IRA), National Environmental Quality Standard (NEQS), and OHSA Guidelines for Noise/Ammonia in the Air, as well as OHSA Guidelines for Health and Safety. The comprehensive management system covers all employees, activities, and workplaces. Contractors' employees working within the plant must adhere to the health and safety management system requirements. However, contractors themselves are responsible for the health and safety of their employees, with full coverage for all contract employees.

Hazards Identification, Risk Assessment and Investigations

FFBL has maintained ISO-9001, ISO-14001, and ISO-45001 certifications since 2006, integrating these standards to ensure a continual enhancement in Quality, Environment, and Safety, respectively. The successful implementation of the Health, Safety & Environment (HSE) program cultivates a culture centered on hazard identification and risk management. Diverse techniques for risk assessment and management are employed to identify, evaluate, and control hazards.

In all departments, Hazard Identification and Risk Assessment (HIRA-01 / HIRA-02) forms are utilized to pinpoint, evaluate, and control Physical, Chemical, Biological, Ergonomics, and

ENSURING HEALTH AND SAFETY

Psychosocial hazards. This information is systematically documented in the IMS file for each department. FFBL places a significant emphasis on process safety, adopting various Process Hazard Analysis Techniques for hazard identification and risk control. Techniques such as HAZOP and what-if checklists are implemented to discern, assess, and proficiently manage process hazards.

Continual operation of the plant requires different minor and major maintenance activities which if not properly managed can cause catastrophic incidents. Hazard identification and risk control of all maintenance work activities are ensured with "Permit to Work" System and Job Safety Analysis. All type of identified hazards identified are evaluated with respect to their probability of occurrence and ultimate consequence in terms of human safety, business loss and environment. The evaluated risk is then controlled by implementation of engineering control measures, administrative control measures and use of personal protective equipment.

The environment is also one of core areas of FFBL safety policy and management system. All work activities of all departments are evaluated with respect to their impact on the environment. This environmental assessment activity is carried out on an annual basis through IMS program (EIA form). Any adverse scenario identified during identification / evaluation phase is properly controlled by engineering or administrative means.

Employees are engaged through DuPont STOP series which not only cultivate positive behavior of employee but also helpful in identification of areas of improvement and areas of strength.

FFBL strictly complies and endorses all international standards and best industrial practices regarding incident reporting and investigation. All employees are encouraged and authorized to communicate and report all incidents, near-mess, and unsafe conditions.

Different skill improvement training programs are held to make sure that workers - at all levels - are aware of all workplace Hazards as well as potential SAFETY and HEALTH risks within business / workplace and effectively know how to respond to them. Similarly, different awareness and audit programs (Management Safety Audits, Management site visits, Safety talks forums etc. are in place which helps in effective implementation of HSE and Loss control programs.

Periodic EHSE (Executive HSE Committee) meetings are held to review related KPIs for occupational health and safety every quarter. EHSE forum not only monitors the progress of overall HSE program but also provides guidelines to manage all workplace hazards and risks.

Promotion of Workers' Health

FFBL is implementing Process safety Management framework at its manufacturing site, PSM is a robust framework designed to ensure safe,

reliable, and sustainable operations within manufacturing processes. It's a comprehensive program that encompasses various facets of operations and employee skills to mitigate risks and prevent incidents.

The production of Urea & DAP are safe processes. There is no significant risk of occupational diseases and no known disease related to the Urea granulation, DAP, Products handling and shipping units, while handling of granules product. Through early detection, evaluation, and management of potential health risks associated with work environments, our occupational health and industrial hygiene services aim to safeguard our employees' health. The overall development, implementation, and monitoring of the occupational health program for FFBL employees is the responsibility of the plant's Occupational Health Physician. Workplace first aid management, occupational illness reporting, and fitness to work are all closely monitored. In addition, production workers are subjected to routine health checks in addition to regular technical controls and measurements to guarantee safe working conditions. Employee safety training and determining employees' familiarity with processes' safety procedures are the responsibility of line managers. FFBL provides discounted health programs and places a high value on preventing workplace accidents for its employees. Numerous health promotion services and programs, including lectures and awareness campaigns for non-work-related health issues, are provided by medical centers in townships.

Training on Health and Safety

Process Safety Management (PSM) training is in process, whereas 11 elements out of total 22 elements are implemented at Plantsite. Regular training sessions on a variety of occupational and process safety topics are organized in accordance with our goal of ensuring workplace safety. Through specialized training, workers are equipped with the knowledge and skills necessary to act more safely and avoid accidents. The emphasis placed on this crucial aspect is bolstered by the line managers' participation in the process. In addition to the work-related hazard-specific training that is included in the schedule of HSE throughout the year, workers received training on CPR, first aid, rescue, and firefighting throughout the year.

A combine achievement of 25 million Safe Man Hours, Re-commissioning of 5KT Ammonia Storage Tank and Implementation of PSM 11 Elements at Plantsite, cerebrated in the month of December 2023, where CEO&MD also addressed the event through zoom.

GENDER EQUALITY

Diversity, Equity, and Inclusion: At FFBL, Diversity, Equity, and Inclusion (DEI) are fundamental pillars of our organizational beliefs. These principles are intricately woven into our corporate culture, influencing our mindset, operations, and global engagement. Our commitment to fostering a diverse workplace aligns directly with the United Nations Sustainable Development Goal 5, promoting Gender Equality, and Goal 10, advocating Reduced Inequalities.

- Recognizing the paramount importance of diversity, we revamped our Core Values, introducing "Diversity" as a core principle. This addition underscores our commitment to a workplace where every voice is heard and valued, exemplified through our "Value Recognition Program."
- In our commitment to promoting equity, FFBL embraced AI-driven tools like Pulsifi and The Talent Games in our Recruitment and Selection processes. These platforms streamlined candidate engagement, scheduling, and assessments, ensuring a fair and transparent recruitment process. The integration of Robotics in structured interviews and robust feedback mechanisms further reinforced our dedication to transparency and equity. Utilizing KPIs and a recruitment dashboard, we ensure diversity at every stage of the hiring process. Our collaboration with The Talent Games facilitates competency-based assessments and gamification, appealing to millennial talent while eliminating biases based on gender, ethnicity, or socio-economic factors.

  It's impressive to note that these initiatives have yielded tangible results, as reflected in the increase of female representation from 7 to 21 within a span of two years. This exemplifies FFBL's dedication to fostering a more diverse and inclusive workforce.
- FFBL's commitment to DEI was recognized with the prestigious Global Diversity, Equity, and Inclusions Benchmarks Award (GDEIB) for Recruitment.

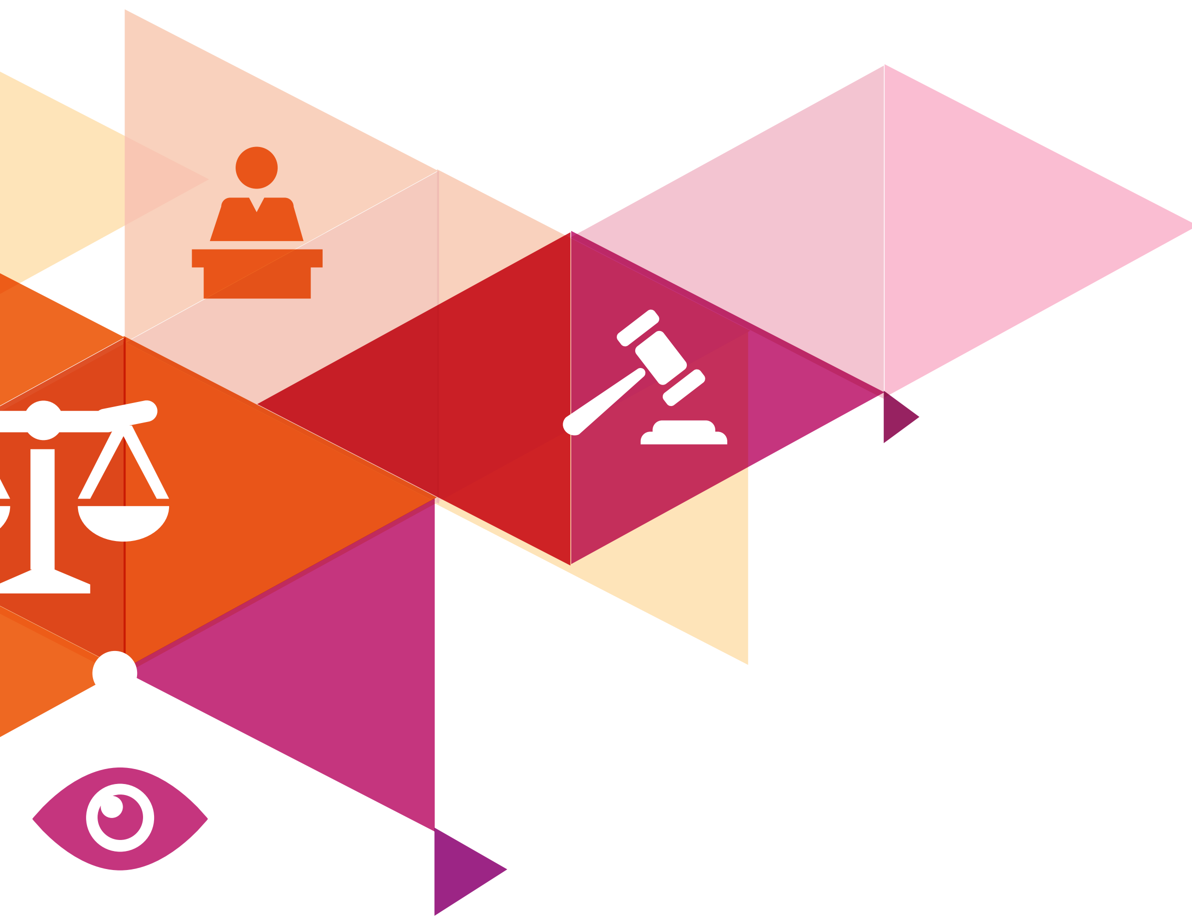
'We Value Perspective,' FFBL's Diversity Council, supports under represented groups like women and persons with disabilities (PWD), celebrating unique voices and perspectives. Our collaborations, including International Women's Day initiatives with FPCL and FML, spotlight gender equality, inspiring concerted efforts to eliminate biases and discrimination under the leadership of senior management.

PEACE, JUSTICE, AND STRONG INSTITUTES

Open Communication Culture: Our dedication to open dialogue and information sharing isn't solely about transparency; it's a foundational element in nurturing a collective commitment to sustainable practices within our organization and aligned with UN Sustainable Development Goal 16

. At FFBL, timely information sharing with employees takes precedence to facilitate informed decision-making at all levels. Two-way communication empowers our workforce, enabling them to navigate uncertainties and cultivate resilience. FFBL has launched various programs specifically designed to enhance communication and transparency between leadership and employees.

- Total Rewards Shows serve as a vital platform for our HCM team to present the comprehensive range of rewards and benefits accessible to our employees. These events showcase a diverse array of incentives, including monetary rewards, bonuses, recognition programs, health benefits, retirement plans, professional development opportunities, and various other perks offered by the company for the year. The primary objective remains to ensure that employees are well-informed about the entirety of rewards available to them, underlining the organization's commitment to valuing their contributions and holistic well-being. This year, the HCM team conducted engaging sessions both at our Head Office and plant sites, receiving high praise and appreciation from our employees.
- Our Coffee sessions offer employees an informal space to connect with our CEO, promoting personal rapport, open discussions, and innovative thinking. These sessions echo our dedication to transparent communication, valuing everyone's input, and fostering collaboration.
- FFBL's quarterly Townhall sessions, spearheaded by our CEO, play a crucial role in enhancing organizational awareness and connectivity. These sessions serve as a vital platform where our CEO shares critical updates, insights, and strategic directions with the entire workforce. By directly addressing the entire team, these Townhalls ensure that every employee is well-informed about the company's performance, market trends, and broader economic conditions. This transparent and direct communication not only keeps everyone updated but also fosters a sense of belonging and unity among employees across all levels. The Townhall sessions instill a collective understanding of the organization's goals, enabling employees to align their efforts and contributions with the company's vision, which is pivotal for our collective success.



WORKING TO BUILD A HEALTHY SUPPLY CHAIN

ERP System

FFBL is using System Applications & products (SAP) as an Enterprise Resource Planning (ERP) tool, which has tremendously reduced the use of paper which is helpful in reducing carbon footprint and has improved overall efficiency of Supply Chain management (SCM). SAP S/4 Hana implementation is under way.

Digitization of Work Procedures

SCM has undergone a digital transformation by digitizing numerous procedures that were previously paper-based and stored in physical archives. This shift not only reduces the need for extensive storage space but also minimizes the carbon footprint and potential fire hazards associated with physical documentation. Taking a step further towards fostering a paperless environment and enhancing efficiency, SCM is implementing Odoo, a Business Management software. This strategic move aims to not only boost efficiency and transparency but also transform SCM into an e-procurement agency.

Conversion of Materials from Proprietary to Non-Proprietary

SCM consistently works towards converting proprietary items into non-proprietary with the help of the Technical Team. This effort aims to reduce reliance on a single supply source, enhance competition, increase transparency, and lower costs. The primary objectives include sustaining a resilient and high-quality supply chain, preventing disruptions, reducing input expenses, and delivering benefits to both internal and external stakeholders. Notably, 50 proprietary items were successfully converted into non-proprietary alternatives in the year 2023.

New Vendor Development

The inclusion of new vendors is crucial in identifying high-quality suppliers while eliminating less satisfactory ones. This is essential for an organization to foster competition, enhance transparency, reduce costs, and ensure the resilience of its supply chain. In the year 2023, a total of 70 new vendors were on boarded.

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Vendor Performance Evaluation

Assessing the performance of vendors is crucial for maintaining top-quality suppliers and filtering out under performing ones. Additionally, it holds paramount importance for fostering transparency and promoting healthy competition.

Materials Procured having Local Vs Foreign Origin

SCM consistently works towards reducing reliance on foreign vendors to decrease foreign exchange consumption, shorten delivery times, and cultivate local vendor relationships. In 2023, with the assistance of the Technical Team, SCM successfully transitioned around 300 items previously sourced from foreign vendors to local suppliers. This initiative not only contributes to minimizing the carbon footprint but also enhances the sustainability of local procurement.

Long-term Contract With Suppliers

SCM has forged enduring contracts with essential raw material suppliers, a strategy that guarantees lower costs, heightened efficiency, shortened delivery times, a secure supply chain, decreased production expenses, and enhanced benefits for both internal and external stakeholders. Instances include contracts for the provision of Sulphuric Acid and various industrial chemicals.

Supply Chain Synergy / Collaboration With Other Companies

SCM collaborates with other companies of FF Group such as Fauji Fertilizer Company (FFC), FFBL Power Company Limited (FPCL), Fauji Meal Limited

(FML), and Fauji Foods Limited (FFL) to streamline procurement costs, reduce delivery time, manage inventory efficiently, enhance vendor quality, minimize carbon footprint, and optimize returns for both internal and external stakeholders. To achieve these objectives, several initiatives have been implemented, including:

- Shared warehousing facilities with FPCL
- Collaborative procurement efforts for items like bags and liners, bulk materials, etc., in conjunction with FFC and FPCL
- Coordination on IT-related requirements, such as Microsoft 360 email solution, SAP S/4 Hana implementation, etc.

Use of Oxo-Biodegradable Liners

The liners employed as the inner layer within bags are exclusively crafted from oxo-biodegradable materials, mitigating their adverse impact on the environment. Over the past three years, a total of 76 million bags with oxo-biodegradable liners have been utilized for DAP and Urea.

Compliance of Labor Laws

In all the contracts established by SCM for fixed-price jobs, it is ensured that the service providers pay at least the minimum wage approved by the government to its manpower along with health and life insurance. Furthermore, it is ensured that no underage is employed by the vendor.

Handling of Scrap Materials

Scrap materials are auctioned through newspaper advertisements to invite bidders. This process not only guarantees the recycling and reuse of these materials but also ensures that even in a scrap condition, these materials contribute financial benefits for the stakeholders.

Busted Bags & Liners

FFBL utilizes millions of bags and liners annually for packaging finished products. Through rigorous quality control processes, damaged or ruptured bags and liners are identified and segregated. These damaged bags and liners are then responsibly disposed of by selecting a buyer who specializes in recycling. This approach ensures environmentally friendly waste disposal while also generating some financial benefit for the company.

Compliance of SEPA Act- 2014

FFBL has made substantial progress in its endeavors to uphold environmental conservation and preservation. This includes adherence to legal requirements such as maintaining compliance with the Sindh Environment Quality Standards (SEQS) and managing hazardous materials in accordance with the approved Hazardous Material Management Plan (HSMP) as per the SEPA ACT-2014 guidelines.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

PSX - 6 SUSTAINABLE DEVELOPMENT GOALS (SDGs)

GENDER EQUALITY

End all forms of discrimination against women and girls everywhere.

Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

AFFORDABLE & CLEAN ENERGY

By 2030, increase substantially the share of renewable energy in the global energy mix.

By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries and small island developing states.

CLEAN WATER & SANITATION

By 2030, substantially increase water efficiency use across all sectors and ensure sustainable withdrawals and supply of fresh water to address water scarcity and substantially reduce the number of people suffering from water scarcity.

INDUSTRY, INNOVATION, & INFRASTRUCTURE

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

DECENT JOBS & ECONOMIC GROWTH

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization of growth micro/small/medium size enterprises including access to financial services.

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

RESPONSIBLE CONSUMPTION

By 2020, achieve the environmentally sound management of chemicals and all waste throughout their lifecycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in-order to minimize their adverse impacts on human health and environment.

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability reporting in their reporting cycle.

GLOSSARY & ACRONYMS

BMR	Balancing, Modernization & Revamp
CO_2	Carbon dioxide
CPR	Cardiopulmonary Resuscitation
CSR	Corporate Social Responsibility
DAP	Di-Ammonium Phosphate
DEI	Diversity, Equity & Inclusion
EHS	Environment Health & Safety
EIA	Environmental Impact Assessment
EMS	Environment Management System
EPA	Environmental Protection Act
ERP	Enterprise Resource Planning
FFC	Fauji Fertilizer Company
FFL	Fauji Food Limited
FML	Fauji Meat Limited
FPAP	Fire Protection Association of Pakistan
FPCL	FFBL Power Company Limited
GHG	Green House Gas
HAZOP	Hazard and Operability analysis
HIRA	Hazard Identification and Risk Assessment
HSE	Health, Safety & Environment
HSMP	Hazardous Material Management Plan
ICMA	Institute of Cost & Management Accountants
IEC	International Electro-technical Commission
IFA	International Fertilizer Association
IMS	Integrated Management System
IRA	Industrial Relations Act
ISO	International Organization of Standardization
KSA	Knowledge, Skills, and Abilities
L&D	Learning & Development
MT	Metric Ton
NEQS	National Environmental Quality Standard
NFEH	National Forum for Environment & Health
NG	Natural Gas
NSC	National Safety Council
N_2O	Nitrous Oxide
OH&SMS	Occupational Health and Safety Management System
OHSA	Occupational Safety and Health Administration
P_2O_5	Phosphorus Pentoxide
PNAC	Pakistan National Accreditation Council
PSX	Pakistan Stock Exchange
PWD	Persons With Disabilities
QMS	Quality Management System
R&D	Research & Development
ROSPA	The Royal Society for the Prevention of Accidents
SAP	System Application and Products
SCM	Supply Chain Management
SDGs	Sustainability Development Goals
SEPA	Sindh Environmental Protection Agency
SEQS	Sindh Environment Quality Standards
SMART	Specific, Measurable, Attainable, Relevant and Timely
SOC	Safe Operation Committee
T&D	Training & Development
TPN	The Professionals Network
UNEP	United Nations Environment Program
WPP	Woven Poly Propylene

Financial Statements 04

Audit Committee Report

Composition of the Audit Committee

The Audit Committee of FFBL Board of Directors comprises of four Non-Executive Directors, out of which three members including the Chairperson are independent.

All the Committee members are financially literate and the Committee as a whole possesses significant economic, financial and business acumen.

Names of the Audit Committee members are as follows.

• Ms. Saira Nasir	Chairperson
• Syed Bakhtiyar Kazmi	Member
• Ms. Pouruchisty Sidhwa	Member
• Mr. Bahaudin Khan	Member

Profiles are given in Directors' profile section of the Annual Report.

Chief Financial Officer of the Company attends the meeting by invitation, whereas the Head of Internal Audit attends all Audit Committee meetings. The Audit Committee also separately meets the external auditors at least once in a year without the presence of the Chief Financial Officer and Head of Internal Audit. Meetings of the Audit Committee are held at least once every quarter. During the year, five (05) Audit Committee meetings were held.

Company Secretary also functions as the Secretary of the Committee.

Charter of the Committee

The Terms of Reference of the Committee are clearly defined in the Charter of the Committee which is duly approved by the Board of Directors. The salient features are stated below:

- Review of annual and interim financial statements of the Company including Director's Report, prior to their approval by the Board of Directors.
- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements.
- Review of the scope, terms of reference and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- Review the annual business plan/budget, including cash flow projections, forecasts and strategic plan before recommending it to the Board.
- Facilitating the Board for effectiveness of risk management procedures.
- Ensuring effectiveness of whistle blowing mechanism.
- Monitoring compliance with laws and regulations.

Role of the Audit Committee

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, and internal & external audit functions of the Company. The Committee believes that it has fulfilled its responsibilities, in accordance with Terms of Reference.

The Committee, based on its annual review of the Company's performance, financial position and cash flows, reports that:

- The separate and consolidated financial statements of the Company for the year ended December 31, 2023 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The auditors have issued unmodified audit reports in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.
- The Chairman of the Board, Chief Executive Officer, one director and the Chief Financial Officer have endorsed the separate and consolidated financial statements of the Company, while the Directors' Report is signed by

Chairman and Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with the codes and policies of the Company has been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holding of Company's shares by Directors & executives or their spouses and dependent children were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board. All such holdings have been disclosed in the Pattern of Shareholdings.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Risk Management and Internal Control

- The Company has developed a sound mechanism for identification of risks, assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit department is responsible for monitoring of compliance, inherent and other risks associated with operations of the Company.
- The Company's approach towards risk management has been disclosed in the risk assessment portion of the Annual Report. The types and detail of risks along-with mitigating measures are disclosed therein.
- The Audit Committee reviewed the procedures established for receipt, retention and treatment of concerns including anonymous complaints. Effective whistle blowing mechanism is in place and is being handled in a fair and transparent manner while providing protection to the complainant against victimization.

Internal Audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Audit Committee. Further, the Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.

- The Head of Internal Audit has direct access to the Chairperson of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Audit

- The Audit Committee without interfering with the independence of external and internal auditors encouraged coordination between them in the discharge of their respective duties.
- The external auditors of the Company, M/s. EY Ford Rhodes, Chartered Accountants, have completed their audit assignment of the separate and consolidated financial statements and the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" of the Company for the year ended December 31, 2023 and shall retire on the conclusion of the 30th Annual General Meeting.
- The Audit Committee has reviewed and discussed Key Audit Matters and observations with the external auditors. The final Management Letter including such audit observations is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Code of Corporate Governance and shall therefore, accordingly be discussed in the next Audit Committee meeting.
- M/s. EY Ford Rhodes, Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP.
- The Audit Committee has recommended the appointment of M/s A.F. Ferguson & Co., Chartered Accountants as External Auditors of the Company for the year ending December 31, 2024.

Annual Report 2023

- The Company has issued a comprehensive Annual Report which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses other information to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2023 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

Saira Nasir
Chairperson – FFBL Audit Committee

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019

Name of Company: Fauji Fertilizer Bin Qasim Limited
Year ended: December 31, 2023

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

1. The total number of Directors are Nine, including the Chief Executive Officer who is deemed Director, as per the following:
   a. Male: 7
   b. Female: 2
2. The composition of the Board is as follows:

a.	Independent male Directors	1
b.	Independent female Directors	2
c.	Non-Executive Directors	5
d.	Chief Executive Officer	1

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All Directors of the Board are certified under "Directors' Training Programme". Moreover, the Company has also arranged the training for one (1) Head of the Department in the year 2023. The Company is planning to arrange Directors' training for their female executives in 2024.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

   a. Audit Committee

      (i) Ms. Saira Nasir, Chairperson (Independent Female Director)
      (ii) Syed Bakhtiyar Kazmi, Member (Non-Executive Director)
      (iii) Ms. Pouruchisty Sidhwa, Member (Independent Female Director)
      (iv) Mr. Bahauddin Khan, Member (Independent Male Director)

   b. HR and Remuneration Committee

      (i) Ms. Pouruchisty Sidhwa, Chairperson (Independent Female Director)
      (ii) Mr. Sarfaraz Ahmed Rehman, Member (Non-Executive Director)
      (iii) Dr. Nadeem Inayat, Member (Non-Executive Director)

   c. Investment Committee

      (i) Dr. Nadeem Inayat, Chairperson (Non-Executive Director)
      (ii) Mr. Sarfaraz Ahmed Rehman, Member (Non-Executive Director)
      (iii) Mr. Bahauddin Khan, Member (Independent Male Director)

(iv) Ms. Saira Nasir,
(Independent Female Director)

d. Technical Committee

(i) Mr. Qamar Haris Manzoor, Chairperson
(Non-Executive Director)
(ii) Mr. Sarfaraz Ahmed Rehman, Member
(Non-Executive Director)
(iii) Mr. Arif-ur-Rehman, Member
(Chief Executive Officer)
(iv) Mr. Bahauddin Khan, Member
(Independent Male Director)

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

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

a. Audit Committee - Quarterly
b. HR and Remuneration Committee – Quarterly
c. Investment Committee - On required basis
d. Technical Committee – Twice a year

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

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

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

Arif ur Rehman
Chief Executive Officer

Waqar Ahmed Malik
Chairman

Date: 25 January 2024
Place: Islamabad

Independent Auditors' Review Report

Review Report on the Statement of Compliance Contained in Listed Companies (Code Of Corporate Governance) Regulations, 2019

To the members of Fauji Fertilizer Bin Qasim Limited

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

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

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

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

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

EY Ford Rhodes
Chartered Accountants
Engagement Partner: Omer Chughtai

Date: 22 February 2024
Place: Islamabad
UDIN: CR202310120ulHqJ7tml

Independent Auditor's Report

To the members of Fauji Fertilizer Bin Qasim Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Fauji Fertilizer Bin Qasim Limited (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Following are the key audit matters:

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Revenue recognition</td></tr>
<tr><td>The Company is engaged in production and sale of fertilizers, i.e., Urea and Di-Ammonium Phosphate.

Revenue from sale of fertilizer is recognized at a point in time, when the control of the asset is transferred to the customer via Fauji Fertilizer Company Limited (FFC, a related party), generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer.

We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.

Refer to notes 3.11 and 26 of the accompanying financial statements.</td><td>The following procedures were performed:

• Obtained an understanding of and assessed the design, implementation and operating effectiveness of controls around revenue recognition;

• Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance with the applicable accounting standards;

• Checked, on a sample basis, whether sales are recorded when control is transferred to the customer through inspection of underlying documentation including dispatch notes, delivery documents and sales invoices;

• Verified that sales prices are approved by the appropriate authority;

• Performed detailed analytical procedures to analyze the correlation of price and quantity variance along-with market trends;

• Checked, on a sample basis, that credit sales were secured against bank guarantees as per the Company policy;

• Performed cut-off procedures on sample basis to ensure revenue has been recognized in the correct period; and

• Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Disposal of equity investment in Fauji Meat Limited (FML)</td></tr>
<tr><td>During the year, pursuant to the approval of the Board of Directors and shareholders of the Company, in their meetings held on 21 July 2023, and 18 August 2023, respectively, the Company disposed-off its entire shareholding in FML, on 28 September 2023 (the completion date), to Fauji Foundation (FF), a related party, for a cash consideration of Rs. 4,300 million.

The Company's cost of investment, accumulated impairment and carrying value of investment in FML at the completion date was Rs. 10,197 million, Rs 6,885 million and Rs. 4,032 million, respectively. Accordingly, the Company recognized a gain on sale of investment amounting to Rs. 268 million. Further, the Company is entitled to 50% of any gain on subsequent sale of FML, by FF within 24 months of the completion date.

We identified disposal of equity investment in Fauji Meat Limited as key audit matter due to its financial magnitude and extensive regulatory requirements owing to involvement of a related party.

Refer to notes 15.3.1 and 32 of the accompanying financial statements, for a discussion on the matter by management.</td><td>The following procedures were performed:
• Obtained an understanding of underlying strategic objectives involved in disposal of the equity investment, related regulatory requirements and its accounting treatment in the financial statements;
• Obtained and reviewed related documents including Share Purchase Agreement, Share Transfer Deed, minutes of the Board of Directors and their committee and Extraordinary General Meeting and notices furnished to the Pakistan Stock Exchange for confirmation of the above-mentioned understanding and compliance with the regulatory requirements;
• Held meetings with legal and corporate departments of the Company;
• Obtained and reviewed valuation report performed by an independent valuer, appointed by the Company for the purpose of determining a range of fair value of FML;
• Traced the receipt of cash consideration against sale from relevant bank statement;
• Confirmed the mathematical accuracy of gain on sale of investment; and
• Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.</td></tr>
</table>

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Omer Chughtai.

Chartered Accountants

Place: Islamabad
Date: 20 February 2024

UDIN: AR2023101203rLaPdYbX

Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	**5**	**12,912,529**	12,912,529
Capital reserve			
Share premium	**6**	**1,632,729**	1,632,729
Revenue reserve			
Accumulated profit		**12,546,061**	8,177,107
		27,091,319	22,722,365
NON CURRENT LIABILITIES			
Long term loans	**7**	**13,458,334**	18,458,334
Deferred liabilities	**8**	**2,241,115**	4,491,931
		15,699,449	22,950,265
CURRENT LIABILITIES			
Trade and other payables	**9**	**55,384,376**	67,412,134
Advances from customers		**25,257,715**	769,261
Unpaid dividend		**10,954**	10,954
Unclaimed dividend		**114,695**	115,614
Provision for income tax		**3,414,028**	1,150,929
Accrued interest	**10**	**513,960**	1,242,847
Short term borrowings	**11**	**13,385,291**	28,213,376
Current portion of long term loans	**7**	**5,000,000**	5,275,000
		103,081,019	104,190,115
		145,871,787	149,862,745
CONTINGENCIES AND COMMITMENTS	**12**		

The annexed notes, from 1 to 40, form an integral part of these financial statements.

	Note	2023	2022
		(Rupees '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	**13**	**9,616,371**	9,731,853
Investment property	**14**	**270,242**	270,242
Long term investments	**15**	**25,139,282**	29,171,242
Long term advances		**62,398**	37,683
Long term deposits		**78,643**	78,643
		35,166,936	39,289,663
CURRENT ASSETS			
Stores and spares	**16**	**2,441,627**	2,139,613
Stock in trade	**17**	**13,786,594**	39,236,011
Trade debts	**18**	**378,685**	11,828,171
Advances	**19**	**941,341**	431,176
Trade deposits and short term prepayments	**20**	**250,460**	181,445
Interest accrued	**21**	**32,712**	43,069
Other receivables	**22**	**8,443,847**	3,430,097
Sales tax refundable - net	**23**	**10,780,047**	16,814,044
Short term investments	**24**	**33,685,524**	13,764,259
Cash and bank balances	**25**	**39,964,014**	22,705,197
		110,704,851	110,573,082
		145,871,787	149,862,745

Chairman Chief Executive Director Chief Financial Officer

Statement of Profit or Loss

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees '000)	
Sales - net	**26**	**193,063,909**	159,225,963
Cost of sales	**27**	**(159,954,316)**	(133,640,933)
GROSS PROFIT		**33,109,593**	25,585,030
Selling and distribution expenses	**28**	**(10,072,674)**	(7,120,753)
Administrative expenses	**29**	**(1,135,654)**	(1,068,556)
		(11,208,328)	(8,189,309)
		21,901,265	17,395,721
Finance cost	**30**	**(8,827,521)**	(5,143,968)
Other expenses	**31**	**(7,865,130)**	(7,776,274)
Other income	**32**	**9,434,881**	6,341,920
		14,643,495	10,817,399
Unwinding cost on GIDC payable	**8**	**(498,183)**	(891,198)
Allowance for expected credit losses	**33**	**-**	(241,940)
Impairment of equity investment	**15**	**-**	(1,179,000)
PROFIT BEFORE TAXATION		**14,145,312**	8,505,261
Taxation	**34**	**(9,742,375)**	(6,177,327)
PROFIT FOR THE YEAR		**4,402,937**	2,327,934
Earnings per share - basic and diluted (Rupees)	**35**	**3.41**	1.80

The annexed notes, from 1 to 40, form an integral part of these financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

Statement of Comprehensive Income

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees '000)	
Profit for the year		**4,402,937**	2,327,934
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post employment benefits obligation	**9.4.5**	**(33,983)**	(36,315)
Total comprehensive income		**4,368,954**	2,291,619

The annexed notes, from 1 to 40, form an integral part of these financial statements.

Chairman Chief Executive Director Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2023

	Share capital	Capital reserve	Accumulated profit	Total
		(Rupees ' 000)		
Balance as at January 01, 2022	12,912,529	1,632,729	5,885,488	20,430,746
Total comprehensive Income				
Profit for the year	-	-	2,327,934	2,327,934
Other comprehensive loss	-	-	(36,315)	(36,315)
Total comprehensive income for the year	-	-	2,291,619	2,291,619
Balance as at December 31, 2022	12,912,529	1,632,729	8,177,107	22,722,365
Balance as at January 01, 2023	**12,912,529**	**1,632,729**	**8,177,107**	**22,722,365**
Total comprehensive income				
Profit for the year	**-**	**-**	**4,402,937**	**4,402,937**
Other comprehensive loss	**-**	**-**	**(33,983)**	**(33,983)**
Total comprehensive income for the year	**-**	**-**	**4,368,954**	**4,368,954**
Balance as at December 31, 2023	**12,912,529**	**1,632,729**	**12,546,061**	**27,091,319**

The annexed notes, from 1 to 40, form an integral part of these financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operating activities	**36**	**63,305,001**	(23,526,481)
Finance costs paid		**(9,553,731)**	(4,124,066)
Taxes paid		**(6,631,885)**	(5,789,584)
Payment to gratuity fund	**9.4.5**	**(304,231)**	-
Compensated absences paid	**8.1**	**(36,360)**	(40,098)
Payment to Workers Welfare Fund		**(168,194)**	(152,664)
Payment to Workers' (Profit) Participation Fund	**9.3**	**(861,543)**	(431,344)
Net cash generated from / (used in) operating activities		**45,749,057**	(34,064,237)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures and advances		**(906,362)**	(368,620)
Proceed from sale of equity investment		**4,300,000**	-
Proceeds from sale of property, plant and equipment	**13.3**	**18,436**	37,967
Dividend received from related parties		**2,250,000**	2,511,075
Long term loan disbursed		**-**	(801,451)
Short term investments - net		**(19,818,812)**	(5,439,517)
Cash dividend on mutual funds		**1,487,674**	647,425
Profit received on bank balances and term deposits		**4,282,828**	1,919,986
Net cash used in investing activities		**(8,386,236)**	(1,493,135)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - received		**-**	7,500,000
Long term loans - repaid		**(5,275,000)**	(4,691,672)
Short term borrowings - net		**(5,800,000)**	4,300,000
Dividend paid for prior periods		**(919)**	(1,253)
Net cash (used in) / generated from financing activities		**(11,075,919)**	7,107,075
Net increase / (decrease) in cash and cash equivalents		**26,286,902**	(28,450,297)
Cash and cash equivalents at the beginning of the year		**991,821**	29,442,118
Cash and cash equivalents at the end of the year	**25.3**	**27,278,723**	991,821

The annexed notes, from 1 to 40, form an integral part of these financial statements.

Chairman

Chief Executive

Director

Chief Financial Officer

Notes to the Financial Statements

For the year ended December 31, 2023

1 STATUS AND NATURE OF BUSINESS

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

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

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

Location	Purpose
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Karachi	
Plot No. EZ/I/P-1 Eastern Zone, Port Qasim, Karachi	Manufacturing Plant
Pindi Bhattian	
Moza Thatta Raika and Moza Thatta Bahuman	Investment property

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

The Company based it's assumptions and estimates on the parameters under which these financial statements were prepared.

Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.4.1 Staff retirement gratuity (note 9.4)

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

2.4.2 Compensated absences (note 8.1)

Compensated absences is granted to all its permanent employees in accordance with the rules of the Company. Calculations in respect of unutilized privileged leaves accumulated as on April 30, 2021 require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions. During the year, the Company has not carried out actuarial valuation as the impact is assessed to be insignificant to the financial statements. The Company has updated their estimate on the basis of latest salaries of the concerned employees.

2.4.3 Property, plant and equipment (note 13)

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

2.4.4 Capital spares (note 13)

The Company reviews the carrying amount of capital stores on an annual basis, and as appropriate, provision is made for obsolescence if there is any change in the usage pattern and physical form of related stores.

2.4.5 Provision for inventory obsolescence (notes 16 and 17)

The Company reviews the carrying amount of stock in trade, stores and spares on an annual basis, and as appropriate, inventory is written down to its net realizable value, or a provision is made for obsolescence if there is any change in the usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.4.6 Provision for expected credit losses of Trade receivable, subsidy receivable from Government of Pakistan, and other receivable (notes 18 and 22)

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Previously the Company's ECL calculation on subsidy receivable is outputs of probability weighted model (Multi-scenarios approach), under the general approach, with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- Discounting estimated future cashflow and losses to the reporting date using a rate that approximates the Effective Interest Rate (EIR) of the asset (Time value of money). In the absence of EIR, interest free rate has been used in accordance with relevant accounting standard.
- Significant increase in Credit Risk and classification within Stage 2 based on its overdue status minimized owing to exposure being toward sovereign entity.
- Selection of forward-looking multiple scenarios and their probability weightings, to calculate the amount of ECL.

The information about the ECLs on the Company's subsidy receivable is disclosed in Note 38.2. Refer to note 2.4.14 for details of provision against subsidy receivable recognized during the year.

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

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

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

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

2.4.7 Taxation (note 8 and 34)

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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

2.4.8 Contingencies (note 12)

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

2.4.9 Impairment of non-financial assets

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

2.4.10 Impairment of long-term equity investments and related balances (note 15)

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

The information about impairment charge on the Company's long term equity investments is disclosed in note 15.

Judgments

In the process of applying Company's accounting policies, management has made the judgments, as mentioned below, which have most significant effects on the amounts recognized in the financial statements.

2.4.11 Disclosure related to IFRS 16 "Lease"

As discussed in note 4.2, the Securities and Exchange Commission of Pakistan (SECP) has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) - 16 "Leases" to all companies that have executed their power purchase agreement before 2019. Accordingly the Company does not apply lease accounting to its' agreements with FFBL Power Company Limited (FPCL). It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16. Accordingly, to estimate the impact, the Company has to determine the interest rate inherent in the arrangement, present value of lease obligation, the useful lives of the plants and the impact of any shortfall in the capacity made available to the Company, during the period, by FPCL.

2.4.12 Selection of accounting policy for GIDC (note 8)

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

2.4.13 Sales tax refundable (note 23)

Management has classified the whole of the amount of Sales tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government, within next twelve months will include refund of Sales tax. Only significant impact of time value of money is recognized in the financial statements.

Allowances against input tax charged to cost of sales under Section 73(4) of the Sales Tax Act, 1990 and part of input tax incurred where sales tax on the Company's supply of fertilizer was imposed at lower rate. The Company has determined the allowance based on its assessment of significant delay in recovery and application of possible method to allocate credit upon change in classification of fertilizer for the purpose of imposition of sales tax.

2.4.14 Provision for other receivables (note 22)

As of reporting date, the Company has carried out an assessment of probability of recovery of subsidy receivable considering the related non-performance risk. Accordingly, as a matter prudence, the Company has recognized a provision against whole of carrying value of subsidy receivable. The Company's assessment involved exercise of judgment regarding probability of fulfillment of conditions imposed by government authorities for release of funds. As of previous reporting date, the Company has recognized an allowance for expected credit loss considering the time value of money resulting from expected delay in recovery.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Taxation

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

Current

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

Deferred

Deferred tax is calculated using balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Sales tax refundable

Sales tax refundable primarily includes input sales tax related to lower rated taxable supplies for current and prior years for which refunds have been lodged with the Federal Board of Revenue. The Company has developed the accounting policy for initial recognition and subsequent measurement by making an analogy with a monetary asset.

3.2 Property, plant and equipment

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

Spare parts are classified as capital spares rather than stores and spares when they meet the definition of property, plant and equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in statement of profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Depreciation is calculated on the straight line method and charged to profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 13. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal. Freehold land is not depreciated.

3.3 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less accumulated depreciation and impairment.

Maintenance and normal repairs are charged to the income and expenditure statement as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that the respective future economic benefits will flow to the Company.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in income and expenditure statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.4 Investments

3.4.1 Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

3.4.2 Investments in associates

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

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

Upon disposal of investment, any difference between the carrying amount of the investment in associate and proceeds from disposal is recognised in profit or loss.

3.4.3 Investments in joint ventures

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

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

3.5 Impairment of non-financial assets

Non-financial assets

The carrying amounts of non-financial assets other than stores and spares, stock-in-trade and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Stores and spares

Stores and spares are valued at lower of weighted average cost and net realizable value.

For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores spares on regular basis and provision is made for obsolescence.

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

3.7 Stock in trade

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

Cost is determined as follows:

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

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

3.8 Financial instruments

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus,in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 3.11 (Revenue recognition).

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade debts, deposits, loan and advances to employees and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not carry debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any investment in equity instrument carried at fair value at OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Company's financial asset at fair value through profit or loss consists of its investment in mutual funds.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(d) Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company uses probability of default method to measure expected credit losses (ECL). The probability of default (PD) rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability - weighted outcome, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions. Whereas, the loss given default is based upon external credit rating of banks who have issued the letter of guarantees to the customers.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Company's policy to measure ECLs on investment at fair value through OCI on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit agencies, both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due, excluding subsidy. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in note 38.2.

Financial liability

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, long-term financing, accrued mark-up, unpaid and unclaimed dividend payable and short-term borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any, entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Leases - Exemption

The Company has determined that any long-term lease of land under the local law, represents ownership interest in underlying asset and is accounted for under IAS 16 "Property, Plant and Equipment".

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

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

	2023 (Rupees '000)
Decrease in cost of sales	**4,130,606**
Increase in depreciation	**(947,662)**
Increase in finance cost	**(4,136,532)**
Net increase in cost	**(953,588)**
Decrease in profit for the year	**(953,588)**
Increase in right to use of assets	**21,759,194**
Increase in lease obligation	**26,649,346**

The Company and FPCL have revised rates applicable to energy price and capacity price w.e.f. May, 2017. Accordingly, above disclosures reflect these changes.

3.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.11 Revenue recognition

The entity is in the business of manufacturing of fertilizer products. Revenue from contract with customer is recognized when control of the goods are transferred to the customer via FFC, a related party (Note 26) at an amount that reflects the consideration to which the entity expects to be entitled for those goods. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of fertilizer is recognized at a point in time, when the control of the asset is transferred to the customer, generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer. The Company's credit sales normally carry credit term of 30 days to 180 days and is secured against bank guarantee. The Company's remaining sales are against advance payment by its customers.

In determining the transaction price for the sale of fertilizer, the Company considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer, if any.

(i) Post-sales incentives

These post-sales incentives are based on monthly volume of purchases made by individual customers and is settled in cash, within 30 days of the month to which it relates to. Accordingly, no estimation uncertainty arises and the amount of payable is set off against the related trade debts.

(ii) Financing component

The Company allows credit period of 30 days to 180 days to its certain customers, for the sale of fertilizer, against a credit charge determined based upon volume of sales and period of credit. There is a financing component for these contracts considering the prevailing interest rate in the market.

Scrap sales and miscellaneous receipts are recognized when they are earned.

3.12 Basis of allocation of common expenses

Fauji Fertilizer Company Limited proportionately allocates common selling and distribution expenses, being the costs incurred and for services rendered on behalf of the Company, under an inter-company services agreement.

4 SUMMARY OF OTHER ACCOUNTING POLICIES

The other than material accounting policies applied in the preparation of these financial statements are set out below for ease of user's understanding of these financial statements. These polices have been applied consistently for all periods presented, unless otherwise stated.

4.1 Employees' benefits

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

Provident fund - Defined contribution scheme

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

Gratuity fund - Defined benefit scheme

The Company operates a funded gratuity scheme for all employees who complete the qualifying period of service and age. The Fund is administered by trustees. Contributions to the fund are made on the basis of actuarial valuations, using the Projected Unit Credit Method, related details of which are given in note 9.4. Amounts determined by the actuary as charge for the year are included in the income for the year. Expected gratuity cost for the next year is estimated to Rs. 64 million.

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

Compensated absences

The Company grants compensated absences to all its permanent employees in accordance with the rules of the Company. Under this unfunded scheme, regular employees are entitled to maximum 30 days privilege leave for each completed year of service. Unutilized privileged leaves accumulated as on April 30, 2021 are encashable at the time of separation from the service on the basis of last drawn gross salary. Unutilized privilege leaves available for a year (effective from May, 2021) lapse by end of next March and are encashable only upon separation of employee in the same year.

Provisions in respect of unutilized privileged leaves accrued as of April 30, 2021, are made in accordance with the actuarial recommendation. Actuarial valuation is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognized in income in the year in which they arise. During the year, the Company has not carried out actuarial valuation as the impact is assessed to be insignificant to the financial statements. The Company has updated their estimate on the basis of latest salaries of the concerned employees.

The Company revised its policy for compensated absences in 2021. No further accumulation of annual leaves is allowed, however, annual leaves already accumulated (as of April 30, 2021) will be continued till the time these are consumed by the individual otherwise it will be encashed on current gross at the time of separation.

4.2 Leases

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

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low value asset. Lease payments on short term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term. Expense relating to short term lease amounts to Rs. 9.4 million (2022: Rs. 8.5 million).

Right of use assets

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

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

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

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

Lease Liability

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

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

Short-term leases and leases of low-value assets

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.3 Borrowing costs

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

4.4 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortized cost, which approximates the fair value of consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.5 Contract Balances

Contract assets and Contract liabilities

A contract asset is the right to consideration in exchange for goods transferred to the customer, when the right is conditioned on something other than the passage of time. Contract asset are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in note 3.8.

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related good. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

Trade debt

A trade debt is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 3.8.

4.6 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances, short term highly liquid investments and short-term running finance.

4.7 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 4.3.

4.8 Foreign currency

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Exchange differences are included in profit or loss for the year.

4.9 Dividends

Dividends are recognized as a liability in the period in which they declared.

4.10 Earnings per share

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

4.11 Finance income and finance costs

Finance income comprises interest income on funds invested and loans, dividend income, gain on disposal of financial assets held at amortized cost and changes in the fair value of investments. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Gain on sale of investments is recognized on the completion of sales transaction.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

4.12 AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following amendments with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard and IFRIC		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. 'In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. • Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments must be applied retrospectively and are not expected to have a material impact on the Company's financial statements.	January 01, 2024

Standard and IFRIC		Effective date (annual periods beginning on or after)
IAS 7 and IFRS 7	Amendments in IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures; Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are supplement requirements already in IFRS Accounting Standards and require a company to disclose: • the terms and conditions; • the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet; • ranges of payment due dates; and • liquidity risk information The amendments are not expected to have a material impact on the Company's financial statements.	January 01, 2024
IAS 21	Amendment in IAS 21 The Effects of Changes in Foreign Exchange Rates; Lack of exchangeability a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency. • Specify when a currency is exchangeable into another currency and when it is not; The amendments are not expected to have a material impact on the Company's financial statements. • Specify how an entity determines the exchange rate to apply when a currency is not exchangeable at the measurement date — estimate the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing. • Require the disclosure of additional information when a currency is not exchangeable - enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. The amendments are not expected to have a material impact on the Company's financial statements.	January 01, 2025
IFRS 16	Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application. The amendments are not expected to have a material impact on the Company's financial statements.	January 01, 2024

Standard		Effective date (annual periods beginning on or after)
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The amendments are not expected to have a material impact on the Company's financial statements.	Not yet finalized

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2026

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

4.13 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IAS 1 and IFRS Practice Statement 2

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

IAS 8

Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments had no impact on the Company's financial statements.

IAS 12 International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12, The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

		2023	2022
		(Rupees '000)	
5	**SHARE CAPITAL**		
5.1	**AUTHORIZED SHARE CAPITAL**		
	1,500,000,000 (2022: 1,500,000,000) Ordinary shares of Rs.10 each	**15,000,000**	15,000,000
5.2	**ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**		
	1,291,252,857 (2022: 1,291,252,857) Ordinary shares of Rs. 10 each issued for cash	**12,912,529**	12,912,529

5.3 Fauji Fertilizer Company Limited (FFCL) and Fauji Foundation (FF) held 644,018,629 and 236,161,393 (2022: 644,018,629 and 236,161,393) Ordinary shares, respectively, of the Company at the year end.

Pursuant to an agreement dated October 16, 2016, FFCL has issued to FF, irrevocable proxies to allow FF to vote on behalf of FFCL in all general meetings. Further, FFCL has also given an undertaking that the representative of FF to be elected or co-opted or appointed on the Board of the Company, shall be nominated by FF.

		Note	2023	2022
			(Rupees '000)	
6	**CAPITAL RESERVE**			
	Share premium against issuance of shares in 1996	**6.1**	**228,350**	228,350
	Share premium against issuance of shares in 2021			
	Gross premium	**6.2**	**1,428,571**	1,428,571
	Utilization against transaction cost of issuance	**6.3**	**(24,192)**	(24,192)
			1,404,379	1,404,379
			1,632,729	1,632,729

6.1 This represents share premium of Rs. 5 per share and received on the public issue of 45,670 thousand Ordinary shares in 1996. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017.

6.2 During the year 2021, upon allotment of 357,143 thousand right shares an amount of Rs. 1,429 million has been transferred to capital reserve at a premium of Rs. 4 per share. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017.

6.3 During the year 2021, the Company utilized reserve of Rs. 24 million against transaction cost of shares issued during previous year, in accordance with section 81 of the Companies Act, 2017.

		Note	2023	2022
			(Rupees '000)	
7	**LONG TERM LOANS**			
	LOANS FROM BANKING COMPANIES - SECURED			
	Related party			
	Askari Bank Limited	**7.1**	**-**	83,333
	Others			
	Habib Bank Limited		**2,000,000**	3,000,000
	United Bank Limited		**1,125,000**	1,500,000
	Bank of Punjab		**2,000,000**	2,000,000
	Bank Islami		**1,500,000**	1,500,000
	MCB Bank Limited		**5,333,334**	7,166,667
	Allied Bank Limited		**6,500,000**	8,483,334
			18,458,334	23,650,001
	Accrued interest on long term loans	**10**	**409,932**	387,366
			18,868,266	24,120,700
	Less: Current portion shown under current liabilities		**(5,000,000)**	(5,275,000)
	Less: Accrued interest on long term loans	**10**	**(409,932)**	(387,366)
			13,458,334	18,458,334

7.1 The Company had previously obtained a secured long term facility from Askari Bank Limited, a related party, for the purpose of Balance Sheet reprofiling. During the current year, the long term facility has been fully repaid.

7.2 Terms and Conditions of these loans are as follows:

Lenders	Markup Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
Habib Bank Limited	3 Month KIBOR + 0.60	12 Quarterly	January 2023	October 2025
United Bank Limited	3 Month KIBOR + 0.50	16 Quarterly	January 2023	December 2026
Bank Islami (Musharaka)	3 Month KIBOR + 0.50	16 Quarterly	January 2024	December 2027
Bank of Punjab (Conventional)	3 Month KIBOR + 0.45	12 Quarterly	December 2024	September 2027
Bank of Punjab (Musharaka)	3 Month KIBOR + 0.45	12 Quarterly	December 2024	September 2027
MCB Bank Limited	3 Month KIBOR + 0.50	12 Quarterly	March 2021	March 2024
	3 Month KIBOR + 0.50	16 Quarterly	March 2024	December 2027
	3 Month KIBOR + 0.50	12 Quarterly	February 2025	December 2027
Allied Bank Limited	6 Month KIBOR + 0.50	6 Half Yearly	December 2022	June 2025
	3 Month KIBOR + 0.50	12 Quarterly	July 2023	April 2026
	3 Month KIBOR + 0.50	12 Quarterly	December 2023	September 2026
	3 Month KIBOR + 0.50	12 Quarterly	March 2025	December 2027

These are secured against ranking charges over fixed and current assets of the Company and carry mark-up at rates ranging from 21.87% to 22.94% per annum (2022: 16.19% to 17.56% per annum).

		Note	2023	2022
			(Rupees '000)	
8	**DEFERRED LIABILITIES**			
	Compensated leave absences	**8.1**	**505,051**	476,770
	Deferred tax	**8.2**	**1,736,064**	888,672
	Payable against GIDC	**8.3**	**-**	3,126,489
			2,241,115	4,491,931
8.1	**Compensated leave absences**			
	The movement in the compensated leave absences is as follows:			
	Balance at beginning of the year		**476,770**	493,240
	Expense for the year		**64,641**	23,628
	Benefits paid during the year		**(36,360)**	(40,098)
		4.1	**505,051**	476,770
8.2	**The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:**			
	Accelerated tax depreciation		**1,810,839**	1,598,758
	Provision for inventory obsolescence		**(112,853)**	(95,491)
	Provision against doubtful other receivables		**-**	(445,814)
	Provision against allowance	**23**	**-**	(365,401)
	Remeasurement gain on GIDC		**38,078**	196,620
		8.2.1	**1,736,064**	888,672

As a matter of prudence, the Company has not recognised deferred tax asset against capital loss of Rs. 10,166 million (2022: Rs. Nil). The capital loss is adjustable against available capital gain upon disposal of similar equity investments and will expire in Tax Year 2030. Further, the Company has not recognized deferred tax asset on provision against doubtful other receivables and provision against allowance for sales tax refundable.

		Note	2023	2022
			(Rupees '000)	
8.2.1	**The movement of deferred tax during the current year is as follows:**			
	Balance at beginning of the year		**888,672**	1,150,299
	Effect of change in temporary differences		**646,742**	(369,345)
	Effect of change in rate to 39% (2022: 33%)		**200,650**	107,718
	Income for the year		**847,392**	(261,627)
			1,736,064	888,672
8.3	**Payable against GIDC**			
	Opening balance	**8.3.1**	**21,738,026**	20,846,828
	Unwinding cost on GIDC payable		**498,183**	891,198
			22,236,209	21,738,026
	Current portion of GIDC	**9**	**(22,236,209)**	(18,611,537)
			-	3,126,489

8.3.1 This represents amount payable on account of Gas Infrastructure Development Cess (GIDC) under Gas Infrastructure Development Cess Act, 2015 (GIDC Act) up to July 31, 2020. The Company along with other industrial gas consumers had previously challenged the GIDC Act on constitutional grounds. The Honorable Supreme Court of Pakistan (SCP) in its judgement dated August 13, 2020 declared GIDC Act as valid legislation. A review petition for factual determination had been filed before the SCP, which upheld the original judgement. During the proceedings, the Additional Attorney General of Pakistan has stated that the Government is “agreeable” to recover the obligation in 48 equal monthly installments instead of 24 installments, but the government may also be granted one years-time instead of 6 month in meeting its obligations to commence work on the laying of the North-South pipeline project. Accordingly, the Company recognized this liability at its level 3 fair value of Rs. 19,593 million, in accordance with accounting policy disclosed in note 3.8 applied by analogy; resulting in a remeasurement gain of Rs. 3,301 million, being the difference between previously recognized provision and fair value of restructured liability calculated by applying discount rate ranging between 7.19% to 8.93%, recognized in statement of profit or loss. The fair value of liability approximates to Rs. 22,074 million (2022: 21,241 million) as of reporting date.

The Company had previously obtained stay from the Honorable Sindh High Court (SHC) against payment of GIDC, on September 22, 2020. Management has determined, based on advice of the legal advisor, that this stay remains valid till its disposal by Sindh High Court; which is pending adjudication. Accordingly, the Company has not recognized any late payment surcharge in respect of non-payment of GIDC.

		Note	2023	2022
			(Rupees '000)	
9	**TRADE AND OTHER PAYABLES**			
	Creditors	**9.1**	**20,560,604**	38,871,541
	Payable against GIDC	**8.3**	**22,236,209**	18,611,537
	Accrued liabilities	**9.2**	**10,981,381**	8,273,896
	Workers' (Profit) Participation Fund (WPPF)	**9.3**	**66,516**	158,866
	Payable to Gratuity Fund	**9.4**	**94,566**	304,231
	Workers' Welfare Fund		**1,359,596**	1,109,303
	Security deposits	**9.5**	**85,504**	82,760
			55,384,376	67,412,134

9.1 Creditors include payables to related parties amounting to Rs. 16,587 million (2022: Rs. 37,475 million) against purchase of raw material, steam and power. The Company purchases raw material for use in production of fertilizer from Pakistan Maroc Phosphore (PMP) at discounted price, with a credit limit of 75 days.

9.2 This includes a provision against constructive obligation amounting to Rs. 288 million (2022: Rs. 288 million).

		Note	2023	2022
			(Rupees '000)	
9.3	**Workers' (Profit) Participation Fund**			
	Balance at beginning of the year		**158,866**	130,093
	Interest on WPPF	**30**	**2,677**	1,251
	Provision for the year	**31**	**766,516**	458,866
			928,059	590,210
	Payment made during the year		**(861,543)**	(431,344)
			66,516	158,866

9.4 **Gratuity Fund**

The Company operates a defined benefit plan comprising a funded gratuity scheme for its permanent employees. The fund for gratuity is administered by trustees.

		2023	2022
		(Rupees '000)	
9.4.1	**The amount recognised in the statement of financial position is as follow:**		
	Present value of defined benefit obligation	**954,050**	806,324
	Fair value of plan assets	**(859,484)**	(502,093)
	Deficit	**94,566**	304,231
9.4.2	**The movement in the present value of defined benefit obligation is as follows:**		
	Defined benefit obligation at beginning of the year	**806,324**	735,783
	Current service cost	**42,577**	47,111
	Past service cost	**(3,712)**	-
	Interest cost	**113,102**	83,458
	Benefits paid during the year	**(47,952)**	(45,141)
	Actuarial loss / (gain)	**43,711**	(14,887)
	Present value of defined benefit obligation at end of the year	**954,050**	806,324
9.4.3	**The movement in fair value of plan assets is as follows:**		
	Fair value of plan assets at beginning of the year	**502,093**	538,068
	Interest income	**91,384**	60,368
	Contributions	**304,231**	-
	Benefits paid during the year	**(47,952)**	(45,141)
	Return on plan assets excluding those included in interest income	**9,728**	(51,202)
	Fair value of plan assets at end of the year	**859,484**	502,093

		2023	2022
		(Rupees '000)	
9.4.4	**Plan assets comprise of:**		
	Investment in listed securities	**149,907**	106,562
	Investment in equity securities	**-**	21,629
	Investment in Treasury Bills	**25,891**	33,126
	Investment in Pakistan Investment Bonds	**349,478**	325,238
	Cash and bank balances	**334,208**	15,538
		859,484	502,093
	Actual return on plan assets	**101,112**	9,166
	Contributions expected to be paid to the plan during the next financial year	**62,704**	64,321
9.4.5	**Movement in liability recognised in the statement of financial position:**		
	Opening liability	**304,231**	197,715
	Expense for the year	**60,583**	70,201
	Other comprehensive loss	**33,983**	36,315
	Contributions	**(304,231)**	-
		94,566	304,231
9.4.6	**Amount recognised in the profit or loss is as follows:**		
	Current service cost	**42,577**	47,111
	Past service cost	**(3,712)**	-
	Net interest	**21,718**	23,090
		60,583	70,201
9.4.7	**The expense is recognised in the following line items in the profit or loss:**		
	Cost of sales	**44,799**	58,091
	Administrative expenses	**15,784**	12,110
		60,583	70,201

9.4.8 Comparison of present value of defined benefit obligation, fair value of plan assets and deficit of gratuity fund for the last five years is as follows:

	2023	2022	2021	2020	2019
			(Rupees '000)		
Present value of defined benefit obligation	**954,050**	806,324	735,783	860,194	895,981
Fair value of plan assets	**(859,484)**	(502,093)	(538,068)	(671,579)	(617,568)
Deficit	**94,566**	304,231	197,715	188,615	278,413
Experience adjustments					
- Remeasurement (loss) / gain on obligation	**(43,711)**	14,887	30,320	97,327	88,592
- Remeasurement gain / (loss) on plan asset	**9,728**	(51,202)	(39,961)	(50,107)	(297,232)

9.4.9 Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2023 are as follows:

	2023	2022
Discount rate	**15.50%**	14.50%
Expected rate of salary growth	**16.00%**	14.25%
Mortality rate	**SLIC-2001 -2005**	SLIC-2001 -2005
Withdrawal factor	**Moderate**	Moderate
Average duration of defined benefit obligation	**6.58 years**	9.25 years

9.4.10 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have (decreased) / increased as a result of a change in the respective assumptions by one percent.

	Defined benefit obligation	
	1 percent increase	1 percent decrease
9.4.11 Effect in millions of Rupees		
Discount rate	**(9)**	**10**
Rate of salary growth	**10**	**(9)**

As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the defined benefit obligation by Rs. Nil.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last actuarial valuation at December 31, 2023 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

9.5 The security deposits are not for the purpose of goods / services to be delivered / provided and have not been utilized for the purpose of business.

	Note	2023	2022
		(Rupees '000)	
10 ACCRUED INTEREST			
Long-term loans		**409,932**	387,366
Short-term borrowings - demand finance		**1,654**	34,167
Short-term borrowings - running finance		**102,374**	821,314
		513,960	1,242,847
11 SHORT TERM BORROWINGS			
From banking companies and financial institutions - secured:			
Demand Finance	**11.1 & 11.2**	**700,000**	6,500,000
Running Finance	**11.1**	**12,685,291**	21,713,376
		13,385,291	28,213,376
Add: Accrued Interest on Short term borrowings	**10**	**104,028**	855,481
		13,489,319	29,068,857
Less: Accrued Interest on Short term borrowings	**10**	**(104,028)**	(855,481)
		13,385,291	28,213,376

11.1 The Company has arranged short-term facilities from various banks (including Rs. 2,000 million, Rs. 700 million and Rs. 1,500 million from Meezan Bank, Dubai Islamic Bank Limited and Bank Islami, respectively, under Islamic financing) on a mark-up basis with limits aggregating to Rs. 23,020 million (2022: Rs. 28,420 million). These facilities carry mark-up ranging from 22.40% to 23.11% per annum (2022: 15.76% to 17.27% per annum) and are secured by a hypothecation charge on fixed and current assets of the Company.

11.2 This represents working capital borrowing obtained from Bank Islami amounting to Rs. 700 million (2022: Bank Islami, Muslim Commercial Bank and Bank Al Habib Limited amounting to Rs. 1,500 million, Rs. Nil, Rs. 4,500 million and Rs. 500 million).

		2023	2022
		(Rupees '000)	
12	**CONTINGENCIES AND COMMITMENTS**		
12.1	**Contingencies**		
12.1.1	Guarantees issued by banks on behalf of the Company	**109,227**	154,123

12.1.2 The Company has also provided financial guarantees, obtained from commercial banks, in the name of Excise and Taxation Department, Government of Sindh, amounting to Rs. 5,546 million (2022: Rs. 4,501 million), representing unpaid levy due under the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (Sindh Cess Act); deposited pursuant to instructions of the Honorable Sindh High Court (SHC) under a petition filed by the Company (along with various other importers of goods) challenging the constitutionality of the power exercised by the provincial legislature to levy the Cess. The Company was also depositing the 50% levy, in cash, on monthly basis since June 2011. On June 04, 2021, SHC has upheld the Sindh Cess Act as valid legislation, retrospectively with effect from July, 01, 1994. On the advice of its legal counsel, the Company filed an appeal against the decision, with the Honorable Supreme Court of Pakistan (SCP) and obtained stay order from the SCP against the decision, on September 01, 2021.

As a matter of prudence, the Company is recognizing the provision at the time of the activity that triggers the payment of the levy in accordance with the Sindh Cess Act; amounting to Rs. 5,546 million as of December 31, 2023 (2022: Rs. 4,501 million). During the year, the Company has recognized the levy amounting to Rs. 1,045 million (2022: Rs. 1,727 million) fully covered by bank guarantee.

12.1.3 During current and prior years, Federal Board of Revenue (FBR) issued orders raising demands of Rs. 1.96 billion, Rs. 1.45 billion, Rs. 1.27 billion, Rs. 5.12 billion, Rs. 5.84 billion, Rs. 1.38 billion, Rs. 0.96 billion and Rs. 3.27 billion for Tax Years 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 respectively, by disallowing various expenses with consequential tax impact. The Company filed appeals with Commissioner Inland Revenue Appeals [CIR(A)] against these orders. During the year, CIR(A) has remanded back most of the matters for Tax Years 2015 to 2022 to the relevant forums for decision in accordance with law after ascertaining the relevant facts and decided certain matters in favour of tax authorities, whereas certain matters for Tax Year 2019 were pending with CIR(A), which have been remanded back to the relevant forums subsequent to the reporting date. The Company has filed appeals against the decisions of CIR(A) with Appellate Tribunal Inland Revenue (ATIR), which are pending adjudication for Tax Years 2015 to 2022. Management of the Company is confident of eventual favourable outcome in these cases. Moreover, adequate provision, in accordance with income tax law has been recognized in the financial statements.

12.1.4 The Company was liable to repay loans originally obtained from Export Credit Agencies (ECA), amounting to Rs. 9,723 million to the Government of Pakistan (GoP), in 15 annual equal installments, with a 1 year grace period, at zero percent, effective November 30, 2001. As per the restructuring agreement, the final installment was paid in June 2017.

These loans from ECA, which were assumed by the GoP, were initially secured with a guarantee issued by Habib Bank Limited (HBL) on behalf of a local syndicate of banks and financial institutions. The guarantee was secured by a first equitable mortgage created on all immovable properties of the Company, and by way of hypothecation of movable properties of the Company. The charge ranked pari passu with the charges to be created in favour of other foreign and local lenders. The local syndicate had requested the Company to obtain an indemnity from the GoP confirming that it is GoP's absolute obligation to indemnify and keep related banks and financial institutions harmless from any possible exposure on this account. Accordingly, on December 16, 2002, the GoP had conveyed its agreement by assuming the ECA loan liabilities by absolving related banks and financial institutions of their liabilities, for which they earlier issued guarantees to the ECA. As a result, three ECAs have released the guarantee of HBL and have returned the original documents.

Since one ECA is yet to release HBL from its responsibility as guarantor, therefore the charge related to the portion of the said guarantee on the assets of the Company, has not been vacated up to December 31, 2023. The Company is making efforts in getting this guarantee released.

		2023	**2022**
		(Rupees '000)	
12.2	**Commitments**		
	i) Capital expenditures - contracted	**245,667**	286,867
	ii) Letters of credit for purchase of raw materials and stores and spares	**14,935,594**	15,217,610

For further commitments refer to note 39.

13 PROPERTY, PLANT AND EQUIPMENT

	PROPERTY, PLANT AND EQUIPMENT													Total
	Leasehold land	Freehold land	Building on freehold land	Buildings on lease hold land	Plant and machinery***	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work-in-progress	Capital spares (Plant and Machinery)	
	(Rupees' 000)													
COST														
Balance as at January 01, 2022	200,095	120,000	1,047,921	2,685,287	27,478,785	124,233	399,174	850,533	433,059	2,406	670,716	180,313	828,311	35,020,833
Additions during the year	-	-	-	2,517	153,585	-	114,854	11,116	30,199	-	-	40,912	16,867	370,050
Disposals	-	-	-	-	-	-	(65,014)	-	(5,048)	-	-	-	-	(70,062)
Transfers	-	-	-	-	146,324	-	66	-	-	-	-	(95,279)	(51,111)	-
Balance as December 31, 2022	200,095	120,000	1,047,921	2,687,804	27,778,694	124,233	449,080	861,649	458,210	2,406	670,716	125,946	794,067	35,320,821
Balance as at January 01, 2023	**200,095**	**120,000**	**1,047,921**	**2,687,804**	**27,778,694**	**124,233**	**449,080**	**861,649**	**458,210**	**2,406**	**670,716**	**125,946**	**794,067**	**35,320,821**
Additions during the year *	**-**	**-**	**-**	**44,044**	**391,222**	**-**	**106,219**	**125,813**	**120,325**	**-**	**-**	**10,510**	**83,514**	**881,647**
Disposals	**-**	**-**	**(37)**	**-**	**-**	**-**	**(63,987)**	**(7,771)**	**(20,138)**	**-**	**-**	**-**	**-**	**(91,933)**
Transfers/ Adjustments	**-**	**-**	**-**	**-**	**77,612**	**-**	**-**	**(7)**	**-**	**-**	**-**	**(41,204)**	**(36,401)**	**-**
Balance as at December 31, 2023	**200,095**	**120,000**	**1,047,884**	**2,731,848**	**28,247,528**	**124,233**	**491,312**	**979,684**	**558,397**	**2,406**	**670,716**	**95,252**	**841,180**	**36,110,535**
DEPRECIATION														
Balance as at January 01, 2022	101,793	-	167,422	1,193,462	21,465,229	69,263	238,096	571,872	390,360	2,402	467,789	-	-	24,667,688
Charge for the year	3,209	-	31,557	80,594	591,730	12,058	80,261	114,993	25,675	4	41,949	-	-	982,030
Disposals	-	-	-	-	-	-	(55,836)	-	(4,914)	-	-	-	-	(60,750)
Balance as December 31, 2021	105,002	-	198,979	1,274,056	22,056,959	81,321	262,521	686,865	411,121	2,406	509,738	-	-	25,588,968
Balance as at January 01, 2023	**105,002**	**-**	**198,979**	**1,274,056**	**22,056,959**	**81,321**	**262,521**	**686,865**	**411,121**	**2,406**	**509,738**	**-**	**-**	**25,588,968**
Charge for the year**	**3,209**	**-**	**31,557**	**80,756**	**627,144**	**10,871**	**90,647**	**69,596**	**31,202**	**-**	**41,949**	**-**	**-**	**986,931**
Disposals	**-**	**-**	**(37)**	**-**	**-**	**-**	**(53,788)**	**(7,772)**	**(20,138)**	**-**	**-**	**-**	**-**	**(81,735)**
Balance as at December 31, 2023	**108,211**	**-**	**230,499**	**1,354,812**	**22,684,103**	**92,192**	**299,380**	**748,689**	**422,185**	**2,406**	**551,687**	**-**	**-**	**26,494,164**
Written down value - 2022	95,093	120,000	848,942	1,413,748	5,721,735	42,912	186,559	174,784	47,089	-	160,978	125,946	794,067	9,731,853
Written down value - 2023	**91,884**	**120,000**	**817,385**	**1,377,036**	**5,563,425**	**32,041**	**191,932**	**230,995**	**136,212**	**-**	**119,029**	**95,252**	**841,180**	**9,616,371**
Rate of depreciation	**2% to 4%**	**-**	**3%**	**3%**	**5%**	**10%**	**20% to 40%**	**15%**	**33% to 50%**	**30%**	**17% to 50%**	**-**	**-**	**-**

* Additions during the year includes borrowing cost of Rs. Nil (2022: Rs. 26 million) in respect of qualifying plant and machinery at the capitalization rate of Nil (2022: 12.52%).

** As at reporting date, plant and machinery having cost of Rs. 15,814 million (2022: Rs. 15,788 million) have been fully depreciated but are still in use.

*** Under a musharaka arrangement, the Company has pledged items of plant and machinery with a up to a value of Rs. 3,000 million (2022: Rs. 3,000 million).

		Note	2023	2022
			(Rupees '000)	
13.1	**Capital work-in-progress**			
	This is made up as follows:			
	Plant and machinery		**10,571**	41,265
	Catalyst		**84,681**	84,681
			95,252	125,946
13.2	**Depreciation charge has been allocated as follows:**			
	Cost of sales	**27**	**874,380**	834,495
	Administrative expenses	**29**	**112,551**	147,535
			986,931	982,030

13.3 Details of property, plant and equipment sold:

	Sold to	Cost	Book value	Sale proceeds	Gain
			(Rupees '000)		
Vehicles - as per Company policy to employees					
Suzuki Cultus	Syed Ahmer Salman	**1,992**	**1,365**	**1,392**	**27**
Suzuki Cultus	Talha Faraz Malik	**1,851**	**1,222**	**1,281**	**59**
Suzuki Cultus	Kashif Waqas Malik	**2,009**	**1,139**	**1,210**	**71**
Toyota Yaris	Aamir Ejaz	**2,580**	**1,152**	**1,400**	**248**
Suzuki Cultus	Zeeshan Ajmal	**1,863**	**1,019**	**1,119**	**100**
Aggregate of items of property, plant and equipment with individual book value below Rs. 500,000		**81,638**	**4,301**	**12,034**	**7,733**
	2023	**91,933**	**10,198**	**18,436**	**8,238**
	2022	70,062	9,312	37,967	28,655

13.4 Particulars of immovable assets of the Company are as follows:

Location	Address	Covered Area (acre)
Islamabad	C1/C2, Sector B, Jinnah Boulevard DHA Phase II	**2**
Karachi	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	**250**
Karachi	Tank Farm Area, Port Qasim	**8**
Karachi	Near Rangers Check Post, Opposite Naval Marine Base, National Highway.	**202.2**

		2023	2022
		(Rupees '000)	
14	**INVESTMENT PROPERTY**		
	Investment property - at cost		
	Carrying amount as at December 31, 2023	**270,242**	270,242

14.1 This represents freehold land located at Pindi Bhattian owned by the Company. This land is not occupied by the Company and is held for capital appreciation and earning rental income. The rental income in respect of this property amounting to Rs. 10.3 million (2022: Rs. 8 million) has been recognized in profit or loss and included in other income. The Company carries this investment property under cost model.

14.2 The fair value of the land approximates to Rs. 500,000 thousand. The latest valuation was made by an independent valuer, registered with Pakistan Banking Association with experience in valuation of property in Pakistan, during the previous year. Forced sale value of the land based on the valuation was Rs. 375,000 thousand. The fair value was determined with reference to the then market conditions, recent transactions of similar properties and market research. As of reporting date the Company does not have any contractual obligation to purchase, construct or develop investment property or to repair, maintain and enhance.

		Note	2023	2022
			(Rupees '000)	
15	**LONG TERM INVESTMENTS - AT COST**			
	Joint venture	**15.1**	**1,411,150**	1,411,150
	Associated company	**15.2**	**5,230,991**	5,230,991
	Subsidiary companies	**15.3**	**18,497,141**	22,529,101
	Other long-term investment	**15.4**	**-**	-
			25,139,282	29,171,242
	Impairment recognised on subsidiaries during the year:			
	Fauji Foods Limited		**-**	1,179,000
			-	1,179,000

15.1 This represents a 25% interest in Pakistan Maroc Phosphore S.A. Morocco (PMP), a joint venture between the Company, Fauji Foundation, Fauji Fertilizer Company Limited and Office Cherifien Des Phosphates, Morocco. PMP is a private limited company having registered office located at Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco. The principal place of business is Jorf Lasfar, Morocco. The principal activity of PMP is to manufacture and market phosphoric acid, fertilizer and other related products in Morocco and abroad. The cost of investment in Moroccan Dirhams amounts to 200,000 thousands made in period from 2004 to 2006.

According to the shareholders' agreement, if any legal restrictions on repatriation of dividends by PMP, the dividend will be converted to an interest bearing loan. The Company has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

PMP has declared dividend amounting to Rs. Nil (2022: Rs. 2,511 million), during the year.

15.2 Associated company

2023	2022			2023	2022
Number of Shares		Quoted	Note	(Rupees '000)	
312,666,610	271,884,009	Askari Bank Limited	**15.2.1**	**5,230,991**	5,230,991

15.2.1 This represents 21.57% share in the equity of Askari Bank Limited (AKBL) representing 312,667 thousand (2022: 271,884 thousand) ordinary shares of Rs. 10 each acquired at an average price of Rs. 16.73 (2022: Rs. 19.31) per share, after adjustment for bonus issue during the year. The market value of the investment in AKBL as at December 31, 2023 was Rs. 6,721 million (2022: Rs. 5,465 million). The head office of AKBL is situated at AWT Plaza , P.O BOX 1084, Rawalpindi.

During the year, AKBL in its annual general meeting dated March 29, 2023, shareholders approved bonus shares at the rate of 15% (of the face value of ordinary share capital), increasing its paid-up capital to 1,449,299,207 ordinary shares. These bonus shares shall rank pari passu in all respects with the existing ordinary shares of AKBL. Accordingly, number of shares held by the Company have increased from 271,884,009 shares to 312,666,610 ordinary shares. Issue of bonus shares resulted in no change in percentage holding (21.57%).

15.3 Subsidiary companies

2023	2022			2023	2022
Number of Shares			Note	(Rupees '000)	
		Unquoted			
		Fauji Meat Limited			
-	1,446,609,400	Gross value	15.3.1	-	10,916,960
		Impairment		-	(6,885,000)
				-	4,031,960
644,062,500	644,062,500	FFBL Power Company Limited	15.3.2	**6,440,625**	6,440,625
		Quoted			
		Fauji Foods Limited			
1,134,701,257	1,134,701,257	Gross value	15.3.3	**14,055,516**	13,346,766
		Impairment		**(1,999,000)**	(1,999,000)
				12,056,516	11,347,766
		Accrued markup to be converted at par value	15.3.4	-	708,750
1,778,763,757	3,225,373,157			**18,497,141**	22,529,101

15.3.1 This represented the Company's investment in equity shares of Fauji Meat Limited (FML) representing 95.07% of FML issued and paid up capital. The Company initially acquired 225,000,000 ordinary shares of Rs. 10 each in FML for a total consideration of Rs. 2,250 million, with the further investment of Rs. 1,500 million, Rs. 3,135 million and Rs. 4,032 million in 2018, 2019 and 2022, respectively, in the form of cash and conversion of sub-ordinated loan and related mark-up. The principal objectives of FML are to establish and operate a meat abattoir unit for Halal slaughtering of animals to obtain meat for local and export sale. FML commenced its commercial operations during the first quarter of 2017. The principal place of business of FML is Deh Kohistan Chak No. 1 Tapo Gharo, Tehsil Mir Pur Sakhro, District Thatta.

Pursuant to the approval in Board meeting of the Company, held on January 26, 2022, the Company communicated its intention, to the Board of Directors of Fauji Meat Limited (FML), to exercise the option to convert its sub-ordinated loan and related accrued mark-up, amounting to Rs. 7,000 million and Rs. 581 million, respectively, into 758,109,400 ordinary shares of FML, at their face value, resulting in total holding of shares of 1,446,609,400 (95.07% of total share capital of FML). This conversion of sub-ordinated loan and related accrued mark-up is recorded at fair value, i.e. after netting-off of ECL amounting to Rs. 3,549 million. Accordingly, FML, after completing the necessary regulatory requirements and pursuant to approval of its members, has allocated 758,109,400 ordinary shares to the Company, on March 25, 2022.

Pursuant to the approval of the Board of Directors and shareholders of the Company, in their meetings held on July 21, 2023, and August 18, 2023, respectively, the Company disposed-off on September 28, 2023 (the completion date) its entire shareholding in FML, comprising of 1,446,609,400 shares of Rs. 10/- each, constituting 95.07% of FML's entire issued and paid-up share capital, to Fauji Foundation (FF), a related party, for a cash consideration of Rs. 4,300 million, calculated at the rate of Rs. 2.97/- each. The Company's cost of investment, accumulated impairment and carrying value of investment in FML at the time of disposal was Rs. 10,197 million, Rs 6,885 million and Rs. 4,032 million, respectively. Accordingly, the Company recognized a gain on sale of investment amounting to Rs. 268 million (Refer to note 32). Further, the Company is entitled to 50% of any gain on subsequent sale of FML, by FF within 24 months of the completion date.

15.3.2 This represents the Company's investment in 75% equity shares of FFBL Power Company Limited (FPCL). The Company acquired 644,063 thousand ordinary shares of Rs. 10 each in FPCL for a total consideration of Rs. 6,440,625 thousand. The principal objective of FPCL is to set up and operate a 118 MW power project. FPCL has commenced commercial production on May 19, 2017, refer to note 4.2 for the Company's arrangement with FPCL for purchase of power and steam. The principal place of business of FPCL is Eastern Industrial Zone of Port Qasim, Karachi.

15.3.3 During 2015, the Company jointly with Fauji Foundation, acquired a 51% shareholding of Fauji Foods Limited (Formerly Noon Pakistan Limited) (FFL), a listed company engaged in process and sale of toned milk, milk powder, fruit juices, allied dairy and food products with shares listed on the Pakistan Stock Exchange Limited. As per the agreement signed on May 18, 2015, the Company and Fauji Foundation acquired voting shares of 38.25% (4,500 thousand) and 12.75% (1,500 thousand) respectively. Management of the Company had assessed that control of FFL was obtained by the Company from the date of acquisition, i.e. September 04, 2015.

During 2016 and 2017, the Company acquired additional voting and non-voting shares of FFL through exercise of rights issues (including shares renounced by other shareholders), and from the open market, having a total cost of Rs. 2,184,067 thousand and Rs. 2,008,978 thousand, respectively.

Pursuant to approval in Annual General Meeting of the Fauji Foods Limited (FFL) held on March 26, 2018, voting and non voting shares classes of FFL have been consolidated. There was no change in the Company's effective holding after the consolidation of share classes. Accumulated shareholdings of the Company after consolidating the share classes was 50.59%, representing 267,315 thousands shares.

During 2020, pursuant to approval in Annual General Meeting (AGM) of the Company, held on March 30, 2020, the Company communicated their intention to exercise their option to convert sub-ordinated loan of Rs. 2,630 million along with related accrued mark-up as of December 31, 2019 amounting to Rs. 119 million to share capital, at face value. FFL, pursuant to their AGM held on April 2, 2020 has approved to issue 274,886,400 shares to the Company, which were allotted to the Company on July 15, 2020. Accumulated shareholdings of the Company after this conversion was 67.50%, representing 542,201 thousands shares.

During 2021, pursuant to the approval and authorization of the Board of Director's, in their meeting held on September 30, 2021, the Company acquired further shares of FFL through exercise of rights issues (including shares renounced by Fauji Foundation) by utilising the total subordinated debt of Rs. 5.925 billion ("Principal Amount of Debt") granted by the Company to FFL. The utilisation of the Principal Amount of Debt for acquiring shares was previously approved by the shareholders of the Company. Accumulated shareholdings of the Company after this conversion is 71.63%, representing 1,134,701,257 thousands shares.

Pursuant to the approval and authorization of the Board of Directors of the Company, in their meeting held on September 29, 2022, and the Board of Directors of FFL, in their meeting held on September 20, 2022, FFL issued further shares to the Company by way of other than right offer under Section 83 (1) (b) of the Companies Act, 2017 read with regulation 5 of the Companies (Further Issue of Shares) Regulations, 2020, after obtaining requisite regulatory approvals. Accordingly, 70,874,980 ordinary shares of Rs. 10/- each were issued to the Company by FFL at par against share deposit money (resulting from conversion of accrued markup on sub-ordinated loan of Rs. 708,750 thousands to equity), with total holding of 1,205,576,237 ordinary shares (i.e., 47.84% interest in FFL (2022: 71.63%)). As part of this other than right issue, FFBL Power Company (FPCL, the Company's subsidiary) and FFC Energy Limited (FFCEL, a related party) also received 400,000,000 ordinary shares and 465,000,000 ordinary shares, respectively, against cash consideration.

The Company continues to have control over FFL, via its direct holding and shares held by FPCL, with total holding of 63.71%.

The market value of the investment in FFL, based upon share price of free float on PSX, as at December 31, 2023, was Rs. 12,640 million (2022: Rs. 5,344 million).

As evident from the market value (refer above) and improvements in the financial performance of FFL, no indicators of impairment for the Company’s investment in FFL exist as at the reporting date. During the prior year, the Company carried out an impairment assessment and recognized an additional impairment of Rs. 1,179 million, resulting in accumulated impairment of Rs. 1,999 million, as of December 31, 2022.

Further, the Company has not identified any positive change in the estimates used to determine the asset's recoverable amount in prior year, considering increase in risk free rate in current year, reflecting increase in estimated service potential of equity investment in FFL. Accordingly, the Company has not recognized any reversal of impairment.

15.3.4 The markup accrued of Rs. 708,750 thousand, charged at the rate which was higher of the Company's borrowing cost or KIBOR for the relevant period plus 1.5%, on principal amount of loan, till date of its conversion into equity of FFL, on December 28, 2021, pursuant to approval by members of the Company. On March 17, 2022 member's of the Company approved to renew, roll over and extend time for repayment of the markup accrued, prior to the Board of Directors approving conversion of accrued mark-up into equity at par, on September 29, 2022, which is subject to approvals of SECP and fulfillment of other regulatory requirements. Accordingly the outstanding amount was added to equity investment, in accordance with the requirements of accounting standards, at its then fair value. During the year, FFL has issued shares against the markup accrued (refer to note 15.3.3).

15.4 The Company holds 300,000 ordinary shares of Rs. 10 each representing equity interest of 3.87% in Arabian Sea Country Club Limited. The breakup value based on audited accounts for the year ended June 30, 2018 was negative Rs. 10.67 per ordinary share. This investment is fully impaired.

		Note	2023	2022
			(Rupees '000)	
16	**STORES AND SPARES**			
	Stores		**782,810**	521,317
	Spares		**1,948,185**	1,907,664
	Provision for obsolescence	**16.1**	**(289,368)**	(289,368)
			2,441,627	2,139,613
16.1	The movement in provision is as follows:			
	Opening balance		**289,368**	264,017
	Provision recognised during the year	**27**	**-**	25,351
			289,368	289,368
17	**STOCK IN TRADE**			
	Packing materials		**312,252**	160,230
	Raw materials		**3,660,289**	6,524,157
	Raw materials in transit		**9,233,677**	-
	Work in process		**426,396**	140,442
	Finished goods	**17.1**	**153,980**	32,411,182
			13,786,594	39,236,011

17.1 As at December 31, 2023, finished goods stock amounting to Rs. 67 million (2022: Rs. 31,877 million) are held with Fauji Fertilizer Company Limited.

		Note	2023	2022
			(Rupees '000)	
18	**TRADE DEBTS**			
	Secured - considered good		**378,685**	11,828,171
19	**ADVANCES**			
	Advances to:			
	Executives, secured, considered good		**23,217**	16,750
	Other employees, secured, considered good		**102,148**	105,834
		19.1 & 19.2	**125,365**	122,584
	Advances to suppliers and contractors			
	Considered good		**815,976**	308,592
			941,341	431,176

			2023	2022
			(Rupees '000)	
19.1	**Movement of carrying amount of advances to executives and other employees**			
	Balance at beginning of the year		**122,584**	94,289
	Disbursements		**152,844**	154,168
	Repayments		**(150,063)**	(125,873)
			125,365	122,584

19.2 These represent interest free advances given to employees, including executives, of the Company, in accordance with the Company's policy. These are repayable within one year. Maximum amount outstanding with key management personnel were Rs. 1.6 million (2022: Rs. 3 million), at any time during the year.

		Note	2023	2022
			(Rupees '000)	
20	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Security deposits		**7,994**	7,694
	Prepayments		**242,466**	173,751
			250,460	181,445
21	**INTEREST ACCRUED**			
	Subordinated loan to FFL (including guarantee fee)	**15.3.4**	**32,712**	30,000
	Subordinated loan to FML			
	Balance at beginning of the year		**-**	436,086
	Mark-up accrued during the period		**-**	179,248
	Mark-up received		**-**	(9,130)
	Guarantee fee received		**-**	(25,110)
	Transfer to equity	**15.3.1**	**-**	(581,094)
			-	-
	Term deposits and deposits with financial institutions		**-**	13,069
			32,712	43,069
22	**OTHER RECEIVABLES**			
	Due from Fauji Fertilizer Company Limited - unsecured, considered good	**22.1**	**4,486,638**	1,357,490
	Subsidy on DAP and Urea receivable from the GoP	**22.2**	**3,160,992**	3,160,992
	Receivable from PMP	**22.3**	**1,366**	11,170
	Receivable from FPCL	**22.4**	**148,760**	137,402
	Receivable from FML	**22.5**	**24,184**	17,344
	Receivable from FFL	**22.6**	**15,454**	-
	Letter of credit margin		**3,740,033**	78,463
	Others - considered good		**27,412**	18,188
			11,604,839	4,781,049
	Less: Expected credit loss against doubtful other receivables	**22.7**	**-**	(1,350,952)
	Less: Provision against doubtful other receivables	**22.8**	**(3,160,992)**	-
			8,443,847	3,430,097

22.1 This interest free balance represents amounts recovered by Fauji Fertilizer Company Limited, a related party, from customers on sale of the Company's products under an inter-company services agreement (refer to note 26.4 and 28.1). The collection is transferred on a weekly basis. Maximum amount outstanding during the year was Rs. 18,487 million (2022: Rs. 8,751 million). It is neither past due nor impaired.

22.2 This includes a subsidy @ PKR 100 per 50 kg bag, on sale of Urea fertilizer, pursuant to notification No.15 (4) CFC / 2015 dated August 07, 2017, issued the Ministry of Finance, Government of Pakistan . Subsidy scheme has been discontinued w.e.f. 30 June 2018. This also includes a subsidy @ PKR 300 per 50 kg bag, on sale of Di-Ammonium Phosphate (DAP) fertilizer, and a subsidy @ PKR 156 per 50 kg bag of Urea fertilizer, pursuant to notification F. No. 1-11/2012/DFSC-II/Fertilizer dated June 25, 2016, issued by the Ministry of National Food Security and Research, Government of Pakistan.

22.3 Maximum amount outstanding during the year was Rs. 15 million (2022: Rs. 2,522 million). It is neither past due nor impaired.

22.4 This represents receivable from FPCL, a subsidiary of the Company against the material / services provided and use of common facility, during the year. The related invoice is issued on a monthly basis with a credit period of 30 days. Maximum amount outstanding during the year was Rs. 1,322 million (2022: Rs. 1,390 million). It is neither past due nor impaired.

22.5 This represents receivable from FML, a related party of the Company against a charge under inter company agreement for use of common facility, during the year. The related invoice is issued on a monthly basis with a credit period of 30 days. Maximum amount outstanding during the year was Rs. 35 million (2022: Rs. 89 million). It is neither past due nor impaired.

22.6 Maximum amount outstanding during the year was Rs. 17.1 million (2022: Rs. 6.5 million). It is neither past due nor impaired.

22.7 Movement in provision during the year is as follows:

	Note	2023 Receivable from GoP (Rupees '000)
Balance at beginning of the year		**1,350,952**
Transferred to provision against doubtful other receivables	33	**(1,350,952)**
		-

	Note	2022 Receivable from FML	2022 Receivable from GoP	2022 Total
		(Rupees '000)		
Balance at beginning of the year		68,178	1,210,952	1,279,130
Expected credit loss for the year	33	-	140,000	140,000
Expected credit loss reversal on receipt		(68,178)	-	(68,178)
		-	1,350,952	1,350,952

22.8 Movement in provision during the year is as follows:

	Note	2023	2022
		(Rupees '000)	
Balance at beginning of the year		**-**	-
Provision for the year		**1,810,040**	-
Transferred from expected credit loss against doubtful other receivables		**1,350,952**	-
		3,160,992	-

23 SALES TAX REFUNDABLE - NET

	Note	2023	2022
Sales tax refundable		**15,453,134**	17,921,320
Allowance for input tax	**23.1**	**(4,673,087)**	(1,107,276)
		10,780,047	16,814,044

23.1 Movement in provision during the year is as follows:

	2023	2022
Balance at beginning of the year	**(1,107,276)**	(1,107,276)
Allowance during the year	**(3,565,811)**	-
	(4,673,087)	(1,107,276)

24 SHORT TERM INVESTMENTS

	Note	2023	2022
Investments at fair value through profit or loss			
Mutual funds	**24.1**	**33,685,524**	13,764,259

24.1 Mutual funds

Nature of fund	2023 No. of units	2023 Cost	2023 Fair value
		(Rupees '000)	
Cash fund	**317**	**33**	**35**
Islamic fund	**472,986,065**	**20,533,506**	**20,693,319**
Money market funds	**315,506,787**	**11,800,453**	**12,992,170**
		32,333,992	**33,685,524**

Nature of fund	2022 No. of units	2022 Cost	2022 Fair value
		(Rupees '000)	
Cash fund	85,746,302	4,300,167	4,304,990
Islamic fund	80,028,288	4,001,414	4,001,414
Money market funds	70,885,670	5,449,686	5,457,855
		13,751,267	13,764,259

		Note	2023	2022
			(Rupees '000)	
25	**CASH AND BANK BALANCES**			
	Deposit accounts			
	in local currency	**25.1**	**39,828,103**	22,568,957
	in foreign currency		**5,588**	4,462
		25.2	**39,833,691**	22,573,419
	Current accounts		**129,362**	130,798
	Cash in hand		**961**	980
			39,964,014	22,705,197

25.1 This includes Rs. 6,758 million (2022: Rs. 4,146 million) held under lien by the commercial banks against various facilities and Rs. Nil (2022: Rs. 3,102 million) representing instruments drawn on bank.

25.2 These deposit accounts carry interest at rates ranging from 5.50% to 22% (2022: 5.50% to 16.25%) per annum.

		Note	2023	2022
			(Rupees '000)	
25.3	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents included in the statement of cash flows comprise of the following:			
	Cash and bank balances	**25**	**39,964,014**	22,705,197
	Short-term running finance	**11**	**(12,685,291)**	(21,713,376)
			27,278,723	991,821
26	**SALES - net**			
	Urea		**20,864,734**	21,395,276
	DAP		**184,725,742**	139,289,189
	Total revenue from contracts with customers	**26.1**	**205,590,476**	160,684,465
	Less:			
	Sales tax	**26.2**	**6,185,935**	1,434,832
	Federal Excise Duty	**26.2**	**6,316,263**	-
	Commission to Fauji Fertilizer Company Limited	**26.3**	**24,369**	23,670
			12,526,567	1,458,502
		26.4	**193,063,909**	159,225,963

26.1 Revenue from sale of fertilizer is recognised at a point in time, when the control of the asset is transferred to the customer via FFC, a related party, generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer. For detail refer note 3.11.

26.2 With effect from July 01, 2023, sales tax at the rate of 5% has been imposed on the Company's supply of DAP and Federal Excise Duty at the rate of 5% ad valerom has been imposed on the Company's supply of fertilizer.

26.3 Commission is paid at the rate of Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on an inter-company services agreement.

		2023	2022
		(Rupees '000)	
26.4	**Disaggregated revenue information**		
	Type of goods or service		
	Urea	**20,356,425**	21,199,011
	DAP	**172,707,484**	138,026,952
	Total revenue from contracts with customers	**193,063,909**	159,225,963
26.5	**Contract Balances**		
	Trade debts	**378,685**	11,828,171
	Advance from customers	**25,257,715**	769,261

Owing to market conditions, credit sales decreased towards the end of the year, whereas advances from customers increased from Rs. 0.76 million to Rs. 25,257 million as a result of increased demand. The transaction price allocated to unsatisfied performance obligations as at December 31, 2023 are expected to be recognised as revenue within 1 year.

		Note	2023	2022
			(Rupees '000)	
	Set out below is the amount of revenue recognised from:			
	Amounts included in contract liabilities at the beginning of the year		**769,261**	5,764,548
	Performance obligations satisfied in previous years		**-**	-
27	**COST OF SALES**			
	Raw materials consumed		**97,566,331**	137,030,685
	Packing materials consumed		**1,447,115**	1,368,982
	Fuel and power	**27.1**	**21,696,844**	21,961,341
	Chemicals and supplies consumed		**369,194**	256,354
	Salaries, wages and benefits	**27.2**	**2,495,602**	2,248,487
	Rent, rates and taxes		**89,123**	90,572
	Insurance		**406,184**	233,947
	Travel and conveyance		**303,647**	224,044
	Provision for obsolete stores and spares	**16.1**	**-**	25,351
	Repairs and maintenance		**2,006,046**	1,339,549
	Communication, establishment and other expenses		**554,575**	337,120
	Cost Recharge - FF		**174,027**	74,325
	Depreciation	**13.2**	**874,380**	834,495
	Opening stock - work-in-process		**140,442**	42,120
	Closing stock - work-in-process		**(426,396)**	(140,442)
	Cost of goods manufactured	**27.3**	**127,697,114**	165,926,930
	Opening stock - finished goods		**32,411,182**	125,185
	Closing stock - finished goods		**(153,980)**	(32,411,182)
	Cost of sales		**159,954,316**	133,640,933

27.1 This includes cost recognised for use of power and steam, generated by FPCL, a subsidiary company, amounting to Rs. 7,892 million and Rs. 10,950 million (2022: Rs. 10,087 million and Rs. 10,630 million), respectively, including additional charge of Rs. 1,080 million in respect of allowed outages (2022: Rs. 386 million in respect of change in rate applicable for purchase of power in prior years), pursuant to provision of Power Purchase Agreement.

27.2 This includes a charge on account of employees' retirement benefits in respect of the gratuity, provident funds, and for compensated absences, amounting to Rs. 45 million, Rs. 58 million and Rs. 53 million, respectively. (2022: Rs. 58 million, Rs. 50 million and Rs. 23 million, respectively).

27.3 This includes input sales tax, as the Company's supply of fertilizer is exempt from sales tax, excluding supply of DAP from July 01, 2023; wherein sales tax was imposed at reduced rate of 5%.

		Note	2023	2022
			(Rupees '000)	
28	**SELLING AND DISTRIBUTION EXPENSES**			
	Product transportation		**8,227,705**	5,660,678
	Salaries, wages and benefits		**32,721**	28,973
	Travel and conveyance		**278**	295
	Others		**429**	275
			8,261,133	5,690,221
	Expenses allocated by Fauji Fertilizer Company Limited	**28.1**	**1,811,541**	1,430,532
			10,072,674	7,120,753

28.1 This represents common expenses allocated by Fauji Fertilizer Company Limited on account of marketing of the Company's products based on an inter company services agreement.

		Note	2023	2022
			(Rupees '000)	
29	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	**29.1**	**695,243**	606,816
	Travel and conveyance		**42,583**	34,164
	Utilities		**50,355**	33,550
	Printing and stationery		**7,440**	7,646
	Repairs and maintenance		**124,177**	138,480
	Communication, advertisement and other expenses		**24,121**	28,966
	Rent, rates and taxes		**13,968**	9,410
	Legal and professional		**24,001**	34,549
	Depreciation	**13.2**	**112,551**	147,535
	Miscellaneous		**41,215**	27,440
			1,135,654	1,068,556

29.1 This includes charges on account of employees' retirement benefits in respect of the gratuity and provident funds, and for compensated absences, amounting to Rs. 16 million, Rs. 17 million and Rs. 12 million (2022: Rs. 12 million, Rs. 18 million and Rs. 0.7 million), respectively.

Notes to the Financial Statements

For the year ended December 31, 2023

		Note	2023 (Rupees '000)	2022 (Rupees '000)
30	**FINANCE COSTS**			
	Mark-up on short-term borrowings		**2,966,489**	1,529,182
	Mark-up on demand finance		**716,619**	372,897
	Mark-up on long-term finance		**4,501,770**	2,785,398
	Guarantee fee		**12,008**	44,412
	Interest on WPPF	**9.3**	**2,677**	1,251
	Other financial charges		**567,791**	377,013
	Bank charges		**60,167**	33,815
			8,827,521	5,143,968
31	**OTHER EXPENSES**			
	Workers' (Profit) Participation Fund	**9.3**	**766,516**	458,866
	Workers' Welfare Fund		**418,487**	213,199
	Provision against doubtful other receivables		**1,810,040**	-
	Donations	**31.1**	**346,699**	226,694
	Exchange loss		**4,517,330**	6,873,809
	Auditor's remuneration			
	Fees - annual audit		**2,600**	1,920
	Fees - half yearly review		**570**	360
	Fees - review of Statement of Compliance with CCG		**230**	165
	Fees - reasonable assurance on Free float		**200**	115
	Other certification and services		**1,958**	846
	Out of pocket expenses		**500**	300
			6,058	3,706
			7,865,130	7,776,274

31.1 During the year, the Company has not paid donations to any organization, in which any director or his spouse has any interest. Some of the donations are paid through Fauji Foundation as part of group corporate social responsibility policy for welfare activities.

Donation to following parties / organisations exceeded 10% of total donation expense or Rs. 1 million:

	2023 (Rupees '000)	2022 (Rupees '000)
Al-Shifa Trust Eye Hospital	**1,000**	-
Fauji Foundation	**341,940**	226,150

		Note	2023	2022
			(Rupees '000)	
32	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank balances and term deposits		**4,269,760**	1,866,446
	Cash dividend on mutual funds		**1,487,674**	647,425
	Fair value gain / (loss) on mutual fund investments		**102,452**	(16,958)
	Mark-up on sub-ordinated loans and guarantee fee		**2,712**	219,358
			5,862,598	2,716,271
	Income from assets other than financial assets			
	Scrap sales and miscellaneous receipts		**569,199**	378,678
	Income from subsidiaries	32.1	**476,806**	707,241
	Dividends income		**2,250,000**	2,511,075
	Gain on disposal of investment in subsidiary	15.3.1	**268,040**	-
	Gain on sale of property, plant and equipment	32.2	**8,238**	28,655
			3,572,283	3,625,649
			9,434,881	6,341,920

32.1 This represent amounts charged to subsidiary companies against the use of common facilities under respective inter-company agreements.

32.2 This includes the gain on sale of fixed assets to FPCL, related party, amounting to Rs. Nil (2022: Rs. 0.3 million). The net book value of the fixed assets was Rs. Nil (2022: Rs. Nil).

		Note	2023	2022
			(Rupees '000)	
33	**ALLOWANCE FOR EXPECTED CREDIT LOSSES**			
	Provision for other receivable		**-**	140,000
	Provision for receivables from FML			
	Interest accrued	21	**-**	170,118
	Common services	22	**-**	(68,178)
			-	101,940
			-	241,940
34	**TAXATION**			
	Current tax			
	For the year		**9,019,981**	4,149,552
	Prior years		**(124,998)**	2,289,402
			8,894,983	6,438,954
	Deferred tax			
	For the year		**36,177**	(261,627)
	Prior years		**811,215**	-
			847,392	(261,627)
			9,742,375	6,177,327

		2023	2022
		(Rupees '000)	
34.1	**Reconciliation of tax charge for the year:**		
	Profit before tax	**14,145,312**	8,505,261
	Tax on profit at 39% (2022: 33%)	**5,516,672**	2,806,736
	Tax effect of lower rate on certain income / expenses	**(537,618)**	(465,517)
	Tax effect of permanent differences	**3,777,014**	1,388,044
	Super tax at 6% (2022: 4%)	**839,104**	2,289,402
	Effect of change in effective rate due to super tax	**161,577**	158,662
	Others	**(14,374)**	-
		9,742,375	6,177,327
	Effective rate	**69%**	73%
35	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after taxation (Rupees '000)	**4,402,937**	2,327,934
	Weighted average number of ordinary shares in issue during the year (thousands)	**1,291,253**	1,291,253
	Earnings share - basic and diluted (Rupees)	**3.41**	1.80

There is no dilutive effect on the basic earnings per share of the Company for year 2023.

		Note	2023	2022
			(Rupees '000)	
36	**CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES**			
	Profit before taxation		**14,145,312**	8,505,261
	Adjustments for:			
	Provision for gratuity		**60,583**	70,201
	Exchange loss		**4,517,330**	6,873,809
	Provision for compensated absences		**64,641**	23,628
	Provision for Workers' Profit Participation Fund	**9.3**	**766,516**	458,866
	Provision for Workers' Welfare Fund		**418,487**	213,199
	Depreciation	**13.2**	**986,931**	982,030
	Provision for obsolete stores and spares	**16.1**	**-**	25,351
	Impairment charge on equity investment		**-**	1,179,000
	Unwinding cost on GIDC payable		**498,183**	891,198
	Provision for other receivables		**1,810,040**	-
	Allowance for expected credit loss on other receivables		**-**	140,000
	Provision for interest accrued on long term loan		**-**	170,118
	Finance cost		**8,827,521**	5,143,968
	Mark-up on sub-ordinated loans and guarantee fee		**(2,712)**	(219,358)
	Dividend income		**(2,250,000)**	(2,511,075)
	Allowance for input tax		**3,565,811**	-
	Gain on disposal of investment		**(268,040)**	-
	Profit on bank balances and term deposits		**(4,269,760)**	(1,866,446)
	Fair value loss / (gain) on mutual fund investments		**(102,452)**	16,958
	Cash dividend on mutual funds		**(1,487,674)**	(647,425)
	Gain on sale of property, plant and equipment		**(8,238)**	(28,655)
			27,272,479	19,420,628
	Working capital changes:			
	Decrease / (increase) in current assets			
	Stores and spares		**(302,014)**	(149,345)
	Stock in trade		**25,449,417**	(30,847,811)
	Trade debts		**11,449,486**	(11,733,933)
	Advances		**(510,165)**	145,889
	Trade deposits and short term prepayments		**(69,015)**	(56,836)
	Other receivables		**(6,823,790)**	1,043,138
	Sales tax refundable		**2,468,186**	(4,326,400)
	Increase / (decrease) in current liabilities			
	Trade and other payables		**(20,118,037)**	7,973,476
	Advances from customers		**24,488,454**	(4,995,287)
			36,032,522	(42,947,109)
			63,305,001	(23,526,481)

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including benefits applicable to the Chief Executive and executives of the Company, are given below:

	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	**41,972**	**891,785**	36,810	828,961
Bonus paid	**10,951**	**359,572**	-	452,341
Contributory provident fund	**2,553**	**43,482**	2,220	35,748
Others	**-**	**247,395**	-	183,014
	55,476	**1,542,234**	39,030	1,500,064
No. of person (s)	**1**	**175**	1	155

The above are provided with medical facilities as well. The Chief Executive and certain executives are also provided with the Company's maintained vehicles and household equipment and other benefits in accordance with the Company's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment, while the contribution for executives in respect of gratuity is on the basis of an actuarial valuation. Leave encashment was paid to executives amounting to Rs. 17 million (2022: Rs. 21 million) on separation in accordance with the Company's policy.

Directors of the Company were paid meeting fees aggregating to Rs. 20 million (2022: Rs. 23 million). No other remuneration was paid to directors of the Company (2022: Nil). The number of directors of the Company was 9 (2022: 9).

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

38.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, deposits, advances, interest accrued, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	(Rupees '000)	
Trade debts	**378,685**	11,828,171
Deposits	**86,637**	86,337
Advances	**125,365**	122,584
Interest accrued	**32,712**	479,155
Other receivables	**8,443,847**	4,781,049
Bank balances	**39,963,053**	22,704,217
	49,030,299	40,001,513

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with dealers within the country.

The Company has significant amount receivable from Fauji Fertilizer Company Limited which amounts to Rs. 4,486 million (2022: Rs. 1,357 million) and which is included in total carrying amount of other receivables as at reporting date. At the reporting date this receivable is neither overdue nor impaired. The remaining amount includes Rs. 190 million (2022: Rs. 166 million) receivable from various related parties (refer to note 22), mainly in respect of transactions in the normal course of business.

Trade debts are secured against letter of guarantee. The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts and advances to employees.

The Company limits its exposure to credit risk by investing only in liquid securities and placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Company only has placed funds in the banks with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

38.2 Credit quality of financial assets

The credit quality of company's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	Rating	2023	2022
		(Rupees '000)	
Trade Debts			
Counterparties without external credit ratings			
Existing customers with no default in the past	**unrated**	**378,685**	11,828,171
Deposits			
Counterparties without external credit ratings			
Others	**unrated**	**86,637**	86,337
Advances			
Counterparties without external credit ratings			
Others	**unrated**	**125,365**	122,584
Interest accrued			
Counterparties with external credit ratings	**AA+**	**-**	13,069
Counterparties without external credit ratings			
Others	**unrated**	**32,712**	1,186,626
Other receivables			
Counterparties with external credit ratings			
Receivable from related party	**AA+**	**4,486,638**	1,357,490
Counterparties without external credit ratings			
Receivable from Government of Pakistan	**unrated**	**3,160,992**	3,160,992
Receivable from others including related parties	**unrated**	**3,957,209**	262,567
Bank balances			
Counterparties with external credit ratings	**AAA**	**8,608,307**	1,048,620
	AA+	**14,656,130**	11,096,955
	AA	**4,023,264**	1,001,219
	AA-	**8,331,478**	2,843,742
	A+	**2,166,171**	4,361,143
	A	**1,826,156**	291,127
	A-	**352,508**	2,062,391
		39,964,014	22,705,197

Impairment losses

As at the reporting date trade debts of Rs. 65 million (2022: Rs 129 million) were overdue up to 30 days. An impairment analysis is performed at each reporting date using a probability of default method to measure expected credit losses (ECL). The probability of default (PD) rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability - weighted outcome, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions. Whereas, the loss given default is based upon external credit rating of banks who have issued the letter of guarantees to the customers. Accordingly, the Company assess that any ECL on trade debts will be minimal. This is supported by absence of any loss in prior periods and management is confident that this loss rate will be minimally affected by current conditions and, reasonable and supportable forecasts. Therefore, the Company has not recorded any ECL on trade debts.

As per historical pattern, the amount due from Fauji Fertilizer Company Limited is settled within a week. Accordingly, there is no significant risk of ECL in respect of this balance. Similarly, amounts from other related parties are settled in normal course of business and there is no significant risk of ECL.

Being low risk instruments, the Company has assessed an allowance on its balances with banks based on 12 months ECL. Based upon above mentioned high credit ratings, ECL rate on bank balances and short term investments round to zero.

In the previous years, the Company has recorded an impairment loss of Rs. 3,000 thousand in respect of its long term investment as explained in note 15.4.

38.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 11 to the financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2023	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months (Rupees '000)	One to two years	Two to five years	Five years onwards
Long-term loans including mark-up	**18,868,266**	**25,987,684**	**4,520,001**	**4,095,189**	**8,562,071**	**8,810,423**	**-**
Trade and other payables	**53,989,347**	**54,086,982**	**53,156,405**	**930,577**	**-**	**-**	**-**
Short-term borrowings including mark-up	**13,489,319**	**13,489,319**	**13,489,319**	**-**	**-**	**-**	**-**
	86,346,932	**93,563,985**	**71,165,725**	**5,025,766**	**8,562,071**	**8,810,423**	**-**

2022	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months (Rupees '000)	One to two years	Two to five years	Five years onwards
Long-term loans including mark-up	24,120,700	27,020,584	2,449,610	2,713,611	7,630,015	14,227,348	-
Trade and other payables	69,092,791	71,067,348	60,774,301	2,718,164	7,574,883	-	-
Short term borrowings including mark-up	29,068,857	29,068,857	29,068,857	-	-	-	-
	122,282,348	127,156,789	92,292,768	5,431,775	15,204,898	14,227,348	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The contractual cash flow relating to long-term borrowings and short-term borrowings have been determined on the basis of expected mark up rates. The mark-up rates as at reporting date have been disclosed in note 6 and note 10 to these financial statements respectively.

38.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to currency and interest rate risk only.

38.4.1 Currency risk

Exposure to Currency Risk

The Company is exposed to currency risk on certain liabilities and bank balance which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2023		2022	
	Rupees '000	US Dollar '000	Rupees '000	US Dollar '000
Bank balances	**5,588**	**20**	4,462	20
Creditors	**(14,136,537)**	**(50,059)**	(29,292,878)	(129,100)
Net exposure	**(14,130,949)**	**(50,039)**	(29,288,416)	(129,080)

The following significant exchange rate applied during the year:

	Average rates		Reporting date rate (Bid-Offer average)	
	2023	2022	2023	2022
US Dollars	**280.53**	205.66	**282.40**	226.90

Sensitivity analysis

A 15% strengthening of the functional currency against USD at 31 December would have increased profit and loss by Rs. 2,120 million (2022: Rs. 4,328 million). A 15% weakening of the functional currency against USD at 31 December would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

38.4.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and short term deposits with banks. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

	2023	2022
	(Rupees '000)	
Fixed rate instruments		
Financial liabilities	**22,936,209**	28,238,026
Variable rate instruments		
Financial assets	**39,833,691**	22,573,419
Financial liabilities	**31,143,625**	45,446,710

Fair value sensitivity analysis for fixed rate instruments

The Company is not exposed to interest rate risk on its fixed rate instruments as all of these are of a short term nature.

Cash flow sensitivity analysis for variable rate instruments

A change of 400 basis points in interest rates would have increased / (decreased) profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	400 basis points increase	400 basis points decrease
	(Rupees '000)	
December 31, 2023		
Cash flow sensitivity-variable rate instruments	**347,603**	**(347,603)**
December 31, 2022		
Cash flow sensitivity-variable rate instruments	(914,932)	914,932

Market price risk

For investments at fair value through profit or loss, a 1% increase / decrease in market price at reporting date would have increased / decreased profit for the year by Rs. 337 million (2022: Rs. 138 million).

38.5 Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		2023		2022	
		Carrying amount	Fair value	Carrying amount	Fair value
	Note	(Rupees '000)			
Assets carried at amortized cost					
Trade debts	18	**378,685**	**378,685**	11,828,171	11,828,171
Deposits		**86,637**	**86,637**	86,337	86,337
Advances		**125,365**	**125,365**	122,584	122,584
Interest accrued - net of provision		**32,712**	**32,712**	479,155	479,155
Other receivables - net of provision	22	**8,443,847**	**8,443,847**	3,430,097	3,430,097
Cash and bank balances	25	**39,964,014**	**39,964,014**	22,705,197	22,705,197
		49,031,260	**49,031,260**	38,651,541	38,651,541
Assets carried at fair value					
Short-term investments - Investments at fair value through profit or loss	24	**33,685,524**	**33,685,524**	13,764,259	13,764,259

	Note	2023 Carrying amount	2023 Fair value	2022 Carrying amount	2022 Fair value
		(Rupees '000)			
Liabilities carried at amortized cost					
Long term loans including accrued interest	**7 & 10**	**18,868,266**	**18,868,266**	24,120,700	24,120,700
Trade and other payables	**8 & 9**	**53,989,347**	**53,828,107**	69,092,791	68,595,788
Short-term borrowings including accrued interest	**10 & 11**	**13,489,319**	**13,489,319**	29,068,857	29,068,857
		86,346,932	**86,185,692**	122,282,348	121,785,345

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments excluding payable against GIDC, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in the market rate and rate of the instruments and most of the fixed rate instruments, excluding payable against GIDC, are short term in nature, therefore fair value significantly approximates to carrying value (refer to note 8.3 for discussion of fair value of payable against GIDC) as of reporting date.

The carrying value of financial assets and liabilities reflected in financial statements approximate their respective fair values, excluding payable against GIDC.

Fair value hierarchy

The table below analyses financial instruments carried at fair value and assets for which fair value are disclosed by level of fair value hierarchy for the year ended December 31, 2023. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes has occurred.

	Level 1	Level 2	Level 3
		(Rupees '000)	
December 31, 2023			
Assets carried at fair value			
Short term investments - investment in mutual funds	**33,685,524**	**-**	**-**
December 31, 2022			
Assets carried at fair value			
Short term investments - investment in mutual funds	13,764,259	-	-

38.6 Fair value estimation

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Investment in fair value through profit or loss - Mutual funds

The fair value, which is determined for disclosure purposes, is calculated by an external valuer and are classified as level 3 in fair value hierarchy.

The investment in quoted funds are determined by reference to bid price offered by the respective asset management company at the reporting date at level 1 in fair value hierarchy.

Investment in subsidiaries and associates

The fair value of investment in quoted securities are determined by reference to their quoted closing bid price at the reporting date and accordingly are at level 1 in fair value hierarchy.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value of investment property.

The fair value, which is determined for disclosure purposes, are classified as level 3 in fair value hierarchy.

38.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The total debt to total capital ratio as at December 31, 2023 based on total debt of Rs. 31,844 million and total equity of Rs. 26,598 million was 54:46 (2022: 70:30).

The Company finances its operations through equity, borrowings and management of working capital with view of maintaining an appropriate mix between various source of finance to minimize risk.

39 RELATED PARTY TRANSACTIONS

The Company has related parties which comprise of subsidiaries, a joint venture, entities under common directorship, directors, key management personnel, shareholders and employees' funds. Fauji Fertilizer Company Limited (FFCL) has a 49.88% share holding in the Company (2022: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2022: 18.29%) in the Company. Transactions with related parties and the balances outstanding, other than those which have been disclosed elsewhere in these financial statements are given below. The carrying values of the investment in related parties are disclosed in note 15, respectively, to the financial statements.

	2023	2022
	(Rupees '000)	
Transactions with Fauji Foundation		
Donations	**341,940**	226,150
Services received	**179,650**	80,575
Services provided	**-**	896
Payment against services	**111,058**	65,845
Receipt against sale of investment in FML	**4,300,000**	-
Balance payable at year end	**356,428**	37,836

Notes to the Financial Statements

For the year ended December 31, 2023

	2023	2022
	(Rupees '000)	
Transactions with the subsidiary companies		
FFBL Power Company Limited		
Material / services provided	**860,828**	1,360,497
Material / services received	**19,025,865**	23,597,630
Balance payable at year end	**2,462,406**	8,144,559
Balance receivable at year end	**145,400**	137,402
Receipt against material / services	**852,830**	908,883
Receipt against reimbursable expenses	**-**	427,069
Payment against material / services	**24,708,018**	16,983,631
Late payment surcharge during the year	**474,321**	185,626
Dividend received	**2,250,000**	-
Fauji Foods Limited		
Material / services provided	**25,172**	11,037
Material / services received	**-**	8
Balance receivable at year end	**15,454**	-
Receipt against material / services	**9,718**	11,029
Receipt against guarantee fee	**-**	26,790
Share deposit money converted into ordinary share capital	**708,750**	-
Guarantee fee	**2,712**	15,000
Guarantee fee and mark-up receivable	**32,712**	738,750
Transactions with associated undertakings due to common directorship		
Fauji Fertilizer Company Limited		
Services and material acquired	**1,811,540**	1,430,533
Services and material provided	**765**	-
Receipts under consignment and current account	**236,814,837**	143,287,908
Commission charged to the Company	**24,369**	23,670
Balance receivable at year end	**4,486,638**	1,357,490
Fauji Meat Limited (Subsidiary in 2022)		
Material / services provided	**42,236**	38,974
Receipt against common facilities	**35,396**	89,809
Balance receivable at year end	**24,184**	17,344
Mark-up on sub-ordinated loan	**-**	179,248
Receipt against guarantee fee and markup	**-**	34,240
Conversion into equity investment	**-**	4,031,960
Askari Bank Limited		
Balances at bank	**3,325,649**	3,397,809
Profit on bank balances	**2,606,949**	812,326
Long-term loans	**-**	83,333
Mark-up on long-term loans	**-**	14,486
Mark-up payable on long-term loans at the year end	**-**	3,572

	2023	2022
	(Rupees '000)	
Transactions with joint venture		
Pakistan Maroc Phosphore S.A., Morocco		
Purchase of raw materials	**77,067,787**	142,489,996
Expenses incurred on behalf of joint venture	**5,406**	7,927
Dividend received	**-**	2,511,075
Late payment surcharge during the year	**93,470**	191,387
Balance payable at the year end - secured	**14,188,385**	29,292,878
Balance receivable at the year end - unsecured	**3,337**	13,141
Other related parties		
Contribution to provident fund	**75,287**	67,994
Payment to gratuity fund	**304,231**	-
Payment to Workers' (Profit) Participation Fund	**861,543**	431,344
Balance payable - unsecured (WPPF)	**66,516**	158,866
Payable to gratuity fund	**94,566**	304,231
Meeting fee	**20,200**	22,800
Remuneration of key management personnel		
Short term benefits	**247,001**	213,822
Post employment benefit	**41,361**	20,537

In addition to the above:

- the Company has provided sponsor support, to lenders of project financing arranged by FPCL, to fund any shortfall, to the extent FPCL is unable to fulfill its financial obligations:

(i) up to Rs. 29,150 million (2022: Rs. 29,150 million) and all cost over runs, till technical completion date; and

(ii) up to Rs. 8,000 million after project completion date.

- the Company had issued standby letter of credit amounting to Rs. Nil (2022: Rs. 1,000 million) in favour of the FFL under the Master Facility Agreement.

- the Company had also provided a revolving guarantee amounting to Rs. Nil (2022: Rs. 6,067 million) in favour of the FFL under the Master Facility Agreement.

39.1 Detail of related parties

Name of related party	Basis of relationship	Percentage holding
Fauji Foundation (FF)	Common Directorship	-
Fauji Fertilizer Company Limited (FFCL)	Common Directorship	-
Pakistan Maroc Phosphore (PMP)	Joint Venture / Common Directorship	25.00%
Fauji Foods Limited (FFL)	Subsidiary / Common Directorship	47.84%
FFBL Power Company Limited (FPCL)	Subsidiary / Common Directorship	75.00%
Askari Bank Limited (AKBL)	Associate Company / Common Directorship	21.57%
Fauji Meat Limited (FML)	Associate Company / Common Directorship	-
FFBL Gratuity Fund	Employee benefit fund	-
FFBL Provident Fund	Employee benefit fund	-
FFBL Workers' (Profit) Participation Fund	Employee benefit fund	-

		2023	2022
40	**GENERAL**		
		(Tonnes)	
40.1	**Production capacity**		
	Design capacity		
	Urea	**551,100**	551,100
	DAP	**650,000**	650,000
	Actual production		
	Urea	**336,107**	523,581
	DAP	**660,004**	847,843

The actual production of Urea was below the design capacity of the plant; mainly owing to focus on DAP and low gas pressure.

		2023	2022
		(Numbers)	
40.2	**Number of persons employed**		
	Employees at year end	**820**	809
	Average employees during the year	**822**	839

40.3 Employees Provident Fund

Investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

40.4 Figures have been rounded off to the nearest thousand rupees.

Corresponding figures have been re-arranged / re-classified, wherever necessary, for the purpose of comparison. Significant reclassification consists of :

- From property plant and equipment to stores and spares of Rs. 221 million*.

- From administrative expenses to cost of sales of Rs. 284 million.

* The impact of above reclassification on the comparative amounts in the statement of profit or loss is not significant; accordingly, the related amounts have not been restated. The impact of reclassification on financial position as of January 01, 2022 is not significant.

40.5 The Board of Directors in their meeting held on January 25, 2024 have authorized the financial statements for issue and proposed a final dividend of Re. 1 per ordinary share.

Chairman	Chief Executive	Director	Chief Financial Officer

Consolidated Financial Statements 05

Independent Auditor's Report

To the members of Fauji Fertilizer Bin Qasim Limited (the Holding Company)

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

Independent Auditor's Report

Following are the key audit matters:

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">1. Revenue recognition</td></tr>
<tr><td>The Group is engaged in production and sale of fertilizers, i.e., Urea and Di-Ammonium Phosphate, food items and power.

Revenue from sale of fertilizers is recognized at a point in time, when the control of the asset is transferred to the customer via Fauji Fertilizer Company Limited (FFC, a related party), generally on the dispatch of the goods to the customer except for direct sales wherein the control is transferred upon delivery to customer. The Group recognized revenue amounting to Rs. 221.6 billion (2022: Rs. 183.1 billion) from sale of fertilizers, food items and power, during the year.

We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Group and because of potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.

Refer to notes 3.17 and 29 of these accompanying consolidated financial statements.</td><td>The following procedures were performed:

• Obtained an understanding of and assessed the design, implementation and operating effectiveness of controls around revenue recognition;

• Assessed the appropriateness of the Group's accounting policies for revenue recognition and compliance with the applicable accounting standards;

• Checked, on a sample basis, whether sales are recorded when control is transferred to the customer through inspection of underlying documentation including dispatch notes, delivery documents and sales invoices;

• Verified that sales prices are approved by the appropriate authority;

• Performed detailed analytical procedures to analyze the correlation of price and quantity variance along-with market trends;

• Checked, on a sample basis, that credit sales were secured against bank guarantees as per the Holding Company's policy;

• Performed cut-off procedures on sample basis to ensure revenue has been recognized in the correct period; and

• Assessed the adequacy of disclosures made in these consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
2. Disposal of equity investment in Fauji Meat Limited (FML)	
During the year, pursuant to the approval of the Board of Directors and shareholders of the Holding Company, in their meetings held on 21 July 2023, and 18 August 2023, respectively, the Group disposed-off its entire shareholding in FML, on 28 September 2023 (the completion date), to Fauji Foundation (FF), a related party, for a cash consideration of Rs. 4,300 million. The net assets of FML as of the completion date amounted to Rs. 6,097 million including a non-controlling interest of Rs. 301 million, resulting in loss on disposal of Rs. 1,496 million recognized in the consolidated financial statements. Further, the Group is entitled to 50% of any gain on subsequent sale of FML, by FF within 24 months of the completion date. We identified disposal of the Group's investment in FML as key audit matter due to its financial magnitude and extensive regulatory requirements owing to involvement of a related party. Refer to notes 3.2 and 38 of the accompanying consolidated financial statements, for a discussion on the matter by management.	The following procedures were performed: • Obtained an understanding of underlying strategic objectives involved in disposal of the investment, related regulatory requirements and its accounting treatment in these consolidated financial statements; • Obtained and reviewed related documents including Share Purchase Agreement, Share Transfer Deed, minutes of the Board of Directors of the Holding Company and their committee and Extraordinary General Meeting and notices furnished to the Pakistan Stock Exchange for confirmation of the above-mentioned understanding and compliance with the regulatory requirements; • Held meetings with legal and corporate departments of the Holding Company; • Obtained and reviewed valuation report performed by an independent valuer, appointed by the Holding Company for the purpose of determining a range of fair value of FML; • Traced the receipt of cash consideration against sale from relevant bank statement; • Confirmed the mathematical accuracy of loss on sale of investment; and • Assessed the adequacy of disclosures made in these consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Omer Chughtai.

Chartered Accountants

Place: Islamabad
Date: 20 February 2024

UDIN: AR202310120Cx35gijPA

Consolidated Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	5	12,912,529	12,912,529
Capital reserve	6	1,632,729	1,632,729
Statutory reserve		3,385,259	2,855,162
Revenue reserves			
Translation reserve		8,265,137	5,317,939
Revaluation reserve on available-for-sale investments, net of tax	3	(2,365,483)	(1,179,693)
Accumulated profit		19,207,320	14,810,495
		43,037,491	36,349,161
NON-CONTROLLING INTEREST	7	10,301,373	7,167,343
		53,338,864	43,516,504
NON-CURRENT LIABILITIES			
Long term loans	8	22,297,987	32,916,960
Lease liabilities	9	-	53,570
Deferred liabilities	10	10,507,541	9,039,464
		32,805,528	42,009,994
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	11	55,454,825	65,254,466
Advances from customer		25,677,617	985,104
Unpaid dividend		10,954	10,954
Unclaimed dividend		115,661	116,580
Provision for income tax		3,414,027	1,150,929
Accrued interest	12	519,736	1,795,792
Short term borrowings	13	18,922,131	35,598,377
Current portion of long term loans	8	8,341,949	8,131,459
Current portion of lease liabilities	9	52,636	73,446
		112,509,536	113,117,107
		198,653,928	198,643,605
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes, from 1 to 45 form an integral part of these consolidated financial statements.

	Note	2023	2022
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**40,348,135**	45,892,685
Intangible assets	16	**384,788**	392,529
Investment property	17	**270,242**	270,242
Long term investments	18	**30,465,208**	26,173,455
Long term advances		**62,398**	37,683
Long term deposits		**88,962**	88,183
		71,619,733	72,854,777
CURRENT ASSETS			
Stores and spares	19	**3,784,588**	3,071,918
Stock in trade	20	**18,406,766**	42,462,162
Trade debts	21	**3,027,723**	16,761,585
Advances	22	**1,314,733**	1,315,715
Trade deposits and short term prepayments	23	**531,372**	465,957
Interest accrued		**62,215**	13,065
Other receivables	24	**8,327,237**	3,380,439
Income tax refundable		**1,151,690**	1,512,665
Sales tax refundable	25	**12,448,934**	18,585,721
Short term investments	26	**34,685,524**	14,734,259
Cash and bank balances	27	**43,134,845**	23,485,342
		126,875,627	125,788,828
Asset held for sale	28	**158,568**	-
		198,653,928	198,643,605

Chairman | Chief Executive | Director | Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees '000)	
			Re-presented
Sales - net	29	**221,613,687**	183,071,016
Cost of sales	30	**(177,325,390)**	(147,751,569)
GROSS PROFIT		**44,288,297**	35,319,447
Selling and distribution expenses	31	**(11,401,302)**	(8,741,503)
Administrative expenses	32	**(1,927,178)**	(2,114,038)
		(13,328,480)	(10,855,541)
		30,959,817	24,463,906
Finance costs	33	**(12,636,210)**	(8,367,484)
Other expenses	34	**(8,896,482)**	(8,604,547)
Allowance for expected credit losses	35	**(101,670)**	(57,909)
Other income	36	**7,636,720**	3,266,657
Share of profit of joint venture and associates - net		**2,290,815**	6,980,449
		19,252,990	17,681,072
Unwinding cost on GIDC payable	10	**(498,183)**	(891,198)
PROFIT BEFORE TAXATION		**18,754,807**	16,789,874
Taxation - net	37	**(12,986,622)**	(7,958,491)
Profit after tax from continuing operations		**5,768,185**	8,831,383
Loss from discontinued operations - net of tax	38	**(1,611,637)**	(803,871)
PROFIT FOR THE YEAR		**4,156,548**	8,027,512
Attributable to:			
- Equity holders of the Holding Company		**3,037,531**	7,649,305
- Non controlling interest		**1,119,017**	378,207
		4,156,548	8,027,512
Earnings per share - basic and diluted (Rupees)	39	**2.35**	5.92
Earnings per share from continuing operations- basic and diluted (Rupees)		**3.60**	6.55

The annexed notes, from 1 to 45 form an integral part of these consolidated financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees '000)	
Profit for the year		**4,156,548**	8,027,512
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of a joint venture - net of tax		**2,830,868**	1,024,642
Exchange difference on translation of an associate		**116,330**	238,178
		2,947,198	1,262,820
Loss on revaluation of available for sale securities - net of tax		**(1,185,790)**	(662,345)
Comprehensive income taken to equity		**1,761,408**	600,475
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation	**11.4**	**(31,299)**	(38,262)
Total comprehensive income		**5,886,657**	8,589,725
Attributable to:			
- Equity holders of the Holding Company		**4,766,868**	8,211,966
- Non-controlling interest		**1,119,789**	377,759
		5,886,657	8,589,725

The annexed notes, from 1 to 45 form an integral part of these consolidated financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Capital reserve			Revenue reserve				
	Share capital	Share premium	Statutory reserve	Translation reserve	Revaluation reserve on available for sale investments	Accumulated profit	Non controlling interest	Total
	(Rupees ' 000)							
Balance as at January 01, 2022	12,912,529	1,632,729	2,352,571	4,055,119	(517,348)	8,115,887	4,380,785	32,932,272
Total comprehensive income								
Profit for the year	-	-	-	-	-	7,649,305	378,207	8,027,512
Other comprehensive loss for the year	-	-	-	1,262,820	(662,345)	(37,814)	(448)	562,213
Total comprehensive income for the year	-	-	-	1,262,820	(662,345)	7,611,491	377,759	8,589,725
Transfer to statutory reserve	-	-	502,591	-	-	(502,591)	-	-
Transactions with owners recorded directly in equity								
Cash injection by NCI of FFL pending change in ownership (note 1.1)	-	-	-	-	-	-	2,000,000	2,000,000
Change in ownership interest								
Transaction costs of FML	-	-	-	-	-	-	(5,493)	(5,493)
Acquisition of non-controlling interest (note 3.1.1)	-	-	-	-	-	(414,292)	414,292	-
Balance as at December 31, 2022	12,912,529	1,632,729	2,855,162	5,317,939	(1,179,693)	14,810,495	7,167,343	43,516,504
Balance as at January 01, 2023	**12,912,529**	**1,632,729**	**2,855,162**	**5,317,939**	**(1,179,693)**	**14,810,495**	**7,167,343**	**43,516,504**
Total comprehensive income								
Profit for the year	**-**	**-**	**-**	**-**	**-**	**3,037,531**	**1,119,017**	**4,156,548**
Other comprehensive income / (loss) for the year	**-**	**-**	**-**	**2,947,198**	**(1,185,790)**	**(30,855)**	**(444)**	**1,730,109**
Total comprehensive income for the year	**-**	**-**	**-**	**2,947,198**	**(1,185,790)**	**3,006,676**	**1,118,573**	**5,886,657**
Transfer to statutory reserve	**-**	**-**	**530,097**	**-**	**-**	**(530,097)**	**-**	**-**
Transactions with owners recorded directly in equity								
Cash injection by NCI of FFL pending change in ownership (note 1.1)	**-**	**-**	**-**	**-**	**-**	**-**	**350,000**	**350,000**
Change in ownership interest								
Cash injection by NCI of FFL	**-**	**-**	**-**	**-**	**-**	**-**	**4,650,000**	**4,650,000**
Transaction costs of FFL	**-**	**-**	**-**	**-**	**-**	**-**	**(13,713)**	**(13,713)**
Gain by NCI acquisition (note 3.1.1)	**-**	**-**	**-**	**-**	**-**	**1,920,246**	**(1,920,246)**	**-**
Derecognition of NCI upon disposal of FML (note 38.1)							**(300,584)**	**(300,584)**
Distribution to owners								
FPCL interim dividend 2023 (Rs. 3.494 per ordinary share)	**-**	**-**	**-**	**-**	**-**	**-**	**(750,000)**	**(750,000)**
Balance as at December 31, 2023	**12,912,529**	**1,632,729**	**3,385,259**	**8,265,137**	**(2,365,483)**	**19,207,320**	**10,301,373**	**53,338,864**

The annexed notes, from 1 to 45 form an integral part of these consolidated financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operating activities	40	**77,452,186**	(24,053,835)
Finance costs paid		**(13,861,458)**	(7,527,956)
Taxes paid		**(6,886,992)**	(5,927,989)
Payment to gratuity fund		**(332,848)**	(82,716)
Gratuity payment to employees		**-**	(1,481)
Compensated absences paid		**(61,292)**	(63,354)
Payment to Workers Welfare Fund		**(182,834)**	(153,498)
Payment to Workers' (Profit) Participation Fund		**(1,098,021)**	(438,801)
Net cash generated from / (used in) operating activities		**55,028,741**	(38,249,630)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures and advances		**(2,374,442)**	(1,184,780)
Intangible assets		**-**	(80)
Long term deposits		**(779)**	(2,934)
Proceeds from sale of property, plant and equipment		**111,583**	47,580
Dividend received		**-**	2,511,075
Short term investments - net		**(19,818,813)**	(5,439,517)
Aggregate cash flows arising from losing control of FML	38.2	**3,718,441**	-
Cash dividend on mutual funds		**1,566,723**	647,425
Profit received on bank balances and term deposits		**4,440,104**	2,117,977
Net cash used in investing activities		**(12,357,183)**	(1,303,254)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - received		**4,000,000**	7,500,000
Long term loans - repaid		**(14,444,849)**	(7,028,207)
Lease liabilities		**(85,975)**	(90,092)
Cash injection NCI - right share		**4,615,934**	-
Cash injection by NCI of FFL pending change in ownership (note 1.1)		**350,000**	2,000,000
Short-term borrowings - net		**(5,799,981)**	4,071,007
Dividend paid to Fauji Foundation		**(750,000)**	-
Dividend paid for prior periods		**(919)**	(1,253)
Net cash (used in) / generated from financing activities		**(12,115,790)**	6,451,455
Net increase / (decrease) in cash and cash equivalents		**30,555,768**	(33,101,429)
Cash and cash equivalents at the beginning of the year		**(4,643,054)**	28,458,375
Cash and cash equivalents at the end of the year	27.3	**25,912,714**	(4,643,054)

The annexed notes, from 1 to 45 form an integral part of these consolidated financial statements.

Chairman | Chief Executive | Director | Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

Fauji Fertilizer Bin Qasim Limited group comprises of Fauji Fertilizer Bin Qasim Limited (FFBL / the Holding Company) and its subsidiaries, Fauji Foods Limited (FFL), and FFBL Power Company Limited (FPCL), collectively referred as "Group". The ultimate parent of FFBL is Fauji Foundation (FF).

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

Geographical location and addresses of major business units including plant of FFBL are as under:

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

1.1 Set out below is a list of subsidiaries of the Group:

Name	Principal place of Business	Ownership in 2023	Ownership in 2022
FFBL Power Company Limited (FPCL)	Pakistan	**75.00%**	75.00%
Fauji Foods Limited (FFL)	Pakistan	**63.71%**	71.63%
Fauji Meat Limited (FML) - refer note 38	Pakistan	**-**	95.07%

FFBL Power Company Limited (FPCL), is a public limited company incorporated on June 27, 2014 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). FPCL has been established to build, own and operate a 118 MW coal based power generation facility at Port Qasim Karachi. FPCL achieved its financial close in December 2015 and Commercial Operation Date on May 19, 2017.

Geographical location and addresses of major business units including plants of FPCL are as under:

Location	Purpose
Islamabad	
FFBL Tower, C1/C2, Sector B, Jinnah Boulevard DHA Phase II, Islamabad	Head Office
Karachi	
Port Qasim	Power Generation Facility

Fauji Foods Limited (FFL) was incorporated in Pakistan on September 26, 1966 as a public company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

Pursuant to the approval and authorization of the Board of Directors of the Holding Company, in their meeting held on September 29, 2022, and the Board of Directors of FFL, in their meeting held on September 20, 2022, FFL issued further shares to the Holding Company by way of other than right offer under Section 83 (1) (b) of the Companies Act, 2017 read with regulation 5 of the Companies (Further Issue of Shares) Regulations, 2020, after obtaining requisite regulatory approvals. Accordingly, 70,874,980 ordinary shares of Rs. 10/- each were issued to the Holding Company by FFL at par against share deposit money, with total holding of 1,205,576,237 ordinary shares (i.e., 47.84% interest in FFL (2022: 71.63%)). As part of this other than right issue, FFBL Power Company (FPCL, the Holding Company's subsidiary) and FFC Energy Limited (FFCEL, a related party) also received 400,000,000 ordinary shares and 465,000,000 ordinary shares, respectively, against cash consideration.

This resulted in a gain attributable to the Holding Company of Rs. 1,920,246 thousand. The Holding Company continues to have control over FFL, via its direct holding of 47.84% and shares held by FPCL of 15.87%, with total holding of 63.71%.

FFL, in its Extraordinary General Meeting held on October 18, 2022, had approved further ordinary share issue at par, with face value of Rs. 11,708 million, by way of other than right issue. This included an amount of Rs. 2,350 million, received from Fauji Foundation (FF), the ultimate Parent of FFL, as share deposit money, in the current and prior periods. During the period, prior to share allotment, a request was received from FF to defer it's share allotment, under agreement dated August 29, 2022. Based on the above request, FFL has deferred the allotment / issuance of ordinary shares at par value to FF, till further communication. The ordinary shares with a face value of Rs. 9,358 million have been issued to remaining parties.

The Board of directors of FFL, in its meeting held on 21 November 2023, approved the following transactions:

a) Acquisition of Fauji Foundation's stake in Fauji Infraavest Foods Limited; and

b) Acquisition of Fauji Foundation's cereal business operating under the name Fauji Cereals.

FFL has also obtained the approval of aforementioned transactions from its shareholders through Extra Ordinary General Meeting held on 28 December 2023. The FFL is currently in the process of obtaining regulatory approvals to finalize these transactions.

Geographical location and addresses of major business units including plants of FFL are as under:

Location	Purpose
Lahore	
42 CCA, Ex Park View, DHA Phase - VIII	Head Office
Bhalwal	
District Sargodha	Processing Unit

1.2 The Pursuant to the approval of the Board of Directors and shareholders in their meetings held on July 21, 2023, and August 18, 2023, respectively, the Holding Company disposed-off its entire (95.07%) shareholding in Fauji Meat Limited (FML), comprising 1,446,609,400 shares of Rs. 10/- each to FML's other shareholder Fauji Foundation (the Parent of the Holding Company) for a cash consideration of Rs. 4,300 million. Accordingly, the Holding Company has lost control over FML with effect from September 28, 2023 and, has derecognized assets and liabilities (along with the related Non-controlling Interest) of FML from its consolidated statements of financial position on that date, resulting in a loss of Rs. 1,496 million recognized as part of 'Loss after taxation from discontinued operation' (note 38).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the accounting and reporting as applicable in Pakistan standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

The Holding Company based it's assumptions and estimates on the parameters under which these financial statements were prepared.

Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Holding Company. Such changes are reflected in the assumptions when they occur.

2.4.1 Staff gratuity (notes 4.1 and 11.4)

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

2.4.2 Compensated absences (note 10.1)

Compensated absences is granted to all its permanent employees in accordance with the rules of the Group. Calculations in respect of unutilized privileged leaves accumulated as on April 30, 2021 in case of the Holding Company and March 31, 2022 in case of FPCL require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.4.3 Property, plant and equipment (notes 3.5)

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

2.4.4 Capital spares (notes 3.5)

The Group reviews the carrying amount of capital stores on an annual basis, and as appropriate, provision is made for obsolescence if there is any change in the usage pattern and physical form of related stores.

2.4.5 Provision for inventory obsolescence (notes 19 and 20)

The Group reviews the carrying amount of stock, stores and spares on a regular basis and as appropriate inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.4.6 Provision for expected credit losses of trade debts, subsidy receivable from Government of Pakistan and other receivable (notes 21 and 24)

Trade debts

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

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

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in economic conditions. FPCL and FFL's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For trade receivables, the Holding Company applies a simplified approach in calculating ECLs. Therefore, the Holding Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Holding Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The information about the ECLs on the Group's trade debts is disclosed in Note 42.2.

Subsidy receivable from Government of Pakistan

Previously, the Group's calculation on subsidy receivable was outputs of probability weighted model (Multi-scenarios approach), under the general approach, with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- Discounting estimated future cashflow and losses to the reporting date using a rate that approximates the Effective Interest Rate (EIR) of the asset (Time value of money). In the absence of EIR, interest free rate has been used in accordance with relevant accounting standard.
- Significant Increase in Credit Risk and classification within Stage 2 based on its overdue status minimized owing to exposure being toward sovereign entity.
- Selection of forward-looking multiple scenarios and their probability weightings, to calculate the amount of ECL.

The information about the ECLs on the Group's subsidy receivable is disclosed in Note 42.1. Refer to note 2.4.15 for details of provision against subsidy receivable recognized during the year.

Other receivable

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

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

- The Company's criteria for assessing if there is a significant increase in credit risk and allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment; and

Elements of the Group's calculation of ECL that are considered accounting judgments and estimates include:

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

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

2.4.7 Taxation (note 37)

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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

2.4.8 Contingencies (note 14)

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

2.4.9 Impairment of non-financial assets

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. Refer to note 14.3 for impairment assessment of items of property, plant and equipment.

2.4.10 Impairment of goodwill (note 16)

The carrying amount of the cash generating unit to which goodwill has been allocated is reviewed at each reporting date to determine whether there is any indication of impairment loss. If any indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any.

Judgments

In the process of applying Group's accounting policies, management has made the judgments, as mentioned below, which have most significant effects on the amounts recognized in the consolidated financial statements.

2.4.11 Disclosure related to IFRIC 4

As discussed in note 3.7, the Securities and Exchange Commission of Pakistan (SECP) has granted an exemption from the requirements of International Financial Reporting Standard (IFRS) - 16 "Leases" to all companies that have executed their power purchase agreement before 2019. Accordingly, the Group does not apply lease accounting to it's agreement with K-Electric. It is, however, mandatory to disclose the financial effect of the exemption on each item in the financial statements that would have been reported in complying with the requirements of IFRS - 16. Accordingly, to estimate the impact, the Group has to determine classification of the lease (i.e. operating or finance) contained within arrangement, the interest rate inherent in the arrangement, net investment in lease, the useful lives of the plant and the impact of any shortfall in the capacity made available to the K-Electric, during the period, by the Group.

2.4.12 Selection of accounting policy for GIDC (note 10)

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

2.4.13 Income tax refundable

Management has classified the whole of the amount of tax refundable (income and sales tax) as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government within next twelve months from reporting date.

2.4.14 Sales tax refundable (note 25)

Management has classified the whole of the amount of Sales tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government, within next twelve months will include refund of Sales tax. Only significant impact of time value of money is recognized in the financial statements.

Allowances against input tax charged to cost of sales under Section 73(4) of the Sales Tax Act, 1990 and part of input tax incurred where sales tax on the Holding Company's supply of fertilizer was imposed at lower rate. The Holding Company has determined the allowance based on its assessment of significant delay in recovery and application of possible method to allocate credit upon change in classification of fertilizer for the purpose of imposition of sales tax.

2.4.15 Provision for other receivable

As of reporting date, the Holding Company has carried out an assessment of probability of recovery of subsidy receivable considering the related non-performance risk. Accordingly, as a matter prudence, the Holding Company has recognized a provision against whole of carrying value of subsidy receivable. The Holding Company's assessment involved exercise of judgment regarding probability of fulfillment of conditions imposed by government authorities for release of funds. As of previous reporting date, the Holding Company has recognized an allowance for expected credit loss considering the time value of money resulting from expected delay in recovery.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Consolidated financial statements

The consolidated financial statements include the financial statements of FFBL and its subsidiary companies as mentioned in note 1.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is generally measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain / (loss) on a bargain purchase is recognized in income immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Impairment losses relating to goodwill cannot be reversed in future periods.

The consideration transferred does not include amounts related to the settlement of pre-fixing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration, that meets the definition of a financial instrument is classified as equity, then it is not measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in profit or loss.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognized immediately in profit or loss. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has a right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Any further purchase, which does not result in a loss of control is accounted for as an equity transaction and no further goodwill is recognized.

Non Controlling Interests (NCI)

NCI in subsidiaries are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control (known as a joint arrangement), whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

FFBL has an associate, Askari Bank Limited (AKBL), which is a banking company engaged in commercial banking and related services. The applicability of International Financial Reporting Standard 9 "Financial Instruments" and International Accounting Standard 40 "Investment Property" has been deferred for banking companies by the State Bank of Pakistan (SBP). Accordingly, equity accounting of AKBL is based on its unaudited financial information for the nine months period ended September 30, 2023, prepared under the financial reporting framework applicable to banking sector in Pakistan ("Banking Framework"). Similarly, revaluation reserve on AKBL's investments classified as available for sale securities under Banking Framework continue to be disclosed as revaluation reserve on available for sale investments, net of tax, in the Group's consolidated financial statements. As per SBP's circular letter no. 07 of 2023 dated April 13, 2023, AKBL would be required to apply the requirements of IFRS 9 (with certain modifications notified by SBP) with affect from January 01, 2024. The impact of transition on the consolidated financial statements is being assessed.

Statutory reserve

It represents the Holding Company's proportionate share of reserve created by AKBL and Pakistan Maroc Phosphore S.A. (PMP), amounting to Rs. 2,839 million (2022: 2,455.9 million) and Rs. 546 million (2022: Rs. 399.5 million) respectively, under their respective regulatory requirements.

Transactions eliminated on consolidation

Intra-group balances and transactions, and material unrealized income and expenses arising from intra-group transactions are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Contingent liabilities recognised in business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

3.1.1 Acquisition of non-controlling interest

Pursuant to other than right issue by FFL (refer to note 1.1), the Groups effective shareholding in FFL has decreased resulting in positive equity adjustment of Rs. 1,920 million.

3.2 Discontinued Operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, represents either a separate major line of business or a geographical area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control. During the year, the Holding Company has disposed off FML, one of its subsidiary Company with effect from September 2023.

The sum of the post-tax profit or loss of the discontinued operation is presented as a single amount on the face of the statement of profit and loss. The Holding Company presents profit or loss in a separate statement, a section identified as relating to discontinued operations is presented in that separate statement (note 38). IFRS 5 prohibits the retroactive classification as a discontinued operation, when the discontinued criteria are met after the end of the reporting period.

The sum of the post-tax profit or loss of the discontinued operation is presented as a single amount on the face of the statement of profit and loss. The Holding Company presents profit or loss in a separate statement, a section identified as relating to discontinued operations is presented in that separate statement (note 38). IFRS 5 prohibits the retroactive classification as a discontinued operation, when the discontinued criteria are met after the end of the reporting period.

The net cash flows attributable to the operating, investing, and financing activities of a discontinued operation is separately disclosed in the notes (note 38).

IAS 33 provides an option to present the earnings per share from discontinued operations either on the face of the statement of profit or loss or in the notes. The Group has opted to present the earnings per share from discontinued operations in the notes.

3.3 Non-current assets held for sale

FFL has classified non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment are not depreciated once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3.4 Taxation

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

Current

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

Deferred

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences such as the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments accounted in the consolidated financial statements by applying the equity method to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Sales tax refundable

Sales tax refundable primarily includes input sales tax related to lower rated taxable supplies for current and prior years for which refunds have been lodged with the Federal Board of Revenue. The Group has developed the accounting policy for initial recognition and subsequent measurement by making an analogy with a monetary asset.

3.5 Property, plant and equipment and capital work in progress

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

Spare parts are classified as operating fixed assets rather than stores and spares when they meet the definition of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in statement of profit or loss.

Depreciation is calculated on the straight line method and charged to income to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 15. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal. Freehold land is not depreciated.

3.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less accumulated depreciation and impairment.

Maintenance and normal repairs are charged to the income and expenditure statement as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that the respective future economic benefits will flow to the Group. Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in income and expenditure statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.7 Leases

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

The Group applies a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low-value asset. Lease payments on short term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term. Expense relating to short term lease amounts to Rs. 17 million (2022: Rs. 36 million).

Right of use assets

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

Lease Liability

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

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

Short-term leases and leases of low-value assets

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

Lessors

Net investment in lease

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

During 2017, FFBL Power Company Limited (FPCL) achieved Commercial Operation Date (COD) on May 19, 2017. Under a Power Purchase Agreement (PPA), dated April 15, 2016, FPCL has agreed to provide, on an exclusive basis, 60,000 kWh electricity, with an 85% dependable capacity, for 30 years to K-Electric, from its Steam Turbine Generators at 50Hz. As a consideration, K-electric is liable to pay Capacity Price and Energy Price.

PPA conveys rights to K-Electric to use FPCL's specified Steam Turbine Generators. Under the waiver granted by SECP, however, the Group has elected to account for the transactions under PPA on an invoiced amount basis.

Under IFRS - 16, the consideration due from a lessee for the right to use the asset is to be accounted for as a net investment in the lease. Had the standard been applied, the following adjustments to the consolidated statement of profit or loss and the consolidated statement of financial position would have been made:

	2023	**2022**
	(Rupees '000)	
Increase in unappropriated profit at the beginning of the year	**1,662,733**	965,188
Increase in profit for the year*	**412,503**	697,545
Increase in unappropriated profit at the end of the year	**2,075,236**	1,662,733

* Sales to K-Electric have been recognised in the consolidated financial statements on the basis of the signed PPA and tariff approved by NEPRA vide its letter dated February 09, 2022.

3.8 Intangibles

Intangibles are stated at the cash price equivalent of the consideration given, i.e., cash and cash equivalent paid less accumulated amortization and impairment loss, if any. Intangibles with finite useful lives are amortized over the period of their useful lives. Amortization is charged on a straight line basis over the estimated useful life and is included in the statement of profit or loss.

3.9 Impairment of non - financial assets

The carrying amounts of non-financial assets other than stock in trade, stores and spares and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit or loss.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3.10 Stores and spares

These are valued at lower of weighted average cost and net realizable value less impairment. For items which are slow moving and / or identified as surplus to the Group's requirement, an adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores spares on regular basis and provision is made for obsolescence.

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

3.11 Stock in trade

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

Cost is determined as follows:

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

3.12 Financial instruments

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 3.17 "Revenue recognition".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade debts, deposits, interest accrued, loan and advances to employees, short term investments and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and,

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not carry debt instruments at fair value through OCI. In respect of securities held by AKBL refer to note 3.1.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any investment in equity instrument carried at fair value at OCI. In respect of securities held by AKBL refer to note 3.1.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Group's financial asset at fair value through profit or loss consists of its investment in mutual funds.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established provision matrixes that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Group's policy to measure ECLs on investment at fair value through OCI on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit agencies, both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in note 42.2.

• Trade debts (note 21)
• Other receivables (note 24)

Financial liability

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, long-term financing, accrued mark-up, lease liability (refer note 3.7 for related accounting policy), unpaid and unclaimed dividend payable and short-term borrowings.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any, entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.13 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.14 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances, short term highly liquid investments and short-term running finance.

3.16 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-attributed to NCI. When the Group disposes off only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.17 Revenue recognition

Fertilizer segment

The Holding Company is in the business of manufacturing of fertilizer products. Revenue from contract with customer is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled for those goods. The Holding Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of fertilizer is recognised at a point in time, when the control of the asset is transferred to the customer through FFC, a related party, generally on the dispatch of the goods to the customer except for direct sales, wherein the control is transferred upon delivery to customer. The Holding Company's credit sales normally carry credit term of 30 days to 180 days and is secured against bank guarantee. The Holding Company's remaining sales are against advance payment by its customers.

In determining the transaction price for the sale of fertilizer, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer, if any.

(i) Post-sales incentives
These post-sales incentives are based on monthly volume of purchases made by individual customers and is settled in cash, within 30 days of the month to which it relates to. Accordingly, no estimation uncertainty arises and the amount of payable is set off against the related trade debts.

(ii) Financing component
The Company allows credit period of 30 days to 180 days to its certain customers, for the sale of fertilizer, against a credit charge determined based upon volume of sales and period of credit. There is a financing component for these contracts considering the prevailing interest rate in the market.

Power segment

FPCL signed its PPA with K Electric on July 04, 2018. Under the PPA, FPCL is obligated to sell and deliver all output of the Complex in accordance with provisions of PPA.

Revenue from sale of electricity and steam is recognized when or as FPCL satisfies performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. FPCL principally satisfies its performance obligation in respect of supply of electricity and steam upon transmission of electricity to K-Electric. However, capacity is recognized when due, on the basis of rates determined in accordance with the mechanism laid down in PPA and notifications from National Electric and Power Regulatory Authority (NEPRA).

The Company applies the right to invoice practical expedient under IFRS 15. However, there is no significant financing component. The individual components of considerations is billed on monthly basis in accordance with the terms of PPA. The payment is due in 30 days after the acknowledgment of the output delivered invoice and capacity available invoice, respectively. Late payment surcharge, as per the PPA, on over-due receivables is recorded on accrual basis at 3-month KIBOR plus 2%. During the year trade debtors have increased significantly due increase in revenue and delayed payments from the customers (refer to note 42.2).

PPA also contains other performance obligations i.e. insurance and operation & maintenance.

Revenue associated with the operating phase of the PPA i.e. insurance and operations & maintenance of the plant is measured based on the consideration specified in contract with customer. Revenue from contract with customer is recognized when or as the FPCL satisfies a performance obligation by transferring a promised good to the customer. The good is transferred when the customer obtains control of that good. The FPCL principally satisfies its performance obligations of insurance, operations and maintenance over time and the amount of revenue is recognized based on the consideration specified in the PPA. Consideration for operating phase of the PPA i.e. insurance and fixed O&M component of tariff is billed to customers as part of capacity purchase price whereas variable O&M component is billed to customers as part of energy purchase price. The amount of revenue recognized in respect of operating phase excludes the estimates of variable consideration as it is not highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur in future when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue from sale of coal is recognised upon satisfaction of Company's performance obligation, i.e. dispatch of coal to customers, to the extent where significant reversal is not expected.

Food segment

Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts and commissions. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods to a customer and control either transfers overtime or point in time.

Scrap sales and miscellaneous receipts

Scrap sales and miscellaneous receipts are recognized when they are earned.

3.18 Basis of allocation of common expenses

Fauji Fertilizer Company Limited proportionately allocates common selling and distribution expenses, being the costs incurred and for services rendered on behalf of the Holding Company, under an inter-company services agreement.

3.19 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segments' operating results are reviewed regularly by the Chief Executive and Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief executive and managing director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group has the following three business segments, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable Segment	Operations
Fertilizer	Production and sale of UREA and DAP.
Power	Generation and supply of electricity.
Food	Processing and sale of tea creamer, toned milk, milk powder, fruit juices, allied dairy and food products.

4 SUMMARY OF OTHER ACCOUNTING POLICIES

4.1 Employees' retirement benefits

The Group has the following plans for its employees:

Provident Fund - Defined Contribution Scheme

The Holding Company, FPCL, and FFL operate defined contributory provident funds for all its permanent employees. The fund is administered by trustees. Monthly contributions are made to the fund by the group and their employees at the rate of 10% of basic pay. The employees of the Holding Company have an option to deposit extra contribution, equivalent to 5% or 10% of basic pay, to the it's fund. Group's contribution is charged to income for the year.

Gratuity Fund - Defined Benefit Scheme

The Holding Company, FPCL and FFL operate defined benefit gratuity schemes for all employees who complete the qualifying period of service and age. The Funds of the Holding Company and FPCL are administered by trustees. Contributions to the funds are made on the basis of actuarial valuations, using the Projected Unit Credit Method, related details of which are given in note 11.4. Amounts determined by the actuary as charge for the year are included in the profit or loss for the year. Expected gratuity cost for the next year is estimated to Rs. 62.7 million.

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

Compensated absences

The Holding Company, FPCL, and FFL grant compensated absences to all its employees in accordance with the rules of the Holding Company, FPCL, and FFL. Under these unfunded scheme, regular employees are entitled maximum 30 days privilege leaves for each completed year of service. Unutilized privilege leaves are accumulated up to a maximum of 120 days and 60 days, respectively, to the FPCL, and FFLs' employees which are encashable at the time of separation from service on the basis of last drawn gross salary.

Unutilized privileged leaves accumulated as on April 30, 2021 for the Holding Company are encashable at the time of separation from the service on the basis of last drawn gross salary. Unutilized privilege leaves available for a year (effective from May, 2021) lapse by end of next March and are encashable only upon separation of employee in the same year.

Unutilized privileged leaves accumulated as on March 31, 2022 for FPCL are encashable at the time of separation from the service on the basis of last drawn gross salary. Unutilized privilege leaves available for a year (effective from April, 2021) lapse by end of next February and are encashable only upon separation of employee in the same year.

Provisions are made in accordance with the actuarial recommendation. Actuarial valuation, in respect of the Holding Company and FFLs' compensated absences, is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognised in the income for the year in which they arise.

During the year, FPCL revised its policy for compensated absences. No further accumulation of annual leaves was allowed, however, annual leaves already accumulated (as on March 31, 2022) continued till the time these are consumed by the individual otherwise it will be encashed on current gross at the time of separation.

4.2 Borrowing costs

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

4.3 Contract balances

Contract assets and Contract liabilities

A contract asset is the right to consideration in exchange for goods transferred to the customer, when the right is conditioned on something other than the passage of time. Contract asset are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in note 3.12.

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related good. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer). The Group's contract liabilities consist of advances from customers.

Trade debt

A trade debt is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 3.12.

4.4 Trade and other payables

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

4.5 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.5.

4.6 AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Group:

Standard and IFRIC		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. • Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments must be applied retrospectively and are not expected to have a material impact on the Company's financial statements.	January 01, 2024

Standard and IFRIC		Effective date (annual periods beginning on or after)
IAS 7 and IFRS 7	Amendments in IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures; Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are supplement requirements already in IFRS Accounting Standards and require a company to disclose: • the terms and conditions; • the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet; • ranges of payment due dates; and • liquidity risk information The amendments are not expected to have a material impact on the Company's financial statements.	January 01, 2024
IAS 21	Amendment in IAS 21 The Effects of Changes in Foreign Exchange Rates; Lack of exchangeability a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency. • Specify when a currency is exchangeable into another currency and when it is not; • Specify how an entity determines the exchange rate to apply when a currency is not exchangeable at the measurement date — estimate the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing. • Require the disclosure of additional information when a currency is not exchangeable — enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. The amendments are not expected to have a material impact on the Group's consolidated financial statements.	January 01, 2025
IFRS 16	Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application. The amendments are not expected to have a material impact on the Group's consolidated financial statements.	January 01, 2024

Standard and IFRIC		Effective date (annual periods beginning on or after)
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements. The amendments are not expected to have a material impact on the Group's consolidated financial statements.	Not yet finalized

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2026

The Group expects that the adoption of the above standards will have no material effect on the Group's consolidated financial statements, in the period of initial application.

4.6.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IAS 1 and IFRS Practice Statement 2

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

IAS 8

Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments had no impact on the Group's consolidated financial statements.
IAS 12	International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12, The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and • A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and • Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 01, 2023, but not for any interim periods ending on or before December 31, 2023. The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/ year

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

		2023	2022
		(Rupees '000)	
5	**SHARE CAPITAL**		
5.1	**AUTHORIZED SHARE CAPITAL**		
	1,500,000,000 (2022: 1,500,000,000) Ordinary shares of Rs. 10 each	**15,000,000**	15,000,000
5.2	**ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**		
	1,291,252,857 (2022: 1,291,252,857) Ordinary shares of Rs. 10 each issued for cash	**12,912,529**	12,912,529

5.3 Fauji Fertilizer Company Limited (FFCL) and Fauji Foundation (FF) held 644,018,629 and 236,161,393 (2022: 644,018,629 and 236,161,393) ordinary shares respectively of the Holding Company at the year end

Pursuant to an agreement dated October 16, 2016, FFCL has agreed to issue to FF, irrevocable proxies to allow FF to vote on behalf of FFCL in all general meetings. Further, FFCL has also given an undertaking that the representative of FF to be elected or co-opted or appointed on the Board of the Holding Company, shall be nominated by FF.

		Note	2023	2022
			(Rupees '000)	
6	**CAPITAL RESERVE**			
	Share premium against issuance of shares in 1996	6.1	**228,350**	228,350
	Share premium against issuance of shares in 2021			
	Gross premium	6.2	**1,428,571**	1,428,571
	Utilization against transaction cost of issuance	6.3	**(24,192)**	(24,192)
			1,404,379	1,404,379
			1,632,729	1,632,729

6.1 This represents share premium of Rs. 5 per share received on the public issue of 45.67 million ordinary shares in 1996. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017.

6.2 During the year 2021, upon allotment of 357.1 million right shares an amount of Rs. 1,428.6 million has been transferred to capital reserve at a premium of Rs. 4 per share. This can only be utilized for the purposes mentioned in section 81 of the Companies Act, 2017.

6.3 During the year 2021, the Holding Company has utilized reserve of Rs. 24.2 million against transaction cost of shares issued during the year (refer note 5.3), in accordance with section 81 of the Companies Act, 2017.

7 NON-CONTROLLING INTEREST (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that have NCI, before any intra-group eliminations.

	2023		
	FFBL Power Company Limited	Fauji Foods Limited	Total
NCI percentage (as at 31 December)	25%	40.25%	
NCI percentage (average during the year)	25%	47.32%	
		(Rupees '000)	
Non-current assets	24,243,639	7,119,476	31,363,115
Current assets	11,942,227	6,900,902	18,843,129
Non-current liabilities	(9,696,853)	(50,354)	(9,747,207)
Current liabilities	(9,960,674)	(2,131,110)	(12,091,784)
Net assets	16,528,339	11,838,914	28,367,253
Net assets attributable to NCI	4,132,085	4,765,163	8,897,248
Advance against equity - the Holding Company	-	-	-
Advance against equity - NCI	-	1,404,125	1,404,125
Total net assets attributable to NCI	4,132,085	6,169,288	10,301,373
Revenue	27,343,741	19,404,960	46,748,701
Profit for the year	3,930,009	301,942	4,231,951
Other comprehensive income	2,249	444	2,693
Total comprehensive income	3,932,258	302,386	4,234,644
Profit allocated to NCI	982,502	142,879	1,125,381
Other comprehensive income allocated to NCI	562	210	772
	983,064	143,089	1,126,153
Cash flows from operating activities	9,956,605	183,457	10,140,062
Cash flows from investing activities	(4,658,014)	(530,768)	(5,188,782)
Cash flows from financing activities	(2,150,594)	2,208,209	57,615
Net increase in cash and cash equivalents	3,147,997	1,860,898	5,008,895

*40.25% represents the effective interest of NCI in FFL, as at reporting date, after accounting for the NCI in FPCL. The NCI holds voting rights of 36.29%.

	2022			
	FFBL Power Company Limited	Fauji Meat Limited*	Fauji Foods Limited	Total
NCI percentage	25%	4.93%	28.37%	
	(Rupees '000)			
Non-current assets	24,685,407	5,204,462	6,800,598	36,690,467
Current assets	17,153,833	1,210,606	6,062,113	24,426,552
Non-current liabilities	(9,676,408)	(2,789)	(5,664,333)	(15,343,530)
Current liabilities	(12,566,751)	(184,900)	(4,625,775)	(17,377,426)
Net assets / (liabilities)	19,596,081	6,227,379	2,572,603	28,396,063
Net assets attributable to NCI	4,899,020	306,948	729,847	5,935,815
Advance against equity - the Holding Company	-	-	(201,072)	(201,072)
Advance against equity - NCI	-	-	1,432,600	1,432,600
Net assets attributable to NCI	4,899,020	306,948	1,961,375	7,167,343
Revenue	30,650,817	57,610	12,350,701	43,059,128
Profit / (loss) for the year	4,058,301	(803,871)	(2,055,110)	1,199,320
Other comprehensive income	(3,081)	-	1,134	(1,947)
Total comprehensive income	4,055,220	(803,871)	(2,053,976)	1,197,373
Profit / (loss) allocated to NCI	1,014,575	(53,333)	(583,035)	378,207
Other comprehensive income allocated to NCI	(770)	-	322	(448)
	1,013,805	(53,333)	(582,713)	377,759
Cash flows from operating activities	(1,602,835)	(342,140)	(2,386,546)	(4,331,521)
Cash flows from investing activities	(673,069)	45,975	20,163	(606,931)
Cash flows from financing activities	(2,286,077)	801,450	1,637,242	152,615
Net increase / (decrease) in cash and cash equivalents	(4,561,981)	505,285	(729,141)	(4,785,837)

*6.63% represents the effective interest of NCI in FML, as at reporting date.

7.1 During the year, FPCL declared two interim dividends at the rate of Rs. 3.494 per share (2022: Nil). Accordingly, an amount of Rs. 750 million (2022: Nil) has been disbursed to Fauji Foundation, a related party.

	Note	2023	2022
		(Rupees '000)	
8 LONG TERM LOANS			
Fauji Fertilizer Bin Qasim Limited	**8.1**	**18,458,334**	23,733,334
FFBL Power Company Limited	**8.2**	**12,242,785**	11,393,379
Fauji Foods Limited	**8.3**	**-**	5,988,149
		30,701,119	41,114,862
Less: Unamortized transaction cost			
Opening balance		**66,443**	98,676
Transaction cost incurred		**31,806**	-
Less: Amortization during the year	**33**	**(37,066)**	(32,233)
Closing balance		**61,183**	66,443
		30,639,936	41,048,419
Less: Current portion shown under current liabilities			
Fauji Fertilizer Bin Qasim Limited		**(5,000,000)**	(5,275,000)
FFBL Power Company Limited		**(3,341,949)**	(2,350,903)
Fauji Foods Limited		**-**	(505,556)
		(8,341,949)	(8,131,459)
		22,297,987	32,916,960

		Note	2023	2022
			(Rupees '000)	
	Movement in balances is as follows:			
	Opening balance		**41,048,419**	40,544,393
	Additions during the year		**4,000,000**	7,500,000
	Repayments during the year		**(14,445,549)**	(7,028,207)
	Transaction cost for the year	**33**	**37,066**	32,233
	Closing balance		**30,639,936**	41,048,419
8.1	**Loans from banking companies - secured**			
	Related party			
	Askari Bank Limited	**8.1.1**	**-**	83,333
	Others			
	Habib Bank Limited		**2,000,000**	3,000,000
	United Bank Limited		**1,125,000**	1,500,000
	Bank of Punjab		**2,000,000**	2,000,000
	Bank Islami		**1,500,000**	1,500,000
	MCB Bank Limited		**5,333,334**	7,166,667
	Allied Bank Limited		**6,500,000**	8,483,334
			18,458,334	23,650,001
			18,458,334	23,733,334
	Accrued interest on long term loans		**409,932**	387,366
			18,868,266	24,120,700
	Less: Current portion shown under current liabilities		**(5,000,000)**	(5,275,000)
	Less: Accrued interest on long term loans		**(409,932)**	(387,366)
			13,458,334	18,458,334

8.1.1 The Company had previously obtained a secured long term facility from Askari Bank Limited, a related party, for the purpose of Balance Sheet re-profiling. During the current year, the long term facility has been fully repaid.

8.1.2 Terms and conditions of these loans are as follows:

Lenders	Markup Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
Habib Bank Limited	3 Month KIBOR + 0.60	12 Quarterly	January, 2023	October, 2025
United Bank Limited	3 Month KIBOR + 0.50	16 Quarterly	January 2023	December 2026
Bank Islami (Musharaka)	3 Month KIBOR + 0.50	16 Quarterly	January 2024	December, 2027
Bank of Punjab (Conventional)	3 Month KIBOR + 0.45	12 Quarterly	December, 2024	September 2027
Bank of Punjab (Musharaka)	3 Month KIBOR + 0.45	12 Quarterly	December, 2024	September 2027
MCB Bank Limited	3 Month KIBOR + 0.50	12 Quarterly	June, 2021	March, 2024
	3 Month KIBOR + 0.50	16 Quarterly	January, 2024	December 2027
	3 Month KIBOR + 0.50	12 Quarterly	January, 2025	December, 2027
Allied Bank Limited	6 Month KIBOR + 0.50	6 Half Yearly	December 2022	June, 2025
	3 Month KIBOR + 0.50	12 Quarterly	July 2023	April 2026
	3 Month KIBOR + 0.50	12 Quarterly	December 2023	September 2026
	3 Month KIBOR + 0.50	12 Quarterly	March, 2025	December , 2025

These are secured against ranking charges over fixed and current assets of the Company and carry mark-up at rates ranging from 21.87% to 22.94% per annum (2022: 16.19% to 17.56% per annum).

		Note	2023	2022
			(Rupees '000)	
8.2	**Loans from banking companies - secured**			
	Commercial facilities			
	National Bank of Pakistan		**1,638,888**	2,064,981
	United Bank Limited		**454,959**	573,244
	Bank Alfalah Limited		**1,033,999**	1,302,827
	Soneri Bank Limited		**413,599**	521,131
	Bank of Punjab		**413,599**	521,131
	MCB Bank Limited		**620,869**	781,852
			4,575,913	5,765,166
	Islamic facilities			
	National Bank of Pakistan		**413,599**	521,131
	Habib Bank Limited		**1,447,598**	1,823,958
	United Bank Limited		**454,959**	573,244
	Dubai Islamic Bank (Pakistan) Limited		**620,399**	781,696
	Meezan Bank Limited		**620,399**	781,696
	Faysal Bank Limited		**496,319**	625,357
	Sindh Bank Limited		**413,599**	521,131
			4,466,872	5,628,213
	Total syndicate facility	**8.2.1**	**9,042,785**	11,393,379
	Allied Bank Limited	**8.2.4**	**3,200,000**	-
	Total outstanding		**12,242,785**	11,393,379
	Accrued markup		**5,776**	-
			12,248,561	11,393,379
	Less:			
	Current portion of long-term finance facilities		**(3,341,949)**	(2,350,903)
	Unamortised transaction cost of long-term finance facilities	**8.2.6**	**(61,183)**	(66,443)
	Accrued markup		**(5,776)**	-
			8,839,653	8,976,033

8.2.1 FPCL had entered into syndicate long term finance facilities under commercial facility of Rs. 11,062.5 million and musharika facility of Rs. 10,800 million with various banks, at a mark-up rate of 3 months KIBOR plus 0.75% per annum (2022: 3 months KIBOR plus 1.75%). The mark-up is payable on quarterly basis. Any delay in payments to banks by FPCL is subject to liquidated damages at the rate of applicable mark-up rate plus 2% per annum. The loan is repayable in 40 quarterly installments, commencing from June 30, 2017. During the year, the spread changes from 1.75% to 0.75%, based on the assessment of FPCL, the impact of change in present value of loan is not significant and has not been recognised in these consolidated financial statements.

8.2.2 Facilities mentioned above are secured by way of, inter alia:

(a) First ranking pari passu charge up to Rs. 29,150 million by way of hypothecation on all present and future movable and immovable fixed assets (other than land and building) of FPCL;

(b) Mortgage over land in favor of lenders;

(c) First pari passu hypothecation charge on all present and future current assets of FPCL (excluding all present and future fuel stock and inventories and any charge over any accounts of FPCL opened in relation to working capital or any accounts currently opened by FPCL with other banks for the purposes of the letter of credit issuance);

(d) Assignment of FPCL's receivables from its off-takers in favor of financiers;

(e) Lien on all project accounts opened with various banks;

(f) An assignment of all insurances as co-loss payee or assignee;

(g) Share representing 100% of the paid up share capital of the FPCL have been pledged till achievement of commercial operation date and thereafter shares not exceeding 51% of the paid up capital;

(h) Undertaking by the Holding Company for uncapped support to fund any payment shortfall i.e. amount less than the required finance payment balance up to technical completion date and thereafter up to financing service cap i.e. up to Rs 8,000 million till project completion date;

8.2.3 Significant covenants of above facility are as follows:

- Maintenance of financing service coverage ratio (FSCR), current ratio, financing to equity ratio, financing life coverage ratio and forecast FSCR;
- Restriction on disposal of assets;
- Restriction on modification or amendment in any key project contract;
- Restriction on transfer or allotment of new shares;
- Restriction on incurring any new financial indebtedness;
- Restriction on declaration of dividend; and
- Restriction on creation of further charge on FPCL's assets.

Further covenants under this loan relate to the operations of FPCL.

8.2.4 FPCL has entered into syndicate long term finance facilities under commercial facility of Rs. 3,250 million and musharika facility of Rs. 750 million on December 29, 2022, at a mark-up rate of 3 months KIBOR plus 0.5% per annum. The facility was availed on March 1, 2023. The loans are repayable in 20 quarterly installments and the mark-up will be payable on quarterly basis with installments commencing on April 1, 2023. The loans are secured by way of charge on all current fixed assets (other than those encumbered in favour of working capital lenders).

	2023	**2022**
	(Rupees '000)	
8.2.5 The movement during the year is as follows:		
As at 01 January	**11,393,379**	13,679,456
Addition during the year	**4,000,000**	-
Repayments during the year	**(3,150,594)**	(2,286,077)
As at 31 December	**12,242,785**	11,393,379

		Note	2023	2022
			(Rupees '000)	
8.2.6	**Unamortised transaction cost**			
	Balance at January 1		**66,443**	98,676
	Addition during the year		**31,806**	-
	Amortisation during the year	**33**	**(37,066)**	(32,233)
	Balance at December 31		**61,183**	66,443
8.3	**Loans from banking companies - secured**			
	Syndicate Finance Facility	**8.3.1**	**-**	5,988,149
	Salary Refinance Facility		**-**	-
			-	5,988,149
	Less: Current portion shown under current liabilities		**-**	(505,556)
			-	5,482,593

8.3.1 In accordance with the consent granted by the financiers, FFL has exercised the pre-payment option, resulting in the complete repayment of this syndicate finance facility during the year. The funds for repayment were generated through the issuance of shares other than right issue. This syndicate finance facility was jointly led by Faysal Bank Limited, National Bank of Pakistan, MCB Bank Limited and Allied Bank Limited and participated by Askari Bank Limited, Alfalah Bank Limited, Soneri Bank Limited, Dubai Islamic Bank Limited and JS Bank Limited. The mark up was payable quarterly at the rate of 3 Months KIBOR plus 1.5% per annum.

The syndicate finance facility was secured by way of pari passu charge amounting to PKR 8,089 Million inclusive of 25% margin on fixed assets along with mortgage by constructive deposit of title deeds of property / land measuring 120 kanals and building thereon situated in Mauza Purana Bhalwal, Tehsil Bhalwal, District Sargodha in favour of security agent (i.e. Faysal bank limited). The syndicate finance facility was additionally secured through sponsor support in the form of Stand by letter of credit amounting to PKR 1,000 Million from Askari bank limited and a revolving corporate guarantee. During the year, subsequent to repayment of this syndicate finance facility, these charges have been vacated in full.

		2023	2022
		(Rupees '000)	
8.4	**The movement during the year is as follows:**		
	As at 01 January	**5,988,149**	6,038,607
	Repayments during the year	**(5,988,149)**	(50,458)
	As at 31 December	**-**	5,988,149
	These represent repayments to the following financial institutions:		
	Syndicate finance facility		
	Allied Bank Limited	**568,027**	-
	National Bank of Pakistan	**941,977**	-
	MCB Bank Limited	**1,084,158**	-
	Faysal Bank Limited	**1,733,459**	-
	Askari Bank Limited	**396,544**	-
	Alfalah Bank Limited	**247,840**	-
	Soneri Bank Limited	**495,680**	-
	JS Bank limited	**247,840**	-
	Dubai Islamic Bank Limited	**272,624**	-
		5,988,149	-
	Salary refinance facility		
	JS Bank limited	**-**	(50,458)
		5,988,149	(50,458)

		Note	2023	2022
			(Rupees '000)	
9	**LEASE LIABILITIES**			
	Fauji Foods Limited	**9.1**		
	Leased machinery - unsecured		**34,919**	71,999
	Leased building - unsecured		**17,717**	55,017
			52,636	127,016
	Current maturity presented under current liabilities		**(52,636)**	(73,446)
			-	53,570

9.1 Movement in balances is as follows:

2023	Plant and machinery	Leasehold Building	Total
		(Rupees '000)	
Opening balance	**71,999**	**55,017**	**127,016**
Finance cost charge	**6,965**	**4,630**	**11,595**
Payments	**(44,045)**	**(41,930)**	**(85,975)**
Closing balance	**34,919**	**17,717**	**52,636**
Less: current portion shown under current liabilities	**(34,919)**	**(17,717)**	**(52,636)**
Closing balance	**-**	**-**	**-**

2022	Plant and machinery	Leasehold Building	Total
		(Rupees '000)	
Opening balance	104,442	82,006	186,448
Finance cost charge	11,589	11,121	22,710
Payments	(44,032)	(38,110)	(82,142)
Closing balance	71,999	55,017	127,016
Less: current portion shown under current liabilities	(37,081)	(36,365)	(73,446)
Closing balance	34,918	18,652	53,570

9.2 FFL has entered into lease arrangements with a supplier for filling machines and with a landlord for building. The rentals under these agreements are repayable in 24 to 60 monthly and quarterly installments. The lease payments have been discounted at an implicit interest rate of 8.20% to 13.59% (2022: 8.20% to 13.59%) per annum. At the end of the respective lease term, the assets other than building, shall be transferred in the name of FFL. Taxes, repairs and insurance costs are to be borne by FFL.

9.3 The maturity analysis have been disclosed in note 42.3 of these financial statements

		Note	2023	2022
			(Rupees '000)	
9.4	**Amounts recognized in the profit or loss**			
	Interest on lease liabilities	**33**	**11,595**	26,565
	Depreciation	**15**	**26,599**	30,501
			38,194	57,066

9.5 During the year, FFL has disposed off its leased vehicles having book value of Rs. 0.29 million (2022: Rs. 2.3 million) (Refer note 15 for relevant adjustments to right of use assets). For information regarding cash flows refer to Statement of Cash Flows.

		Note	2023	2022
			(Rupees '000)	
10	**DEFERRED LIABILITIES**			
	Compensated leave absences	**10.1**	**722,867**	681,512
	Deferred tax	**10.2**	**9,784,674**	5,231,463
	Payable against GIDC	**10.3**	**-**	3,126,489
			10,507,541	9,039,464
10.1	**Compensated leave absences**			
	The movement in the present value of compensated leave absences is as follows:			
	Opening balance		**681,512**	685,082
	Expense for the year (including past service cost)		**105,366**	59,784
	Benefits paid during the year		**(61,292)**	(63,354)
	Discontinued Operation	**38**	**(2,719)**	-
		.	**722,867**	681,512

This represents provision for leave encashment which is allowed at the end of employee service. The actuarial valuation in respect of provision for leave encashment has not been carried out since the management of FFBL and FPCL believes that impact is not material.

	2023	2022
The main assumptions used for actuarial valuation for FFL are as follows:		
Discount Rate	**16.75%**	13.25%
Expected rate of salary growth	**15.75%**	12.25%
Mortality rate	**SLIC (2001-2005)**	SLIC (2001-2005)
Leave accumulation factor (average) - days	**8**	8

		Note	2023	2022
			(Rupees '000)	
10.2	**The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:**			
	Accelerated depreciation		**2,577,544**	3,302,688
	Share of profit of associate and joint venture		**4,825,227**	2,291,998
	Share of profit of subsidiary		**2,985,210**	1,651,287
	Remeasurement gain on GIDC		**38,078**	196,620
	Provision for inventory obsolescence		**(112,853)**	(95,491)
	Provision for doubtful other receivables		**-**	(445,814)
	Deferred tax on revaluation of available-for-sale investments		**(428,421)**	(219,160)
	Provision against allowance		**-**	(365,401)
	Deferred tax on minimum tax		**(31,581)**	-
	Deferred tax on alternate corporate tax		**(68,530)**	-
	Unabsorbed losses, tax credits and others		**-**	(1,085,264)
		10.2.4	**9,784,674**	5,231,463

10.2.1 Upon promulgation of Finance Act, 2023, the applicable rate has increased from 33% to 39%.

10.2.2 As a matter of prudence, the Holding Company has not recognised deferred tax asset against capital loss of Rs. 10,166 million (2022: Rs. Nil). The capital loss is adjustable against available capital gain upon disposal of similar equity investments and will expire in Tax Year 2030. Further, the Company has not recognized deferred tax asset against provision against doubtful other receivables and additional provision against allowance for sales tax refundable.

The aggregate unused tax losses and tax credits available to FFL for set off against future taxable profit as at December 31, 2023 amount to Rs. 9,169.22 million (2022: Rs. 18,948.90 million) and Rs. 415.41 (2022: Rs. 159.05 million) respectively. Of these, deferred tax assets on unused tax losses and minimum tax credits amounting to Rs. Nil (2022: Rs. 863 million) and Rs. Nil (2022: Rs. 222 million) respectively have been recognized.

The expiry of FFL's tax losses for which no deferred tax asset has been recognized is as follows:

Expiry tax year	Nature	2023	2022
		(Rupees '000)	
2024	Business loss - TY 2018	**-**	2,492,626
2025	Business loss - TY 2019	**2,671,291**	2,671,291
2026	Business loss - TY 2020	**3,487,579**	3,487,579
2027	Business loss - TY 2021	**2,353,326**	2,353,326
2028	Business loss - TY 2022	**675,175**	1,133,727
2029	Business loss - TY 2023	**-**	1,681,968
2026	Minimum tax - TY 2023	**158,641**	159,080
2027	Minimum tax - TY 2024	**256,768**	-
No expiry	Unused depreciation loss	-	674,808

10.2.3 Deferred tax asset on alternate corporate tax of FPCL amounting to Rs. 19.78 million, Rs.13.65 million, Rs.16.42 million and Rs. 18.69 million will expire in financial year 2028, 2029, 2030 and 2031, respectively. Deferred tax asset on minimum tax amounting to Rs. 31.58 million will expire in financial year 2025.

		Note	2023	2022
			(Rupees '000)	
10.2.4	**The movement of deferred tax during the current year is as follows:**			
	Balance at beginning of the year		**5,231,463**	4,165,185
	Deferred tax on revaluation of available-for-sale investments and Translation reserve - Other Comprehensive Income		**(209,258)**	(116,884)
	Deferred tax on translation reserve - Other Comprehensive income		**1,201,232**	-
	Charge for the year	**37**	**3,561,237**	1,183,162
			9,784,674	5,231,463
10.3	**Payable against GIDC**			
	Opening balance	**10.3.1**	**21,738,026**	20,846,828
	Unwinding of GIDC		**498,183**	891,198
			22,236,209	21,738,026
	Current portion of GIDC	**11**	**(22,236,209)**	(18,611,537)
			-	3,126,489

10.3.1 This represents amount payable on account of Gas Infrastructure Development Cess (GIDC) under Gas Infrastructure Development Cess Act, 2015 (GIDC Act) up to July 31, 2020. The Company along with other industrial gas consumers had previously challenged the GIDC Act on constitutional grounds. Previously, the Honorable Supreme Court of Pakistan (SCP) in its judgment dated August 13, 2020 declared GIDC Act as valid legislation. A review petition for factual determination had been filed before the SCP, which upheld the original judgment. During the proceedings, the Additional Attorney General of Pakistan has stated that the Government is “agreeable” to recover the obligation in 48 equal monthly installments instead of 24 installments, but the government may also be granted one years-time instead of 6 month in meeting its obligations to commence work on the laying of the North-South pipeline project. Accordingly, the Company recognized this liability at its level 3 fair value of Rs. 19,593 million, in accordance with accounting policy disclosed in note 3.12 applied by analogy; resulting in a remeasurement gain of Rs. 3,300.5 million, being the difference between previously recognized provision and fair value of restructured liability calculated by applying discount rate ranging between 7.19% to 8.93%, recognized in statement of profit or loss. The fair value of liability approximates to Rs. 22,074 million (2022: 21,241 million) as of reporting date.

The Holding Company had previously obtained stay from the Honorable Sindh High Court (SHC) against payment of GIDC, on September 22, 2020. Management has determined, based on advice of the legal advisor, that this stay remains valid till its disposal by Sindh High Court; which is pending adjudication. Accordingly, the Company has not recognized any late payment surcharge in respect of non-payment of GIDC.

		Note	2023	2022
			(Rupees '000)	
11	**TRADE AND OTHER PAYABLES**			
	Creditors	**11.1**	**18,945,941**	34,709,136
	Payable against GIDC	**10.3**	**22,236,209**	18,611,537
	Accrued liabilities	**11.2**	**12,161,004**	9,651,167
	Workers' (Profit) Participation Fund	**11.3**	**290,887**	381,095
	Payable to Gratuity Fund	**11.4**	**138,897**	334,858
	Workers' Welfare Fund		**1,369,200**	1,116,240
	Security deposits	**11.5**	**85,506**	98,136
	Provident Fund		**11,509**	21,021
	Withholding tax payable		**114,038**	220,058
	Sales tax payable		**15,310**	12,067
	Other payables		**86,324**	99,152
			55,454,825	65,254,467

11.1 Creditors include payables to related party amounting to Rs. 14,125 million (2022: Rs. 29,293 million) against purchase of raw material. The Holding Company purchases raw material for use in production of fertilizer from Pakistan Maroc Phosphore S.A. (PMP) at discounted price, with a credit limit of 75 days.

11.2 This includes a provision against constructive obligation amounting to Rs. 288 million (2022: Rs. 288 million).

		Note	2023	2022
			(Rupees '000)	
11.3	**Workers' (Profit) Participation Fund**			
	Balance at beginning of the year		**381,095**	137,980
	Interest on WPPF		**2,677**	1,251
	Provision for the year	**34**	**1,005,136**	680,665
			1,388,908	819,896
	Payment made during the year		**(1,098,021)**	(438,801)
			290,887	381,095
11.4	**Payable to Gratuity Fund**			
	The amount recognised in the statement of financial position is as follow:			
	Present value of defined benefit obligation		**1,179,808**	980,223
	Fair value of plan assets		**(1,040,911)**	(645,365)
	Deficit		**138,897**	334,858
	The movement in the present value of defined benefit			
	Defined benefit obligation at beginning of the year		**977,326**	876,283
	Current service cost		**85,368**	81,848
	Past service cost		**(3,712)**	-
	Interest cost		**135,545**	98,270
	Payment made directly to employees		**-**	(1,481)
	Benefits paid through fund during the year		**(67,357)**	(65,314)
	Actuarial gain on obligation		**52,638**	(9,383)
	Present value of defined benefit obligation at end of the year		**1,179,808**	980,223
	Fair value of plan assets at beginning of the year		**642,468**	605,198
	Interest income		**111,613**	70,410
	Contributions		**332,848**	82,716
	Benefits paid during the year		**(67,357)**	(65,314)
	Return on plan assets excluding those included in interest income		**21,339**	(47,645)
	Fair value of plan assets at end of the year		**1,040,911**	645,365

	2023	2022
	(Rupees '000)	
Plan assets comprise of:		
Investment in listed securities	**149,907**	106,562
Investment in mutual funds	**124,789**	113,967
Investment in Treasury Bills	**25,891**	33,127
Investment in Pakistan investment bonds	**349,478**	325,238
Investment in term deposit receipts	**384,208**	50,000
Cash and bank balances	**6,638**	16,471
	1,040,911	645,365
Actual return on plan assets	**132,952**	22,765
Contributions expected to be paid to the plan during the next financial year	**62,704**	64,321

The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Group, at the beginning of the year, for returns over the entire life of the related obligations.

	2023	2022
	(Rupees '000)	
Movement in liability recognised in the statement of financial position:		
Opening liability	**334,858**	271,085
Expense for the year	**105,588**	109,708
Other comprehensive income	**31,299**	38,262
Payment made directly to employees	**-**	(1,481)
Contributions	**(332,848)**	(82,716)
	138,897	334,858
Amount recognised in the statement of profit or loss is as follows:		
Current service cost	**85,368**	81,848
Past service cost	**(3,712)**	-
Net interest	**23,932**	27,860
	105,588	109,708
The expense is recognised in the following line items in the statement of profit or loss:		
Cost of sales	**74,908**	80,245
Administrative expenses	**22,051**	21,097
Distribution expenses	**8,629**	8,366
	105,588	109,708

Comparison of present value of defined benefit obligation, fair value of plan assets and deficit of gratuity fund for the last five years is as follows:

	2023	2022	2021	2020	2019
			(Rupees '000)		
Present value of defined benefit obligation	**1,179,808**	980,223	876,283	982,692	991,443
Fair value of plan assets	**(1,040,911)**	(645,365)	(605,198)	(719,332)	(653,212)
Deficit	**138,897**	334,858	271,085	263,360	338,231
Experience adjustments					
- Remeasurement gain on obligation	**(52,638)**	9,383	40,418	96,734	99,799
- Remeasurement gain / (loss) on plan asset	**21,339**	(47,645)	(43,387)	(51,706)	(297,712)

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2023 for FFBL are as follows:

	2023	2022
Discount rate	**15.50%**	14.50%
Expected rate of salary growth	**16.00%**	14.25%
Mortality rate	**SLIC-2001-2005**	SLIC-2001-2005
Withdrawal factor	**Moderate**	Moderate
Average duration of defined benefit obligation	**6.58 years**	9.25 years

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2023 for FFL are as follows:

	2023	2022
Discount Rate	**16.75%**	13.25%
Expected rate of salary growth	**15.75%**	12.25%
Mortality rate	**SLIC (2001-2005)**	SLIC (2001-2005)
Average duration of defined benefit obligation	**8 years**	8 years

Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2023 for FFBL Power Company Limited are as follows:

	2023	2022
Discount rate	**14.25%**	12.25%
Expected rate of salary growth	**16.00%**	14.25%
Mortality rate	**SLIC 2001-2005**	SLIC 2001-2005
Withdrawal factor	**Age-Based**	Age-Based
Average duration of defined benefit obligation	**9 years**	12 years

Sensitivity analysis - FFBL

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

Rupees in millions	Defined benefit obligation 1 percent increase	 1 percent decrease
Discount rate	**(9)**	**10**
Salary increase rate	**10**	**(9)**

As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the defined benefit obligation by Rs. Nil.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last actuarial valuation at December 31, 2023 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

Sensitivity analysis - FFL

If the significant actuarial assumptions used to estimate the present value of liability at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the liability as at 31 December 2023 would have been as follows:

Rupees in millions	Defined benefit obligation 1 percent increase	 1 percent decrease
Discount rate	**(73)**	**(86)**
Salary increase rate	**86**	**73**

Sensitivity analysis - FPCL

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent in the following manner.

Rupees in millions	Defined benefit obligation 1 percent increase	 1 percent decrease
Discount rate	**(12)**	**14**
Salary increase rate	**14**	**(12)**

11.5 The security deposits are not for the purpose of goods / services to be delivered / provided and have not been utilized for the purpose of business.

		2023	2022
		(Rupees '000)	
12	**ACCRUED INTEREST**		
	Demand finance	**1,654**	34,167
	Short term borrowings	**102,374**	1,374,259
	Long term loans	**415,708**	387,366
		519,736	1,795,792

		Note	2023	2022
			(Rupees '000)	
13	**SHORT TERM BORROWINGS - SECURED**			
	From banking companies and financial institutions			
	Demand finance		**700,000**	6,499,981
	Running finance		**18,222,131**	29,098,396
			18,922,131	35,598,377
	Add: Accrued interest	**12**	**102,374**	1,374,259
			19,024,505	36,972,636
	Less: Accrued interest	**12**	**(102,374)**	(1,374,259)
			18,922,131	35,598,377

This includes an amount of Rs. Nil (2022: Rs. 272 million) drawn from Askari Bank Limited, a related party. The Group has arranged short term facilities from various banks on mark-up basis with limits aggregating to Rs. 31,020 million (2022: Rs. 37,626 million). These facilities carry mark-up ranging from 15.95 % to 23.11% (2022: 9.35% to 17.27%) per annum and are secured by hypothecation of charge on fixed and current assets of the Group.

			2023	2022
			(Rupees '000)	
14	**CONTINGENCIES AND COMMITMENTS**			
14.1	**Contingencies:**			
14.1.1	i)	Guarantees issued by banks on behalf of the Group	**109,227**	154,123
	ii)	Group's share of contingent liabilities of Askari Bank Limited as at September 30	**76,663,420**	64,475,281
	iii)	Contingent liabilities of FFL	**681,098**	645,316

14.1.2 Fauji Fertilizer Bin Qasim Limited - contingencies

- The Holding Company has also provided financial guarantees, obtained from commercial banks, in the name of Excise and Taxation Department, Government of Sindh, amounting to Rs. 5,546 million (December 31, 2022: Rs. 4,501 million), representing unpaid levy due under the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (Sindh Cess Act); deposited pursuant to instructions of the Honorable Sindh High Court (SHC) under a petition filed by the Holding Company (along with various other importers of goods) challenging the constitutionality of the power exercised by the provincial legislature to levy the Cess. The Company has also deposited the 50% levy, in cash, on monthly basis since June 2011. During previous period, on June 04, 2021, SHC has upheld the Sindh Cess Act as valid legislation, retrospectively with effect from July, 01, 1994. On the advice of its legal counsel, the Company filed an appeal against the decision, with the Honorable Supreme Court of Pakistan (SCP) and obtained stay order from the SCP against the decision, on September 01, 2021.

  As a matter of prudence, the Holding Company is recognizing the provision at the time of the activity that triggers the payment of the levy in accordance with the Sindh Cess Act; amounting to Rs. 5,546 million as of December 31, 2023 (2022: Rs. 4,501 million). During the year, the Holding Company has recognized the levy amounting to Rs. 1,045 million (2022: Rs. 1,727 million) fully covered by bank guarantee.

- During current and prior years, Federal Board of Revenue (FBR) issued orders raising demands of Rs. 1.96 billion, Rs. 1.45 billion, Rs. 1.27 billion, Rs. 5.12 billion, Rs. 5.84 billion, Rs. 1.38 billion, Rs. 0.96 billion and Rs. 3.27 billion for Tax Years 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 respectively, by disallowing various expenses with consequential tax impact. The Holding Company filed appeals with Commissioner Inland Revenue Appeals [CIR(A)] against these orders. During the year, CIR(A) has remanded back most of the matters for Tax Years 2015 to 2022 to the relevant forums for decision in accordance with law after ascertaining the relevant facts and decided certain matters in favour of tax authorities, whereas certain matters for Tax Year 2019 were pending with CIR(A), which have been remanded back to the relevant forums subsequent to the reporting date. The Holding Company has filed appeals against the decisions of CIR(A) with Appellate Tribunal Inland Revenue (ATIR), which are pending adjudication for Tax Years 2015 to 2022. Management of the Holding Company is confident of eventual favourable outcome in these cases. Moreover, adequate provision, in accordance with income tax law has been recognized in these consolidated financial statements.

- The Holding Company was liable to repay loans originally obtained from Export Credit Agencies (ECA), amounting to Rs. 9,723 million to the Government of Pakistan (GoP), in 15 annual equal installments, with a 1 year grace period, at zero percent, effective November 30, 2001. As per the restructuring agreement, the final installment was paid in June 2017.

  These loans from ECA, which were assumed by the GoP, were initially secured with a guarantee issued by Habib Bank Limited (HBL) on behalf of a local syndicate of banks and financial institutions. The guarantee was secured by a first equitable mortgage created on all immovable properties of the Holding Company, and by way of hypothecation of movable properties of the Holding Company. The charge ranked pari passu with the charges to be created in favour of other foreign and local lenders. The local syndicate had requested the Holding Company to obtain an indemnity from the GoP confirming that it is GoP's absolute obligation to indemnify and keep related banks and financial institutions harmless from any possible exposure on this account. Accordingly, on December 16, 2002, the GoP had conveyed its agreement by assuming the ECA loan liabilities by absolving related banks and financial institutions of their liabilities, for which they earlier issued guarantees to the ECA. As a result, three ECAs have released the guarantee of HBL and have returned the original documents.

  Since one ECA is yet to release HBL from its responsibility as guarantor, therefore the charge related to the portion of the said guarantee on the assets of the Holding Company, has not been vacated up to December 31, 2023. The Holding Company is making efforts in getting this guarantee released.

14.1.3 Fauji Foods Limited - contingencies

FFL has issued following guarantees:

- Guarantees aggregating Rs. Nil (2022: Rs. 161.61 million) have been issued by banks on behalf of FFL to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Remount veterinary and corps farms.

  The Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.99 million alleging that the FFL suppressed its sales. The Commissioner Inland Revenue-Appeals (CIR-A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (ATIR) had set aside the order of CIR-A and remanded the case back to CIR-A for denovo proceedings. The CIR-A, vide his order dated 03 September 2012, has allowed partial relief of Rs. 11.32 million to the Company. The remaining disputed amount after rectification order under section 221 of the Income Tax Ordinance 2001 dated 16 May 2013 out of Rs. 34.99 million now stands at Rs. 18.28 million. Both the FFL and the Department have filed appeals before the ATIR against the order of CIR-A, which are pending adjudications.

  For the year ended June 30, 2012 i-e tax year 2012 amendment order was framed determining tax at Rs. 74,128,663 as against Rs. 22,753,512 conceded in the return. The CIR (Appeals) in his order under section 129 dated December 31, 2018 has confirmed the action of the ACIR in respect of certain additions and set aside other matters with directions. FFL, being aggrieved, has filed the appeal before ATIR. The ATIR, though order dated 03 March 2023, decided the case in favour of the FFL. The department, being aggrieved, has filed an appeal against the order of ATIR before Lahore High Court which is pending adjudication.

  FFL was selected for audit under section 214C for Tax year 2014 as per list published by FBR. For the Tax year 2014, The Department order in this case has resulted in demand of Rs. 5.9 million as against refund of Rs. 2.1 million claimed in the return. Further FFL obtained stay against recovery of above tax demand under section 140 of ITO 2001, and also filled appeal before CIR appeals Lahore, who remanded back the case. FFL has filed appeal before ATIR which is pending adjudication.

FFL filed application for issuance/adjustment of income tax refunds pertaining to tax year 2019 and 2020 amounting to Rs 677 million, upon which the Deputy Commissioner Inland Revenue - DCIR verified and adjusted/issued refunds amounting to Rs.563 million and balance refund amounting to Rs.114 million was rejected. The Company filed appeal before CIR-Appeals against rejected refund who vide appellate order dated 22 September, 2023 remanded back the proceedings to DCIR. Consequently, the taxpayer filed applications for appeal effect and thereafter appeal effect order was e-issued dated 02 January,2024 wherein refund amounting to Rs.68 million was verified and the balance refund amounting to Rs. 46 million was rejected. The Company intends to file appeal against the rejection of refunds.

During the year ended 31 December 2018, Assistant Commissioner Inland Revenue (ACIR) through its order dated 23 October 2018, raised a sales tax demand for the period from July 2016 to June 2017, under section 11(2) and 11(3) of Sales Tax Act, 1990, amounting to Rs. 145.57 million along with penalty of Rs. 7.28 million against inadmissible adjustment of input tax on goods not related to taxable supplies, non-realization of sales tax on disposal of fixed assets and non-withholding of sales tax from payment made against advertisement. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) and demand was reduced to 13 million, aggrieved by this order, the Company filed an appeal before ATIR which is pending adjudication.

The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2019 to December 2019 and has charged sales tax amounting RS 14,000,000. The company being aggrieved by the order filed appeal before CIR appeals who, through order 08/2020 dated 29/10/2020 remanded the case back to ACIR for re- assessment . The department has filed appeal before ATIR which is pending adjudication.

During the year ended 31 December 2018, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice, dated 09 November 2018, against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement amounting to Rs. 399.60 million. Against the show cause notice, the ACIR raised a sales tax demand of Rs. 135.34 million along with default surcharge and penalty. The Company filed an appeal before CIR appeals who decided the case in favor of the Company through order 10/2020 dated 29 October 2020 and annulled the ACIR order. The department is in process of filling an appeal with ATIR.

During the year ended 31 December 2021, ADCIR issued a show cause notice, dated 17 February 2021 against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement . Against the show cause notice, the ADCIR raised a sales tax demand of Rs. 100 Million along with default surcharge and penalty. The Company filed an appeal before the Commissioner Inland Revenue-Appeals (CIR-A) Lahore on 06 January 2022, which is pending adjudication.

The Company was served with notice under rule 44(4) of the income Tax Rules 2002 dated 15 February 2023 issued by the DCIR followed by a notice under section 161(1 A) of the Ordinance dated 17 March 2023. The Company filed reply on 30 March, 2023. DCIR issued an order under section 161(1) of the Ordinance 18 April 2023 wherein total tax was charged at Rs.338,652,977. The department adjusted the aforementioned amount of alleged tax default by making adjustment of income tax refunds pertaining tax year(s) 2017 & 2018. The Company filed an appeal before CIR-Appeals against the above mentioned order under section 161(1) dated 18 April 2023. CIR-Appeals issued appellate order on the matter dated 07 August 2023 wherein the case was annulled, remanded back to DCIR for re-assessment and confirmed the tax demand to tune of Rs.33,426,288. The Company being aggrieved filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on 04 October 2023 against confirmed tax demand of Rs.33,426,288 which is pending adjudication.

The department passed an order dated 15 March 2022 and served the same after one year on 14 March 2023 creating a demand of Rs.103 million on account of claim of inadmissible input sales tax in sales tax returns. Being aggrieved, the Company preferred an appeal before CIR(A). The CIR(A) remanded the case back to department for fresh proceedings. The Company has now preferred an appeal before ATIR which is pending adjudication.

The department issued show cause notice alleging adjustment of inadmissible input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement services. Against the show cause notice, Department raised sales tax demand of Rs. 138 million along with default surcharge and penalty. The Company preferred an appeal before CIR(A). CIR(A) decided the case in favor of the

Company through order dated 29 October 2020 and annulled the department's order. The department has filed an appeal before ATIR which is pending adjudication.

The department issued show cause notice alleging adjustment of inadmissible input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement services. Against the show cause notice, Department raised sales tax demand of Rs. 138 million along with default surcharge and penalty. The Company preferred an appeal before CIR(A). CIR(A) decided the case in favor of the Company through order dated 29 October 2020 and annulled the department's order. The department has filed an appeal before ATIR which is pending adjudication.

The department issued show cause notice alleging adjustment of inadmissible input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement services. Against the show cause notice, Department raised sales tax demand of Rs. 138 million along with default surcharge and penalty. The Company preferred an appeal before CIR(A). CIR(A) decided the case in favor of the Company through order dated 29 October 2020 and annulled the department's order. The department has filed an appeal before ATIR which is pending adjudication.

- Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that FFL has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.

			2023	2022
			(Rupees '000)	
14.2	**Commitments:**			
	i)	Capital expenditures - contracted	**245,667**	286,867
	ii)	Letters of credit for purchase of raw materials and stores and spares	**14,935,594**	15,217,610
	iii)	Commitments of FFBL Power Company Limited		
		- Capital expenditure	**74,740**	61,714
		- Outstanding against Letter of Credits out of total facility of Rs. 11,250 million (2022: Rs. 11,250 million), secured by lien on valid import documents	**2,337,470**	3,038,750
	iv)	Commitments of Fauji Foods Limited	**210,030**	66,500
	v)	Group's share of commitments of PMP as at September 30	**19,999**	92,521
	vi)	Group's share of commitments of Askari Bank Limited as at September 30	**88,287,135**	115,729,672

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

15 PROPERTY, PLANT AND EQUIPMENT

	PROPERTY, PLANT AND EQUIPMENT																		
	Owned														Right-to-use assets				
	Leasehold land	Freehold land ****	Buildings on freehold land	Buildings on leasehold land	Plant and machinery *****	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work in progress (note 15.1)	Capital Spares	Sub Total	Vehicles	Building	Machinery	Sub Total	Total
	(Rupees '000)																		
COST																			
Balance as at January 01, 2022	606,782	606,406	4,959,427	8,238,315	60,456,005	287,427	937,983	1,000,726	581,820	2,406	670,712	616,323	828,311	79,792,643	46,231	166,213	362,414	574,858	80,367,501
Additions during the year	-	-	155	2,517	179,196	803	167,136	32,647	30,216	-	-	756,673	16,867	1,186,210	-	-	-	-	1,186,210
Disposals	-	-	-	-	-	-	(80,277)	(2,576)	(5,048)	-	-	-	-	(87,901)	(11,951)	-	-	(11,951)	(99,852)
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,527)	-	(32,527)	(32,527)
Transfers **	1,100	-	-	240,042	485,788	-	60,588	-	-	-	-	(736,407)	(51,111)	-	-	-	-	-	-
Balance as at December 31, 2022	607,882	606,406	4,959,582	8,480,874	61,120,989	288,230	1,085,430	1,030,797	606,988	2,406	670,712	636,589	794,067	80,890,952	34,280	133,686	362,414	530,380	81,421,332
Balance as at January 01, 2023	**607,882**	**606,406**	**4,959,582**	**8,480,874**	**61,120,989**	**288,230**	**1,085,430**	**1,030,797**	**606,988**	**2,406**	**670,712**	**636,589**	**794,067**	**80,890,952**	**34,280**	**133,686**	**362,414**	**530,380**	**81,421,332**
Additions during the year *	**-**	**-**	**-**	**45,829**	**679,964**	**26,685**	**240,283**	**326,891**	**127,267**	**-**	**-**	**786,806**	**83,514**	**2,317,239**	**-**	**-**	**11,401**	**11,401**	**2,328,640**
Disposals	**-**	**-**	**-**	**-**	**(129,458)**	**(228)**	**(94,453)**	**(8,031)**	**(21,237)**	**-**	**-**	**-**	**-**	**(253,407)**	**(3,970)**	**-**	**-**	**(3,970)**	**(257,377)**
Transfers **	**-**	**-**	**(37)**	**2,160**	**40,665**	**(2,160)**	**30,307**	**12,503**	**-**	**-**	**-**	**(5,155)**	**(32,869)**	**45,414**	**(30,307)**	**-**	**-**	**(30,307)**	**15,107**
Disposal of subsidiary (note 38)	**-**	**(153,552)**	**(2,745,520)**	**-**	**(4,299,858)**	**(27,057)**	**(53,569)**	**(38,202)**	**(53,655)**	**-**	**-**	**-**	**-**	**(7,371,413)**	**-**	**-**	**-**	**-**	**(7,371,413)**
Balance as at December 31, 2023	**607,882**	**452,854**	**2,214,025**	**8,528,863**	**57,412,302**	**285,470**	**1,207,998**	**1,323,958**	**659,363**	**2,406**	**670,712**	**1,418,240**	**844,712**	**75,628,785**	**3**	**133,686**	**373,815**	**507,504**	**76,136,289**
DEPRECIATION																			
Balance as at January 01, 2022	151,007	-	840,949	1,970,584	27,524,452	135,678	427,402	626,802	524,439	2,400	467,785	-	-	32,671,498	10,753	12,386	45,531	68,670	32,740,168
Charge for the year ***	10,266	-	169,532	317,477	1,992,692	35,294	124,655	123,293	31,622	6	41,949	-	-	2,846,786	7,398	8,606	14,497	30,501	2,877,287
Disposals	-	-	-	-	-	-	(63,268)	(673)	(4,914)	-	-	-	-	(68,855)	(9,645)	-	-	(9,645)	(78,500)
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,308)	-	(10,308)	(10,308)
Balance as at December 31, 2022	161,273	-	1,010,481	2,288,061	29,517,144	170,972	488,789	749,422	551,147	2,406	509,734	-	-	35,449,429	8,506	10,684	60,028	79,218	35,528,647
Balance as at January 01, 2023	**161,273**	**-**	**1,010,481**	**2,288,061**	**29,517,144**	**170,972**	**488,789**	**749,422**	**551,147**	**2,406**	**509,734**	**-**	**-**	**35,449,429**	**8,506**	**10,684**	**60,028**	**79,218**	**35,528,647**
Charge for the year ***	**10,270**	**-**	**148,939**	**280,260**	**1,850,865**	**22,147**	**142,904**	**93,358**	**36,946**	**-**	**41,949**	**-**	**-**	**2,627,638**	**5,347**	**6,385**	**14,867**	**26,599**	**2,654,237**
Disposals	**-**	**-**	**-**	**-**	**(57,609)**	**(53,991)**	**(27,448)**	**(20,152)**	**(1,099)**	**-**	**-**	**-**	**-**	**(160,299)**	**-**	**(3,679)**	**-**	**(3,679)**	**(163,978)**
Transfers **	**-**	**-**	**(37)**	**1,892**	**-**	**(1,892)**	**2,737**	**(30)**	**-**	**-**	**-**	**-**	**-**	**2,670**	**(2,737)**	**-**	**-**	**(2,737)**	**(67)**
Disposal of subsidiary (note 38)	**-**	**-**	**(562,137)**	**-**	**(1,517,831)**	**(18,875)**	**(49,069)**	**(29,209)**	**(53,564)**	**-**	**-**	**-**	**-**	**(2,230,685)**	**-**	**-**	**-**	**-**	**(2,230,685)**
Balance as at December 31, 2023	**171,543**	**-**	**597,246**	**2,570,213**	**29,792,569**	**118,361**	**557,913**	**793,389**	**533,430**	**2,406**	**551,683**	**-**	**-**	**35,688,753**	**11,116**	**13,390**	**74,895**	**99,401**	**35,788,154**
Written down value - 2022	446,609	606,406	3,949,101	6,192,813	31,603,845	117,258	596,641	281,375	55,841	-	160,978	636,589	794,067	45,441,523	25,774	123,002	302,386	451,162	45,892,685
Written down value - 2023	**436,339**	**452,854**	**1,616,779**	**5,958,650**	**27,619,733**	**167,109**	**650,085**	**530,569**	**125,933**	**-**	**119,029**	**1,418,240**	**844,712**	**39,940,032**	**(11,113)**	**120,296**	**298,920**	**408,103**	**40,348,135**
Rate of depreciation	**2% - 4%**	**-**	**3%**	**3%**	**3.33% - 5%**	**10%**	**20% - 40%**	**15%**	**33% - 50%**	**30%**	**17% - 50%**	**-**	**-**		**33%**	**10% - 15%**	**5%**		

* Additions during the year includes borrowing cost of Rs. Nil (2022: Rs. 25.9 million) in respect of qualifying plant and machinery at the capitalization ate of Nil (2022: 12.52%).

** During the year, an amount of Rs. 2 million (2022: Rs. 10.4 million) was transferred from CWIP to intangible asset.

*** As at reporting date, plant and machinery of the Holding Company having cost of Rs. 15,814 million (2022: Rs. 15,798 million) have been fully depreciated but are still in use.

**** FPCL is in the process of transferring the title of freehold land in its name.

***** Under a musharaka arrangement, the Holding Company has pledged items of plant and machinery with a upto a value of Rs. 3,000 million.

		Note	2023	2022
			(Rupees '000)	
15.1	**Capital work in progress - CWIP**			
	Fauji Fertilizer Bin Qasim Limited	**15.1.1**	**95,252**	125,946
	FFBL Power Company Limited	**15.1.2**	**56,566**	214,432
	Fauji Foods Limited	**15.1.3**	**462,995**	296,211
			614,813	636,589
15.1.1	**CWIP - Fauji Fertilizer Bin Qasim Limited**			
	Plant and machinery		**10,571**	41,265
	Catalyst		**84,681**	84,681
			95,252	125,946
15.1.2	**CWIP- FFBL Power Company Limited**			
	Buildings on leasehold land		**46,801**	189,382
	Plant and machinery		**9,765**	25,050
			56,566	214,432
15.1.3	**CWIP - Fauji Foods Limited**			
	Plant and machinery		**437,068**	228,617
	Advance against capital expenditure		**15,949**	62,157
	Intangible		**9,978**	5,437
			462,995	296,211
15.2	Depreciation charge has been allocated as follows:			
	Cost of sales	**30**	**2,256,540**	2,360,731
	Selling and distribution expenses	**31**	**12,347**	8,355
	Administrative expenses	**32**	**161,340**	208,581
			2,430,227	2,577,667
	Discontinued operation	**38**	**224,010**	-
			2,654,237	2,577,667

Particulars of immovable assets of the Group are as follows:

Location	Company	Address	Covered Area (acre)
Islamabad	FFBL	C1/C2, Sector B, Jinnah Boulevard DHA Phase II	2
Karachi	FFBL	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	250
Karachi	FFBL	Tank Farm Area, Port Qasim	8
Karachi	FFBL	Near Rangers Check Post, Opposite Naval Marine Base, National Highway	202.2
Pindi Bhattian	FFBL	Moza Thatta Raika and Moza Thatta Bahuman	167
Karachi	FPCL	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim	100
Bhalwal	FFL	Sarghoda Road, Bhalwal	15.05

		Sold to	Cost	Book value	Sale proceeds	Gain / (loss)
				(Rupees '000)		
15.3	**Details of property, plant and equipment sold:**					
	Vehicles - as per company policy to employees					
	Suzuki Cultus	Syed Ahmer Salman	**1,992**	**1,365**	**1,392**	**27**
	Suzuki Cultus	Talha Faraz Malik	**1,851**	**1,222**	**1,282**	**60**
	Suzuki Cultus	Kashif Waqas Malik	**2,009**	**1,139**	**1,210**	**71**
	Toyota Yaris	Aamir Ejaz	**2,580**	**1,152**	**1,400**	**248**
	Suzuki Cultus	M. Zeeshan Ajmal	**1,863**	**1,019**	**1,119**	**100**
	Toyota Corolla Altis Grande AT CVT	M. Nauman Younas	**3,100**	**672**	**455**	**(217)**
	Honda City 1.5 Prosmatic	Imran Hyder	**1,913**	**574**	**278**	**(296)**
	Suzuki Cultus AGS	Zulfiqar Ali	**1,855**	**587**	**278**	**(309)**
	Suzuki Cultus VXL	Asim Raza	**1,907**	**572**	**865**	**293**
	Honda Civic, 1.8 i-VTEC Oriel	Azka Hamid	**1,917**	**1,278**	**948**	**(330)**
	Suzuki Cultus VXL	Muhammad Ayaz Butt	**1,881**	**502**	**278**	**(224)**
	Honda Civic, 1.8 i-VTEC Oriel	Hamza Sardar	**1,930**	**1,383**	**1,074**	**(309)**
	Suzuki Cultus VXL	Muhammad Ali	**1,856**	**1,206**	**1,030**	**(176)**
	Hyundai Elantra GLS	Imran Shehzad	**3,147**	**2,578**	**2,420**	**(158)**
	Plant and machinery					
	Packing machine - TBA 200 ML	Selo Foodtech	**86,187**	**47,834**	**40,996**	**(6,838)**
	Packing machine - TBA 250 ML	Selo Foodtech	**43,272**	**24,016**	**39,596**	**15,580**
	Aggregate of items of property, plant and equipment with individual book value below Rs. 500,000		**98,117**	**6,300**	**16,962**	**10,662**
		2023	**257,377**	**93,399**	**111,583**	**18,184**
		2022	99,852	21,352	47,580	26,228

15.4 During the year, FPCL's STG 2 & 1 tripped on March 07, 2023 and May 05, 2023 respectively due to technical fault, causing power failure at the Holding Company's Complex. Until August 12, 2023 plant operated partially for the Holding Company and KE. STG 1 was restored on August 13, 2023 and plant was fully operational. Backup STG 2 was also restored on December 12, 2023.

Addition in plant and machinery includes an amount of Rs. 601 million which relates to the capitalization of the new stators of FPCL. However, existing stators were repaired and kept as stand by equipment.

Insurance claim in respect of the policy Business Interruption (BI) of FPCL amounting to Rs. 869 million has been received and recognized.

16 INTANGIBLE ASSETS

	Softwares	Goodwill (note 16.1)	Capital work in progress	Total
		(Rupees '000)		
COST				
Balance as at January 01, 2022	221,299	377,778	10,735	609,812
Additions during the year	-	-	80	80
Transfer during the year	10,440	-	(10,440)	-
Balance as at December 31, 2022	231,739	377,778	375	609,892
Balance as at January 01, 2023	**231,739**	**377,778**	**375**	**609,892**
Additions during the year	**4,001**	**-**	**-**	**4,001**
Transfer during the year	**-**	**-**	**1,977**	**1,977**
Balance as at December 31, 2023	**235,740**	**377,778**	**2,352**	**615,870**
AMORTIZATION				
Balance as at January 01, 2022	198,956	-	-	198,956
Charge for the year	18,407	-	-	18,407
Balance as at December 31, 2022	217,363	-	-	217,363
Balance as at January 01, 2023	**217,363**	**-**	**-**	**217,363**
Charge for the year	**13,060**	**-**	**659**	**13,719**
Balance as at December 31, 2023	**230,423**	**-**	**659**	**231,082**
Written down value- 2022	14,376	377,778	375	392,529
Written down value- 2023	**5,317**	**377,778**	**1,693**	**384,788**
Rate of amortization	**33%**			

16.1 On September 04, 2015, the Group acquired 38.25% of voting and non-voting shares of FFL and concluded that FFBL has obtained control over FFL, based on its ability to appoint a majority of its directors and senior management personnel. The Group paid a consideration of Rs. 479.9 million to obtain the control of FFL on the acquisition date, when the fair value of FFL's identified net assets amounted to Rs. 266.9 including a non controlling interest of Rs. 164.8 million. Accordingly, the Group recognised goodwill of Rs. 377.8 million.

As at the reporting date, the Holding Company performed an impairment test for FFL, a cash generating unit ("CGU"). The Holding Company has determined recoverable amount of CGU, based on a fair value less cost of disposal, which was higher than the carrying amount of the CGU in the consolidated financial statements, accordingly no impairment was recognised. The fair value has been determined by reference to quoted closing exit price at the reporting date. The cost of disposal has been assessed to be immaterial.

	Note	2023	2022
		(Rupees '000)	
16.2 Amortization charge has been allocated as follows:			
Cost of sales	**30**	**12,282**	17,475
Administrative expenses	**32**	**1,437**	402
		13,719	17,877

		2023	2022
		(Rupees '000)	
17	**INVESTMENT PROPERTY**		
	Investment property - at cost		
	Carrying amount as at December 31, 2023	**270,242**	270,242

17.1 This represents freehold land located at Pindi Bhattian owned by the Holding Company. This land is not occupied by the Holding Company and is held for capital appreciation and earning rental income. The rental income in respect of this property amounting to Rs. 10.3 million (2022: Rs. 8 million) has been recognized in profit or loss and included in other income. The Holding Company carries this investment property under cost model. No significant operating expenses were incurred during the year. During the year, title of land was transferred in the name of the Holding Company.

17.2 The fair value of the land approximates to Rs. 500 million. The latest valuation was made by an independent valuer during previous year. Forced sale value of the land based on the valuation was Rs. 375 million. The fair value was determined with reference to the then market conditions, recent transactions of similar properties and market research. As of reporting date, the Holding Company does not have any contractual obligation to purchase, construct or develop investment property or to repair, maintain and enhance.

		Note	2023	2022
			(Rupees '000)	
18	**LONG TERM INVESTMENTS**			
	Interest in jointly controlled entity	**18.1**	**13,956,140**	12,247,699
	Interests in associate	**18.2**	**16,509,068**	13,925,756
	Other long term investment	**18.4**	**-**	-
			30,465,208	26,173,455

18.1 Interest in jointly controlled entity

Pakistan Maroc Phosphore S.A. (PMP) is a joint arrangement in which the Group, along with its partners, has joint control and a 25% ownership interest. It is one of the Group's strategic suppliers and is principally engaged in the production of phosphoric acid in Morocco. PMP is not publicly listed. PMP is structured as a separate vehicle and the Group has a residual interest in the net assets of PMP. Accordingly, the Group has classified its interest in PMP as a joint venture.

The cost of the Group's investment is Moroccan Dirhams 200 million, which was made from 2004 to 2006 and represents 25% interest In PMP, a joint venture between the Group, Fauji Foundation, Fauji Fertilizer Company Limited and Office Cherifien Des Phosphates, Morocco. The principal activity of PMP is to manufacture and market phosphoric acid, fertilizer and other related products in Morocco and abroad. The principal place of business is Jorf Lasfar, Morocco. According to the shareholders' agreement, if any legal restrictions are laid on dividends by Pakistan Maroc Phosphore S.A., the Group's equity will be converted to an interest bearing loan. The Group has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

There has been no default by PMP against its loans. Further, there has been no litigations against PMP.

PMP has declared dividend amounting to Rs. Nil (2022: Rs. 2,511 million), during the year.

The following table summarises the financial information of PMP as included in its own financial statements for the period ended September 30, 2023, which have been used for equity accounting as these were the latest approved financial statements. Further, results of operations of the last quarter of 2022 have also been considered for equity accounting. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in PMP.

		Note	2023	2022
			(Rupees '000)	
	Percentage ownership interest		**25%**	25%
	Non-current assets		**14,872,103**	11,552,090
	Current assets including cash and cash equivalents amounting to Rs. 7,744 million		**64,104,286**	86,807,423
	Non-current liabilities		**(5,661)**	(7,331)
	Current liabilities		**(23,248,881)**	(49,349,610)
	Net Assets (100%)		**55,721,847**	49,002,572
	Group's share of net assets (25%)		**13,930,462**	12,250,643
	Other adjustment		**25,678**	(2,944)
	Carrying amount of interest in joint venture		**13,956,140**	12,247,699
	Revenue		**64,350,598**	128,054,382
	Depreciation and amortisation		**(1,736,803)**	(1,983,276)
	Finance costs		**(237,079)**	(65,955)
	Income tax expense		**(762,576)**	(5,042,102)
	Other expenses		**(70,908,779)**	(101,822,978)
	Profit (100%)		**(9,294,639)**	19,140,071
	Group's share of (loss) / profit (25%)		**(2,323,660)**	4,785,015
	Provision for unrealized profit on stock	**20.3**	**752,448**	(752,448)
	Group's share of (loss) / profit for the year		**(1,571,212)**	4,032,567
18.2	**Interests in associate**			
	Askari Bank Limited (AKBL)	**18.2.1**	**16,509,068**	13,925,756

18.2.1 FFBL holds 21.57% (2022: 21.57%) equity of Askari Bank Limited (AKBL), representing 271.9 million ordinary shares of Rs. 10 each, acquired at an average price of Rs. 19.31 per share. The market value of the investment in AKBL as at December 31, 2023 was Rs. 6,720.9 million (2022: Rs. 5,464.9 million) at the rate of Rs. 24.7 per share. AKBL is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The head office of AKBL is situated at AWT Plaza, P.O BOX 1084, Rawalpindi.

The management of the Company has carried out an impairment analysis of this investment, based on future expected cash flows for the next four years and thereafter cash flows on terminal values, with a 2% (2022: 2%) per annum growth. The future cash flows have been discounted at a risk adjusted rate of 21.68% (2022: 19.76%) to arrive at an intrinsic value of shares of AKBL. Based on the analysis, management believes that the carrying value of the investment in the associated company is less than its recoverable amount.

18.3 The following table summarises the financial information of associate (2022: associates) as included in their own unaudited interim financial information for the period ended September 30, 2023, which have been used for accounting under the equity method as these were the latest approved financial statements.

The reporting date of AKBL is 31 December and the reporting date of other associates, disposed off in prior years was 30 June. Accordingly, for the purpose of incorporation of results of AKBL, the operations of three quarters of the financial year 2023 and the last quarter of the financial year 2022, have been considered.

AKBL	2023	2022
	(Rupees '000)	
Percentage of shareholding	**21.57%**	21.57%
Total assets	**1,835,996,639**	1,594,971,792
Total liabilities	**(1,763,221,159)**	(1,534,567,743)
Net assets (100%)	**72,775,480**	60,404,049
Group's share of net assets	**15,697,671**	13,029,153
Imputed goodwill	**1,099,231**	1,099,231
Other adjustment	**(287,834)**	(202,628)
	811,397	896,603
Carrying amount of interest in associate	**16,509,068**	13,925,756
Revenue	**62,464,367**	47,753,622
Profit (100%)	**17,904,620**	13,666,583
Group's share of profit	**3,862,027**	2,947,882

18.3.1 During the year, AKBL in its annual general meeting dated March 29, 2023, shareholders approved bonus shares at the rate of 15% (of the face value of ordinary share capital), increasing its paid-up capital to 1,449,299,207 ordinary shares. These bonus shares shall rank pari passu in all respects with the existing ordinary shares of AKBL. Accordingly, number of shares held by the Holding Company have increased from 271,884,009 shares to 312,666,610 ordinary shares. Issue of bonus shares resulted in no change in percentage holding (21.57%).

		2023	2022
		(Rupees '000)	
18.4	**Investment - available for sale - unquoted**		
	Arabian Sea Country Club Limited (ASCCL)		
	300,000 ordinary shares of Rs. 10 each	**3,000**	3,000
	Less: Impairment in value of investment	**(3,000)**	(3,000)
		-	-

The Holding Company holds 300,000 ordinary shares of Rs. 10 each representing equity interest of 3.87% in Arabian Sea Country Club Limited. The breakup value based on audited accounts for the year ended June 30, 2018 was negative Rs. 10.76 per ordinary share. This investment is fully impaired.

		Note	2023	2022
			(Rupees '000)	
19	**STORES AND SPARES**			
	Stores		**2,132,738**	1,460,589
	Spares		**1,948,185**	1,907,664
	Provision for obsolescence	**19.1**	**(296,335)**	(296,335)
			3,784,588	3,071,918
19.1	The movement in provision is as follows:			
	Opening balance		**296,335**	272,630
	Provision made during the year	**30**	**-**	23,705
			296,335	296,335
20	**STOCK IN TRADE**			
	Packing materials		**754,595**	476,627
	Raw materials		**6,951,717**	9,462,321
	Raw materials in transit		**9,248,192**	17,225
	Work in process		**510,840**	297,490
	Finished goods	**20.1**	**957,259**	32,989,765
			18,422,603	43,243,428
	Provision for unrealized profit on stock	**20.3**	**-**	(752,448)
	Provision for stock	**20.4**	**(15,837)**	(28,818)
			18,406,766	42,462,162

20.1 As at December 31, 2023, finished goods stock amounting to Rs. 66 million (2022: Rs. 31,877 million) are held with Fauji Fertilizer Company Limited. Further, finished goods stock amounting to Rs. Nil (2022: 2.27 million) was in transit.

20.2 During the year, FFL has charged Rs. 1.57 million (2022: Rs. 3.6 million), to statement of profit or loss on account of write down of finished goods, work in progress, stock in transit and others.

20.3 During the year, the Holding Company has derecognized the provision charged in prior year, amounting to Rs. 752.4 million, to share of profit on associate on account of realization of profit on sale of stock in current year.

		Note	2023	2022
			(Rupees '000)	
20.4	The movement in provision during the year is as follows:			
	The movement in provision is as follows:			
	Opening balance		**28,818**	30,499
	Written off during the year		**(12,981)**	(1,681)
			15,837	28,818
21	**TRADE DEBTS**			
	Secured - considered good		**2,952,420**	12,385,670
	Unsecured - considered good		**75,303**	4,375,915
	Considered doubtful		**230,033**	705,991
		21.1	**3,257,756**	17,467,576
	Less: Allowance for expected credit losses	**21.2**	**(230,033)**	(705,991)
			3,027,723	16,761,585

21.1 This includes accrued revenue amounting to Rs. 1,156 million (2022: Rs. 1,989.86 million).

		Note	2023	2022
			(Rupees '000)	
21.2	**Allowance for expected credit losses**			
	Opening balance		**705,991**	1,353,226
	Allowance for the year	**35**	**89,900**	95,267
	Exchange loss on allowance for ECL		**-**	(742,502)
	Write off during the year		**(200,021)**	-
	Allowance against discontinued operation		**(365,837)**	-
			230,033	705,991
22	**ADVANCES**			
	Advances to:			
	Executives, unsecured considered good		**54,907**	42,610
	Other employees, unsecured considered good		**117,207**	129,719
		22.1	**172,114**	172,329
	Advances to suppliers and contractors			
	Considered good		**876,287**	1,143,386
	Considered doubtful		**276,549**	73,295
			1,152,836	1,216,681
	Provision for doubtful advances	**22.2**	**(10,217)**	(73,295)
			1,314,733	1,315,715

22.1 These represent interest free advances given to employees, including executives, of the Group, in accordance with the Group's policy. These are repayable within one year. Maximum amount outstanding with key management personnel were Rs. 1.6 million (2022: Rs. 3 million), at any time during the year.

		Note	2023	2022
			(Rupees '000)	
22.2	The movement in provision for doubtful allowances during the year is as follows:			
	Opening balance		**73,295**	73,295
	Provision for doubtful allowances	**31**	**10,217**	-
	Disposal of subsidiary		**(73,295)**	-
	Closing balance		**10,217**	73,295
23	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		**121,135**	177,077
	Prepayments		**410,237**	288,880
			531,372	465,957
	Allowance for expected credit loss - security deposits	**23.1**	**-**	-
			531,372	465,957
23.1	Movement of allowance for expected credit loss on security deposits			
	Opening balance		**-**	-
	Charge for the year	**35**	**11,770**	-
	Amount written off		**(11,770)**	-
	Closing balance		-	-

		Note	2023 (Rupees '000)	2022 (Rupees '000)
24	**OTHER RECEIVABLES**			
	Due from Fauji Fertilizer Company Limited - unsecured, considered good	**24.1**	**4,486,638**	1,357,490
	Subsidy receivable from Government of Pakistan	**24.2**	**3,160,992**	3,160,992
	Receivable from PMP	**24.3**	**1,366**	11,170
	Receivable from FML		**11,165**	-
	Letter of credit margin		**3,740,033**	78,463
	Others - considered good		**74,607**	138,610
	Due from associated companies	**24.4**	**13,428**	5,829
			11,488,229	4,752,554
	Less: Expected credit loss against doubtful other receivables	**24.5**	**-**	(1,372,115)
	Less: Provision against doubtful other receivables	**24.6**	**(3,160,992)**	-
			8,327,237	3,380,439

24.1 This interest free balance represents amounts recovered by Fauji Fertilizer Company Limited, a related party, from customers on sale of the Holding Company's products under an inter-company services agreement (refer to note 27.1 and 29.2). The collection is transferred on a weekly basis. Maximum amount outstanding during the year was Rs. 18,487 million (2022: Rs. 8,751 million). It is neither past due nor impaired.

24.2 This includes a subsidy @ PKR 100 per 50 kg bag, on sale of Urea fertilizer, pursuant to notification No.15 (4) CFC / 2015 dated August 07, 2017, issued the Ministry of Finance, Government of Pakistan . Subsidy scheme has been discontinued w.e.f. 30 June 2018. This also includes a subsidy @ PKR 300 per 50 kg bag, on sale of Di-Ammonium Phosphate (DAP) fertilizer, and a subsidy @ PKR 156 per 50 kg bag of Urea fertilizer, pursuant to notification F. No. 1-11/2012/DFSC-II/Fertilizer dated June 25, 2016, issued by the Ministry of National Food Security and Research, Government of Pakistan.

24.3 Maximum amount outstanding during the year was Rs. 15 million (2022: Rs. 2,522 million). It is neither past due nor impaired.

24.4 This included amounts due from Fauji Foundation amounting to Rs. 13.4 million (Fauji Cereals 2022: Rs. 5.8 million). Maximum amounts outstanding during the year was Rs. 13.4 million (2022: Rs. 5.8). This is interest free in the normal course of business on account of sale of goods or services.

		Note	2023 (Rupees '000)	2022 (Rupees '000)
24.5	Movement in allowance during the year is as follows:			
	Opening balance as at 01 January		**1,372,115**	1,230,470
	Allowance during the year	**35**	**-**	141,645
	Transferred to provision against doubtful other receivables		**(1,350,952)**	-
	Allowance against discontinued operation		**(21,163)**	-
	Closing balance as at 31 December	**24.5.1**	**-**	1,372,115

24.5.1 This includes allowance for ECL relating to Subsidy receivable from Government of Pakistan amounting to Rs. Nil (2022: 1,351 million).

		Note	2023	2022
			(Rupees '000)	
24.6	Movement in allowance during the year is as follows:			
	Opening balance as at 01 January		**-**	-
	Provision for the year	**34**	**1,810,040**	-
	Transferred to provision against doubtful other receivables		**1,350,952**	-
	Closing balance as at 31 December		**3,160,992**	-

24.6.1 This includes provision relating to subsidy receivable from Government of Pakistan amounting to Rs. 3,161 million (2022: Rs. Nil).

		Note	2023	2022
			(Rupees '000)	
25	**SALES TAX REFUNDABLE**			
	Gross sales tax refundable		**17,560,514**	19,741,134
	Allowance for input and provision against doubtful sales tax refundable	**25.1**	**(5,111,580)**	(1,155,413)
	Net sales tax refundable		**12,448,934**	18,585,721
25.1	Movement in provision during the year is as follows:			
	Opening balance as at 01 January		**1,155,413**	1,147,394
	Recognized during the year		**3,956,167**	8,019
	Closing balance as at 31 December		**5,111,580**	1,155,413
26	**SHORT TERM INVESTMENTS**			
	Amortized cost			
	Term deposits with banks and financial institutions	**26.1**	**1,000,000**	970,000
	Investments at fair value through profit or loss			
	Mutual funds	**26.2**	**33,685,524**	13,764,259
			34,685,524	14,734,259

26.1 These deposits carries interest at the rate of 17% to 22.5% (2022: 15.8%) per annum having maturity of one year having premature encashment without any surcharge.

26.2 **Mutual funds**

Nature of fund	No. of units	Cost	Fair value
	2023		
		(Rupees '000)	
Cash fund	**317**	**33**	**35**
Islamic fund	**472,986,065**	**20,533,506**	**20,693,319**
Money market funds	**315,506,787**	**11,800,453**	**12,992,170**
		32,333,992	**33,685,524**

Nature of fund	No. of units	2022 Cost	2022 Fair value
		(Rupees '000)	
Cash fund	85,746,302	4,300,167	4,304,990
Islamic fund	80,028,288	4,001,414	4,001,414
Money market funds	70,885,670	5,449,686	5,457,855
		13,751,267	13,764,259

		Note	2023	2022
			(Rupees '000)	
27	**CASH AND BANK BALANCES**			
	Deposit accounts			
	- in local currency	27.1	**42,969,244**	23,259,938
	- in foreign currency		**5,588**	4,462
		27.2	**42,974,832**	23,264,400
	Current accounts		**157,280**	218,924
	Cash in hand		**2,733**	2,018
			43,134,845	23,485,342

27.1 This includes Rs. 9,627 million (2022: Rs. 4,190.6 million) held under lien by the commercial banks against various facilities and Rs. Nil (2022: Rs. 3,102 million) representing instruments drawn on bank. It also includes a deposit of Rs. 6,807.8 million (2022: Rs. 3,615.8 million) at Askari Bank Limited, a related party.

27.2 These deposit accounts carry interest at rates ranging from 5.5% to 22.5% (2022: 4.5% to 16.25%) per annum.

		Note	2023	2022
			(Rupees '000)	
27.3	**Cash and cash equivalents**			
	Cash and cash equivalents included in the statement of cash flows comprise the following:			
	Cash and bank balances	27	**43,134,845**	23,485,342
	Short term highly liquid investments	26	**1,000,000**	970,000
	Short term running finance	13	**(18,222,131)**	(29,098,396)
			25,912,714	(4,643,054)
28	**ASSET HELD FOR SALE**			
	Carrying amount	28.1	**158,568**	-

28.1 On December 18, 2023, pursuant to the approval of the Board of Directors of FFL, FFL classified a filling machine as 'asset held for sale', as these assets were available for immediate sale in their present condition and their sale was highly probable.

As of the reporting date, FFL has formalized an agreement with the buyer, and the entire sale proceeds, as mutually agreed upon between the buyer and FFL, has been received. FFL expects that the machine will be transferred to the buyer shortly after the reporting date, upon completion of necessary documentation.

Immediately before the classification of filling machine as asset held for sale, the recoverable amount was estimated and no impairment loss was identified. Following the classification, no impairment loss has been recognised on December 31, 2023 as carrying amount of the asset is lower than fair value less costs to sell.

		Note	2023	2022
			(Rupees '000)	
				Re-presented
29	**SALES - NET**			
	Gross sales		**240,510,941**	191,187,574
	Less:			
	Sales tax		**17,400,445**	6,413,005
	Advance tax u/s 235		**367,349**	537,491
	Trade discounts		**1,105,091**	1,142,392
	Commission to Fauji Fertilizer Company Limited	**29.1**	**24,369**	23,670
			18,897,254	8,116,558
		29.2	**221,613,687**	183,071,016

29.1 Commission is paid @ Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on inter company services agreement.

		2023	2022
		(Rupees '000)	
			Re-presented
29.2	**Disaggregated revenue information**		
	Type of goods or service		
	Fertilizer		
	Urea	**20,356,425**	21,199,011
	DAP	**172,707,484**	138,026,952
		193,063,909	159,225,963
	Power		
	Electricity	**8,459,554**	11,232,463
	Coal	**-**	41,559
	Others	**223,578**	220,329
		8,683,132	11,494,351
	Food		
	Tea whitener	**6,244,484**	3,846,194
	UHT milk	**9,913,077**	4,778,343
	Butter	**2,292,573**	1,632,349
	Cheese	**830,751**	513,747
	Others	**528,151**	1,580,069
		19,809,036	12,350,702
		221,613,687	183,071,016
	Country wise		
	Foreign (Meat segment)	**29,587**	29,587
	Domestic	**221,584,100**	183,099,039
		221,613,687	183,128,626

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

		2023	2022
		(Rupees '000)	
29.3	**Contract Balances**		
	Trade debts	**3,027,723**	16,761,585
	Advance from customers	**25,677,617**	985,104

Owing to market conditions, credit sales decreased towards the end of the year, whereas advances from customers increased from Rs. 0.99 million to Rs. 25,678 million as a result of increased demand for Holding Company's products. The transaction price allocated to unsatisfied performance obligations as at December 31, 2023 are expected to be recognised as revenue within 1 year.

	2023	2022
	(Rupees '000)	
Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the year	**985,104**	5,908,825
Performance obligations satisfied in previous years	**956,954**	383,709

		Note	2023	2022
			(Rupees '000)	
				Re-presented
30	**COST OF SALES**			
	Raw materials consumed		**125,280,300**	164,251,970
	Packing materials consumed		**3,978,510**	3,391,743
	Fuel and power		**3,395,478**	3,567,298
	Ash dumping		**17,029**	11,165
	Chemicals and supplies consumed		**979,575**	528,990
	Salaries, wages and benefits	**30.1**	**3,983,774**	3,143,079
	Rent, rates and taxes		**89,390**	90,860
	Insurance		**664,151**	411,688
	Travel and conveyance		**774,034**	263,025
	Repairs and maintenance		**2,803,879**	1,764,829
	Provision for obsolete stores	**19.1**	**-**	23,705
	Communication, establishment and other expenses		**1,052,361**	490,815
	Cost Recharge - FF		**195,310**	74,325
	Amortization	**16.2**	**12,282**	17,475
	Depreciation	**15.2**	**2,256,540**	2,360,731
	Opening stock - work-in-process		**297,490**	160,307
	Closing stock - work-in-process		**(510,840)**	(297,490)
	Cost of goods manufactured		**145,269,263**	180,254,515
	Opening stock - finished goods		**32,954,946**	452,001
	Closing stock - finished goods		**(898,819)**	(32,954,947)
	Cost of sales		**177,325,390**	147,751,569

30.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund, and compensated absences amounting to Rs. 74.9 million, Rs. 94.3 million and Rs. 85.6 million (2022: Rs. 80.2 million, Rs. 77.8 million and Rs. 46.9 million), respectively.

		Note	2023	2022
			(Rupees '000)	
				Re-presented
31	**SELLING AND DISTRIBUTION EXPENSES**			
	Product transportation		**8,416,121**	6,102,506
	Provision for doubtful advances	**22.2**	**10,217**	-
	Provision for sales tax refundable	**25.1**	**-**	8,019
	Marketing expenses of group			
	Salaries, wages and benefits	**31.1**	**446,166**	322,432
	Rent, rates and taxes		**11,273**	6,139
	Insurance		**113**	767
	Travel and conveyance		**105,336**	78,125
	Sales promotion and advertising		**570,610**	768,784
	Communication, establishment and other expenses		**17,578**	15,842
	Depreciation	**15.2**	**12,347**	8,355
			1,163,423	1,200,444
	Expenses allocated by Fauji Fertilizer Company Limited	**31.2**	**1,811,541**	1,430,534
			11,401,302	8,741,503

31.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund and compensated absences amounting to Rs. 8.6 million, Rs. 9.9 million and Rs. 3.7 million (2022: Rs. 8.4 million, Rs. 10.8 million and Rs. 3.6 million), respectively.

31.2 This represents common expenses allocated by Fauji Fertilizer Company Limited on account of marketing of FFBL's products based on an inter company services agreement.

		Note	2023	2022
			(Rupees '000)	
				Re-presented
32	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	**32.1**	**1,185,369**	1,281,336
	Travel and conveyance		**60,357**	61,859
	FFBL Power Company Limited		**77,507**	64,026
	Printing and stationery		**20,746**	15,283
	Repairs and maintenance		**175,022**	156,039
	Communication, establishment and other expenses		**75,707**	44,590
	Rent, rates and taxes		**8,012**	6,257
	Insurance		**12,343**	8,702
	Legal and professional		**125,580**	128,817
	Depreciation	**15.2**	**161,340**	208,581
	Amortization	**16.2**	**1,437**	402
	Miscellaneous		**23,758**	138,146
			1,927,178	2,114,038

32.1 This includes charge on account of employees' retirement benefits in respect of gratuity and provident fund and compensated absences amounting to Rs. 22.1 million, Rs. 28.5 million, Rs. 15.9 million (2022: Rs. 21.1 million, Rs. 32.4 million and Rs. 9.3 million), respectively.

		Note	2023	2022
			(Rupees '000)	
				Re-presented
33	**FINANCE COSTS**			
	Mark-up on short term borrowings		**3,964,809**	2,027,495
	Mark-up on long term finance		**716,619**	5,612,803
	Mark-up on demand facility		**7,731,700**	372,897
	Mark-up on lease finance	**9.4**	**11,595**	22,117
	Amortisation of transaction cost	**8**	**37,066**	32,233
	Other financial charges		**93,470**	191,387
	Bank charges		**66,266**	62,889
	Guarantee fee		**12,008**	44,412
	Interest on WPPF		**2,677**	1,251
			12,636,210	8,367,484
34	**OTHER EXPENSES**			
	Workers' (Profit) Participation Fund	**11.3**	**1,005,136**	680,665
	Workers' Welfare Fund		**433,117**	218,704
	Provision against doubtful other receivables	**24.6**	**2,250,409**	-
	Donations	**34.1**	**400,939**	315,738
	Exchange loss - net		**4,772,752**	7,324,482
	Auditor's remuneration - Group			
	Fees - annual audit		**5,362**	4,272
	Fees - half yearly review		**1,020**	675
	Fees - review of Statement of Compliance with CCG		**230**	165
	Fees - reasonable assurance on Free float		**200**	115
	Other certification and services		**3,048**	1,503
	Out of pocket expenses		**1,130**	1,194
			10,990	7,924
	Others		**23,139**	57,034
			8,896,482	8,604,547

34.1 During the year, the Group has not paid donations to any organization, in which any director or his spouse has any interest. Some of the donations are paid through Fauji Foundation as part of group corporate social responsibility policy for welfare activities.

Donation to following parties / organisations exceeded 10% of total donation expense or Rs. 1 million:

		Note	2023	2022
			(Rupees '000)	
	Fauji Foundation		**396,180**	237,694
35	**ALLOWANCE FOR EXPECTED CREDIT LOSSES**			
	Allowance for debtors	**21.2**	**89,900**	95,267
	Allowance for other receivable	**24.5**	**-**	141,645
	Allowance for security deposits	**23.1**	**11,770**	-
	Provision against discontinued operation		**-**	(179,003)
			101,670	57,909

		2023	2022
		(Rupees '000)	
			Re-presented
36	**OTHER INCOME**		
	Income from financial assets		
	Profit on bank balances and term deposits	**4,424,059**	2,078,875
	Fair value gain on mutual fund investments	**102,452**	(16,958)
	Cash dividend on mutual funds	**1,566,723**	647,425
		6,093,234	2,709,342
	Income from assets other than financial assets		
	Scrap sales and miscellaneous receipts	**615,550**	420,589
	Gain on sale of property, plant and equipment	**18,184**	26,228
	Insurance claim (business interruption)	**869,495**	-
	Technical services	**-**	64,570
	Miscellaneous income	**40,257**	45,928
		7,636,720	3,266,657
37	**TAXATION**		
	Current tax		
	For the period	**9,513,838**	4,458,125
	Prior period	**(88,453)**	2,317,204
		9,425,385	6,775,329
	Deferred tax		
	For the period	**2,478,082**	1,183,162
	Prior period	**1,083,155**	-
		3,561,237	1,183,162
		12,986,622	7,958,491
37.1	**Reconciliation of tax charge for the year:**		
	Profit before tax from continuing operations	**18,754,807**	16,789,874
	Loss before tax from discontinued operations	**(1,606,480)**	(799,162)
		17,148,327	15,990,712
	Tax on profit at 39% (2022: 33%)	**6,687,848**	5,276,935
	Tax effect of lower rate on certain income / expenses	**(222,618)**	(13,523)
	Tax effect of exempt income / permanent differences	**2,877,344**	165,986
	Effect of Minimum tax	**230,344**	165,700
	Alternative Corporate Tax	**(41,505)**	-
	Tax effect of unused tax losses	**(792,962)**	(260,369)
	Tax effect of profit of associates	**1,561,078**	(849,067)
	Tax effect of profit of subsidiary	**1,333,923**	588,511
	Tax effect of super tax at 6% (2022)	**883,959**	-
	Tax effect of super tax at 10% (2021)	**-**	2,289,402
	Tax effect of super tax at 4% (2021)	**-**	27,802
	Tax effect of change in effective rate due to super tax	**484,382**	546,465
	Others	**(15,171)**	20,649
		12,986,622	7,958,491
	Effective rate	**69.24%**	49.77%

38 DISCONTINUED OPERATIONS DURING THE YEAR

Pursuant to the approval of the Board of Directors and shareholders in their meetings held on July 21, 2023, and August 18, 2023, respectively, the Holding Company disposed-off its entire (95.07%) shareholding in Fauji Meat Limited (FML), comprising 1,446,609,400 shares of Rs. 10/- each to FML's other shareholder Fauji Foundation (the Parent of the Holding Company) for a cash consideration of Rs. 4,300 million. Accordingly, the Holding Company has lost control over FML with effect from September 28, 2023 and, has derecognized assets and liabilities (along with the related Non-controlling Interest) of FML from its consolidated statements of financial position on that date, resulting in a loss of Rs. 1,496 million recognized as part of 'Loss after taxation from discontinued operation'.

	Note	Nine months ended September 30, 2023	For the year ended December 31, 2022
		(Rupees '000)	
Statement of profit or loss			
Sales - net		**489,955**	57,610
Cost of sales		**(626,544)**	(686,199)
Gross loss		**(136,589)**	(628,589)
Selling and distribution expenses		**(9,604)**	(13,844)
Administrative expenses		**(46,594)**	(316,585)
Operating loss		**(192,787)**	(959,018)
Other expenses		**-**	(8,168)
Finance costs		**(531)**	(185,832)
Other income		**83,282**	353,856
Loss on disposal of subsidiary	**38.1**	**(1,496,444)**	-
Loss before taxation from discontinued operations		**(1,606,480)**	(799,162)
Taxation - net		**(5,157)**	(4,709)
Loss after taxation from discontinued operations		**(1,611,637)**	(803,871)
Attributable to:			
-Owners of the holding company		**(1,605,273)**	(750,538)
-Non-controlling interest		**(6,364)**	(53,333)
		(1,611,637)	(803,871)
Loss per share from discontinued operations		**(1.25)**	(0.62)

Comparative figures in the consolidated profit and loss account have been re-presented to separately disclose discontinued operations.

	Note	September 30, 2023 (Rupees '000)
38.1 Loss on disposal of Subsidiary - FML		
Sale proceed from sale of shares		**4,300,000**
Non - controlling interest		**300,584**
Net assets of FML as of September 30, 2023	**38.3**	**6,097,028**
Loss on disposal		**(1,496,444)**

		Nine months ended September 30, 2023	For the year ended December 31, 2022
		(Rupees '000)	
38.2	**Cash flows from discontinued operation**		
	Cash used in Operating activities	**(39,275)**	(321,800)
	Cash generated from Investing activities	**61,045**	43,823
	Cash used in Financing activities	**-**	783,677
	Net increase in cash and cash equivalents	**21,770**	505,700
	Cash and cash equivalents at beginning of the period / year	**559,789**	54,089
	Cash and cash equivalents at end of the period / year	**581,559**	559,789
	Aggregate cash flows arising from lose of control of FML (wholly in cash)		
	Sale proceeds from FF	**4,300,000**	-
	Less: cash and cash equivalent held by FML	**(581,559)**	-
	Cash and cash equivalents at end of the period	**3,718,441**	-

38.3 Details of net assets of FML

Details of the assets and liabilities of discontinued operations as at September 30, 2023 and included in consolidated financial statements for the year ended December 31, 2022 are as follows:

	September 30, 2023	December 31, 2022
	(Rupees '000)	
Assets		
Non-Current Assets		
Property, plant and equipment	**4,984,138**	5,208,606
Intangibles	**-**	71
	4,984,138	5,208,677
Current Assets		
Stores and spares	**42,623**	32,354
Stock in trade	**126**	6,000
Trade debts	**25,065**	16,224
Advances, deposits and prepayments	**40,718**	26,692
Other receivables	**46,000**	2,393
Income tax refundable	**80,522**	68,659
Sales tax refundable	**517,698**	483,924
Cash and bank balances	**581,559**	559,789
	1,334,311	1,196,035
Total Assets	**6,318,449**	6,404,712
Liabilities		
Non - current liabilities		
Deferred employee benefits	**2,720**	2,720
Current liabilities		
Trade and other payables	**218,701**	189,772
	221,421	192,492
Total liabilities		
Net Assets as at September 30, 2023	**6,097,028**	6,212,220

			2023	2022
39	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit attributable to equity holders of the Holding Company (Rupees in thousands)		**3,037,531**	7,649,305
	Weighted average number of ordinary shares in issue during the year (thousands)		**1,291,253**	1,291,253
	Earnings per share - basic and diluted (Rupees)		**2.35**	5.92

There is no dilutive effect on the basic earnings per share of the Group for the year 2023.

		Note	2023	2022
			(Rupees '000)	
40	**CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES**			
	Profit before taxation from continuing operations		**18,754,807**	16,789,874
	Loss before taxation from discontinued operations		**(1,606,480)**	(799,162)
			17,148,327	15,990,712
	Adjustments for:			
	Provision for gratuity		**105,588**	109,708
	Exchange loss - net		**4,772,708**	7,152,946
	Provision for compensated absences		**105,366**	59,784
	Allowance for ECL on other receivables		**-**	141,645
	Provision against doubtful other receivables		**1,810,040**	-
	Unwinding on GIDC		**498,183**	891,198
	Provision for sales tax refundable		**3,956,167**	-
	Amortization of transaction cost		**37,066**	32,233
	Mark-up on lease finance		**11,595**	26,565
	Provision for Workers' (Profit) Participation Fund		**1,005,136**	680,665
	Provision for Workers' Welfare Fund		**433,117**	218,704
	Depreciation and amortization	**15.2 & 16**	**2,667,956**	2,895,694
	Finance costs		**12,498,180**	8,494,518
	Fair value (loss) / gain on mutual fund investments		**(102,452)**	16,958
	Share of profit of joint venture and associates		**(2,290,815)**	(6,980,449)
	Provision for doubtful trade debts		**89,900**	95,267
	Allowance for security deposits		**11,770**	-
	Provision for doubtful advances		**10,217**	-
	Provision for unrealized profit on stock		**752,448**	(752,448)
	Transaction cost of FFL (2022: Transaction cost of FML)		**20,353**	(5,493)
	Provision for stores and spares		**-**	23,705
	Loss on sale of investment in associates		**1,496,444**	-
	Profit on bank balances and term deposits		**(4,489,254)**	(2,125,463)
	Cash dividend on mutual funds		**(1,566,723)**	(647,425)
	Gain on termination of lease		**-**	(10,803)
	Gain on sale of property, plant and equipment		**(18,184)**	(26,228)
			38,963,133	26,281,993

	2023	2022
	(Rupees '000)	
Changes in:		
Stores and spares	**(755,293)**	(279,760)
Stock in trade	**24,055,270**	(29,840,426)
Trade debts	**15,786,497**	(14,795,223)
Advances	**(27,823)**	(352,983)
Trade deposits and short-term prepayments	**(99,314)**	(158,466)
Other receivables	**(6,802,838)**	1,001,981
Sales tax refundable	**1,662,922**	(4,589,993)
Trade and other payables	**(20,042,075)**	3,602,763
Advances from customers	**24,711,707**	(4,923,721)
	38,489,053	(50,335,828)
	77,452,186	(24,053,835)

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration including benefits applicable to the Chief Executives and executives of the Group are given below:

	Chief Executive	Executives	Chief Executive	Executives
Managerial remuneration	**64,501**	**1,174,973**	36,810	1,118,895
Bonus paid	**28,951**	**623,831**	-	600,636
Contributory Provident Fund	**2,553**	**71,874**	2,220	63,394
Others	**16,711**	**502,381**	-	535,736
	112,716	**2,373,059**	39,030	2,318,661
No. of person(s)	**1**	**281**	1	257

The above are provided with medical facilities as well. The Chief Executive and certain executives are also provided with the Company's maintained vehicles and household equipment and other benefits in accordance with the Company's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment, while the contribution for executives in respect of gratuity is on the basis of an actuarial valuation. Leave en-cashment was paid to executives amounting to Rs. 17 million (2022: Rs. 21 million) on separation in accordance with the Company's policy.

In addition, the directors of the Group are paid meeting fees, aggregating Rs. 22.5 million (2022: Rs. 40.7 million).

As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

42 FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Holding Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

42.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, deposits, advances, interest accrued, short-term investments, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	(Rupees '000)	
Trade debts	**3,027,723**	16,761,585
Deposits	**210,097**	265,260
Advances	**172,114**	172,329
Interest accrued	**62,215**	13,065
Other receivables - net of provision	**8,327,237**	3,380,439
Short term investments	**1,000,000**	970,000
Bank balances	**43,132,112**	23,483,324
	55,931,498	45,046,002

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with K-Electric and dealers within the country.

The Holding Company has significant amount receivable from Fauji Fertilizer Company Limited which amounts to Rs. 4,486 million (2022: Rs. 1,357 million) and which is included in total carrying amount of other receivables as at reporting date. At the reporting date this receivable is neither overdue nor impaired. The remaining amount includes Rs. 26 million (2022: Rs. 17 million) receivable from various related parties (refer to note 24), mainly in respect of transactions in the normal course of business.

The Holding Company's trade debts are secured against letter of guarantee. The Group has placed funds in financial institutions with high credit ratings. The Group assesses the credit quality of the counter parties as satisfactory. The Group does not hold any collateral as security against any of its financial assets other than trade debts of the Holding Company and advances to employees.

The Group limits its exposure to credit risk by investing only in liquid securities and placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Group only has placed funds in the banks with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

42.2 Credit quality of financial assets

The credit quality of Group's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	Rating	2023	2022
		(Rupees '000)	
Trade debts			
Counterparties without external credit ratings			
Existing customers with no default in the past	**Unrated**	**831,381**	12,489,760
Counterparties with external credit rating			
K-Electric Limited	**A1+**	**2,196,342**	4,271,825
Deposits			
Counterparties without external credit ratings			
Others	**Unrated**	**210,097**	265,260
Advances			
Counterparties without external credit ratings			
Others	**Unrated**	**172,114**	172,329
Interest accrued			
Counterparties with external credit ratings	**AA+**	**62,215**	13,069
Other receivables			
Counterparties with external credit ratings			
Receivable from related parties	**AA+**	**4,486,638**	1,357,490
Counterparties without external credit ratings			
Receivable from Government of Pakistan	**Unrated**	**3,160,992**	3,160,992
Receivable from others including related parties	**Unrated**	**3,840,599**	234,072
		8,327,237	4,752,554
Short term investments			
Counterparties with external credit ratings	**AA+**	**1,000,000**	970,000
Bank balances			
Counterparties with external credit ratings	**AAA**	**9,710,193**	1,735,969
	AA+	**16,714,346**	10,946,358
	AA	**4,023,426**	1,241,561
	AA-	**8,340,245**	2,844,480
	A+	**2,166,190**	4,361,428
	A	**1,826,156**	291,127
	A-	**351,556**	2,062,401
		43,132,112	23,483,324

The Company's short term investments and bank balances are subject to the requirements of IFRS 9, the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings.

Impairment losses

As at reporting date, the age analysis of trade debts is as follows:

	2023		2022	
	Gross	Impairment	Gross	Impairment
Aging	(Rupees '000)			
Not yet due	**1,546,752**	**-**	14,687,945	-
1-30 days	**64,553**	**-**	128,672	-
31-60 days	**-**	**-**	1,223,064	-
61-90 days	**622,716**	**-**	414,847	-
91-365 days	**998,290**	**204,589**	193,790	174
Over 365 days	**25,444**	**25,444**	819,258	705,817
	3,257,756	**230,033**	17,467,576	705,991

An impairment analysis of trade debts is performed at each reporting date using provision matrices to measure expected credit losses (ECL). The probability of default (PD) rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability - weighted outcome, the time value of money and reasonable and supportable information that is available about past events, current conditions and forecasts of future economic conditions. Whereas, the loss given default, in respect of the Holding Company's trade debts, is based upon external credit rating of banks who have issued the letter of guarantees to the customers. Accordingly, the Holding Company assess that any ECL on it's trade debts will be minimal. Whereas, FPCL and FFL have recognised allowance for ECL amounting to Rs. Nil and Rs. 89.9 million (2022: Rs. 26.6 million and Rs. 111.9 million), respectively.

As per historical pattern, the amount due from Fauji Fertilizer Company Limited is settled within a week. Accordingly, there is no significant risk of ECL in respect of this balance. Similarly, amounts from other related parties are settled in normal course of business and there is no significant risk of ECL.

Being low risk instruments, the Group has assessed an allowance on its balances with banks based on 12 months ECL. Based upon above mentioned high credit ratings, ECL rate on bank balances and short term investments round to zero.

In the previous years, the Holding Company has recorded an impairment loss of Rs. 3 million in respect of its long term investment as explained in note 18.4.

42.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains lines of credit as mentioned in notes 8 and 13 to the consolidated financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2023	Carrying amount	Contractual cash flows	Less than one year	One to five years	Five years onwards
			(Rupees '000)		
Long term loans	**31,055,644**	**40,753,995**	**13,140,894**	**27,613,102**	**-**
Lease liability	**52,636**	**54,848**	**54,848**	**-**	**-**
Trade and other payables	**53,530,294**	**51,550,228**	**51,550,228**	**-**	**-**
Short-term borrowings including mark-up	**19,026,159**	**19,026,159**	**19,026,159**	**-**	**-**
	103,664,733	**111,385,230**	**83,772,129**	**27,613,102**	**-**

2022	Carrying amount	Contractual cash flows	Less than one year	One to five years	Five years onwards
			(Rupees '000)		
Long term loans	41,435,785	46,529,622	8,850,107	37,679,515	-
Lease liability	127,016	142,126	85,953	56,173	-
Trade and other payables	66,307,683	77,114,046	69,539,163	7,574,883	-
Short-term borrowings including mark-up	37,006,803	37,006,803	37,006,803	-	-
	144,877,287	160,792,597	115,482,026	45,310,571	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

42.3.1 The contractual cash flow relating to long-term borrowings and short-term borrowings have been determined on the basis of expected mark up rates. The mark-up rates as at reporting date have been disclosed in note 8 and 13 to these consolidated financial statements respectively.

42.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Group is exposed to currency and interest rate risk only.

42.4.1 Currency risk

Exposure to currency risk

The Group is exposed to currency risk on certain liabilities, trade debts and bank balances which are denominated in currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2023		
	Rupees '000	US Dollar '000	EURO '000
Bank balances	**5,588**	**20**	**-**
Creditors	**(15,673,973)**	**(50,059)**	**-**
Net exposure	**(15,668,385)**	**(50,039)**	**-**

	2022		
	Rupees '000	US Dollar '000	EURO '000
Bank balances	4,462	20	-
Creditors	(33,814,486)	(139,539)	-
Net exposure	(33,810,024)	(139,519)	-

The following significant exchange rate applied during the year:

	Average rates		Spot rate (Bid-Offer average)	
	2023	2022	2023	2022
US Dollars	**280.53**	205.66	**282.40**	226.90
Euro	**306.41**	214.53	**313.11**	242.33

Sensitivity analysis

FFBL

A 15% strengthening of the functional currency against USD at 31 December would have increased profit and loss by Rs. 2,120 million (2022: Rs. 4,328 million). A 15% weakening of the functional currency against USD at 31 December would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

FPCL

At December 31, 2023, if the currency had weekend or strengthened by 15% against the mentioned foreign currencies, with all other variables remaining constant, the profit before tax would have been Rs. 1.94 million (2022: Rs. 420.3 million) lower/higher.

FFL

At December 31, 2023, if the currency had weekend or strengthened by 15% against the mentioned foreign currencies, with all other variables remaining constant, the loss before tax would have been Rs. 3,278 million (2022: Rs. 0.871 million) lower/higher.

42.4.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and short term deposits with banks. At the balance sheet date the interest rate risk profile of the Group's interest bearing financial instruments is:

	2023	2022
	(Rupees '000)	
Fixed rate instruments		
Financial assets	**1,000,000**	970,000
Financial liabilities	**700,000**	6,499,981
Variable rate instruments		
Financial assets	**42,974,832**	23,264,400
Financial liabilities	**48,914,703**	70,273,831

Fair value sensitivity analysis for fixed rate instruments

The Group is not exposed to interest rate risk on its fixed rate instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 400 basis points in interest rates would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	Profit or loss	
	400 basis points increase	400 basis points decrease
	(Rupees '000)	
December 31, 2023		
Cash flow sensitivity-Variable rate instruments	**(237,595)**	**237,595**
December 31, 2022		
Cash flow sensitivity-Variable rate instruments	(1,880,377)	1,880,377

42.4.3 Market price risk

For investments at fair value through profit or loss, a 1% increase / decrease in market price at reporting date would have increased / decreased profit for the year by Rs. 337 million (2022: Rs. 138 million).

42.5 Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

		2023		2022	
		Carrying amount	Fair value	Carrying amount	Fair value
	Note	(Rupees '000)			
Assets carried at amortized cost					
Trade debts - net of provision	21	3,027,723	3,027,723	16,761,585	16,761,585
Deposits		210,097	210,097	265,260	265,260
Advances	22	172,114	172,114	172,329	172,329
Interest accrued - net of provision		62,215	62,215	13,065	13,065
Other receivables - net of provision	24	8,327,237	8,327,237	3,380,439	3,380,439
Short term investments	26	1,000,000	1,000,000	970,000	970,000
Cash and bank balances	27	43,134,845	43,134,845	23,485,342	23,485,342
		55,934,231	55,934,231	45,048,020	45,048,020
Assets carried at fair value					
Short term investments-Investments at fair value through profit or loss	26	33,685,524	33,685,524	13,764,259	13,764,259
Liabilities carried at amortized cost					
Long term loans including mark-up	7 & 11	31,055,644	31,055,644	41,435,785	41,435,785
Trade and other payables	11	53,530,294	52,616,732	66,307,683	65,394,121
Finance lease liability including mark-up		52,636	52,636	127,016	127,016
Short-term borrowings including mark-up		19,026,159	19,026,159	37,006,803	37,006,803
		103,664,733	102,751,171	144,877,287	143,963,725

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in the market rate and rate of the instruments and most of the fixed rate instruments are short term in nature, therefore fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2 (Rupees '000)	Level 3
December 31, 2023			
Assets carried at fair value			
Short-term investments - investment in mutual funds	**33,685,524**	**-**	**-**
December 31, 2022			
Assets carried at fair value			
Short-term investments - investment in mutual funds	13,764,259	-	-

The carrying value of financial assets and liabilities reflected in consolidated financial statements approximate to their respective fair values.

42.6 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment in fair value through profit and loss account - held for trading (mutual funds)

The fair value of held for trading investments is determined by reference to their quoted closing repurchase price at the reporting date.

The investment in quoted funds are determined by reference to bid price offered by the respective asset management company at the reporting date at level 1 in fair value hierarchy.

Investment in associate

The fair value of investment in quoted associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair value of investment property

The fair value, which is determined for disclosure purposes, are classified as level 3 in fair value hierarchy.

42.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

The total debt to total capital ratio as at December 31, 2023 based on total debt of Rs. 38,427 million and total equity of Rs. 43,517 million was 0.61:1 (2022: 0.66:1)

The Group finances its operations through equity, borrowings and management of working capital with view of maintaining an appropriate mix between various source of finance to minimize risk.

43 RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has 49.88% share holding in FFBL (2022: 49.88%). While Fauji Foundation (FF) holds 18.29% shares (2022: 18.29%) in the Company. The Group has related parties which comprise of a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the year end are given below. The carrying value of investment in associates and joint venture are disclosed in note 18 to the consolidated financial statements.

	2023	2022
	(Rupees '000)	
Transactions with Fauji Foundation		
Services received	**198,872**	99,422
Services provided	**-**	896
Payments against services	**125,310**	80,077
Advance against equity	**-**	2,000,000
Donations	**396,180**	312,920
Dividend paid	**750,000**	-
Receipt against sale of investment in FML	**4,300,000**	-
Balance payable	**356,428**	46,221
Transactions with associated undertakings due to common directorship		
Fauji Fertilizer Company Limited		
Services and material acquired	**1,811,540**	1,430,533
Services and material provided	**1,211**	-
Receipts under consignment account	**236,814,837**	143,287,908
Commission charged	**24,369**	23,670
Balance receivable at the year end	**4,487,084**	1,357,490
Fauji Meat Limited		
Material / services provided	**42,236**	38,974
Receipt against common facilities	**35,396**	89,809
Balance receivable at year end	**24,184**	17,344
Expense on behalf of FML	**175**	-
Mark-up on sub-ordinated loan	**-**	179,248
Receipt against guarantee fee and markup	**-**	34,240
Conversion into equity investment	**-**	4,031,960
Askari Bank Limited		
Balances at bank and TDR	**5,088,265**	4,475,919
Profit on bank balances	**2,682,785**	976,239
Long term loans	**-**	479,877
Mark-up on long term loans	**78,282**	74,777
Mark-up payable on long term loans	**-**	11,172
Finance cost charged	**23,529**	103,107
Income earned form TDR	**139,973**	-
Running finance	**-**	271,804

	2023	2022
	(Rupees '000)	
Transactions with joint venture		
Pakistan Maroc Phosphore		
Purchase of raw materials	**77,067,787**	142,489,996
Expenses incurred on behalf of joint venture	**5,406**	7,927
Dividend received	**-**	2,511,075
Late payment surcharge during the year	**93,470**	191,387
Balance payable at the year end - secured (included in note 11)	**14,188,385**	29,292,878
Balance receivable at the year end - unsecured (included in note 23)	**3,337**	13,141
Other related parties		
Contribution to provident fund	**171,859**	153,427
Payment to gratuity fund	**332,848**	82,716
Payment to Workers' (Profit) Participation Fund	**1,098,021**	438,801
Balance payable to WPPF at the year end - unsecured	**290,887**	381,095
Payable to gratuity fund	**138,898**	334,858
Payable to provident fund	**11,509**	21,021
Meeting fee to directors	**35,195**	40,695
Balance receivables from Fauji Trans Terminal Limited	**8**	-
Receivable from Fauji Cement Company Limited	**-**	43
Shares issuance against cash by FFC Energy Limited	**4,650,000**	-
Purchase of solar panel from Foundation Solar Energy Pvt Ltd	**125,714**	-
Receivable from Fauji Cereals	**-**	5,829
Expenses on behalf of Askari General Insurance Company Limited	**31,418**	37,862
Expenses on behalf of Foundation Power Company Dharki Ltd.	**1,079**	-
Expenses on behalf of Fauji Trans Terminal Limited	**463**	-
Remuneration of key management personnel		
Short-term benefits	**506,909**	313,128
Post employment benefits	**67,017**	34,218

In addition to above:

- the Holding Company has provided sponsor support, to lenders of project financing arranged by FPCL, to fund any shortfall, to the extent FPCL is unable to fulfill its financial obligations:

  (i) up to Rs. 29,150 million (2022: Rs. 29,150 million) and all cost over runs, till technical completion date; and
  (ii) up to Rs. 8,000 million after project completion date.

- the Holding Company has issued standby letter of credit amounting to Rs. Nil (2022: Rs. 1,000 million) in favour of the FFL under the Master Facility Agreement.

- the Holding Company has also provided a revolving guarantee amounting to Rs. Nil (2022: Rs. 6,067 million) in favour of the FFL under the Master Facility Agreement.

43 Detail of related parties

Name of related party	Basis of relationship	Percentage holding
Fauji Foundation	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship	-
Pakistan Maroc Phosphore	Joint Venture / Common directorship	25.00%
Fauji Meat Limited	Associate Company / Common directorship	-
Askari Bank Limited	Associate Company / Common directorship	21.57%
Foundation Power Company Dharki Ltd.	Associate Company / Common directorship	-
Fauji Trans Terminal Limited	Associate Company / Common directorship	-
FFBL Gratuity Fund	Employee benefit fund	-
FPCL Gratuity Fund	Employee benefit fund	-
FFL Gratuity Fund	Employee benefit fund	-
FFBL Provident fund	Employee benefit fund	-
FPCL Provident fund	Employee benefit fund	-
FFL Provident fund	Employee benefit fund	-
FFBL Workers' (Profit) Participation Fund	Employee benefit fund	-
FPCL Workers' (Profit) Participation Fund	Employee benefit fund	-

44 INFORMATION ABOUT REPORTABLE SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive and Managing Director. The Chief Executive and Managing Director considers the business from the products perspective. As at December 31, 2023 the Group is organized into four main operating segments based on its products:

- Fertilizer;
- Power and;
- Food

Information related to each reportable segment is set out below. Segment profit / (loss) before tax, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segment, relative to other entities that operate in the same industries.

	2023				
	Fertilizers	Power	Food	Consolidation adjustments / eliminations	Total
			(Rupees '000)		
Segment revenues	**193,063,909**	**28,057,476**	**19,809,036**	**(19,316,734)**	**221,613,687**
Segment profit / (loss) before tax	**14,145,312**	**4,341,475**	**468,805**	**(200,785)**	**18,754,807**
Other income	**9,434,881**	**955,025**	**244,374**	**(2,997,560)**	**7,636,720**
Finance costs	**8,827,521**	**3,961,930**	**323,792**	**(477,033)**	**12,636,210**
Depreciation	**986,931**	**1,087,835**	**403,297**	**(47,836)**	**2,430,227**
Share of profit of equity - accounted investees	**-**	**-**	**-**	**2,290,815**	**2,290,815**
Segment assets (excluding long term investments)	**120,732,505**	**36,185,866**	**14,020,378**	**(3,127,807)**	**167,810,942**
Equity accounted investees	**-**	**-**	**-**	**30,465,208**	**30,465,208**
	120,732,505	**36,185,866**	**14,020,378**	**27,337,401**	**198,276,150**
Capital expenditure	**881,647**	**667,410**	**775,436**	**4,147**	**2,328,640**
Segment liabilities (total)	**118,780,468**	**19,657,527**	**2,156,491**	**4,720,578**	**145,315,064**
Long term loans	**18,458,333**	**12,181,603**	**-**	**-**	**30,639,936**
Short term borrowings	**13,385,291**	**5,536,840**	**-**	**-**	**18,922,131**

	2022				
	Fertilizers	Power	Food	Consolidation adjustments / eliminations	Total
			(Rupees '000)		
Segment revenues	159,225,963	30,650,817	12,350,701	(19,098,855)	183,128,626
Segment profit / (loss) before tax	8,505,261	4,421,492	(1,896,057)	4,960,016	15,990,712
Other income	6,341,920	168,783	196,110	(3,086,300)	3,620,513
Finance costs	5,143,968	2,344,002	1,259,766	(194,420)	8,553,316
Depreciation	982,030	1,258,324	386,728	250,205	2,877,287
Share of profit of equity - accounted investees	-	-	-	6,980,449	6,980,449
Segment assets (excluding long term investments)	120,691,503	41,839,240	12,703,658	(3,142,029)	172,092,372
Equity accounted investees	-	-	-	26,173,455	26,173,455
	120,691,503	41,839,240	12,703,658	23,031,426	198,265,827
Capital expenditure	370,065	677,418	138,727	-	1,186,210
Segment liabilities (total)	127,140,380	22,243,195	10,107,134	(4,363,608)	155,127,101
Long-term loans	23,733,334	11,326,936	5,988,149	-	41,048,419
Short-term borrowings	28,213,376	5,679,479	1,705,522	-	35,598,377

44.1 Reconciliation of information on reportable segments to applicable financial reporting standards

	2023	2022
	(Rupees '000)	
Revenue for reportable segments	**221,613,687**	183,128,626
Consolidated Revenue	**221,613,687**	183,128,626
Profit before tax for reportable segments	**18,955,592**	11,030,696
Less: Dividend income from group companies	**(2,250,000)**	(2,511,075)
Add:		
Share of profit of joint venture and associates - net	**2,290,815**	6,980,449
Reduction in depreciation charge / intergroup adjustment	**47,836**	14,205
Impairment of FFL	**-**	1,179,000
Reversal of ECL	**-**	121,709
Reversal of gain on sale of FML	**(268,039)**	-
Inter-group elimination	**(21,397)**	(25,110)
FML's loss (disposed off during the year)	**-**	(799,162)
Consolidated profit before tax from continuing operations	**18,754,807**	15,990,712
Segment assets (excluding long-term investments)	**170,938,749**	175,234,401
Less:		
Gain on sale of a land and others assets by Holding Company to subsidiaries	**(1,229,789)**	(1,229,789)
Inter-group eliminations	**(2,672,351)**	(8,296,611)
Inter-group adjustment	**228,282**	180,446
Unrealized profit on stock purchased from joint venture	**-**	(752,448)
Others	**4,746**	-
Add:		
Inter-company adjustment - Pre-COD sale of fuel	**541,305**	541,305
FML's assets (disposed off during the year)	**-**	6,415,068
Consolidated total assets	**167,810,942**	172,092,372
Total liabilities for reporting segments	**140,594,486**	159,490,709
Add:		
Deferred tax on associate and joint venture	**4,396,806**	2,072,838
Deferred tax on subsidiary	**2,985,210**	1,651,287
Contingent liability	**23,915**	23,915
FML's liabilities (disposed off during the year)	**-**	187,689
Less:		
Inter-group eliminations	**(2,672,351)**	(8,296,611)
Others	**(13,002)**	(2,726)
Consolidated total liabilities	**145,315,064**	155,127,101

	2023			
	(Rupees '000)			
Other material items	**Other income**	**Finance Costs**	**Capital expenditure**	**Depreciation**
Reportable segments Total	**10,634,280**	**13,113,243**	**2,324,493**	**2,478,063**
Less:				
Less: Dividend income from group companies	**(2,250,000)**	**-**	**-**	**-**
Inter-company adjustment	**(747,560)**	**(477,033)**	**4,147**	**-**
Reduction in depreciation	**-**	**-**	**-**	**(47,836)**
Consolidated Total	**7,636,720**	**12,636,210**	**2,328,640**	**2,430,227**

	2022			
	(Rupees '000)			
Other material items	**Other income**	**Finance Costs**	**Capital expenditure**	**Depreciation**
Reportable segments Total	6,706,813	8,747,736	1,186,210	2,627,082
Less:				
Less: Dividend income from group companies	(2,511,075)	-	-	-
Inter-company adjustment	(926,596)	(380,252)	-	-
Reduction in depreciation	-	-	-	(45,135)
FML's balances (disposed off during the year)	351,371	185,832	-	295,340
Consolidated Total	3,620,513	8,553,316	1,186,210	2,877,287

44.2 There were no major customers of the Group which formed part of 10 percent or more of the Group's revenue.

44.3 All of the Group's assets (except for its investment in a joint venture) are situated in Pakistan.

		Unit	2023	2022
44.4	**Fauji Fertilizer Bin Qasim Limited**			
	Design capacity			
	Urea	Tonnes	**551,100**	551,100
	DAP	Tonnes	**650,000**	650,000
	Actual production			
	Urea	Tonnes	**336,107**	523,581
	DAP	Tonnes	**660,004**	847,843

The actual production of Urea was below the design capacity of the plant; mainly owing to focus on DAP and low gas pressure.

		Unit	2023	2022
44.5	**FFBL Power Company Limited**			
	Electricity			
	Installed capacity based on 8,760 hours (2022: 8,760 hours)	Megawatt	**639,480**	639,480
	Actual energy delivered	Megawatt	**410,235**	559,226
	Steam			
	Installed capacity based on 8,760 hours (2022: 8,760 hours)	Metric ton	**1,752,000**	1,752,000
	Actual energy delivered	Metric ton	**1,312,031**	1,532,467

The variation in production of electricity & steam depends upon availability of plant and demand from customer in addition to shutdown for annual turn around (maintenance).

		Unit	2023	2022
44.6	**Fauji Foods Limited**			
	Design capacity			
	Liquid products	Litres	**221,312,000**	221,312,000
	Non-liquid products	Kgs	**6,318,709**	6,318,709
	Actual production			
	Liquid products	Litres	**59,041,145**	57,077,538
	Non-liquid products	Kgs	**2,791,413**	2,830,496

Actual production is based on demand of milk products of FFL during the year.

		2023	2022
44.7	**Number of persons employed**		
	Total employees on year end	**1,737**	1,783
	Average employees during the year	**1,733**	1,815

44.8 Employees Provident Fund

Investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

45 General

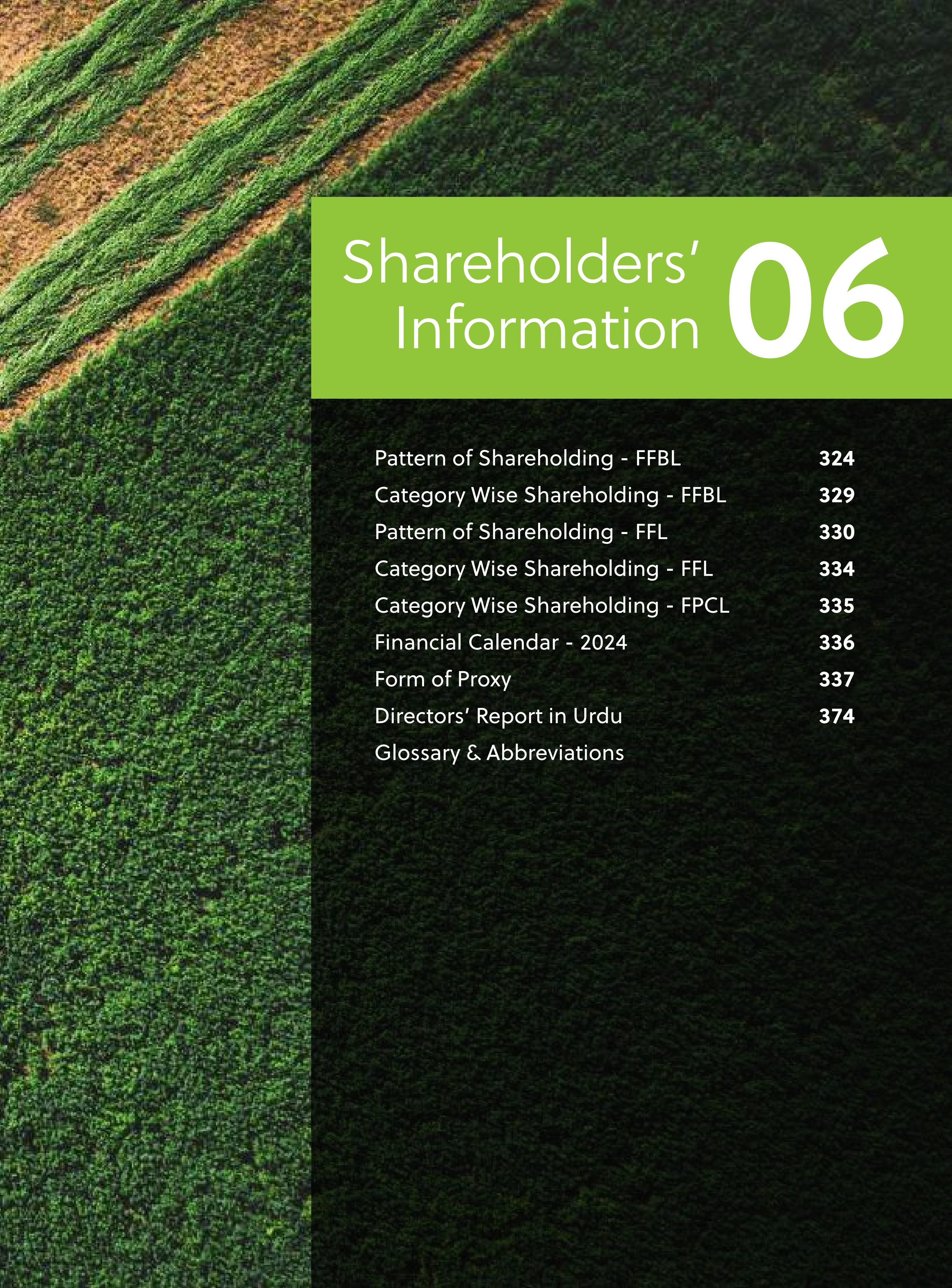
45.1 Corresponding figures have been re-arranged and re-classified, where necessary, for more appropriate presentation of transactions and events, for the purposes of comparison.

Corresponding figures have been re-arranged / re-classified, wherever necessary, for the purpose of comparison. Significant reclassification consists of :
- From property plant and equipment to stores and spares of Rs. 221 million*.
- From administrative expenses to cost of sales of Rs. 284 million.

* The impact of above reclassification on the comparative amounts in the statement of profit or loss is not significant; accordingly, the related amounts have not been restated. The impact of reclassification on financial position as of January 01, 2022 is not significant.

45.2 The Board of Directors in their meeting held on January 25, 2024 have authorized the consolidated financial statements for issue and proposed a final dividend of Re. 1 per ordinary share.

Chairman	Chief Executive	Director	Chief Financial Officer



Shareholders' Information 06

Pattern of Shareholding - FFBL

As at December 31, 2023

Number of Shareholders	Shareholding From	-	To	Total Shares Held
1131	1	-	100	53,140
3333	101	-	500	1,489,034
2279	501	-	1,000	1,837,170
3389	1,001	-	5,000	9,320,074
1094	5,001	-	10,000	8,504,728
510	10,001	-	15,000	6,544,573
302	15,001	-	20,000	5,430,066
222	20,001	-	25,000	5,084,149
161	25,001	-	30,000	4,544,928
102	30,001	-	35,000	3,383,838
87	35,001	-	40,000	3,329,729
63	40,001	-	45,000	2,705,990
103	45,001	-	50,000	5,081,204
41	50,001	-	55,000	2,170,096
43	55,001	-	60,000	2,479,866
33	60,001	-	65,000	2,078,722
34	65,001	-	70,000	2,332,472
32	70,001	-	75,000	2,360,782
25	75,001	-	80,000	1,967,473
7	80,001	-	85,000	582,466
26	85,001	-	90,000	2,311,841
10	90,001	-	95,000	925,026
65	95,001	-	100,000	6,476,964
17	100,001	-	105,000	1,752,374
7	105,001	-	110,000	754,273
11	110,001	-	115,000	1,239,541
8	115,001	-	120,000	938,205
7	120,001	-	125,000	869,229
8	125,001	-	130,000	1,030,751
8	130,001	-	135,000	1,059,121
17	135,001	-	140,000	2,343,789
6	140,001	-	145,000	854,719
21	145,001	-	150,000	3,133,975
10	150,001	-	155,000	1,527,028
6	155,001	-	160,000	952,079
4	160,001	-	165,000	655,004
2	165,001	-	170,000	335,880
6	170,001	-	175,000	1,043,456
2	175,001	-	180,000	354,076
4	180,001	-	185,000	734,000
3	185,001	-	190,000	565,538
2	190,001	-	195,000	387,152
22	195,001	-	200,000	4,393,229

Number of Shareholders	Shareholding From	-	To	Total Shares Held
6	200,001	-	205,000	1,217,070
4	205,001	-	210,000	829,242
5	210,001	-	215,000	1,069,129
1	215,001	-	220,000	219,340
6	220,001	-	225,000	1,337,549
4	225,001	-	230,000	911,524
3	230,001	-	235,000	698,349
3	235,001	-	240,000	713,788
4	240,001	-	245,000	974,316
9	245,001	-	250,000	2,239,250
2	250,001	-	255,000	506,500
4	255,001	-	260,000	1,033,345
1	260,001	-	265,000	265,000
1	265,001	-	270,000	266,500
2	270,001	-	275,000	543,026
4	275,001	-	280,000	1,107,486
1	280,001	-	285,000	281,500
4	285,001	-	290,000	1,152,216
5	290,001	-	295,000	1,467,290
7	295,001	-	300,000	2,100,000
4	300,001	-	305,000	1,215,607
1	305,001	-	310,000	307,333
3	310,001	-	315,000	939,723
2	315,001	-	320,000	637,259
2	320,001	-	325,000	649,815
2	325,001	-	330,000	657,000
1	330,001	-	335,000	334,525
1	335,001	-	340,000	338,000
3	340,001	-	345,000	1,030,873
5	345,001	-	350,000	1,744,462
2	350,001	-	355,000	705,736
2	370,001	-	375,000	750,000
1	380,001	-	385,000	385,000
2	385,001	-	390,000	778,423
2	390,001	-	395,000	786,253
4	395,001	-	400,000	1,597,120
2	400,001	-	405,000	806,933
3	405,001	-	410,000	1,226,811
1	410,001	-	415,000	414,700
2	415,001	-	420,000	837,000
3	420,001	-	425,000	1,271,500
1	430,001	-	435,000	431,979
2	435,001	-	440,000	874,639

Pattern of Shareholding - FFBL

As at December 31, 2023

Number of Shareholders	Shareholding From	-	To	Total Shares Held
1	440,001	-	445,000	444,000
2	445,001	-	450,000	896,500
2	455,001	-	460,000	920,000
2	460,001	-	465,000	925,360
2	465,001	-	470,000	935,734
1	475,001	-	480,000	480,000
3	480,001	-	485,000	1,446,511
9	495,001	-	500,000	4,498,000
1	500,001	-	505,000	501,861
1	515,001	-	520,000	519,362
1	520,001	-	525,000	525,000
1	525,001	-	530,000	525,775
1	530,001	-	535,000	532,198
2	550,001	-	555,000	1,104,958
1	555,001	-	560,000	556,000
1	565,001	-	570,000	570,000
1	585,001	-	590,000	585,500
2	595,001	-	600,000	1,198,400
1	605,001	-	610,000	607,101
1	610,001	-	615,000	615,000
1	625,001	-	630,000	625,500
1	635,001	-	640,000	635,874
1	650,001	-	655,000	655,000
1	675,001	-	680,000	676,500
2	695,001	-	700,000	1,400,000
1	700,001	-	705,000	701,500
1	745,001	-	750,000	750,000
1	750,001	-	755,000	755,000
1	765,001	-	770,000	767,000
2	770,001	-	775,000	1,545,187
3	795,001	-	800,000	2,396,224
1	810,001	-	815,000	812,303
1	845,001	-	850,000	846,500
1	855,001	-	860,000	856,000
1	860,001	-	865,000	863,959
1	870,001	-	875,000	870,500
1	880,001	-	885,000	885,000
2	895,001	-	900,000	1,800,000
1	905,001	-	910,000	908,194
1	930,001	-	935,000	934,351
1	960,001	-	965,000	961,500
1	985,001	-	990,000	986,000
2	995,001	-	1,000,000	1,998,348

Number of Shareholders	Shareholding			Total Shares Held
	From	-	To	
1	1,000,001	-	1,005,000	1,000,810
1	1,020,001	-	1,025,000	1,020,768
1	1,025,001	-	1,030,000	1,030,000
1	1,035,001	-	1,040,000	1,036,350
1	1,060,001	-	1,065,000	1,064,397
1	1,130,001	-	1,135,000	1,134,896
1	1,145,001	-	1,150,000	1,150,000
1	1,190,001	-	1,195,000	1,190,503
1	1,195,001	-	1,200,000	1,200,000
1	1,250,001	-	1,255,000	1,252,500
2	1,255,001	-	1,260,000	2,515,848
1	1,395,001	-	1,400,000	1,400,000
1	1,460,001	-	1,465,000	1,462,900
1	1,495,001	-	1,500,000	1,500,000
1	1,515,001	-	1,520,000	1,520,000
1	1,520,001	-	1,525,000	1,520,568
1	1,545,001	-	1,550,000	1,550,000
1	1,595,001	-	1,600,000	1,600,000
1	1,625,001	-	1,630,000	1,625,042
2	1,695,001	-	1,700,000	3,397,500
1	1,745,001	-	1,750,000	1,750,000
1	1,860,001	-	1,865,000	1,862,000
1	1,895,001	-	1,900,000	1,897,163
1	1,955,001	-	1,960,000	1,959,000
1	1,975,001	-	1,980,000	1,978,382
1	2,000,001	-	2,005,000	2,003,000
1	2,070,001	-	2,075,000	2,074,280
1	2,230,001	-	2,235,000	2,232,000
1	2,265,001	-	2,270,000	2,266,999
1	2,355,001	-	2,360,000	2,358,000
1	2,390,001	-	2,395,000	2,392,000
1	2,445,001	-	2,450,000	2,446,005
1	2,620,001	-	2,625,000	2,620,260
1	3,190,001	-	3,195,000	3,195,000
1	3,350,001	-	3,355,000	3,351,973
1	3,360,001	-	3,365,000	3,365,000
1	3,420,001	-	3,425,000	3,421,798
1	3,495,001	-	3,500,000	3,500,000
1	3,670,001	-	3,675,000	3,673,500
1	3,895,001	-	3,900,000	3,898,345
1	3,995,001	-	4,000,000	4,000,000
2	4,000,001	-	4,005,000	8,007,791
1	4,010,001	-	4,015,000	4,013,000

Pattern of Shareholding - FFBL

As at December 31, 2023

Number of Shareholders	Shareholding			Total Shares Held
	From	-	To	
1	4,120,001	-	4,125,000	4,122,000
1	4,395,001	-	4,400,000	4,399,000
1	4,670,001	-	4,675,000	4,670,255
1	6,040,001	-	6,045,000	6,045,000
1	6,450,001	-	6,455,000	6,454,500
1	7,425,001	-	7,430,000	7,425,436
1	8,070,001	-	8,075,000	8,072,000
1	9,995,001	-	10,000,000	10,000,000
1	12,910,001	-	12,915,000	12,912,528
1	30,155,001	-	30,160,000	30,159,505
1	46,695,001	-	46,700,000	46,699,000
1	223,245,001	-	223,250,000	223,248,865
1	644,015,001	-	644,020,000	644,018,629
13514				1,291,252,857

Category Wise Shareholding - FFBL

As at December 31, 2023

	Categories of shareholders	Shares held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	71,390	0.01
2	Executives	NIL	NIL
3	Public Sector Companies & Corporations	NIL	NIL
4	Associated Companies, undertakings and related parties		
	i- Fauji Fertilizer Company Ltd	644,018,629	49.88
	ii- Fauji Foundation	236,161,393	18.29
5	NIT and ICP	2,965,233	0.23
6	Banks, Development Financial Institutions, Non Banking Financial Institutions	80,262,147	6.22
7	Insurance Companies	8,051,513	0.62
8	Modarabas and Mutual Funds	23,067,649	1.79
9	Share holders holding 10% or more		
	i- Fauji Fertilizer Company Ltd	644,018,629	49.88
	ii- Fauji Foundation	236,161,393	18.29
10	General Public		
	i. Local	219,136,828	16.97
	ii. Foreign	326,245	0.03
11	Others		
	i. Joint Stock Companies	37,413,106	2.90
	ii. Foreign Companies	14,698,917	1.14
	iii. Pension Funds	1,792,516	0.14
	iv. Investment Companies	4,033,106	0.31
	v. Other Companies	19,254,185	1.49
12	Shareholders holding five percent or more voting interest in the listed company (Name Wise)		
	i- Fauji Fertilizer Company Ltd	644,018,629	49.88
	ii- Fauji Foundation	236,161,393	18.29

Pattern of Shareholding - FFBL Subsidiaries

As at December 31, 2023

Fauji Foods Limited (FFL)

Number of Shareholders	Shareholding			Total Shares Held
	From	-	To	
1349	1	-	100	63,362
1493	101	-	500	615,477
1556	501	-	1,000	1,480,418
3428	1,001	-	5,000	10,150,168
1436	5,001	-	10,000	11,808,639
532	10,001	-	15,000	6,934,149
436	15,001	-	20,000	8,131,182
271	20,001	-	25,000	6,434,366
213	25,001	-	30,000	6,089,866
137	30,001	-	35,000	4,544,558
107	35,001	-	40,000	4,162,905
64	40,001	-	45,000	2,768,922
149	45,001	-	50,000	7,384,217
51	50,001	-	55,000	2,723,610
59	55,001	-	60,000	3,457,330
33	60,001	-	65,000	2,095,835
37	65,001	-	70,000	2,543,871
40	70,001	-	75,000	2,948,582
32	75,001	-	80,000	2,531,622
13	80,001	-	85,000	1,073,574
21	85,001	-	90,000	1,864,981
11	90,001	-	95,000	1,029,157
117	95,001	-	100,000	11,679,179
23	100,001	-	105,000	2,362,423
16	105,001	-	110,000	1,738,348
9	110,001	-	115,000	1,016,490
16	115,001	-	120,000	1,907,336
14	120,001	-	125,000	1,739,907
10	125,001	-	130,000	1,283,350
2	130,001	-	135,000	267,591
8	135,001	-	140,000	1,109,554
11	140,001	-	145,000	1,572,004
23	145,001	-	150,000	3,446,399
6	150,001	-	155,000	921,200
6	155,001	-	160,000	954,018
9	160,001	-	165,000	1,466,964
9	165,001	-	170,000	1,516,983
3	170,001	-	175,000	525,000
7	175,001	-	180,000	1,246,920
4	180,001	-	185,000	734,921
2	185,001	-	190,000	373,200
6	190,001	-	195,000	1,160,503
35	195,001	-	200,000	6,981,426

Number of Shareholders	Shareholding From	-	To	Total Shares Held
8	200,001	-	205,000	1,615,913
3	205,001	-	210,000	630,000
5	210,001	-	215,000	1,063,265
3	215,001	-	220,000	656,985
6	220,001	-	225,000	1,338,216
2	225,001	-	230,000	458,000
3	230,001	-	235,000	701,501
3	235,001	-	240,000	712,348
2	240,001	-	245,000	485,001
10	245,001	-	250,000	2,489,000
4	255,001	-	260,000	1,031,358
3	265,001	-	270,000	810,000
3	270,001	-	275,000	819,500
4	275,001	-	280,000	1,106,282
1	280,001	-	285,000	282,000
4	285,001	-	290,000	1,147,835
1	290,001	-	295,000	291,000
19	295,001	-	300,000	5,696,699
3	300,001	-	305,000	910,500
3	305,001	-	310,000	918,739
4	310,001	-	315,000	1,256,000
2	320,001	-	325,000	650,000
2	345,001	-	350,000	700,000
2	350,001	-	355,000	704,000
1	355,001	-	360,000	355,500
2	365,001	-	370,000	732,643
3	375,001	-	380,000	1,130,862
1	380,001	-	385,000	385,000
2	390,001	-	395,000	789,003
5	395,001	-	400,000	1,996,000
2	400,001	-	405,000	804,191
2	405,001	-	410,000	818,400
1	410,001	-	415,000	415,000
1	420,001	-	425,000	425,000
3	425,001	-	430,000	1,282,938
1	440,001	-	445,000	441,845
3	445,001	-	450,000	1,349,000
1	450,001	-	455,000	450,800
2	455,001	-	460,000	916,229
1	460,001	-	465,000	460,336
1	490,001	-	495,000	495,000
20	495,001	-	500,000	9,997,000
1	500,001	-	505,000	505,000

Pattern of Shareholding - FFBL Subsidiaries

As at December 31, 2023

Fauji Foods Limited (FFL)

Number of Shareholders	Shareholding From	-	To	Total Shares Held
1	505,001	-	510,000	510,000
1	510,001	-	515,000	511,000
1	520,001	-	525,000	525,000
1	530,001	-	535,000	530,357
1	535,001	-	540,000	540,000
3	545,001	-	550,000	1,650,000
1	555,001	-	560,000	556,572
1	565,001	-	570,000	565,500
1	575,001	-	580,000	580,000
4	595,001	-	600,000	2,396,500
2	610,001	-	615,000	1,221,080
1	630,001	-	635,000	635,000
1	635,001	-	640,000	637,000
2	640,001	-	645,000	1,287,100
1	645,001	-	650,000	646,000
1	665,001	-	670,000	670,000
1	680,001	-	685,000	681,600
6	695,001	-	700,000	4,200,000
2	710,001	-	715,000	1,430,000
1	715,001	-	720,000	719,000
1	730,001	-	735,000	730,504
1	745,001	-	750,000	750,000
1	755,001	-	760,000	758,000
2	785,001	-	790,000	1,577,592
2	795,001	-	800,000	1,600,000
1	800,001	-	805,000	801,450
1	805,001	-	810,000	810,000
1	835,001	-	840,000	839,945
1	840,001	-	845,000	843,798
1	850,001	-	855,000	851,434
1	860,001	-	865,000	864,000
1	870,001	-	875,000	871,500
3	895,001	-	900,000	2,700,000
1	930,001	-	935,000	930,718
1	985,001	-	990,000	985,995
5	995,001	-	1,000,000	4,996,000
1	1,000,001	-	1,005,000	1,003,122
2	1,010,001	-	1,015,000	2,027,183
1	1,015,001	-	1,020,000	1,019,050
1	1,045,001	-	1,050,000	1,050,000
2	1,095,001	-	1,100,000	2,196,143
1	1,125,001	-	1,130,000	1,127,500
1	1,135,001	-	1,140,000	1,140,000
1	1,165,001	-	1,170,000	1,166,240

Number of Shareholders	Shareholding			Total Shares Held
	From	-	To	
1	1,170,001	-	1,175,000	1,171,500
4	1,195,001	-	1,200,000	4,800,000
1	1,205,001	-	1,210,000	1,207,900
1	1,230,001	-	1,235,000	1,231,845
1	1,245,001	-	1,250,000	1,250,000
1	1,295,001	-	1,300,000	1,300,000
1	1,320,001	-	1,325,000	1,322,000
1	1,325,001	-	1,330,000	1,325,500
1	1,365,001	-	1,370,000	1,365,893
1	1,385,001	-	1,390,000	1,390,000
1	1,395,001	-	1,400,000	1,400,000
4	1,495,001	-	1,500,000	6,000,000
1	1,560,001	-	1,565,000	1,564,807
1	1,595,001	-	1,600,000	1,600,000
1	1,645,001	-	1,650,000	1,645,536
1	1,655,001	-	1,660,000	1,658,110
1	1,675,001	-	1,680,000	1,680,000
2	1,695,001	-	1,700,000	3,400,000
1	1,750,001	-	1,755,000	1,750,207
1	1,790,001	-	1,795,000	1,791,000
1	1,845,001	-	1,850,000	1,845,784
1	1,855,001	-	1,860,000	1,857,698
1	1,895,001	-	1,900,000	1,900,000
1	1,900,001	-	1,905,000	1,901,000
3	1,995,001	-	2,000,000	6,000,000
1	2,050,001	-	2,055,000	2,055,000
1	2,405,001	-	2,410,000	2,407,857
1	2,545,001	-	2,550,000	2,550,000
1	2,830,001	-	2,835,000	2,833,003
1	3,000,001	-	3,005,000	3,001,497
1	4,995,001	-	5,000,000	5,000,000
1	5,230,001	-	5,235,000	5,231,000
1	5,555,001	-	5,560,000	5,558,800
1	5,850,001	-	5,855,000	5,852,599
1	6,485,001	-	6,490,000	6,487,500
1	6,685,001	-	6,690,000	6,687,302
1	6,780,001	-	6,785,000	6,784,405
2	9,995,001	-	10,000,000	20,000,000
1	18,010,001	-	18,015,000	18,010,964
1	67,370,001	-	67,375,000	67,371,916
1	399,995,001	-	400,000,000	400,000,000
1	464,995,001	-	465,000,000	465,000,000
1	1,205,575,001	-	1,205,580,000	1,205,576,237
12077				2,519,963,139

Category Wise Shareholding - FFBL Subsidiaries

As at December 31, 2023

Fauji Foods Limited (FFL)

	Categories of shareholders	Shares held	Percentage
1	Directors, Chief Executive Officers,and their spouse and minor children	349,421	0.01
2	Associated Companies,undertakings and related parties. (Parent Company)	2,137,948,153	84.84
3	NIT and ICP	258,300	0.01
4	Banks Development Financial Institutions, Non Banking Financial Institutions.	3,345,784	0.13
5	Insurance Companies	176,569	0.01
6	Modarabas and Mutual Funds	4,224,327	0.17
7	Shareholders holding 10% or more		
	i- Fauji Fertilizer Bin Qasim Limited (CDC)	1,205,576,237	47.84
	ii-FFBL Power Company Limited (CDC)	400,000,000	15.87
	iii-FFC Energy Limited (CDC)	465,000,000	18.45
8	General Public		
	i. Local	309,821,848	12.29
	ii. Foreign	3,552,662	0.14
9	Others (to be specified)		
	i- Investment Companies	318,000	0.01
	ii- Joint Stock Companies	58,058,288	2.30
	iii- Other Companies	1,909,787	0.08
10	Shareholders holding 5% or more		
	i- Fauji Fertilizer Bin Qasim Limited (CDC)	1,205,576,237	47.84
	ii-FFBL Power Company Limited (CDC)	400,000,000	15.87
	iii-FFC Energy Limited (CDC)	465,000,000	18.45
11	During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:		
	NAME	**PURCHASE**	**SALE**
	i- Mr. Waqar Ahmed Malik, Director/ Chairman (CDC)	500	-
	ii-Mr. Usman Zaheer Ahmad, Chief Executive Officer (CDC)	200,000	-
	iii-Mr. Waseem Haider, Chief Financial Officer (CDC)	20,000	20,000
	iv-Brig Hamid Mahmood Dar (Retd), Company Secretary (CDC)	200,000	200,000
12	Substantial Shareholders (Allotment of Shares Other than Right)		
	i- Fauji Fertilizer Bin Qasim Limited (CDC)	70,874,980	-
	ii-FFBL Power Company Limited (CDC)	400,000,000	-
	iii-FFC Energy Limited (CDC)	465,000,000	-

Category Wise Shareholding - FFBL Subsidiaries

As at December 31, 2023

FFBL Power Company Limited (FPCL)

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
FAUJI FERTILIZER BIN QASIM LIMITED	1	644,062,491	75.00
FAUJI FOUNDATION	1	214,687,500	25.00
DIRECTORS	9	9	0.00
	11	858,750,000	100.00

Financial Calendar - 2024

The Company's financial year starts from January 01 and ends at December 31 each year.

Tentative schedule for announcements of quarterly financial results in 2024 is as under:

Annual General Meeting	March 25, 2024
First Quarter ending March 31, 2024	Last week of April 2024
Second Quarter ending June 30, 2024	Last week of July 2024
Third Quarter ending September 30, 2024	Last week of October 2024
Year ending December 31, 2024	Last week of January 2025

Form of Proxy

30th Annual General Meeting

The Company Secretary

Fauji Fertilizer Bin Qasim Limited
FFBL Tower, C1/C2, Sector-B,
Jinnah Boulevard, DHA-II,
Islamabad.

I/We, ________ of ______________, being a Member(s) of FAUJI FERTILIZER BIN QASIM LIMITED, holder of _________ ordinary shares as per registered Folio No.______________ hereby appoint Mr. / Mst. ____________________ Folio No (if member) ___________of ______ or failing him/her Mr. / Mst ______________________ Folio No (if member)_______________ of ____________as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be held on 25 March 2024 and at any adjournment thereof.

Signed under my/our hand this _____ day of ________ 2024.

Affix
Revenue Stamp
of Rs. 50

Signature should agree with the specimen signature registered with the Company

Signed in the presence of:

Signature of Witness-1

Signature of Witness-2

Notes:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not a member of the Company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or it notarially certified copy of that power of authority shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument purposes to vote, and in default the instrument of a proxy shall not be treated as valid.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Fauji Fertilizer Bin Qasim Limited
FFBL Tower, C1/C2, Sector-B,
Jinnah Boulevard, DHA-II,
Islamabad.
Tel: +92 51 8763325

پراکسی فارم

تیسواں سالانہ اجلاس عام

کمپنی سیکریٹری

فوجی فرٹیلائزر بن قاسم لمیٹڈ

ایف ایف بی ایل ٹاور، سی 1 / سی 2 ، سیکٹر-بی، جناح بلیوارڈ،

ڈی ایچ اے-II، اسلام آباد

میں / ہم-- بحیثیت ممبر(ز) فوجی فرٹیلائزر بن قاسم لمیٹڈ اور حامل--------- عام حصص رجسٹرڈ فولیو نمبر-------------- محترم / محترمہ---------------------------------رجسٹرڈ فولیو نمبر (اگر ممبر ہے) یا انکے حاضر نہ ہوسکنے کی صورت میں محترم / محترمہ-- رجسٹرڈ فولیو نمبر (اگر ممبر ہے)---------- کو اپنی / ہماری عدم موجودگی میں کمپنی کے 25 مارچ 2024 کو منعقد ہونے والے سالانہ اجلاس عام میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

میرے / ہمارے دستخط آج بتاریخ-------------2024 ہوئے۔

پچاس روپے کی ریونیو ٹکٹ چسپاں کریں

دستخط---

دستخط کا کمپنی میں موجود دستخطی نمونے سے مشابہت ہونا ضروری ہے

یہ دستخط درج ذیل گواہان کی موجودگی میں کیئے گئے:

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دستخط گواہ -1	دستخط گواہ - 2

اہم نکات:

1۔ پراکسی مقرر کرنے کیلئے یہ دستاویز مقرر کرنے والے یا انکے نمائندے کے ہاتھ سے پُر کی جانی چاہیئے یا اگر مقرر کنندہ کارپوریشن (کمپنی) ہے تو دستاویز پر کمپنی کی مہر ہو یا کمپنی کے نمائندہ کے ہاتھ سے پُر کی جائے۔ ایسے کسی بھی شخص کو پراکسی مقرر نہیں کیا جاسکتا جو ووٹ ڈالنے کی اہلیت کا حامل کمپنی کا ممبر نہ ہو، ماسوائے کارپوریشن (کمپنی) کے جو کسی غیر ممبر کو پراکسی مقرر کر سکتی ہے۔

2۔ یہ پراکسی / دستاویز اور پاور آف اٹارنی یا دیگر اختیار (اگر کوئی ہے) جن کے تحت یہ پراکسی دی جارہی ہے کی تصدیق شدہ نقل اجلاس کے انعقاد، جس میں نامزد شخص ووٹ ڈالنا چاہتا ہے، سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر میں موصول ہونی چاہئیں۔ بصورت دیگر دستاویز کالعدم قرار دے دی جائے گی۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

Fauji Fertilizer Bin Qasim Limited
FFBL Tower, C1/C2, Sector-B,
Jinnah Boulevard, DHA-II,
Islamabad.
Tel: +92 51 8763325

کیٹیگری وائز شیئر ہولڈنگ - ایف ایف بی ایل کی ماتحت کمپنیاں

31 دسمبر 2023

ایف ایف بی ایل پاور کمپنی لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان کی تعداد	حصص کی تعداد	فیصد
فوجی فرٹیلائزر بن قاسم لمیٹڈ	1	644,062,491	75
فوجی فاؤنڈیشن	1	214,687,500	25
ڈائریکٹرز	9	9	00
ٹوٹل	11	858,750,000	100

مالیاتی کیلنڈر - 2024

کمپنی کے مالیاتی سال کی مدت یکم جنوری سے 31 دسمبر تک ہے۔

کمپنی کے مالیاتی نتائج کا اعلان مندرجہ ذیل عارضی جدول کے مطابق کیا جائے گا۔

سالانہ اجلاس عام	25 مارچ 2024
31 مارچ 2024 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ اپریل 2024
30 جون 2024 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ جولائی 2024
30 ستمبر 2024 کو ختم ہونے والی سہ ماہی:	آخری ہفتہ اکتوبر 2024
31 دسمبر 2024 کو ختم ہونے والا سال:	آخری ہفتہ جنوری 2025

کیٹگری وائز شیئر ہولڈنگ - ایف ایف بی ایل کی ماتحت کمپنیاں

31 دسمبر 2023

فوجی فوڈز لمیٹڈ

حصص یافتگان کی اقسام	حصص کی تعداد	فیصد
1 - ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی شریک حیات اور چھوٹے بچے	349,421	0.014
2 - شریک کمپنیاں، اقربا ادارے اور متعلقہ جماعتیں (بنیادی کمپنی)	2,137,948,153	84.840
3 - این آئی ٹی اور آئی سی پی	258,300	0.010
4 - بینک، ترقیاتی مالیاتی ادارے، غیر بینکاری مالیاتی ادارے	3,345,784	0.133
5 - بیمہ کمپنیاں	176,569	0.007
6 - مضاربہ کمپنیاں اور میوچل فنڈز	4,224,327	0.168
7 - دس فیصد یا زیادہ حصص یافتگان		
i - فوجی فرٹیلائزر بن قاسم لمیٹڈ	1,205,576,237	47.840
ii - ایف ایف بی ایل پاور کمپنی لمیٹڈ	400,000,000	15.870
iii - ایف ایف سی انرجی لمیٹڈ	465,000,000	18.450
8 - عوام الناس		
i - ملکی (مقامی)	309,821,848	12.295
ii - غیر ملکی	3,552,662	0.141
9 - دیگر (مخصوص)		
i - انویسٹمنٹ کمپنیاں	318,000	0.013
ii - جوائنٹ اسٹاک کمپنیاں	58,058,288	2.304
iii - دیگر کمپنیاں	1,909,787	0.076
10 - پانچ فیصد یا زیادہ حصص یافتگان		
i - فوجی فرٹیلائزر بن قاسم لمیٹڈ	1,205,576,237	47.840
ii - ایف ایف بی ایل پاور کمپنی لمیٹڈ	400,000,000	15.870
iii - ایف ایف سی انرجی لمیٹڈ	465,000,000	18.450
11 - مالی سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور چھوٹے بچوں کی کمپنی کے شیئرز کی خرید و فروخت حسب ذیل ہے:	خرید	فروخت
i - محترم وقار احمد ملک، ڈائریکٹر / چیئرمین	500	-
ii - محترم عثمان ظہیر احمد، چیف ایگزیکٹو آفیسر	200,000	-
iii - محترم وسیم حیدر، چیف فنانشل آفیسر	20,000	20,000
iv - بریگیڈیئر حامد محمود ڈار، کمپنی سیکرٹری	200,000	200,000
12 - سبسٹینشل شیئر ہولڈرز (رائٹ کے علاوہ شیئرز کا اجراء)		
i - فوجی فرٹیلائزر بن قاسم لمیٹڈ	70,874,980	-
ii - ایف ایف بی ایل پاور کمپنی لمیٹڈ	400,000,000	-
iii - ایف ایف سی انرجی لمیٹڈ	465,000,000	-

کیٹیگری وائز شیئر ہولڈنگ - ایف ایف بی ایل

31 دسمبر 2023

حصص یافتگان کی اقسام	حصص کی تعداد	فیصد
1 - ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی شریک حیات اور چھوٹے بچے	71,390	0.01
2 - ایگزیکٹوز	---	---
3 - پبلک سیکٹر کمپنیاں اور کارپوریشنز	---	----
4 - منسلک کمپنیاں، اقرار نامے اور متعلقہ کمپنیاں		
i - فوجی فرٹیلائزر کمپنی لمیٹڈ	644,018,629	49.88
ii - فوجی فاؤنڈیشن	236,161,393	18.29
5 - این آئی ٹی اور آئی سی پی	2,965,233	0.23
6 - بینک، ترقیاتی مالیاتی ادارے، غیر بینکاری مالیاتی ادارے	80,262,147	6.22
7 - بیمہ کمپنیاں	8,051,513	0.62
8 - مضاربہ کمپنیاں اور میوچل فنڈز	23,067,649	1.79
9 - دس فیصد حصص یافتگان		
i - فوجی فرٹیلائزر کمپنی لمیٹڈ	644,018,629	49.88
ii - فوجی فاؤنڈیشن	236,161,393	18.29
10 - عوام الناس		
الف - ملکی (مقامی)	219,136,828	16.97
ب - غیر ملکی	326,245	0.03
11 - دیگر		
i - جوائنٹ اسٹاک کمپنیاں	37,413,106	2.90
ii - غیر ملکی کمپنیاں	14,698,917	1.14
iii - پنشن فنڈز	1,792,516	0.14
iv - انوسٹمنٹ کمپنیاں	4,033,106	0.31
v - دیگر کمپنیاں	19,254,165	1.49
12 - پانچ فیصد یا اس سے زیادہ کے حصص یافتگان		
i - فوجی فرٹیلائزر کمپنی لمیٹڈ	644,018,629	49.88
ii - فوجی فاؤنڈیشن	236,161,393	18.29

کریگی۔ ساتھ ساتھ ایسی سہولت تک رسائی کیلئے ضروری مکمل معلومات فراہم کریگی۔

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

دستخط ممبر

6- ای۔ ووٹنگ

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

7- الیکٹرانک ذرائع سے اجلاس میں شرکت

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

1- واٹس ایپ نمبر 03008713326

2- ای میل ایڈریس shares@ffbl.com

3- ویڈیو لنک جو ممبر ویڈیو لنک کے ذریعے شرکت کرنا چاہتا ہے وہ درج بالا واٹس ایپ نمبر/ای میل ایڈریس پر 21 مارچ 2024 تک مطلع کرے۔

8- غیر دعویٰ شدہ/غیر ادا شدہ ڈیویڈنڈ/شیئرز

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

9- فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر No CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ اپنے ایسے ممبران سے رابطہ کریں جن کے پاس ابھی بھی فزیکل شیئرز موجود ہیں تاکہ وہ اپنے شیئرز کو بک انٹری فارم میں تبدیل کر سکیں۔ ہم اس نوٹس کے ذریعے کمپنی کے ایسے تمام شیئر ہولڈرز سے، جن کے پاس فزیکل شیئرز ہیں، درخواست کرتے ہیں کہ اپنے شیئرز کو جلد از جلد بک انٹری فارم میں تبدیل کریں۔

10- سالانہ رپورٹ کے لیے ویب لنک رسائی اور QR فعال کوڈ

کمپنیز ایکٹ 2017 کے سیکشن 223 اور S.R.O نمبر 389(I)/2023 مورخہ 21 مارچ 2023 کے مطابق، کمپنی کی سالانہ رپورٹ بشمول مالیاتی گوشواروں کو کمپنی کی ویب سائٹ پر اپ لوڈ کر دیا گیا ہے جس کو درج ذیل لنک اور QR فعال کوڈ کا استعمال کرتے ہوئے دیکھا جا سکتا ہے:

https://www.ffbl.com/wp-content/uploads/2024/02/2023-FFBL-ANNUAL-REPORT.pdf

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ فوجی فرٹیلائزر بن قاسم لمیٹڈ کے شیئر ہولڈرز کا تیسواں سالانہ اجلاس عام سوموار 25 مارچ 2024 کو صبح 10:00 بجے ایف ایف بی ایل ٹاور، C2/C1 سیکٹر B، جناح بلیوارڈ، فیز ۔II، ڈی ایچ اے، اسلام آباد میں منعقد ہوگا جس میں درج ذیل اُمور طے کیے جائیں گے:

عمومی اُمور

1۔ غیر معمولی اجلاس عام منعقدہ 18 اگست 2023 کی کارروائی کی توثیق و تصدیق کرنا۔

2۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز رپورٹس کے ساتھ کمپنی کے آڈٹ شدہ اکاؤنٹس (علیحدہ اور یکجا) کی وصولی، ان پر غور اور منظور کرنا۔

3۔ موجودہ اجلاس عام سے اگلے اجلاس عام تک کمپنی کے آڈیٹرز کی تعیناتی اور ان کے معاوضے کا تعین کرنا۔

4۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز کے تجویز کردہ فائنل ڈیویڈنڈ بحساب دس فیصد (ایک روپیہ فی شیئر) کی ادائیگی کی منظوری دینا۔

دیگر اُمور

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

بحکم بورڈ

فوجی فرٹیلائزر بن قاسم لمیٹڈ

اسلام آباد — بریگیڈیئر (ریٹائرڈ) خرم شہزاد، ستارۂ امتیاز (ملٹری)

1 مارچ 2024 — کمپنی سیکرٹری

شیئرز ٹرانسفر بکس کی بندش

کمپنی کی شیئرز ٹرانسفر بکس، سالانہ اجلاس عام کے انعقاد کیلئے 19 مارچ 2024 سے 25 مارچ 2024 تک (بشمول دونوں ایام) بند رہیں گی۔

نوٹس:

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

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

الف)۔ اجلاس میں شرکت کیلئے:

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

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

ب)۔ پراکسیوں کی تقرری کیلئے:

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

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

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

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

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

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

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

5۔ ویڈیو کانفرنس کی سہولت کیلئے رضامندی

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

اطلاع برائے سالانہ اجلاس عام

ڈائریکٹرز رپورٹ

ملکی اقتصادی صورتحال

ناقص پالیسیوں اور بہت سے نمایاں خدشات بشمول COVID-19 کے اثرات، 2022 میں تباہ کن سیلاب، اور غیر سازگار عالمی حالات نے واقعی ملک کے لیے کافی اقتصادی چیلنجز پیدا کیے ہیں۔ بین الاقوامی مالیاتی فنڈ کی طرف سے 2024 میں 2 فیصد کی اقتصادی ترقی کا تخمینہ ایک مثبت علامت ہے، لیکن یہ ان چیلنجوں کی حد کی بھی نشاندہی کرتا ہے جن کا پاکستان کو سامنا ہے جن میں افراط زر کا دباؤ، کرنسی کی قدر میں کمی، اور بحالی کی راہ پر گامزن ہونے میں غیر ملکی قرضوں کی بلند سطح شامل ہیں۔

معاشی بحالی کی طرف لے جانے کے لیے قابل ذکر پہلو زرعی شعبے پر حکومت کا زور ہے۔ حکومت کی یہ توجہ کھاد کے شعبے کے لیے اچھی خبر ہے، جو ایک روشن امید کی نشاندہی کرتی ہے۔ چونکہ زراعت پاکستان کی معیشت میں کلیدی کردار ادا کرتی ہے، اس لیے اس شعبے کو ترقی دینے سے کھادوں سمیت مختلف متعلقہ صنعتوں پر مثبت اثرات مرتب ہو سکتے ہیں۔

FFBL کی اقتصادی صورتحال

FFBL ڈی اے پی کے واحد مقامی پروڈیوسر کے طور پر پاکستان کے فرٹیلائزر سیکٹر میں ایک منفرد مقام رکھتا ہے۔ کمپنی ڈی اے پی کی تیاری کے لیے بنیادی خام مال، فاسفورک ایسڈ، بین الاقوامی مارکیٹ سے درآمد کرتی ہے۔ مقامی DAP مارکیٹ میں، تقریباً نصف طلب FFBL کی مقامی طور پر تیار کردہ DAP سے اور باقی طلب براہ راست درآمدات کے ذریعے پوری ہوتی ہے۔ یہ کاروباری ماڈل مقامی غیر یقینی صورتحال اور بین الاقوامی اور علاقائی مشکلات سمیت بیرونی عوامل دونوں سے داخلی طور پر متاثر ہو سکتا ہے۔

FFBL کا بنیادی چیلنج گیس کی سپلائی اور قیمتوں کا تعین رہے گا، جو نہ صرف FFBL کی کھاد کی پیداوار اور کارکردگی کو متاثر کرنے کی صلاحیت رکھتا ہے بلکہ پاکستان میں کھاد کی مجموعی دستیابی کو بھی متاثر کرتا ہے۔ یہ صورتحال اس کی مسلسل دستیابی کے سلسلے میں مزید خدشات کو جنم دے سکتی ہے، جو حکومت کو کھاد درآمد کرنے پر مجبور کر سکتی ہے۔

کمپنی کو اگر GIDC کی ادائیگی کرنا ہوگی تو اسے اپنے نقد رقم کی آمد و رفت کے انتظام اور منافع پر منفی اثرات کی بھی توقع ہے، جس پر فی الحال سندھ ہائی کورٹ نے سٹے دیا ہوا ہے۔ تاہم، ہم سپریم کورٹ آف پاکستان کے فیصلے کے مطابق قابل ادائیگی GIDC کے حقائق پر مبنی تعین کے لیے کوششیں کر رہے ہیں۔ مزید برآں، حکومت سے بقایا رقم کی وصولی، جو 18 بلین پاکستانی روپے کی رقم ہے، جس میں GST ریفنڈز اور سبسڈی کی قابل وصول رقم شامل ہے، توقع ہے کہ وہ لیکویڈیٹی اور منافع پر دباؤ ڈالتے رہیں گے، جس سے متبادل مہنگی بیرونی فنڈنگ کی ضرورت پڑے گی۔

ہم معیشت اور کاروبار کی ترقی کے لیے سازگار ماحول کو فروغ دینے میں حکومت کے کردار کی مسلسل اہمیت پر زور دینا چاہیں گے۔ ہم حکومت کے ساتھ فعال طور پر رابطے میں ہیں اور DAP کے مقامی پروڈیوسر اور وسیع تر فرٹیلائزر سیکٹر کو درپیش مشکلات سے نمٹنے کے لیے مثبت مداخلت کی توقع کرتے ہیں۔

ہم تمام مشکلات سے نمٹنے، اپنی صلاحیتوں سے فائدہ اٹھانے اور اپنے وعدوں کو پورا کرنے کے لیے پرعزم ہیں۔

منجانب بورڈ آف ڈائریکٹرز

فوجی فرٹیلائزر بن قاسم لمیٹڈ

عارف الرحمان | چیف ایگزیکٹو آفیسر

وقار احمد ملک | چیئرمین

پچھلے سالوں کے بیانیے پر غور و فکر

FFBL پاکستان کے فرٹیلائزر سیکٹر میں منفرد مقام رکھتا ہے جو کہ واحد مقامی DAP پروڈیوسر ہے اور ڈی اے پی کی مارکیٹ کی تقریباً نصف طلب کو پورا کرتا ہے۔ لہٰذا، ہمارا کاروبار نہ صرف مقامی غیر یقینی صورتحال سے متاثر ہوتا ہے بلکہ بیرونی بین الاقوامی اور خطہ جاتی غیر یقینی صورتحال اور مشکلات سے بھی متاثر ہوتا ہے۔

بین الاقوامی کھاد کی منڈی میں غیر یقینی صورتحال، خاص طور پر فاسفیٹک کھاد میں، جو کہ عالمی اقتصادی صورتحال، سیاسی مفادات اور جغرافیائی سیاسی پیش رفت پر منحصر ہے، ممکنہ طور پر مقامی فاسفیٹک کھاد کی مارکیٹ اور بالآخر FFBL کی کارکردگی کو متاثر کر سکتی ہے۔

FFBL سارا سال مسلسل اپنے بنیادی خام مال فاسفورک ایسڈ کو درآمد کرتا ہے تاکہ DAP کی مستقل پیداوار اور انوینٹری کی سطح کو برقرار رکھا جا سکے۔ تاہم، خلیج فروخت کے وقت، بنیادی طور پر سال کے دوسری ششماہی میں پیدا ہوتا ہے، کیونکہ FFBL کو بین الاقوامی DAP کی قیمتوں کا مقابلہ کرنا ہوتا ہے۔ مزید برآں، اس سال، پچھلے سال سے زیادہ پیداواری لاگت کے ساتھ انوینٹری کو ایک خلیج کا سامنا کرنا پڑا، جس کی وجہ سے ہمارے پروڈکشن پلانٹ کو عارضی طور پر بند کرنے کے ساتھ ساتھ قرض گیری کی سطح اور اس سے منسلک قرض اٹھانے کے اخراجات میں اضافہ ہوا۔ مزید برآں، امریکی ڈالر اور پاکستانی روپے میں اتار چڑھاؤ کی وجہ سے، FFBL کو سال کے دوران 4.5 بلین پاکستانی روپے زرمبادلہ کا نقصان ہوا۔

قیمتوں کے تعین کے بارے میں حکومتی پالیسیاں اور کھاد کی پیداوار کے لیے گیس کی دستیابی، کھاد کی سبسڈی، زرعی مالیات کاری اور زرعی پیداوار کے لیے امدادی قیمتیں FFBL کی کارکردگی کو نمایاں طور پر متاثر کر سکتی ہیں۔

FFBL نے 2023 میں 13,714 ایم ایم ایس سی ایف ڈی سپلائی حاصل کی جو حکومت کی طرف سے مختص کردہ 23,800 ایم ایم ایس سی ایف ڈی کی سطح سے 42 فیصد کی کمی اور پچھلے سال کی 19,119 ایم ایم ایس سی ایف ڈی کی سطح سے 28 فیصد کی کمی کی نمائندگی کرتی ہے۔ اس کے نتیجے میں، کمپنی کے یوریا پلانٹ نے اپنی 615 کلوٹن صلاحیت کے مقابل 52 فیصد پر آپریٹ کیا۔ یوریا کی پیداوار 39 فیصد کم ہو کر 317 کلوٹن (2022: 524 KT) ہو گئی اور DAP کی پیداوار 31 فیصد کم ہو کر 587 کلوٹن (2022 میں 848 کلوٹن سے) ہو گئی۔

مقامی DAP کی پیداوار کو input جی ایس ٹی کے تابع رکھنے اور input جی ایس ٹی سے ڈی اے پی کی درآمد کو استثنیٰ دینے سے جی ایس ٹی قوانین میں عدم مطابقت، اگر جاری رہتی ہے، تو اس سے FFBL کے منافع پر منفی اثر پڑے گا۔ حکومت سے توقع کی جاتی ہے کہ وہ مناسب پالیسی مداخلتوں کے ساتھ DAP کے مقامی پروڈیوسر کو کام کرنے کے یکساں مواقع فراہم کرے گی۔

اگر کمپنی کو GIDC کی روکی ہوئی رقم کی ادائیگی کرنے کی ضرورت پڑتی ہے تو کمپنی کے نقد بہاؤ کے انتظام کے ساتھ ساتھ منافع پر بھی منفی اثر پڑے گا، جس پر فی الحال سندھ ہائی کورٹ نے سٹے دیا ہوا ہے۔ اس لیے کمپنی سپریم کورٹ آف پاکستان کے فیصلے کے مطابق قابل ادائیگی GIDC کے حقائق پر مبنی تعین کے لیے کوششیں کر رہی ہے۔ مزید برآں، GST ریفنڈز اور قابل وصول سبسڈی کی مد میں حکومت سے 21 بلین پاکستانی روپے کی بقایا وصولی، متبادل مہنگی بیرونی فنڈنگ کی وجہ سے ہماری لیکویڈیٹی اور منافع پر دباؤ ڈالتی رہے گی۔

ہم سمجھتے ہیں کہ حکومت کا کردار معیشت اور کاروبار کے فروغ کے لیے ہمیشہ اہم رہا ہے۔ ہم حکومت کے ساتھ رابطے میں ہیں اور DAP کے مقامی پروڈیوسر کو درپیش چیلنجوں سے نمٹنے کے لیے مثبت اقدام کی توقع رکھتے ہیں۔

جولائی 2022 سے لاگو ہونے والے غیر منصفانہ جی ایس ٹی قوانین نے جون 2023 تک سال کی پہلی ششماہی میں 3 سے 4 بلین پاکستانی روپے کا نقصان پہنچایا۔ ہم نے کامیابی کے ساتھ حکومت کے ساتھ بات کی اور جی ایس ٹی قوانین میں یکم جولائی 2023 سے لاگو ہونے والے فنانس ایکٹ 2023 میں ترمیم کی گئی۔ درآمد شدہ ڈی اے پی کے مقابلے میں مقامی طور پر تیار کردہ ڈی اے پی کے لیے برابری کا میدان۔

ڈائریکٹرز رپورٹ

سپریم کورٹ آف پاکستان کے فیصلے کے بعد قابل ادائیگی GIDC کے حقائق پر مبنی تعین کے بارے میں سندھ ہائی کورٹ کے سامنے کمپنی کی درخواست سال بھر زیر التوا رہی۔ جہاں تک حکومت کی طرف سے قابل وصولی رقم کا تعلق ہے، جیسا کہ جی ایس ٹی ریفنڈز اور سبسڈی کی وصولی، پوری صنعت کی کاوشوں کے باوجود جمود جاری ہے۔

پروجیکشنز کے لیے معلومات کا ذریعہ

تخمینوں کے لیے معلومات کا ذریعہ کاروباری ادارے کی حکمت عملی اور مقاصد سے اخذ کیا جاتا ہے، جو آپریشنل، مالیاتی اور مارکیٹنگ کے منصوبوں اور حکمت عملیوں کی تشکیل میں رہنمائی کرتے ہیں۔ اس عمل میں تاریخی اعداد و شمار، موجودہ حالات، متعلقہ صورتحال، اور قابل اعتماد معلومات اور دانشمندی کی بنیاد پر متوقع توقعات پر غور کرنا شامل ہے۔ بورڈ فعال طور پر کمپنی کی سمت کی نگرانی کرتا ہے اور بروقت رہنمائی فراہم کرتا ہے۔

کمپنی کے کلیدی نصب العین اور یونٹ بیرونی طور پر حاصل کردہ ڈیٹا کی مدد سے ضروری معلومات کو مرتب کرتے ہیں۔ کلی اور جز معاشی اشاریے، مارکیٹ کے رجحانات، کھاد کی بین الاقوامی قیمتوں کی پیشن گوئی، حکومتی ایجنسیوں کے ڈیٹا (بشمول ریگولیٹری اور ٹیکس حکام)، موسمی تغیرات، اور حریف اداروں کے اقدامات جیسے عوامل کو مد نظر رکھا جاتا ہے۔ ان معلومات کو پیشن گوئی اور تخمینہ لگانے کے لیے استعمال کیا جاتا ہے، اور ایک عملی منصوبہ بورڈ کو جائزے، بصیرت اور منظوری کے لیے پیش کیا جاتا ہے۔ سرمایہ کاری سے متعلق فیصلوں کے معاملے میں، کمپنی موضوع کے ماہرین کی مدد سے قانونی، مالیاتی، مارکیٹ، اور تکنیکی فزیبلٹی اسٹڈیز پر مشتمل وسیع جائزے کا انعقاد کرتی ہے۔

بڑے کاروباری ادارے کی حکمت عملی اور مقاصد آپریشن، مالیاتی اور مارکیٹنگ کے منصوبوں اور حکمت عملیوں کو ترتیب دینے میں رہنمائی فراہم کرتے ہیں۔ اس عمل میں، ہم تاریخی اعداد و شمار اور معلومات، مروجہ حالات، متعلقہ صورتحال اور قابل اعتماد معلومات اور ذہانت کی بنیاد پر متوقع توقعات کو مد نظر رکھتے ہیں۔ بورڈ باقاعدگی سے کمپنی کی سمت کی نگرانی کرتا ہے اور بروقت رہنمائی فراہم کرتا ہے۔

مستقبل کا منظر نامہ

بین الاقوامی اقتصادی صورت حال

جغرافیائی سیاسی صورت حال عالمی معیشت کو درپیش سب سے اہم خطرے کے طور پر ابھری ہے، جس کے ساتھ ساتھ عالمی شرح سود میں تیزی سے اضافہ، قومی سلامتی کے خدشات کے باعث تجارتی تقسیم، اور بڑھتے ہوئے موسمی چیلنجوں کے درمیان مالیاتی دباؤ میں اضافہ ہوا ہے۔ نتیجے کے طور پر، عالمی اقتصادی ترقی کی صورتحال غیر یقینی دکھائی دیتی ہے، جس میں تقریباً 2.5 فیصد کی سست روی کا بہت زیادہ امکان ہے۔

بڑھتی ہوئی عالمی آبادی اور خوراک کی پیداوار کی بڑھتی ہوئی مانگ زراعت کے شعبے میں توسیع کا باعث بنے گی، ساتھ ساتھ کھاد کے استعمال سے منسلک ماحولیاتی خدشات پائیدار اور زراعت کے باقاعدہ درست طریقوں پر توجہ مرکوز کرنے کا باعث بنیں گے۔ جیسا کہ زراعت کا ارتقا جاری ہے، کھاد کا شعبہ متحرک رہے گا اور توقع کی جاتی ہے کہ غذائیت کی تشکیل اور ٹیکنالوجیز میں جدت طرازی عمل میں آئے گی۔ فاسفیٹ کھاد کی مارکیٹ کی مانگ میں اضافہ متوقع ہے، تاہم، جغرافیائی سیاسی کشیدگی کے پیش نظر سپلائی چین میں خلل پڑ سکتا ہے اور قوت خرید میں کمی سے متعلق خدشات پیدا ہو سکتے ہیں۔

3.4 پاکستان مراکو فاسفور

Pakistan Marroc Phosphore S.A. Morocco(PMP) کمپنی، فوجی فاؤنڈیشن، فوجی فرٹیلائزر کمپنی لمیٹڈ اور آفس چیریفین ڈیس فاسفیٹس، مراکو کے مابین بنیادی طور پر کمپنی کے لیے فاسفورک ایسڈ تیار کرنے اور اضافی پیداوار کی مارکیٹنگ کے لیے مشترکہ منصوبہ ہے۔ پاکستان مروک فاسفور کی کل صلاحیت 375 کلوٹن سالانہ ہے۔ اس منصوبے کی کل لاگت 250 ملین امریکی ڈالر ہے جس میں FFBL کا شیئر 25 فیصد ہے۔

جنوری۔ ستمبر 2023 کے عرصہ کے دوران پاکستان مراک فاسفور کی مجموعی کارکردگی چیلنج کی زد میں رہی۔ پاکستان مروک فاسفور نے اس مدت کے دوران P2O5 کی 241 کلوٹن پیداوار دکھائی اور اسی مدت میں بالترتیب 296 کلوٹن پیداوار اور 303 کلوٹن کی فروخت کے مقابلے میں 249 کلوٹن P2O5 فروخت کی۔

PMP نے 30 ستمبر 2023 کو ختم ہونے والی نو ماہ کی مدت میں پاکستانی روپے کے مقابلے میں 242 ملین مراکشی دینار کا خالص نقصان جھیلا (2022 592: ملین مراکشی دینار منافع۔ 30 ستمبر 2023 تک، جمع شدہ منافع 855 ملین مراکشی دینار (ایکویٹی کا 49 فیصد) تھا۔

FFBL نے PMP سے اپنی مجموعی مالیاتی گوشوارے میں 1,584 ملین پاکستانی روپے (2022: PKR 4,033 million) منافع (نقصان) شیئر رپورٹ کیا۔

PMP نے 2022 کو ختم ہونے والے سال کے دوران کوئی ڈیویڈنڈ ادا نہیں کیا۔

سال کے دوران PMP نے فاسفورک ایسڈ پلانٹ کے شعبہ تیاری کی صلاحیت بڑھانے کے منصوبے پر کام شروع کر دیا ہے جس کے نتیجے میں 50 کلوٹن سالانہ اضافی پیداوار حاصل ہوگی۔ یہ منصوبہ 2025 میں منظور شدہ بجٹ کے اندر مکمل ہونے کی امید ہے۔

3.5 داخلی مالیاتی کنٹرول

متعلقہ ذیلی کمپنیوں کے بورڈز نے اندرونی مالیاتی کنٹرول کے زبردست اور موثر نظام قائم کیے ہیں۔ ان کنٹرولز کے نفاذ کی باقاعدگی سے ایک آزاد اندرونی آڈٹ فنکشن شعبہ کے ذریعے نگرانی کی جاتی ہے جو براہ راست متعلقہ آڈٹ کمیٹیوں کو رپورٹ کرتا ہے۔ کمپنیوں کی آڈٹ کمیٹیاں، سہ ماہی بنیادوں پر اندرونی کنٹرول کے فریم ورک اور متعلقہ کمپنیوں کے مالیاتی گوشواروں کی کارکردگی اور موزونیت کا جائزہ لیتی ہیں۔

3.6 پائیداری

ہماری پائیدار ویلیو چین ہماری کمیونٹی کے لیے صحت اور غذائیت کو برقرار رکھنے میں اہم کردار ادا کرتی ہے۔ ہم کسانوں کی دیکھ بھال کرتے ہیں اور پائیدار عمل کے حصول میں کسان برادریوں کی مدد کرتے ہیں۔ یہ حکمت عملی اس بات کو یقینی بنانے میں کلیدی کردار ادا کرتی ہے کہ ہمارے پاس ایک مضبوط ویلیو چین ہو جو غیر معمولی وقتوں کا مقابلہ کر سکے۔

4. مستقبل کی صورتحال پر مبنی بیانیہ

ہمارے مستقبل کی صورتحال پر مبنی بیانیے کا مقصد اسٹیک ہولڈرز کو ہمارے کاروبار کی مستقبل کی حکمت عملیوں کے بارے میں مارکیٹ، چیلنجز، اور معاشی منظر نامے کے بارے میں بصیرت فراہم کرنا ہے جس میں ہم مصروف عمل ہیں۔

3.2.4۔ خطرات

کمپنی کو درپیش خطرات ڈیری سیکٹر میں کام کرنے والی دیگر کمپنیوں کو درپیش خطرات سے کوئی زیادہ مختلف نہیں ہیں۔ انتظامیہ کی طرف سے ایک مستحکم کاروبار اور رسک مینجمنٹ کے عمل کے ذریعے خطرات کا جائزہ لیا جاتا ہے۔ ان خطرات سے وابستہ ممکنہ اثرات کو کم کرنے کے لیے مناسب حکمت عملیوں اور ہنگامی منصوبوں کا باقاعدگی سے جائزہ لیا جاتا ہے۔ کمپنی کے کاروبار اور آپریشنز کو کوئی خاص خطرہ اور غیر یقینی صورتحال درپیش نہیں ہے، سوائے اس کے کہ جیسا کہ مالیاتی گوشواروں سے منسلک ہنگامی حالات اور کمٹمنٹ نوٹس میں افشاء کی گئی ہو۔

3.2.5۔ مستقبل کا منظرنامہ

ہم فوجی سیریلز اور فوجی انفراویسٹ لمیٹڈ کے حصول کی منظوری دینے پر اپنے قابل قدر شیئرز ہولڈرز کے شکر گزار ہیں۔ توقع ہے کہ ان کمپنیوں کے حصول سے فوجی فوڈز کو ایک کنزیومر فوڈ پاور ہاؤس میں تبدیل کر دیا جائے گا اور FFL پاکستان کی متنوع فوڈ کمپنیوں میں سے ایک بن جائے گی۔ اس کی مصنوعات کا مجموعہ اسے پنیر، مکھن، UHT ملک اور سیریلز کے ذریعے نہ صرف ناشتے میں استعمال اشیاء پیش کرنے کے قابل بنائے گا بلکہ اب پاستا اور دیگر وسیع مصنوعات کے ذریعے متعدد دکانوں میں اپنے خاص ذائقے سے حاصل لذت کو بڑھا دے گا۔

مطلوبہ ضابطہ جاتی اور قانونی منظوریوں کے التواء میں، ان کمپنیوں کے حصول سے فوجی فرٹیلائیزر لمیٹڈ کے لیے فی شیئر منافع میں اضافے کی توقع ہے۔

مستقبل میں، برانڈز اور ڈسٹری بیوشن انفراسٹرکچر میں سرمایہ کاری کے ساتھ ان کمپنیوں کے حصول کے ساتھ ترقی اور منافع بڑھتا جاری رہتا چاہیے۔ وراثتی قرضوں کا بوجھ اب ختم ہونے سے نئی مصنوعات کا تعارف اور مارجن پر مرکوز ترقی FFL کی مالی کارکردگی میں تیز رفتاری سے بہتری لائے گی۔ اقتصادی غیر یقینی صورتحال، مہنگائی میں اضافے کا ماحول اور بلند شرح سود چیلنج بنے رہنے کی توقع ہے اور اس صورتحال کے جلد ختم ہونے کا امکان نہیں ہے، تاہم ویلیو ایڈڈ مصنوعات کے ساتھ ساتھ نئے کاروباروں کی طرف مڑنے کی حکمت عملی FFL کو قیمتوں کے تعین اور مارجن مینجمنٹ کے ذریعے افراط زر پر قابو پانے کے قابل بنائے گی۔ ہمیں یقین ہے کہ FFL "ہم جو بھی کام کریں وہ مستقبل میں پاکستان کی ترقی کی نوید ثابت ہو" کے وژن کے تحت نہ صرف ایک کامیاب کاروبار کی تشکیل کرے گا بلکہ آنے والے وقتوں کے لیے وسیع تر قومی اور بین الاقوامی منظرنامے پر ایک نشان چھوڑے گا۔

3.2.6۔ متعلقہ فریقوں کے ساتھ لین دین

کمپنی متعلقہ فریقوں کے ساتھ آزادی اور ذاتی مفاد کے تحفظ اور متعلقہ فریقوں کی طرف سے اور ان کو واجب الادا رقم جو متعلقہ عنوان کے تحت دکھائی جاتی ہے کی بنیاد پر لین دین کرتی ہے۔ سوائے اس کے کہ جیسا کہ مالی گوشواروں میں ظاہر کی گئی ہیں، متعلقہ فریقوں کے ساتھ کوئی اور لین دین نہیں کیا گیا۔

3.2.7۔ پیٹرن آف شیئرز ہولڈنگ

پیٹرن آف شیئرز ہولڈنگ کے لیے براہ کرم صفحہ 330 ملاحظہ کریں۔

3.3۔ عسکری بینک لمیٹڈ

عسکری بینک کا وسیع برانچ نیٹ ورک 623 برانچوں پر مشتمل ہے، جن میں 140 اسلامی بینکنگ برانچز شامل ہیں۔ پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے تفویض کردہ +AA کی بینک کی متاثر کن ادارے کے طور پر درجہ بندی اس کی متعلقہ پوزیشنگ کی پائیداری کو اجاگر کرتی ہے۔ یہ مستحکم درجہ بندی سرمائے کی کفایت میں مسلسل بہتری، بینک کے مضبوط اسپانسرز اور برانڈ، ترقی کی جاری رفتار، بہتر net spreads، اور کمائی والے اثاثوں میں اضافہ سے منسوب ہے۔ مزید برآں، مختصر مدت کی درجہ بندی کو '+A1' پر برقرار رکھا گیا ہے، جو کہ مختصر مدت کے مالیاتی منظرنامے میں بینک کے استحکام اور قرض کی اہلیت کو نمایاں کرتی ہے۔

FFBL کے پاس 21.57 فیصد حصص ہیں اور AKBL سے 3,862 ملین روپے (2022: 2,948 ملین روپے) کی مجموعی سینہ دیگر آمدنی ہے۔

3-2-1۔ کاروباری جائزہ

جب کہ فوجی فوڈز لمیٹڈ (FFL) نے 2022 میں اپنا مستقل کاروبار شروع کیا، اور 2023 میں اس کا کاروبار شاندار رہا، مارچ سے دسمبر 2023 تک ٹیکس کی ادائیگی کے بعد منافع کے مثبت نتائج ریکارڈ کیے گئے اور یہ منافع کی 2023 چوتھی سہ ماہی میں سب سے زیادہ رہا۔ فوجی فوڈز لمیٹڈ (FFL) کی فروخت سے حاصل آمدنی میں 2022 میں 60.4 فیصد کی شرح سے اضافہ ہوا جبکہ مارجن ایکریٹیو پورٹ فولیو (بتدریج منافع) کے حجم میں پچھلے سال کی اسی مدت (SPLY) کے مقابلے میں 43 فیصد اضافہ ہوا۔ ڈسٹری بیوشن چینل میں سال کے دوران 14,000 ریٹیل آؤٹ لیٹس کا اضافہ ہوا۔ چینل اور مارجن ایکریٹیو پورٹ فولیو پر توجہ جاری رکھنے کے دوران، لاگت کی افادیت کا مجموعی مارجن میں حصہ 1.0 ملین پاکستانی روپے رہا اور مجموعی مارجن کو 2022 میں 7.8 فیصد سے 15.1 فیصد تک بڑھانے میں اہم کردار ادا کیا، جو کہ سال کے دوران 7.3 فیصد کا اضافہ ہے۔ آپ کو یہ جان کر خوشی ہوگی کہ ٹیکس ادا کرنے کے بعد منافع 605 ملین پاکستانی روپے پر بند ہوا جبکہ گزشتہ سال کے اسی عرصہ میں ٹیکس کی ادائیگی کے بعد نقصان 2,169 ملین پاکستانی روپے تھا۔

پاکستانی روپے ملین میں	2023	2022	تغیر فیصد
خالص آمدن	19,809	12,351	60.4 فیصد
مجموعی منافع	2,982	969	207.7 فیصد
بعد از ٹیکس منافع / (نقصان)	605	(2,169)	127.9 فیصد

2023 میں حصص سے 118 فیصد کا منافع سامنے آیا، جس نے بینچ مارک انڈیکس کو 63 pts سے پیچھے چھوڑ دیا۔ اس کے نتیجے میں کمپنی 100 ملین یو ایس ڈی مارکیٹ کیپ کے کلب میں شامل ہو گئی۔ فوجی فوڈز کا خسارہ 2023 کے نو مہینوں میں 95 فیصد کم ہو کر 109 ملین پاکستانی روپے (0.05 پاکستانی روپے فی شیئرز کا نقصان) کم ہوا جب کہ پچھلے سال کی اسی مدت میں یہ نقصان 1,944 ملین پاکستانی روپے (فی شیئرز 1.23 پاکستانی روپے) تھا۔ اسٹاک تین سال کی 1.0x کی تاریخی اوسط اور فوڈ انڈسٹری کی اوسط 0.9x کے مقابلے میں 0.8x کی قیمت کے مقابلے میں فروخت کی شرح پر ٹریڈ ہو رہا ہے۔ یہ بالترتیب 11 فیصد اور 20 فیصد کی چھوٹ کی نمائندگی کرتا ہے، جس سے سرمایہ کاروں کے لیے ایک پرکشش انٹری پوائنٹ کی نشاندہی ہے۔ ہمارا خیال ہے کہ فوڈ بزنس میں مارجن میں زیادہ توسیع کے پیش نظر کمپنی ترقی کی قوی صلاحیت رکھتی ہے۔

3-2-2۔ آپریشنل کارکردگی

لاگت کے کنٹرول کے اقدامات ہماری ویلیو چین میں لاگو کیے جا رہے ہیں۔ کارکردگی پر مبنی چست انتظامی نقطہ نظر اور ذہنیت کو تقویت دی جا رہی ہے۔ کمپنی نے پہلے ہی سے پیداوار اور سپلائی چین جیسے اہم شعبوں میں ثمرات حاصل کرنا شروع کر دیے ہیں۔ مزید برآں، یہ ذہنیت پوری کمپنی میں مقررہ لاگت کے اطلاق کے لیے سازگار فضا پیدا کر رہی ہے۔

3-2-3۔ ڈیری انڈسٹری کی پائیدار ترقی

پائیدار شعبہ جاتی ترقی کے حصول کے لیے، یہ بات بہت اہمیت کی حامل ہے کہ کسانوں کے ساتھ ایک دیرپا رشتہ قائم ہو۔ ہمارے وژن "ہم جو بھی کام کریں وہ مستقبل میں پاکستان کی ترقی کی نوید ثابت ہو" کے تحت، FFL نے کسانوں کی معاشی حالت اور پیداواری صلاحیت کو تبدیل کرنے کے لیے ترقی پسند GRIDD پروگرام کا آغاز کیا۔ FFL فوجی فاؤنڈیشن، محکمہ لائیو سٹاک پنجاب، دیگر گروپ کمپنیوں اور ریاستی اداروں کے ساتھ شراکت دار ہے تاکہ کسانوں کو کھیتوں میں استعمال کے لیے بروقت اور صحیح مصنوعات فراہم کی جا سکیں جیسے کہ کھاد، ویکسی نیشن، فیڈ اور جینیاتی امپروومنٹ سپورٹ۔ پروگرام اپنی نوعیت میں انقلابی ہے۔ یہ پیداوار کو بہتر بنائے گا، مڈل مین کو ختم کر کے کسان کو ان کی دہلیز پر اجناس کی بہتر قیمتیں فراہم کرے گا، اور ایک بار پورے پاکستان میں شروع ہونے کے بعد یہ پروگرام ملک کی معاشی شرح نمو کے لیے ممکنہ محرک ثابت ہوگا۔

ڈائریکٹرز رپورٹ

3-1-3- خطرات

FPCL کی طرف سے کے الیکٹرک کو بجلی کی ترسیل نیپرا کے فیصلے کے مطابق میرٹ آرڈر کرائیٹیریا سے مشروط ہے۔ لہٰذا، بجلی کی پیداوار کی لاگت میں اس بیچ اضافے کے ساتھ بین الاقوامی کوئلے کی قیمتوں میں اضافہ میرٹ آرڈر میں کمپنی کے درجے کو متاثر کر سکتا ہے۔

کوئلے کی موثر خریداری کے ذریعے خطرے کو بھی کم کیا جا رہا ہے۔

3-1-4- بورڈ میں تبدیلیاں

بورڈ کمپنیز ایکٹ، 2017 اور کمپنی کی ایسوسی ایشن کے میمورنڈم اور آرٹیکلز کے تحت حاصل اختیارات کا استعمال، بورڈ میٹنگز کے ذریعے کرتا ہے، جو کمپنی کے مالیاتی گوشواروں، تشکیلی حکمت عملیوں کا کمپنی کی انتظامیہ کو رہنمائی فراہم کرکے اور ان کی کارکردگی کی نگرانی کرکے جائزہ لینے اور ان کی منظوری دینے کے لیے ہر سہ ماہی میں منعقد کی جاتی ہیں۔

سال کے دوران بورڈ میں خدمات انجام دینے والے کمپنی کے ڈائریکٹرز کی فہرست درج ذیل ہے:

وقار احمد ملک	تقرری: 26 مارچ 2021	
عارف الرحمٰن	تقرری: 16 اکتوبر 2021	
سرفراز احمد رحمٰن	تقرری: 26 مارچ 2021	
قمر حارث منظور	تقرری: 26 مارچ 2021	
ڈاکٹر ندیم عنایت	تقرری: 26 مارچ 2021	استعفیٰ دیا: 24 اکتوبر 2023
عزیز اکرام	تقرری: 26 مارچ 2021	
خرم شہزاد خان	تقرری: 4 جون 2021	
میجر جنرل عابد رفیق	تقرری: 12 اپریل 2022	استعفیٰ دیا: 24 اکتوبر 2023
سید عاطف علی	تقرری: 24 اکتوبر 2022	
محمد طارق	تقرری: 24 اکتوبر 2023	
میجر جنرل محمد جنید (ریٹائرڈ)، ہلالِ امتیاز (ملٹری)، تمغہ امتیاز (ملٹری)	تقرری: 24 اکتوبر 2023	

3-1-5- مستقبل کے امکانات

اقتصادی سرگرمیوں میں اضافے سے سستی بجلی کی مانگ میں اضافہ متوقع ہے اور توقع ہے کہ کوئلے پر مبنی بجلی کی پیداوار ہمارے بجلی پیدا کرنے کے مجموعی ذرائع میں اہم عنصر رہے گی۔ کمپنی کی توجہ موجودہ قیمتوں کے تناظر میں کوئلے کی بہترین خریداری پر مرکوز ہے جن کی مستقبل میں کمی متوقع ہے۔ مستقبل کے لیے، ہم پر امید ہیں اور توقع رکھتے ہیں کہ کمپنی بجلی کے ذریعے کیوٹیز اور صنعتوں کو ایندھن فراہم کرتی رہے گی۔

3-2- فوجی فوڈز لمیٹڈ

فوجی فوڈز لمیٹڈ، فوجی فرٹیلائزر بن قاسم لمیٹڈ (47.84 فیصد شیئر ہولڈنگ) کی اکثریتی ملکیت والی کمپنی، ڈیری مصنوعات کی پروسیسنگ اور مارکیٹنگ میں مصروفِ عمل ہے۔ کمپنی کے برانڈز میں ہاؤس آف نورپور شامل ہے، یہ ایک ایسی رینج ہے جو ٹاپ لائن ڈیری مصنوعات سے مزین ہے۔ نورپور مجموعہ برانڈز ہمارے صارفین کے لیے معیار اور غذائیت یقینی بناتا ہے۔ اس کے علاوہ، کمپنی ٹی کریمر کیٹیگری میں بھی کام کر رہی ہے جو پاکستانی صارفین کو ایک معروف برانڈ یعنی DOSTEA فراہم کرتی ہے۔

تفصیل	درجہ بندی	تخفیفی اقدامات	ریٹنگ
FPCL سے بھاپ اور بجلی میں رکاوٹ وابستہ مقصد: پلانٹ کے بلا تعطل آپریشن کو یقینی بنانا۔		بیک اپ بوائلرز اور گیس فرنیسز بھاپ اور بجلی کی کسی بھی رکاوٹ / کمی کو پورا کرنے کے لیے دستیاب ہیں۔ مزید برآں، کسی بھی ناموافق ایکسپوژر سے نمٹنے کے لیے FPCL اور FFBL کی انشورنس کوریج موجود ہے۔ موقع: کسی بھی خلل سے بچنے کے لیے متبادل / اضافی بیک اپ ذرائع کی تلاش کرنا۔	

3۔ ادارتی سرمایہ کاری

3۔1۔ FFBL پاور کمپنی لمیٹڈ (FPCL)

فوجی فرٹیلائزر بن قاسم لمیٹڈ فرٹیلائزر کمپلیکس کے اندر کوئلے سے چلنے والا 118 میگاواٹ الیکٹرک پاور پروجیکٹ FPCL ، پاکستان میں توانائی کے بحران پر قابو پانے کے لیے تشکیل دیا گیا تھا۔ FPCL ایک طرف K-Electric کے ذریعے نیشنل گرڈ کو بجلی کی قابل اعتماد، بلا تعطل اور سستی فراہمی کو یقینی بناتا ہے اور دوسری طرف FFBL کے فرٹیلائزر پلانٹ کو بجلی فراہم کر کے قدرتی گیس کی بچت بھی کرتا ہے جیسا کہ پہلے FFBL قدرتی گیس کے ذریعے بجلی پیدا کرتا تھا۔

FPCL نے 19 مئی 2017 کو کمرشل آپریشنز (COD) کا آغاز کیا۔ اس منصوبے کی کل لاگت تقریباً 291 ملین امریکی ڈالر تھی جبکہ قرض اور ایکویٹی کا تناسب 72:28 تھا۔ FFBL اس پروجیکٹ میں 75 فیصد شیئرز کا مالک ہے۔ پیدا ہونے والی بجلی موجودہ فرٹیلائزر کمپلیکس کے ساتھ ساتھ K-Electric کو برآمد کرنے کے لیے بھی استعمال ہوتی ہے۔

3۔1۔1۔ نمایاں مالیاتی خدوخال

31 دسمبر، 2023 کو ختم ہونے والے سال کے دوران، FPCL نے 28,927 ملین پاکستانی روپے کی آمدنی دکھائی ہے جس میں 20,062 ملین پاکستانی روپے (2022: 23,395 ملین) کی فروخت کی لاگت کے مقابلے میں 869 ملین پاکستانی روپے (2022 30,651 ملین) کی انشورنس کی موصول رقم بھی شامل ہے۔ 31 دسمبر 2022 کو ختم ہونے والے سال کے دوران 4,055 ملین پاکستانی روپے کے منافع کے مقابلے میں سال کا منافع 3,996 ملین پاکستانی روپے ہے۔ فی شیئر آمدنی (EPS) پاکستانی روپے 4.65 (2022:PKR 4.72) تھی۔

طویل مدتی مالیاتی سہولیات کے تحت قرض کے اصل زر کی ادائیگی 3,151 ملین روپے کی رقم سال کے دوران بغیر کسی تاخیر کے ادا کی گئی ہے۔ 31 دسمبر 2023 تک بقایا طویل مدتی مالیاتی سہولیات 12,243 ملین پاکستانی روپے تھیں۔

3۔1۔2۔ آپریشنل نتائج

سال کے دوران، FPCL نے فوجی فرٹیلائزر بن قاسم لمیٹڈ کو 87,533 میگاواٹ گھنٹہ (2022: 163,479 MWh) اور کے الیکٹرک لمیٹڈ کو 322,702 میگاواٹ گھنٹہ (2022: 395,747 MWh) بجلی فراہم کی۔ کمپنی نے فوجی فرٹیلائزر بن قاسم لمیٹڈ کو 1,312,031 میٹرک ٹن (2022:1,532,467MT) بھاپ بھی فراہم کی۔

ڈائریکٹرز رپورٹ

تفصیل	درجہ بندی	تخفیفی اقدامات	ریٹنگ
DAP مارجن میں کمی __وابستہ مقصد:__ لاگت میں اصلاح کے ذریعے آپریشنل کارکردگی کو بہتر بنانا۔		مقامی مارکیٹ کی سپلائی کی صورتحال کے ساتھ ساتھ بین الاقوامی ڈاس اینڈ سپلائی مارکیٹ کی باقاعدگی سے نگرانی کرنا۔ DAP کی قیمت میں رعایت اور بے ضابطگیوں کو دور کرنے کے لیے ٹیکس قوانین میں تبدیلی کے لیے حکومت پاکستان کے متعلقہ فورمز کے ساتھ رابطے میں رہنا۔ مارکیٹنگ فنکشن کے ساتھ باقاعدہ ہم آہنگی۔ ایک ہی پروڈکٹ پر انحصار کم کرنے کے لیے ویلیو ایڈڈ مصنوعات پر کام کرنا۔ __موقع:__ ویلیو ایڈڈ مصنوعات اور لاگت کو بہتر بنانے کے مواقع کی تلاش کرنا۔	
کھاد کی مقامی قیمتوں میں اضافہ / کمی __وابستہ مقصد:__ کھاد کا پائیدار کاروبار۔		لیویز، ڈیوٹی اور گیس کے اخراجات میں اضافہ کمپنی کے کنٹرول سے باہر ہے۔ کمپنی DAP کی قیمتوں میں رعایت کے ذریعے سستی قیمتوں پر کھاد کی دستیابی کو یقینی بنانے کے لیے متعلقہ فورمز پر حکومت کے ساتھ مسلسل رابطہ رکھتی ہے۔ FFBL ملک میں سپلائی کے رخنہ تک رسائی میں اپنا کردار ادا کرتا ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ مصنوعات کی صرف مطلوبہ مقدار ہی درآمد کی جائے۔ __موقع:__ مارکیٹ شیئرز میں اضافہ کریں۔	
درآمدی پابندیاں / امریکی ڈالر کی عدم دستیابی۔ __وابستہ مقصد:__ اہم اسپیئرز اور خام مال کی دستیابی کو یقینی بنانا۔		فوڈ سیکورٹی کے لیے درآمدات کو ترجیح دینے، مقامی کوئلے کی کھپت کو بڑھانے، متبادل انتظامات سمیت اہم اشیاء کی دستیابی کو یقینی بنانے، مقامی متبادل وسائل کے مواقع تلاش کرنے کے لیے حکومت پاکستان کی پالیسیوں کی تعمیل کریں، بروقت سرگرمیوں کے لیے بینکوں کے ساتھ مطابقت اور ہم آہنگی، حکومتی پالیسیوں کا باقاعدہ تجزیہ، ان کے مضمرات کا جائزہ اور حکام کے ساتھ مسلسل رابطہ۔ __موقع:__ انحصار کم کرنے کے لیے خام مال کے متبادل / مقامی ذرائع کی تلاش۔	

تفصیل	درجہ بندی	تخفیفی اقدامات	ریٹنگ
ناموافق حکومتی پالیسیاں اور ضابطے وابستہ مقصد: فوڈ سیکورٹی کو یقینی بنانے کے لیے کھاد کے کاروبار میں مسلسل ترقی۔		فوڈ سیکورٹی کے ضروری پہلوؤں کو ترجیح دینے کے لیے حکومت پاکستان کی پالیسیوں پر عمل کریں۔ مارکیٹ کی باقاعدگی سے نگرانی اور اس بات کو یقینی بنانا کہ قیمت میں اضافہ افراطِ زر کے دباؤ سے مطابقت رکھتا ہو۔ صنعت اور بالآخر کسانوں کو متاثر کرنے والے تمام مسائل کو حل کرنے کے لیے کمپنی حکومت اور دیگر اسٹیک ہولڈرز کے ساتھ رابطے میں رہے۔ موقع: مارکیٹ شیئرز کو زیادہ سے زیادہ کریں اور منڈی میں مصنوعات کی موجودگی میں اضافہ کریں۔	
قدرتی گیس کی قیمتوں کا تعین وابستہ مقصد: قیمتوں میں کمی کے مقصد کا حصول جو کسانوں کی استطاعت میں ہو۔		آپریشنل برتری اور یوریا کی لاگت میں کمی کو منتقل کرنے کے تسلسل کو یقینی بنائیں اور DAP مارجن کو برقرار رکھنے کے لیے حکومت پاکستان کی مراعات طلب کریں۔ یقینی بنائیں کہ حکومت پاکستان پوری صنعت میں نیٹ ورک گیس پرائس میں یکسانیت کو برقرار رکھے۔ طویل مدتی پائیداری کے لیے، FFBL کے مصنوعاتی مجموعے کو متنوع بنایا جائے تاکہ ایک ہی پروڈکٹ پر انحصار کو کم کیا جاسکے۔ موقع: سستے خام مال کے متبادل ذرائع تلاش کریں اور فعالی نظام کی برتری کو یقینی بنائیں۔	
فنڈز کی عدم دستیابی وابستہ مقصد: آپریشنل صلاحیت کو بڑھانے کے لیے۔		فعال طور پر زیرِ کار سرمائے کے لیے نئے ذرائع کا بندوبست کرنا اور موجودہ سہولیات کو برقرار رکھنا۔ منڈی کے رجحانات، فروخت، پیداوار اور انوینٹری کی سطحوں کی باقاعدہ نگرانی۔ GIDC سے متعلق کورٹس میں پیشرفت کو فعال طور پر آگے بڑھاتے ہوئے اور FMPAC کے ذریعے عدالت سے باہر تصفیہ کے لیے حکومت پاکستان کی کوششوں میں شامل رہنا۔ قابلِ وصول سبسڈی اور ٹیکس ریفنڈ کے تصفیہ کے لیے حکومت پاکستان کے ساتھ فعال طور پر رابطہ میں رہنا۔ فنڈز کی دستیابی کے لیے متبادل انتظامات تلاش کرنا۔ موقع: زیرِ کار سرمائے کا موثر انتظام و انصرام۔	

ڈائریکٹرز رپورٹ

تفصیل	درجہ بندی	تخفیفی اقدامات	ریٹنگ
		موقع: قدرتی گیس کے متبادل ذرائع کی تلاش اور وسائل کے زیادہ سے زیادہ استعمال کے لیے ٹیکنالوجی میں ترقی۔	
امریکی ڈالر کے مقابلے میں پاکستانی کرنسی کی قدر میں اتار چڑھاؤ وابستہ مقصد: کسانوں کو سستی مصنوعات کی دستیابی کو یقینی بنانا۔		معاشی صورتحال، افراطِ زر کی سطح، شرح سود، انوینٹری کی سطح، مارکیٹ کی صورتحال، ادائیگی کے توازن کی باقاعدہ نگرانی اور تجزیہ اور ان کے اثرات کا جائزہ۔ مندرجہ بالا عوامل کی بنیاد پر خام مال کی ادائیگیوں کی قیمت فروخت اور / یا کریڈٹ کی مدت میں مطابقت پیدا کرنے پر غور کریں۔ درآمدی کھاد کی قیمت کے سلسلے میں مصنوعی رکاوٹ (hedge) عمل میں لائی گئی۔ **موقع:** خام مال کے متبادل / مقامی ذرائع کی تلاش کرنا۔	
شرح سود میں ناموافق اضافہ وابستہ مقصد: آپریشنز کے ذریعے زیر کار سرمائے کی ضروریات کو پورا کرنا۔		اس بات کو یقینی بنائیں کہ ورکنگ کیپیٹل لاگت کو صارفین تک پہنچایا جائے، اُدھار فروخت کی حوصلہ شکنی، بہتر انوینٹری مینجمنٹ، ماتحت اداروں اور ایسوسی ایٹس کا تصرف، قرضوں کو بہترین سطح پر رکھنا، فنانسنگ کی ضروریات اور فنڈز کی متبادل دستیابی کا جائزہ لینا۔ بہترین کریڈٹ مدت کے لیے فاس اینڈ کی ادائیگیوں کا مسلسل جائزہ لینا۔ استعمال / جلد ادائیگی، افراطِ زر کی سطح کا باقاعدہ تجزیہ، غیر ملکی کرنسی کی شرح میں حرکت، سیاسی صورتحال، حکومتی پالیسیاں اور ان کے اثرات کا اندازہ کرنا **موقع:** ورکنگ کیپیٹل کی ضروریات کی اصلاح	
FFBL سرمایہ کاری کی کارکردگی وابستہ مقصد: ہم آہنگی کو متنوع بنا کر اس کے حصول کے ذریعے رسک کا پھیلاؤ۔		سرمایہ کاری کی آپریشنل اور مالی منفعت کی مسلسل نگرانی اور خرابی کے تدارک کے منصوبوں کا باقاعدگی سے جائزہ لینا۔ FML&FFL کی تنظیم نو کا کام نمٹانا (کارروائی مکمل کر لی گئی ہے)۔ **موقع:** افقی اور عمودی طور پر انضمام۔	
اہم عہدوں پر تربیت یافتہ ملازمین کا ادل بدل وابستہ مقصد: ادارہ جاتی مقاصد کو پورا کرنے کے لیے بہتر مند افرادی قوت کی دستیابی کو یقینی بنانا۔		ملازمین کے مستعفی نہ رہنے کی شرح اور آسامیوں کے تناسب کی مسلسل نگرانی۔ ملازمین کے مستعفی نہ رہنے کے شعبوں میں تنخواہ کی ایڈجسٹمنٹ۔ مارکیٹ کے رواج کے مطابق ملازمین کے لیے مقرر شدہ فوائد کا جائزہ۔ ایک کی جگہ دوسرے ملازم کے تقرر کی تفصیلی منصوبہ بندی اور ملازمین کی ترقی کے منصوبے۔ ہمارے لوگوں کے مینیجرز کو بہتر تربیت دینے کے لیے صورتحال کی قیادت کرنے کے پروگرام۔ **موقع:** لاگت میں کمی کی اقتصادیات اور افعال یا فنکشنز کے درمیان بہتر ہم آہنگی کے ذریعے آپریشنل کارکردگی کو بہتر بنائیں۔	

تخفیفی کمیٹی سالانہ سرمائے کے اخراجات / آپریٹنگ کے اخراجات کے بجٹ کے تخفیفی معاملات کے ہمراہ جاری منصوبوں کی مجموعی پیشرفت، پلانٹ کی پیداوار اور کارکردگی کا جائزہ لینے کے ساتھ ساتھ کھادوں کی پیداوار میں ٹیکنالوجی کے استعمال کے حالیہ رجحانات سے متعلق تجاویز پر توجہ مرکوز کرتی ہے۔

پوری تنظیم میں رسک مینجمنٹ کے موثر نفاذ کو یقینی بنانے اور FFBL میں خطرے سے آگاہ فیصلہ سازی کی ثقافت کو فروغ دینے کے لیے تمام فنکشنل سربراہوں کی ایک رسک مینجمنٹ کمیٹی تشکیل دی گئی ہے جس کی صدارت سی ای او کرتے ہیں۔ کمیٹی اس بات کو یقینی بنائے گی کہ ثقافتی تبدیلی میں مدد کرنے اور تخفیف کے منصوبوں کی موزونیت اور مناسبیت کا جائزہ لینے کے لیے تمام فنکشنز فعال طور پر اپنے فرائض انجام دے رہے ہیں۔

پالیسیاں اور طریقہ کار

انٹرپرائز رسک مینجمنٹ کی پالیسی، ایک مستحکم اور اخلاقی رسک مینجمنٹ کی ثقافت تشکیل دینے اور تمام کاروباری رسکس کے انتظام کو یقینی بنانے کے لئے ہمارے عزم کی توثیق کرتی ہے۔ بورڈ اور اس کی کمیٹیوں نے بہترین پریکٹسز پر مبنی پالیسیوں اور طریقہ کاروں کے ایک مجموعے کو اختیار کیا ہے، جبکہ عملی خطوط کے ساتھ مشق کے یکساں ماحول کے لیے اعلیٰ انتظامیہ کو سپرد کردہ اختیارات کے ساتھ اخلاقیات اور اقدار کی ثقافت کو فروغ دیا ہے۔

کنٹرول کی سرگرمیاں

سینئر انتظامیہ خطرات کا اندازہ لگاتی ہے اور احتیاطی، تفتیشی اور اصلاحی اقدامات کے ذریعے ان خطرات کو کم کرنے اور ان پر رد عمل کرنے کے لیے مناسب کنٹرول لاگو کرتی ہے جس میں مستعدی اور ذمہ داری کے اعلیٰ معیار کو اپنانے کے لیے تمام لوگوں کا تعاون شامل ہوتا ہے۔

کارکردگی کا انتظام

کارکردگی سے وابستہ خطرات سے بچنے کے لیے، نافذ کردہ کنٹرولز کی تاثیر کا جائزہ لینے اور ان کا تجزیہ کرنے اور بہتری کے منصوبے وضع کرنے کے لیے کمزوریوں کے دائرکار کی نشاندہی کرنے کے لیے نگرانی کے ایک مسلسل سلسلے کو انجام دیا جاتا ہے۔

اندرونی آڈٹ

اندرونی آڈٹ کا فنکشن گورننس، رسک مینجمنٹ اور کنٹرول کے عمل کے موثرپن پر آڈٹ کمیٹی کو آزادانہ جائزے اور رپورٹس فراہم کرتا ہے۔

بنیادی خطرات، متعلقہ مواقع اور تخفیف کی حکمت عملیاں

تفصیل	درجہ بندی	تخفیفی اقدامات	ریٹنگ
گیس کا تسلسل وابستہ مقصد: فوڈ سیکورٹی کو یقینی بنانے کے لیے کھاد کا پائیدار کاروبار۔		NG یا رعایتی قیمتوں پر RLNG کی سپلائی کے لیے حکومت پاکستان کی پیروی کریں، قومی ضروریات کو پورا کرنے کے لیے تمام کھاد پلانٹس کے لیے مستقل NG سپلائی پالیسی، پاکستان میں توانائی کے غیر مستقل وسائل کی تلاش، قدرتی گیس کی متبادل سپلائی کو جاری رکھنے کے لیے مسلسل کوششیں، فیول کے سلسلے میں قدرتی گیس سے کوئلے کی طرف منتقلی۔	

تجارتی رسک

یہ خطرات کسی تنظیم کے تجارتی مواد سے وابستہ ہوتے ہیں۔ کسی ادارے کے مارکیٹ شیئرز میں کمی، مصنوعات کی قیمت کو باقاعدہ بنانے کا عمل یا دیگر انضباطی ترامیم جو ادارے کے منافع اور تجارتی وجود کے لیے خطرہ ہوں، کمپنی کو متاثر کرنے والے ان خطرات کی چند مثالیں ہیں۔

آپریشنل رسک

آپریشنل رسکس سے مراد ایسے خطرات ہیں جو اندرونی عوامل، آپریشنل اور انتظامی طریقہ کار، جیسے ورک فورس ٹرن اوور، سپلائی چین میں خلل، آئی ٹی سسٹم کی بندش یا کنٹرول میں ناکامی، دھوکہ دہی یا دیگر مجرمانہ سرگرمیوں کی وجہ سے تنظیم کی حکمت عملیانہ صلاحیت کو منفی طور پر متاثر کرسکتے ہیں۔

مالیاتی رسک

مالیاتی خطرات کو درج ذیل زمروں میں تقسیم کیا جاتا ہے:

- کریڈٹ کا رسک
- لیکویڈیٹی کا رسک
- مارکیٹ رسک

ان خطرات کی وضاحت کمپنی کے علیحدہ اور مجموعی مالی گوشواروں کے بالترتیب نوٹ 38 اور 41 میں کی گئی ہے۔

خطرات کی تخفیف کے لیے منصوبے اور حکمت عملیاں اور ممکنہ مواقع

رسک گورننس

ہمارے رسک مینجمنٹ کی مختلف سطحوں پر کردار اور ذمہ داریاں ہمارے رسک گورننس کی ساخت میں بیان کی گئی ہیں۔

بورڈ آف ڈائریکٹرز رسک کی گورننس اور رسک مینجمنٹ کی پالیسیوں اور رسک کی اشتہا کے گوشوارے کے ذریعے کمپنی کی خطرے کو برداشت کرنے کی سطح کا تعین کرنے کے لیے اپنے کردار کو تسلیم کرتا ہے۔ کاروبار کو درپیش کلیدی خطرات کا وقتاً فوقتاً جائزہ لیا جارہا ہے تاکہ یقینی بنا سکیں کہ انتظامیہ اثاثوں، وسائل، ساکھ اور کمپنی اور شیئرز ہولڈرز کے مفاد کو محفوظ بنانے کے لیے خطرے کی شناخت، رسک مینجمنٹ اور متعلقہ نظامی اور اندرونی کنٹرول کا ایک درست نظام برقرار رکھے ہوئے ہے۔

آڈٹ کمیٹی کمپنی کے مجموعی رسک مینجمنٹ کے پراسیس کی ششماہی بنیادوں پر نگرانی کرتی ہے، جس کی توجہ کا بنیادی مرکز کاروبار کے لیے اہم خطرات ہیں۔ اگرچہ، خطرات میں کسی بھی غیر متوقع منفی تبدیلی کو فوری طور پر اسٹیک ہولڈرز کے علم میں لایا جاتا ہے۔

ہیومن ریسورس اینڈ ریمونریشن کمیٹی ان کے آپریشنل میکانزم سے لاحق خطرات پر توجہ مرکوز کرتی ہے جس میں معاوضے کے پیکجز بھی شامل ہیں تاکہ یہ یقینی بنایا جاسکے کہ وہ کارپوریٹ خطرے کو نہیں بڑھاتے، اس کے علاوہ کمپنی کے اہم آپریشنز کے ہر شعبے میں قابل انسانی وسائل کی دستیابی کو یقینی بنانے کے لیے جانشین منصوبہ بندی پر بھی توجہ مرکوز کرتے ہیں۔

انویسٹمنٹ کمیٹی بورڈ کو اپنی سفارشات کے مطابق توسیع، تنوع اور سرمایہ کاری کے نئے مواقع تلاش کرنے پر توجہ مرکوز کرتی ہے، اس امر کو یقینی بناتے ہوئے کہ پہلے کے خطرات سمیت پروجیکٹ کے تمام پہلوؤں کا احاطہ کرتے ہوئے مکمل مطلوبہ احتیاط سے کام لیا جاتا ہے۔

ہماری رسک مینجمنٹ حکمت عملی میں KRIs کے لازمی کردار کو تسلیم کرتے ہوئے، ہماری کمپنی ایک جامع رسک ڈیش بورڈ تیار کرنے کے عمل میں ہے۔ یہ ڈیش بورڈ خطرے کے بنیادی اشارات کی مسلسل نگرانی کے لیے ایک مرکزی کردار کے طور پر کام کرے گا، جس سے حقیقی پہچان حاصل ہو سکے گی۔

ERM میچورٹی جائزہ

FFBL کا بورڈ آف ڈائریکٹرز ایک مضبوط اور فعال ERM کی بنیادی اہمیت کو تسلیم کرتا ہے۔

اس عزم کو بروئے کار لاتے ہوئے کمپنی نے ہمارے ERM طریقوں کے میچورٹی کے جامع جائزے کے لیے تیسرے فریق کو شامل کیا۔ اس سرگرمی نے ہمیں بین الاقوامی بہترین طریقوں کے مطابق اپنے نظام کو بینچ مارک کرنے اور مزید بہتر بنانے کا موقع فراہم کیا۔

غیر یقینی صورت حال کے اہم ذرائع

کمپنی کے مالی گوشوارے تخمینوں، اندازوں اور مفروضوں کا استعمال کرتے ہوئے تیار کیے جاتے ہیں جن سے آمدنی، اخراجات، اثاثوں اور واجبات کی پیش کاری پر اثر انداز ہونے کی توقع کی جا سکتی ہے۔

وہ دائرہ کار جہاں کمپنی کے مالی گوشواروں کے لیے مختلف مفروضے اور تخمینے اہمیت کے حامل ہیں یا جہاں فیصلے کو اکاؤنٹنگ پالیسیوں کے اطلاق میں استعمال کیا گیا تھا انہیں نوٹ 2.4 میں کمپنی کے علیحدہ اور مجموعی مالی گوشواروں میں منکشف کیا گیا ہے۔

تخمینہ میں غیر یقینی ہونے کے کلیدی ذرائع ایک اہم خطرہ رکھتے ہیں جو پختگی کے بعد اثاثوں اور واجبات کی درج مقدار میں بڑی تبدیلی کا سبب بن سکتا ہے۔

اگرچہ خطرات کو کبھی بھی مکمل طور پر کم نہیں کیا جا سکتا، تاہم یہ اہم ہے کہ انتظامیہ ان خطرات کو سمجھتی، ترجیح دیتی اور انہیں منظم کرتی ہو جنہیں وہ مجموعی حکمت عملی کے تناظر میں خطرے کی اشتہا کے مطابق قبول کرنے کے لیے تیار ہیں۔

اسٹریٹجک، تجارتی، آپریشنل اور مالیاتی خطرات

کمپنی نے رسک مینجمنٹ کو اپنی ثقافت میں ضم کر لیا ہے۔ خطرے کی شناخت، تجزیہ، تشخیص اور تخفیف کو یونٹ، فنکشنل اور تنظیمی سطح پر انجام دیا جا رہا ہے۔ مالیاتی منڈیوں میں غیر یقینی صورتحال، نظام کی خرابی، پروجیکٹ میں تاخیر، مصنوعات کی منڈیوں میں اتار چڑھاؤ بشمول حکومت کی جانب سے قیمتوں کے دباؤ، مسابقتی حیثیت، قانونی جواب دہی، کریڈٹ رسک، حادثات، قدرتی وجوہات اور آفات، یا غیر یقینی یا غیر متوقع نوعیت کے دیگر واقعات سے اسٹریٹجک، تجارتی، آپریشنل اور مالیاتی خطرات پیدا ہو سکتے ہیں۔

اسٹریٹجک رسک

اسٹریٹجک رسک سے مراد اندرونی اور بیشتر بیرونی واقعات ہیں جو کسی تنظیم کے لیے اپنے مقاصد اور حکمت عملی پر مبنی اہداف کو حاصل کرنا مشکل یا ناممکن بنا سکتے ہیں۔ ان خطرات کے سنگین نتائج ہو سکتے ہیں جو طویل مدت تک تنظیموں کو متاثر کرتے ہیں۔ بورڈ آف ڈائریکٹرز ان خطرات سے متعلق انتظام کی فعال طور پر نگرانی کرتا ہے اور جہاں بھی ضرورت ہو تخفیفی حکمت عملیوں کو وضع کرتا ہے۔

ERM فریم ورک کو اس لیے تیار کیا گیا ہے:

- کمپنی کو اپنے خطرات کو منظم اور ساختہ طریقے سے منظم کرنے دیں اور اس کے رسک پروفائل میں کمی لانے کے لیے اس کے عمل کاروں کو مسلسل بہتر کریں، تاکہ اس طرح اس کے اسٹیک ہولڈرز کے لیے ایک محفوظ ماحول کو برقرار رکھ سکیں۔
- خطرات کو کم کرنے اور مواقع کو زیادہ سے زیادہ کرنے کے لیے مناسب حکمت عملیوں کو یقینی بنائیں۔
- رسک مینجمنٹ کی عمل کاری کو شامل کریں اور اس امر کو یقینی بنائیں کہ یہ حکمت عملیانہ اور آپریشنل سطح پر کمپنی کے منصوبہ بندی کے عمل کا ایک لازمی جزو ہے۔
- حکمت عملی پر مبنی، فعلیاتی، انفرادی اور دھوکہ دہی کے تناظر سے خطرے سے آگاہی کی فضا تشکیل دینے میں مدد کریں؛ اور اس عمل کاری کو قابل اعتبار بنائیں اور ایک مسلسل بنیاد پر شناخت کردہ خطرات سے نمٹنے، نگرانی کرنے، رپورٹ کرنے اور جائزہ لینے کے ساتھ ساتھ نئے اور ابھرتے ہوئے خطرات پر بھی انتظامیہ کی توجہ کو مرکوز کیے رکھیں۔

رسک کی اشتہا اور برداشت کا بیان

بورڈ آف ڈائریکٹرز حکمت عملی پر مبنی نگرانی فراہم کرنے کا ذمہ دار ہے اسی طرح اس بات کا بھی کہ ایک مضبوط رسک مینجمنٹ اور اندرونی کنٹرول کا نظام لاگو کیا گیا ہو۔ مندرج کمپنیاں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 بھی اس تقاضے کو دہراتے ہیں اور کمپنی کے خطرے کی حکمرانی کی مجموعی ذمہ داری بورڈ کو تفویض کرتے ہیں۔

بورڈ کی آڈٹ کمیٹی اس ذمہ داری کو نبھانے میں بورڈ کو سہولت فراہم کرتی ہے۔ آڈٹ کمیٹی اس امر کو یقینی بناتی ہے کہ کمپنی کے آپریشنز، حکمت عملی، فنانسز، رپورٹنگ اور تعمیل کی سرگرمیوں کا احاطہ کرتے ہوئے ایک مناسب کنٹرول کا ماحول قائم کیا اور برقرار رکھا جاتا ہے۔ اسے خطرات کو شناخت کرنے اور رسک کی اشتہا اور برداشت کی سطحوں کی اسٹریٹجک، آپریشنل، مالی، انضباطی، قانونی اور تعمیل کے خطرات سے صف بندی سے مزید فروغ دیا جاتا ہے۔

رسک کی اشتہا کو بورڈ آف ڈائریکٹرز نے منظور کیا ہے جو حکمت عملی پر مبنی مقاصد کا جائزہ لینے اور انہیں حاصل کرتے ہوئے خطرات کی شناخت اور ان پر قابو پانے کے لیے حدود کا تعین کرتا ہے۔

رسک رجسٹر

کارپوریٹ گورننس اور رسک مینجمنٹ کے طریقہ کار کے لیے ہمارے عزم کے ساتھ، ہماری کمپنی پوری تندہی سے تمام محکموں میں ایک جامع رسک رجسٹر کو برقرار رکھتی ہے۔ یہ رجسٹر ایک متحرک ذخیرے کے طور پر کام کرتا ہے، جو ہر محکمے کو درپیش خطرات کی تفصیلی دستاویز کاری کرتا ہے۔

باہمی تعاون کے ساتھ، رسک مینجمنٹ فنکشن انفرادی محکموں کے ساتھ مل کر کام کرتا ہے، جو ان کے مخصوص خطرات کی شناخت، تشخیص اور انتظام کرنے میں مدد فراہم کرتا ہے، اس طرح کمپنی کے مجموعی رسک پروفائل میں مدد کرتا ہے۔ ہماری خصوصی رسک مینجمنٹ کمیٹی، جو تجربہ کار پیشہ ور افراد پر مشتمل ہے، وقتاً فوقتاً اہم اور نئے پیدا ہونے والے خطرات کا جائزہ لیتی ہے۔

یہ مشترکہ نقطہ نظر اس بات کو یقینی بناتا ہے کہ کمپنی مشکلات سے نمٹنے کے لیے سرگرم عمل رہے اور کسی بھی کاروباری منظر نامے میں اپنی لچک کو مضبوط بنائے۔ مضبوط رسک مینجمنٹ کے لیے یہ عزم ہماری کارپوریٹ حکمت عملی کا سنگ بنیاد ہے، جو ہمیں غیر یقینی صورتحال کو مؤثر طریقے سے نمٹانے اور اپنے اسٹیک ہولڈرز کے مفادات کی حفاظت کرنے کے قابل بناتا ہے۔

رسک ڈیش بورڈ–KRIs

رسک مینجمنٹ کے مضبوط طریقوں کے حوالے سے ہمارے عزم کے مطابق خطرے کے بنیادی اشارات (KRIs) ہماری تنظیم کے رسک کی نگرانی اور جائزے کے فریم ورک میں ایک اہم کردار ادا کرتے ہیں۔ KRIs قیمتی ٹولز کے طور پر کام کرتے ہیں، پیشگی احتیاطی وارننگ پیش کرتے ہیں جو FFBL کی سینئر انتظامیہ کو فعال اقدامات کو اپنانے اور ممکنہ خطرات کو مشکلات میں تبدیل ہونے سے پہلے ان سے نمٹنے کے لیے بااختیار بناتے ہیں۔ یہ اشارات، چاہے مقداری ہوں یا معیاری میٹرکس، ہمارے اسٹریٹجک مقاصد سے ہم آہنگ ہوتے ہیں، خطرات کے امکانات اور اثرات دونوں کا سراغ لگاتے ہیں۔

2۔ خطرہ اور مواقع کی رپورٹ

FFBL اپنے اسٹیک ہولڈرز کو ویلیو کی مسلسل فراہمی کے لیے خطرات کی نشاندہی، نگرانی اور فعال طریقے سے انہیں نمٹنے اور کلاں اور خورد معاشیاتی ماحول سے پیدا ہونے والے مواقع سے فائدہ اٹھانے میں انٹرپرائز رسک مینجمنٹ (ERM) کی اہمیت کو تسلیم کرتا ہے۔

رسک مینجمنٹ کمپنی کو اس کے حکمت عملیانہ اور آپریشنل مقاصد کے حصول میں مدد فراہم کرتی ہے۔ یہ FFBL کے گورننس ماڈل کا ایک لازمی جزو ہے اور درج ذیل میں مدد کرتا ہے:

- تاکہ ایک ایسی ثقافت کو فروغ دیں جہاں ہر کوئی رسک کی ذمہ داری لیتا ہو۔
- ہمارے لوگوں کو باخبر فیصلے کرنے کی تقویت دیں
- کارکردگی اور تنظیمی لچکداری کو بڑھائیں

ERM پالیسی

ERM پالیسی بنیادی دستاویز ہے جو ایک مستحکم رسک مینجمنٹ کی فضا قائم کرنے کے لیے ہمارے عزم کی توثیق کرتی ہے۔ پالیسی بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ اور لازمی ہے اور پوری تنظیم میں خطرے کی اشتہا / برداشت کی سطح کے مطابق دائرہ کار، خطرے کے اصولوں اور انٹرپرائز رسک مینجمنٹ کے لیے وسیع تر کرداروں اور ذمہ داریوں کا خاکہ پیش کرتی ہے۔

ERM فریم ورک

ERM فریم ورک خطرے کو منظم کرنے کے ایک مستقل نقطہ نظر کی معاونت میں خطرے سے متعلق طریقہ کار اور عمل کاری کا خاکہ پیش کرتا ہے۔ یہ پوری کمپنی میں رسک مینجمنٹ کو نافذ کرنے، نگرانی کرنے، جائزہ لینے اور مسلسل بہتر بنانے کے طریقہ کار اور رہنما اصولوں کو متعین کرتا ہے۔ انٹرپرائز رسک مینجمنٹ ISO31000 ، تھری لائنز آف ڈیفنس ماڈل اور انسٹیٹیوٹ آف انٹرنل آڈیٹرز (IIA) کے اصولوں اور رہنما اصولوں کے ساتھ صف بستہ ہے۔ اس میں درج ذیل شامل ہیں:

- رسک مینجمنٹ کے اصول
- گورننس کی ساخت
- رسک کی اقسام
- رسک مینجمنٹ کے عمل
- کردار اور ذمہ داریاں
- رسک کے نتائج / اثرات کا معیار
- امکانات سے متعلق جدول
- ہیٹ میپ

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			ہوا۔ ٹیکس کے مذید اخراجات قابل اطلاق ٹیکس قوانین کے مطابق ریکارڈ کیے جاتے ہیں۔ اور FFBL کی اقتصادی سرگرمی کے مذکورہ بالا اجزاء میں اضافہ / کمی کے نتیجے میں ہوتا ہے۔
بعد از ٹیکس منافع	4,403	2,328	
فی شیئر آمدن	3.41	1.80	بنیادی طور پر بہتر مینجمنٹ (گزشتہ سال کے بچ جانے والے ذخیرہ سمیت مکمل ذخیرہ کے فروخت ہونے کی وجہ سے) اور فنڈ مینجمنٹ کی وجہ سے گزشتہ سال کی نسبت EPS (آمدنی فی شیئر) میں نمایاں بہتری واقع ہوئی۔

کیش فلو (نقدی کے بہاؤ) کا تجزیہ

آپریٹنگ سرگرمیوں سے کیش فلو

آپریٹنگ سرگرمیوں سے پیدا ہونے والا نیٹ کیش 46 بلین پاکستانی روپے ریکارڈ کیا گیا، جو بنیادی طور پر سرمائے کے بہتر مینجمنٹ کی وجہ سے ہوا۔ خاص طور پر تجارتی مال میں 25 بلین پاکستانی روپے کی خاطر خواہ کمی ہوئی۔ بنیادی وجوہات میں 2022 کا بچ جانے والے ذخیرہ سمیت دسمبر 2023 تک کا تمام ذخیرہ کی فروخت اور 11 بلین پاکستانی روپے کی تجارتی قرض دہندگان میں کمی شامل ہیں۔ مذید برآں، سال کے آخر تک فارورڈ خریداری، جس نے کلیدی کردار ادا کیا، کی وجہ سے 24 بلین پاکستانی روپے سے کسٹمرز سے پیشگی رقوم میں خاطر خواہ اضافہ دیکھا گیا۔ تاہم، اس اضافہ کو تجارتی ادائیگیوں میں 20 بلین پاکستانی روپے کی کمی اور دیگر وصولیوں میں 7 بلین پاکستانی روپے کے اضافے کے ساتھ برابر کیا گیا۔

سرمایہ کاری کی سرگرمیوں سے کیش فلوز

کمپنی نے سال کے دوران اپنی ایک ذیلی کمپنی فوجی میٹ لمیٹڈ سے کامیابی کے ساتھ سرمایہ کاری واپس لی جس کے نتیجے میں سیل سے مجموعی طور پر 4.3 بلین روپے کی نقدی وصول ہوئی۔ مذید برآں، کمپنی نے اپنی ذیلی کمپنی FFBL پاور کمپنی لمیٹڈ سے 2.25 بلین پاکستانی روپے کا منافع (ڈیویڈنڈ) حاصل کیا اور بینک بیلنس اور ٹرم ڈپازٹس سے 5.7 بلین پاکستانی روپے کا منافع حاصل کیا۔ کمپنی نے قلیل مدتی اجزاء میں 19.8 بلین پاکستانی روپے کی سرمایہ کاری بھی کی۔ جس کے نتیجے میں سرمایہ کاری کی سرگرمیوں میں رکھی گئی کل نقدی 8.2 بلین پاکستانی روپے ہو گئی جو 2022 میں کی گئی 1.4 بلین پاکستانی روپے کی سرمایہ کاری کے مقابلہ میں بہت زیادہ ہے۔

مالیاتی سرگرمیوں سے کیش فلو

تمام انوینٹری فروخت کرنے کے نتیجے میں کمپنی نے اوسط استعمال میں کمی دیکھی جس سے قرضے کے بیلنس میں کمی ہوئی۔ کمپنی نے سال کے دوران 5.2 بلین پاکستانی روپے کا طویل مدتی قرضہ ادا کیا اور 5.8 کا قلیل مدتی قرضہ واپس کیا۔ جس کے نتیجے میں فنانسنگ سرگرمیوں میں استعمال ہونے والا نیٹ کیش 11 بلین پاکستانی روپے ہو گیا۔

گزشتہ سال میں ایک پاکستانی روپے کے مقابلے میں 27 بلین پاکستانی روپے کی وافر کیش کے ساتھ سال کا اختتام ہوا جو ورکنگ سرمایہ کی مینجمنٹ اور بہتر مارکیٹنگ حکمت عملیوں میں بہتری کے نتیجے میں ہوا۔ ان اقدامات سے پہلے سے موجود انوینٹری اور تجارتی قرض دہندگان میں کمی دیکھنے میں آئی جب کہ اس کے ساتھ ساتھ کسٹمرز سے پیشگی رقوم میں اضافہ دیکھنے میں آیا۔

تفصیل	31 دسمبر 2023	31 دسمبر 2022	تجزیہ
انتظامی اخراجات	(1,136)	(1,069)	کمپنی نے اخراجات کنٹرول میں رکھنے کے لیے کئی اقدامات کامیابی کے ساتھ نافذ کیے، تاہم افراط زر میں اضافے کے باعث سال بھر میں انتظامی اخراجات میں 6 فیصد کا معمولی اضافہ دیکھنے میں آیا۔
آپریٹنگ منافع	21,901	17,396	
مالیاتی اخراجات	(8,828)	(5,144)	فنانس کے اخراجات میں اضافہ کی وجہ یہ ہے: 1۔ سال کی پہلی ششماہی کے دوران سیلز میں سست روی اور سال بھر میں ضرورت سے زیادہ مال کا ذخیرہ رہنے کی وجہ سے قلیل مدتی ادھار کے استعمال میں اضافہ ہوا ہے۔ 2-SBP نے پالیسی کی شرح (شرح سود) میں 825 بنیادی پوائنٹس کا اضافہ ہوا جو 60 فیصد کا اضافہ ظاہر کرتا ہے۔ 3۔ شرح سود میں نمایاں اضافے کا اثر 3 بلین روپے کے برابر ہوا جبکہ بہتر فنڈ مینیجمنٹ کی وجہ سے استعمال میں فرق 0.6 بلین روپے کے برابر ہوا۔
دیگر اخراجات	(6,055)	(7,776)	کمی بنیادی طور پر 2.4 بلین روپے کے زر مبادلہ کے نقصان میں کمی کی وجہ سے ہوئی، جس کی بنیادی وجہ کرنسی کے بحران کے نتیجے میں 2022 سے متعلق غیر ملکی ادائیگیوں میں تاخیر اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی مارکیٹ میں کمی ہے۔
دیگر آمدن	9,435	6,341	دیگر آمدنیوں میں 3 بلین پاکستانی روپے کا اضافہ بنیادی طور پر قلیل مدتی سرمایہ کاریوں اور کیش کی بہتر دستیابی کے سبب بینک ڈپازٹس میں اضافے کی وجہ سے ہوا۔
(ان وائنڈنگ) / پروویژن برائے GIDC	(498)	(891)	یہ سپریم کورٹ آف پاکستان کے تعین کی بنیاد پر اور قابل اطلاق مالیاتی رپورٹنگ کے معیارات کے مطابق GIDC ذمہ داری کی دوبارہ پیمائش سے متعلق تصوراتی اخراجات کی نمائندگی کرتا ہے۔
متوقع کریڈٹ خساروں کے لیے الاؤنس	(1,810)	(242)	یہ قابل اطلاق مالیاتی رپورٹنگ کے معیارات کے مطابق حکومت سے قابل وصول سبسڈی پر متوقع کریڈٹ نقصان (ECL) کے الاؤنس کی نمائندگی کرتا ہے۔
ایکویٹی انویسٹمنٹ کا نقص	-	(1,179)	یہ قابل اطلاق مالیاتی رپورٹ کے معیارات کے مطابق سال کے دوران فوجی فوڈز لمیٹڈ میں ایکویٹی انویسٹمنٹ کے نقصان کی نمائندگی کرتا ہے۔
قبل از ٹیکس منافع	14,145	8,505	
عائد ٹیکس	(9,742)	(6,177)	گزشتہ سال یعنی 2022 کے منافع پر 6 فیصد کا اضافی سپر ٹیکس جس کی مالیت 01 بلین پاکستانی روپے بنتی ہے، کی وجہ سے ٹیکس اخراجات میں نمایاں اضافہ

II۔ تجارتی مال میں 25 بلین روپے کی نمایاں کمی ہوئی کیونکہ کمپنی تمام انوینٹری، بشمول 2022 کی بقیہ انوینٹری، فروخت کرنے میں کامیاب ہوئی۔

III۔ سال کے آخر میں کم کریڈٹ سیلز اور تمام بقایا تجارتی قرضوں کی وصولی کی وجہ سے 11 بلین پاکستانی روپے کے تجارتی قرضے کم ہوئے۔

IV۔ بنیادی طور پر انوینٹری کی سیلز اور FML کی فروخت کے باعث قلیل مدتی سرمایہ کاری، کیش اور بینک بیلنس میں 37 بلین پاکستانی روپے کا خاطر خواہ اضافہ ہوا۔

مالیاتی کارکردگی کا تجزیہ

پاکستانی روپے بلین میں

تفصیل	31 دسمبر 2023	31 دسمبر 2022	تجزیہ
فروخت-خالص	193,064	159,226	سال کے دوران، کمپنی نے اپنا اب تک کا سب سے زیادہ محاصل حاصل کیا ہے اور اپنی تمام انوینٹری کی کامیاب فروخت کی وجہ سے 21 فیصد بڑھوتری درج کی ہے۔ پیداوار میں 22 فیصد کی کمی کے باوجود سونا ڈی اے پی کی فروخت گزشتہ سال کے مقابلے میں 25 فیصد کے نمایاں اضافے کے ساتھ 173 بلین روپے تک پہنچ گئی۔ یہ اضافہ بنیادی طور پر گزشتہ سال کی پہلے سے موجود انوینٹری، تمام پیداوار کی فروخت اور بہتر قیمتوں کے سبب ہوا۔ اگرچہ سال کے دوران اوسط قیمت میں سونا یوریا کی قیمتوں میں 1000 پاکستانی روپے کا اضافہ دیکھا گیا، 36 فیصد کی پیداوار میں کمی کے باعث سونا یوریا کے محاصل میں 4 فیصد کم ہوا جو گزشتہ سال کے مقابلے میں 21 بلین روپے درج کیا گیا۔
فروخت کی لاگت	(159,954)	(133,640)	فروخت کی لاگت میں 133 ارب روپے سے 160 ارب روپے تک 20 فیصد اضافہ ہوا جس کی اہم وجہ مہنگائی اور 2022 کی مہنگی بقیہ انوینٹری کی فروخت ہے حالانکہ فاسفورک ایسڈ کی قیمتوں میں 2022 کی چوتھی سہ ماہی میں 1،175$ میٹرک ٹن سے 2023 کی تیسری سہ ماہی میں 850$ تک مسلسل کمی واقع ہوئی۔
مجموعی منافع	33,110	25,586	مجموعی منافع 7 بلین روپے بڑھ کر 25 بلین روپے سے 33 بلین روپے ہو گیا۔ مجموعی منافع میں اضافہ کی شرح 29 فیصد ریکارڈ کی گئی۔ تاہم، کمپنی کا مجموعی منافع کا مارجن 16 فیصد پر برقرار رہا۔
ڈسٹری بیوشن کے اخراجات	(10,073)	(7,121)	ڈسٹری بیوشن کے اخراجات، جس کی کل مالیت 7.6 بلین روپے تھی، گزشتہ سال کے مقابلے میں 7 فیصد زیادہ ریکارڈ کیے گئے۔ یہ اضافہ بنیادی طور پر ایندھن (پیٹرول) کی قیمت میں خاطر خواہ اضافے کے باعث ہوا، جو سال بھر میں اوسطاً 21 فیصد کے حساب سے بڑھی اور 329.18 روپے فی لیٹر کی بلند ترین سطح پر پہنچ گئی۔

کمپنی کو سال کے دوران ڈی اے پی کی پیداوار میں بنیادی طور پر گیس کی شدید کمی کی وجہ سے 22 فیصد کمی کا سامنا کرنا پڑا۔ اس مشکل کے باوجود کمپنی نے 2022 کی پہلے سے موجود انوینٹری سمیت اپنی تمام انوینٹری کو ختم کیا، نتیجتاً کمپنی کی سیلز میں قابل قدر 28 فیصد کا اضافہ ہوا۔ تاہم، کمپنی کے مارکیٹ شیئر میں گزشتہ سال کے 56 فیصد کے مقابلے میں اس سال 54 فیصد کمی ہوئی۔

گزشتہ سال کے مقابلے میں اس سال کمپنی کی پیداوار اور سیلز ذیل میں دی گئی ہے:

	سال 2023	سال 2022	تغیر فیصد
پیداوار - ڈی اے پی	660,004	847,843	(22 فیصد)
فروخت - ڈی اے پی	845,515	660,946	28 فیصد
مارکیٹ شیئر - ڈی اے پی	54 فیصد	56 فیصد	

FFBL کو بہتر قیمتوں کے تناظر میں 193 بلین روپے کی اب تک کی سب سے زیادہ سیلز کی آمدن ہوئی۔ مجموعی منافع بھی 29 فیصد کے تناسب سے بڑھ کر 33 بلین روپے ہو گیا (2022 25 بلین روپے)۔ کمپنی نے 9 بلین روپے کی فنانس لاگت (2022 5 بلین روپے)، 6 بلین روپے کا ایکسچینج خسارہ (2022 8 بلین روپے) اور 8 بلین روپے کے ٹیکس اخراجات کیے۔ کیونکہ حکومت نے گزشتہ سال کے منافع پر سپر ٹیکس 4 فیصد سے بڑھا کر 10 فیصد کر دیا تھا جبکہ رواں سال کا 10 فیصد سپر ٹیکس اس کے علاوہ تھا۔ مارکیٹ کی مشکل صورتحال اور اخراجات کے باوجود کمپنی نے بعد از ٹیکس 4.4 بلین روپے کا منافع حاصل کیا (2022 2.3 بلین روپے)۔ منافع میں اضافہ کی شرح متاثر کن طور پر 89 فیصد رہی۔

1.7.4 مالیاتی پوزیشن اور کارکردگی کا تجزیہ

مالیاتی پوزیشن کا تجزیہ

ایکویٹی کا تجزیہ

کمپنی کے خالص اثاثوں میں 17 فیصد قابل ذکر اضافہ ہوا اور کمپنی کی خالص مالیت 27.09 بلین روپے ہو گئی۔ نتیجتاً، بریک اپ ویلیو گزشتہ سال 17.6 روپے فی شیئر کے مقابلے میں بڑھ کر 20.98 روپے فی شیئر ہو گئی۔

واجبات کا تجزیہ

واجبات میں 7 فیصد کی کمی ہوئی جس کی کل مالیت 119 بلین روپے تھی۔ اس کمی کی بنیادی وجہ 21 بلین روپے کے خالص قرضوں میں کمی تھی جو کہ تجارت اور دیگر ادائیگیوں میں 12 بلین پاکستانی روپے کے اضافے سے پورا ہوا۔ قرضوں میں کمی کی وجہ مؤثر فنڈ مینجمنٹ اور تمام انوینٹری کو کامیابی کے ساتھ ختم کرنے سے منسوب کیا جا سکتا ہے۔

اثاثوں کا تجزیہ

I۔ کمپنی نے فوجی میٹ لمیٹڈ سے اپنی سرمایہ کاری ختم کی جس کے نتیجے میں طویل مدتی سرمایہ کاری میں 4 بلین روپے کی کمی واقع ہوئی۔

ڈائریکٹرز رپورٹ

1.7.2 یوریا مارکیٹ کا تجزیہ

ڈی اے پی کی بڑھتی ہوئی قیمتوں کے باعث منڈی میں یوریا کی مانگ میں سال بھر اضافہ دیکھنے میں آیا۔ کھاد کی بین الاقوامی منڈی میں مشکلات کے باوجود ملکی منڈی کے اندر مجموعی رجحان مثبت رہا۔ آڑھتیوں نے لین دین کی بکنگ کے لیے قابل قدر جوش وخروش کا مظاہرہ کیا، جو منڈی کی صورتحال میں اعتماد کا عندیہ دیتی ہے۔

2023 میں یوریا کی پیداوار معمولی اضافہ کے ساتھ تقریباً 6,440 KT تک پہنچی۔ یہ اضافہ 2022 میں 6,329 KT کے مقابلے میں 1.75 فیصد ریکارڈ کیا گیا۔ تاہم اس سال کے دوران یوریا کی سیلز 6,641 KT کی توقع ہے جبکہ گزشتہ سال 2022 میں 6,616 KT کی سیلز ریکارڈ کی گئی۔

کمپنی کو گیس کی نمایاں کٹوتی کے باعث سال بھر میں پیداوار میں خاطر خواہ کمی کا سامنا کرنا پڑا۔ مذکورہ مدت کے دوران گیس کی سپلائی 13,714 MMSCF رہی جبکہ گزشتہ سال کی اسی مدت کے دوران 19,119 MMSCF گیس کی سپلائی کی گئی اور 23,800 MMSCF حکومت کی طرف سے مقرر کی گئی تھی۔ یہ گیس کی فراہمی میں بالترتیب 28 فیصد اور 42 فیصد کی کمی کو ظاہر کرتا ہے۔ گیس سپلائی میں کمی کی یہ شرح بالترتیب 28 فیصد اور 36 فیصد رہی۔

گزشتہ سال کے مقابلے میں اس سال کمپنی کی پیداوار اور سیلز ذیل میں دی گئی ہے:

	سال 2023	سال 2022	تغیر فیصد
پیداوار	336,107	523,581	(36 فیصد)
فروخت	336,785	522,561	(36 فیصد)
مارکیٹ شیئر	5 فیصد	8 فیصد	

1.7.3 ڈی اے پی مارکیٹ کا تجزیہ

سال 2023 میں فاسفیٹ کی کھاد کے لیے بین الاقوامی اور ملکی سطح پر مشکلات پیش آئیں۔ زیادہ افراط زر اور طویل دورانیے کی روس اور یوکرین جنگ کی وجہ سے غیر یقینی کی فضا پیدا ہوئی۔ رجحان کی مسلسل تبدیلی کی وجہ سے جو بنیادی طور پر طلب اور مصنوعات کی کم دستیابی کے سبب ہوا، نے اپنی رفتار برقرار رکھی۔ چینی مصنوعات کی محدود سپلائی کے پیش نظر قیمتیں لچکدار اور محدود رہیں، اور سال کے آخر میں ملک میں سیزن کے متوازی برآمدی کوٹہ پورا ہونے کے سبب پروڈیوسرز کو رکاوٹوں کا سامنا کرنا پڑا۔

جولائی تک فاسفیٹ کی خاطر خواہ قلت ہوئی جس سے ملکی مارکیٹ پر دباؤ پڑا۔ ڈی اے پی کی قیمتوں میں اضافے سے، ڈیلرز نے خریداری شروع کر دی۔ ڈی اے پی کی مقامی قیمتوں میں چوتھی سہ ماہی کے دوران مسلسل اضافہ ہوا۔ جس کی وجہ بین الاقوامی قیمتیں تھیں جو بڑھ کر 625 امریکی ڈالر فی ٹن تک CFR Pakistan پہنچ گئی۔ مزید برآں مقامی قیمتوں میں اضافہ کی وجہ ایکسل ویٹ ریگولیشن (AWR) کے نفاذ کو قرار دیا گیا۔ جس کے نتیجے میں مال برداری کی لاگت بڑھ گئی اور ٹرانسپورٹ کی دستیابی میں رکاوٹیں پیدا ہوئیں اور پلانٹس / پورٹس سے ترسیل کے شدید مسائل پیدا ہوئے۔

سال 2023 کا اختتام پر صنعت کی مجموعی سیلز 1,569 KT رہی جو 2022 میں 1,176 KT کی سیلز کے مقابلے میں 34 فیصد زیادہ تھی۔

1.4 پیسہ اور کریڈٹ

اسٹیٹ بینک آف پاکستان نے مالی سال 2023 کی پہلی ششماہی میں شرح سود میں اضافہ جاری رکھا جو مالی سال 2023 کے اختتام پر 825 بیسس پوائنٹس کے اضافے کے ساتھ 22 فیصد کی سطح پر پہنچ گیا (2022 میں یہ شرح 13.75 فیصد تھی)۔ شرح سود میں اضافہ بنیادی طور پر لاگتیں بڑھنے کے سبب مہنگائی کے دباؤ کو کم کرنے کے لیے کیا گیا تھا۔ سٹیٹ بینک نے جولائی تا دسمبر 2023 کی مدت کے دوران پالیسی / سود کی شرح کو 22 فیصد پر برقرار رکھنے کا فیصلہ کیا ہے۔

اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ اعداد و شمار کے مطابق، پیسے کی رسد (M2) مالی سال 2023 کے اختتام پر 14.2 فیصد اضافے کے ساتھ 31,530 بلین روپے تھی جو مالی سال 2022 میں 27,603 بلین روپے کے مقابلے میں 3,927 بلین روپے زیادہ تھی۔

1.5 افراط زر

مالی سال 2023 کے دوران شہ سرخی افراط زر 29.2 فیصد رہا جبکہ مالی سال 2022 میں یہ شرح 12.2 فیصد تھی۔ یہ شرح گیارہ سالوں میں سب سے زیادہ اور سری لنکا کے بعد جنوبی ایشیا کی دوسری بلند ترین سطح ہے جس کی بنیادی وجہ عالمی معاشی غیر یقینی صورتحال، عالمی عوامل جیسا کہ اشیائے خورد و نوش کی قیمتوں میں اضافہ، ملک میں اشیائے خورد و نوش کی قلت، توانائی کی قیمتوں میں اضافہ، درآمدات کو ترجیح دینے کے باعث ملک میں رسد میں کمی، ٹیکسوں اور دیگر لیویز کی شرح میں اضافہ ہے جس سے افراط زر کے دباؤ میں مزید اضافہ ہوا ہے۔

بعد ازاں، جولائی تا نومبر 2023 کے دورانیے میں افراط زر میں اضافے کی شرح 29.2 فیصد سے کم ہو کر 28.6 فیصد پر آگئی۔ (تقابلی دورانیہ: 25.1 فیصد) یہ کمی جولائی تا نومبر 2023 کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں استحکام کے باعث ہی۔ درمیانی مدت کے لحاظ سے جیسا کہ مالی سال 2024 اور مالی سال 2025 میں افراط زر کی شرح بلند بیس کے اثر، زرعی شعبے میں بہتری اور متوقع طور پر عالمی اور ملکی سازگار ماحول کے باعث معمول پر آجائے گی۔

1.6 ڈیموگرافکس / آبادیات

پاکستان آبادی کے لحاظ سے دنیا کا پانچواں بڑا ملک ہے۔ نیشنل انسٹی ٹیوٹ آف پاپولیشن سٹڈیز کے مطابق 2022 میں پاکستان کی کل آبادی تقریباً 229.22 ملین تک پہنچ چکی تھی۔ دیہی علاقوں سے شہری علاقوں کی طرف آبادی کی ہجرت مسلسل جاری ہے۔ حالیہ تخمینوں کے مطابق 63 فیصد آبادی دیہی علاقوں میں جبکہ 37 فیصد آبادی شہری علاقوں میں قیام پذیر ہے۔

نوٹ: معاشی تجزیوں کے لیے اعداد و شمار وزارت خزانہ کی طرف سے جاری کردہ اکنامک سروے آف پاکستان 23-2022 اور سٹیٹ بینک آف پاکستان کی ویب سائٹ کی طرف سے جاری کردہ سالانہ رپورٹ سٹیٹ آف اکانومی سے لیے گئے ہیں۔

1.7 FFBL کی کارکردگی

1.7.1 بین الاقوامی مارکیٹ کا تجزیہ

کھاد کی عالمی منڈی میں گرتی ہوئی مانگ کے سبب ابتدائی طور پر مندی کا رجحان غالب رہا، جس سے فروخت کنندگان نے بھری منڈیوں اور سرمائے کی کمی کے دوران انوینٹری فروخت کی۔ بحیثیت مجموعی منڈی کمزور نظر آئی، جس کی وجہ اہم خطوں میں قیمتوں میں کمی ہے۔ ان عوامل میں عالمی سطح پر قیمتوں میں کمی، شدید موسمی حالات اور کھادوں کی بلند قیمتیں شامل ہیں۔

تاہم ایک نمایاں تبدیلی دیکھنے میں آئی کیوں کہ یوریا اور ڈی اے پی کی عالمی قیمتوں میں خاطر خواہ اضافہ اور سال کے آخری حصے میں قیمتوں میں استحکام دیکھا گیا۔ یہ تبدیلی غیر متوقع سپلائی میں کمی، افراط زر کی بلند شرح اور چین کی طرف سے عائد کردہ برآمدی کوٹے پر پابندیوں کے باعث ہوئی۔ بین الاقوامی قیمتوں میں یکدم اضافہ ملکی منڈی بالخصوص ڈی اے پی پر نمایاں طور پر اثر انداز ہوا۔

ڈائریکٹرز رپورٹ

1۔ مالیاتی سرمایہ

1.1 معاشی جائزہ

سال 2023 شدید بحرانوں کے مجموعی اثرات بالخصوص طویل دورانیے سے جاری روس-یوکرائن جنگ، موسمیاتی تبدیلی کے بدترین اثرات، بڑھتی ہوئی مالیاتی ابتری اور بڑھتی ہوئی پالیسی مشکلات کے تجربات سے گزر رہا ہے۔ لہٰذا عالمی معیشت ایک ایسے مرحلے میں داخل ہو رہی ہے جہاں معاشی نمو مطلوبہ تاریخی معیارات کے مقابلے میں سست روی کا شکار ہے جس کے نتیجے میں کئی ممالک بحران کے قریب پہنچ چکے ہیں۔

مالی سال 2023 کے دوران پاکستان کی معیشت زوال پذیر رہی اور جی ڈی پی کی شرح نمو صرف 0.29 فیصد رہی (2022 میں 6 فیصد)۔ جیو پولیٹیکل صورت حال، مشکل مالیاتی ماحول اور مہنگائی کی بلند شرح کا دباؤ، ان تمام عوامل کے پاکستان کی معیشت پر نمایاں اثرات مرتب ہوئے۔ معاشی اور سیاسی عدم استحکام سے صورت حال مزید خراب ہوتی چلی گئی۔ شدید میکرو اکنامک عدم تناسب، سیلاب کی تباہ کاریاں، ملکی سپلائی میں تعطل اور بین الاقوامی معاشی سست روی کے باعث معاشی نمو کو نقصان اٹھانا پڑا۔ کرنسی کی قدر میں کمی کی وجہ سے ملک میں مہنگائی میں مزید اضافہ ہو گیا۔ یہ عوامل بشمول بیرونی عدم تناسب، مالیاتی خسارے اور بلند شرح سود ہمیشہ پاکستان کی معاشی ترقی پر اثر انداز ہوئے ہیں۔

مالی سال 2024 کے لیے پاکستان کی معاشی اقتصادی ترقی کا تخمینہ 2.4 فیصد لگایا گیا ہے۔ کیونکہ اشیاء پیدا کرنے کے شعبہ جات میں وسعت سے مالی سال 2024 میں خدمات کا شعبہ متاثر ہونے کا خدشہ ہے۔ تاہم گزشتہ دو سالوں کے دوران متعارف کرائے گئے طلب میں کمی لانے کے مختلف اقدامات کے اثرات معاشی سرگرمی کے سلسلے میں کی جانے والی بحالی کی رفتار کو کم کر سکتے ہیں۔

1.2 زرعی شعبہ

ملک کی مجموعی معیشت میں زرعی شعبے کا حصہ مالی سال 2022 میں 22.6 فیصد سے بڑھ کر مالی سال 2023 میں 22.9 فیصد ہو گیا تھا۔ تاہم زرعی شعبے کی ترقی کی رفتار مالی سال 2022 میں 4.4 فیصد کے مقابلے میں کم ہو کر مالی سال 2023 میں 1.55 فیصد رہ گئی تھی۔ زرعی شعبے کی ترقی کی رفتار میں ہونے والی کمی کی بنیادی وجہ کو 2022-23 میں آنے والے سیلاب سے جوڑا جاتا ہے۔

سیلاب کے اثرات کے باوجود، مالی سال 2023 میں پاکستان کی گندم کی پیداوار میں 5.4 فیصد اضافہ ہوا اور 26.208 سے بڑھ کر 27.634 ملین ٹن ہو گئی۔ کسان پیکج نے سستے زرعی قرضے، بلا سود قرضوں کے لیے سبسڈی، کھاد کے لیے سبسڈی، ایگرو-ایس ایم ای کے لیے فنڈز، اور مفت بیجوں سمیت کئی دیگر ایگری لنکڈ ریلیف فراہم کیے، اور زراعت کی ترقی کی بحالی میں مدد کی ہے۔

مستقبل میں بہتر فصلوں کے باعث زرعی شعبہ میں نمایاں بہتری آ سکتی ہے۔ مزید برآں زرعی شعبے کے متعدد اقدامات بالخصوص کسان پیکج، سیاسی استحکام، اور مستحکم شرح مبادلہ کے نتیجے میں قیمتوں میں استحکام اور فصلوں کی پیداوار میں اضافہ کرنے میں مدد ملے گی۔ زرعی پیداوار میں اضافہ براہ راست ملک کی مجموعی پیداوار (GDP) میں مدد دے گا اور بالواسطہ طور پر عام کاشتکاروں کی آمدن میں اضافے ہونے سے ملک کی مجموعی معاشی صورت حال پر طویل المدتی اثرات مرتب ہوں گے۔

1.3 مالیاتی ترقی

پاکستان کا مالیاتی خسارہ (گرانٹس کے علاوہ) جی ڈی پی کے 7.7 فیصد کے حساب سے کم ہوا ہے جس کی کل مالیت 6521 بلین روپے بنتی ہے اور سرکاری قرضہ جی ڈی پی کے 74.3 فیصد کے تناسب سے بڑھ گیا ہے۔ ٹیکس آمدن میں 16.6 فیصد کے تناسب سے نمایاں طور پر بڑھ کر 5,637.9 بلین روپے کا اضافہ ہو گیا۔ مالی سال 2023 میں مجموعی اخراجات میں اضافہ کی شرح، مالی سال 2022 میں 27 فیصد کے مقابلے میں کم ہو کر 18.7 فیصد ہو گئی ہے۔ اخراجات کی شرح میں کمی بنیادی طور پر سبسڈیز / رعایتوں اور گرانٹس پر ہونے والے اخراجات میں کمی کے باعث ہوئی ہے اور یہ سب کچھ حکومت کی مالیاتی استحکام لانے کی کوششوں کے نتیجے میں ہوا ہے۔

عالمی اور ملکی معاشی ماحول کی وجہ سے نمایاں مشکلات کے باوجود، مالیاتی استحکام کی کوششیں جاری ہیں اور بہتر مالیاتی اکاؤنٹس کے حوالے سے اس کے بہتر نتائج سامنے آ رہے ہیں۔

روپے ٹیکس کا خرچہ کیا(2022 میں 6.1 ارب روپے) کیونکہ حکومت نے موجودہ سال کے منافع پر 10 فیصد سپر ٹیکس لاگو کرنے کے علاوہ پچھلے سال کے منافع پر سپر ٹیکس کی شرح 4 فیصد سے بڑھا کر 10 فیصد تک کر دی۔ تمام تر مشکلات کے باوجود، کمپنی نے بعد از ٹیکس 4.4 ارب روپے (2022 میں 2.3 ارب روپے) کا منافع حاصل کیا جو گزشتہ سال کے منافع سے 89 فیصد کے اضافے کو ظاہر کرتا ہے۔ رپورٹنگ کی تاریخ تک، کمپنی کے پاس بینک بیلنس اور قلیل مدتی سرمایہ کاری میں کافی رقم ہے، جو بنیادی طور پر اس کی مصنوعات کی پیشگی بکنگ سے منسوب ہے۔ جس کی وجہ سے مجموعی طور پر کمپنی قرضوں کے مقابلے میں 42 ارب روپے کی نیٹ مثبت پوزیشن میں ہے۔

مجموعی بنیاد پر، کمپنی نے 222 ارب روپے (2022 183 ارب روپے) کی خالص آمدنی 44 ارب روپے (2022 35 ارب روپے) کا مجموعی منافع اور 31 ارب روپے (2022 24 ارب روپے) کا آپریٹنگ منافع حاصل کیا۔ تاہم، بعد از ٹیکس منافع 2022 میں 8 ارب روپے سے کم ہو کر 4.1 ارب روپے ہو گیا جو بنیادی طور پر PMP میں ہونے والے نقصان کی وجہ سے، جو بین الاقوامی اجناس کی قیمتوں کے رجحانات سے متاثر ہوا ہے یعنی اس کے خام مال کی قیمتوں کے مقابلے میں فاسفورک ایسڈ کی قیمت میں زیادہ کمی ہوئی۔ تاہم، قیمت کے موافق رجحانات کی وجہ سے PMP سال کے آخر تک نقصان کو پورا کرے گی۔ فوجی فوڈز لمیٹڈ کے مالیاتی نتائج نے 2.8 ارب روپے کی نمایاں بہتری ظاہر کی ہے کیونکہ انہوں نے 2022 میں 2.2 ارب روپے کے بعد از ٹیکس نقصان کے مقابلے میں 2023 کے لیے 605 ملین روپے کا بعد از ٹیکس منافع حاصل کیا ہے

آؤٹ لک

کمپنی نے ویلیو ایڈڈ پراڈکٹس متعارف کروا کر اپنے پروڈکٹ پورٹ فولیو کو بڑھانے کا بھی آغاز کیا ہے، بوران فورٹیفائیڈ DAP کے ٹرائل رن پہلے ہی سے جاری ہیں اور یہ 2024 میں مارکیٹ میں دستیاب ہوگا۔ یہ قابل ذکر ہے کہ بوران فورٹیفائیڈ DAP نہ صرف زیادہ متوازن غذا کی ضمانت دیتا ہے بلکہ غذائیت کی پروفائل بلکہ پودوں کی بہتر نشوونما، غذائی اجزاء کے استعمال کی کارکردگی میں اضافہ، اور بوران کی کمی کے خاتمے کو بھی فروغ دیتی ہے۔ ان زرعی فوائد کے علاوہ، بوران سے مضبوط DAP کا اطلاق غذائی اجزاء کے بہاؤ سے متعلق ماحولیاتی اثرات کو کم کر کے زیادہ پائیدار زرعی طریقوں میں شرکت کرنے کی صلاحیت رکھتا ہے۔

تاہم، مختلف سطحوں پر گیس کی فراہمی کو محفوظ بنانے کا چیلنج برقرار ہے، جو کھاد کی مستقل پیداوار میں رکاوٹ ہے۔ ہم حکومت سے پرزور مطالبہ کرتے ہیں کہ وہ کھاد کے شعبے کو گیس کی مسلسل فراہمی کو یقینی بنائے، سستی قیمتوں پر کھاد کی دستیابی کے ذریعے کاشتکار برادری کو فائدہ پہنچائے اور کھاد کی درآمدات کی ضرورت کو ختم کر کے بالآخر زرعی شعبے اور ملک کی معیشت کی ترقی میں اہم کردار ادا کرے۔ بین الاقوامی DAP مارکیٹ کی پیشن گوئی مستحکم اور جغرافیائی سیاسی منظر نامے پر منحصر ہے۔ 2023 کے دوران مقامی DAP کی طلب کی بحالی 2024 کے دوران ترقی کی مزید بحالی کا اشارہ ہے۔

ہم حکومت کو تجویز کرتے ہیں کہ وہ گیس کے انتظام کی ایک جامع، طویل مدتی حکمت عملی وضع کرے، جس میں کھاد کے شعبے کو ترجیح دینے پر خاص توجہ دی جائے۔ یہ ترجیح ملک کی پائیدار غذائی تحفظ کو یقینی بنانے کے لیے ضروری ہے۔

میں اپنے شیئر ہولڈرز، ملازمین، شراکت داروں اور حکومت سمیت تمام اسٹیک ہولڈرز کا ان کی غیر متزلزل حمایت کے لیے تہہ دل سے شکریہ ادا کرتا ہوں۔ آپ کا عزم ہماری اجتماعی کامیابی کے لیے اہم ہے۔

عارف الرحمان | چیف ایگزیکٹو آفیسر

سی ای او کا جائزہ

صحت، حفاظت اور ماحولیات (HSE)

HSE اصولوں پر سختی سے عمل درآمد سے ہماری بامقصد اور مصروف افرادی قوت، عملی کارکردگی اور جدت کے لیے ایک مضبوط بنیاد بناتی ہے۔ HSE معیارات کے ساتھ اپنی وابستگی کو برقرار رکھنے کے لیے، ہم ایک پروسیس سیفٹی مینجمنٹ (PSM) پروگرام کو فعال طور پر نافذ کر رہے ہیں جو OSHA یو ایس اے پر مبنی ہے۔ یہ پروگرام کم سے کم خطرے کے ساتھ بہتر حفاظتی کلچر کو فروغ دینے کے حتمی مقصد کے ساتھ "خطرناک مواد کے نقصان کی روک تھام" سے حفاظت کے لیے تیار کیا گیا ہے۔ ہمارے موجودہ انتظامی نظام کے ساتھ PSM کے انضمام سے کارکردگی میں اضافہ اور اخراجات میں کمی کی توقع ہے۔

پیداوار

کمپنی کو 2023 میں صرف MMSCF 13,714 گیس ملی جو حکومت کی طرف سے مختص کردہ 23,800MMSCF کی سطح کے مقابلے میں گیس کی فراہمی میں 42 فیصد کمی اور پچھلے سال کی فراہمی MMSCF 19,119 کی سطح سے 28 فیصد کمی کو ظاہر کرتی ہے۔ اس اہم خسارے نے پلانٹ کی پیداوار اور کارکردگی پر شدید اثرات مرتب کیے۔

نتیجتاً، کمپنی کے یوریا پلانٹ نے اپنی 650KT کی صلاحیت کے محض 52 فیصد پر کام کیا۔ منفی حالات کی وجہ سے یوریا کی پیداوار میں خاطر خواہ کمی واقع ہوئی، جو کہ 36 فیصد سے گر کر 336KT رہ گئی (2022 میں 524KT)۔ DAP کی پیداوار میں بنیادی طور پر انوینٹری کے بہتر انتظام کے لیے 33 دن کے اضافی بندش کی وجہ سے 22 فیصد کمی 660KT (2022 میں 848KT) دیکھی گئی۔

مارکیٹ کی کارکردگی

سال کی پہلی ششماہی میں DAP کی بین الاقوامی قیمتوں میں نمایاں کمی کا سامنا کرنے کے بعد سال کی تیسری سہ ماہی کے آغاز کے دوران عالمی فاسفیٹک کھاد کی مارکیٹ میں قیمتوں میں نمایاں اضافہ رہا۔ اس تبدیلی نے بین الاقوامی رجحانات کے ساتھ، جو ربیع کے موسم قریب آنے کے ساتھ ساتھ نا صرف مضبوط ہوتا گیا بلکہ مقامی DAP کی مارکیٹ پر بھی کئی اثرات مرتب کئے۔ ایکسل ویٹ ریگولیشن کے نفاذ کے نتیجے میں مال برداری کے اخراجات اور ٹرانسپورٹ کی دستیابی کے مسائل میں اضافہ ہوا ہے، جس کی وجہ سے پلانٹس / بندرگاہوں سے شپمنٹ کے شدید مسائل پیدا ہوئے۔

مقامی DAP مارکیٹ میں خاص طور پر سال کی دوسری ششماہی میں، 2022 میں 1,176KT کے مقابلے میں 2023 میں 1,569KT کی تخمینی سطح تک پہنچ گئی جو 34 فیصد اضافے کی نشاندہی کرتی ہے۔ مارکیٹ کے اس اضافے سے فائدہ اٹھاتے ہوئے، انتظامیہ نے DAP کی پوری انوینٹری، بشمول پچھلے سال کی بقایا 189KT، کو کامیابی کے ساتھ ختم کیا۔ FFBL کی DAP کی فروخت میں بھی بہتری دکھائی دی جو 2022 میں 661KT سے 28 فیصد بڑھ کر 2023 میں 846KT ہو گئی جس نے 54 فیصد کا مارکیٹ شیئر برقرار رکھا (2022: 56 فیصد)۔ اس قابل ذکر بہتری کو بہتر معاشیات سے منسوب کیا جا سکتا ہے۔

مقامی یوریا کی مارکیٹ میں 2022 میں 6,616KT کے مقابلے میں 6,642KT کی معمولی بہتری ہوئی، واضح رہے کہ FFBL کی سونا یوریا (دانے دار) ایک پریمیم یوریا کھاد ہونے کے باوجود، نمی کے خلاف نسبتاً زیادہ مزاحم ہے اور بڑے اور مضبوط دانے کی وجہ سے گیس کی سپلائی میں نمایاں کٹوتی کے نتیجے میں کم پیداوار کی وجہ سے فروخت 2022 میں 523KT سے 2023 میں 337KT تک نمایاں طور پر 36 فیصد کم ہو گئی۔

مالیاتی کارکردگی

کمپنی نے 193 ارب روپے (2022 میں 159 ارب روپے) کی آمدنی حاصل کی جو کہ 21 فیصد ترقی کی نمائندگی کرتا ہے، جبکہ مجموعی منافع میں 33 ارب روپے کے حساب سے 29 فیصد اضافہ ہوا (2022 میں 25 ارب روپے)۔ کمپنی نے 9 ارب روپے کی مالیاتی لاگت خرچ کی (2022 میں 6.1 ارب روپے) 4.5 ارب روپے کا ایکسچینج نقصان کیا (2022 میں 6.8 ارب روپے) اور 9.7 ارب

سی ای او کا جائزہ

2023 میں FFBL کی کارکردگی ہمارے لوگوں کے غیر متزلزل عزم اور ہمارے عمل کے استقامت کا ثبوت ہے کیونکہ پچھلے سال سے جاری مسائل نے موجودہ سال کی مشکلات کے ساتھ مل کر FFBL کے لیے مشکلات کا ایک منفرد مجموعہ پیدا کیا اور اسے پاکستان میں کسی بھی دوسرے کھاد پیدا کرنے والے ادارے سے مختلف کر دیا ہے۔

محترم اسٹیک ہولڈرز

سال 2023 کو پختہ عزم کے ذریعے سے مشکلات کو حل کرنے والے سال کے طور پر لیا جا سکتا ہے۔

ہم نے اضافی DAP انوینٹری، وافر قرضے اور غیر منصفانہ سیلز ٹیکس کے قوانین کے ساتھ گذشتہ سال سے جاری مشکلات کے ساتھ سال کا آغاز کیا جس نے DAP کی درآمد کے مقابلے میں FFBL کے مقامی طور پر تیار کردہ DAP کو مسابقتی نقصان میں ڈال دیا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، مہنگائی میں اضافہ اور اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافے کی وجہ سے صورتحال مزید پیچیدہ ہو گئی۔ تاہم، سب سے اہم چیلنج حکومت کی طرف سے مختص سطح پر گیس کی دستیابی رہی۔ ان مشکلات کو تسلیم کرتے ہوئے، ہم نے مارکیٹ فورسز، صارفین اور حکومت کے ساتھ ایک فعال انداز اپنایا۔

حکومت نے FFBL کو 68 MMSCFD گیس کی فراہمی کی سطح مختص کی ہے، جو سالانہ کل 23,800 MMSCFD ہے۔ تاہم، FFBL کو پچھلے کئی سالوں سے اس مختص سطح پر گیس کی فراہمی نہیں ملی، اور 2023 میں صورتحال مزید خراب ہو گئی جہاں FFBL 650KT کی صلاحیت کے مقابلے میں صرف 336KT یوریا پیدا کر سکا۔ جس کی وجہ سے نہ صرف کمپنی کی پیداوار متاثر ہوئی بلکہ سال بھر کمپنی کی مصنوعات کی کمی اور مخصوص افراد کی جانب سے قیمتوں میں ہیرا پھیری نے کسانوں کی مشکلات میں بھی اضافہ کیا۔ نتیجتاً حکومت عالمی منڈی سے 220KT یوریا درآمد کرنے پر بھی مجبور ہوئی۔

جولائی 2022 میں نافذ ہونے والے غیر مساوی GST قوانین کے جواب میں، ہم نے FFBL کے مقامی طور پر تیار کردہ DAP پر ان قوانین کے سنگین اثرات پر زور دیتے ہوئے، حکومت اور متعلقہ حکام کے ساتھ مسلسل رابطہ رکھا۔ ان قوانین نے مقامی DAP کو درآمد شدہ DAP کے مقابلے میں مسابقتی نقصان میں ڈالا، اس کے باوجود کہ دونوں مارکیٹ میں برابر کے حصہ دار ہیں۔ اس صورتحال کی سنگینی کو تسلیم کرتے ہوئے حکومت نے کھاد کے شعبے، خاص طور پر DAP کے لیے، جولائی 2023 سے لاگو ہونے والے GST قوانین میں ترمیم کی۔

اسٹریٹجک پلان کے ماہرانہ تعمیل نے انوینٹری اور پیداواری مقاصد کے حصول میں سہولت فراہم کی، جس کے نتیجے میں پچھلے سال اور موجودہ سال کی پیداوار سے انوینٹری کو ختم کرنے کے ذریعے مجموعی قرضوں میں کمی واقع ہوئی۔ یہ ہماری قرض کے انتظام کی حکمت عملی کے مطابق ہے، اور قرض لینے کے اخراجات کو مؤثر طریقے سے کم کرتا ہے۔

ان کوششوں نے FFBL کی مالیاتی تبدیلی میں ایک اہم کردار ادا کیا، کہ سال کی پہلی سہ ماہی میں 5.4 ارب روپے ٹیکس کی ادائیگی کے بعد نقصان کے ساتھ شروعات کرنے کے باوجود، کمپنی نے سال کے لیے 4.4 ارب روپے بعد از ٹیکس منافع حاصل کیا۔

چیئرمین کا جائزہ

کارپوریٹ گورننس تشکیل پر مرکوز نقطہ نظر سے اقدار پر مبنی نقطہ نظر کی جانب منتقل ہو گئی ہے۔ آج کے کاروباری منظرنامے میں کئی لحاظ سے بورڈ کی حکمت عملی کی رہنمائی اور اجتماعی علم و دانش پائیدار اقدار کی تخلیق کے لیے انتہائی ضروری ہے۔

محترم اسٹیک ہولڈرز

2023 پاکستان کی معاشی بحالی کے لیے کیے گئے کلیدی اقدامات اور ان کے نفاذ کا سال رہا۔ زرعی شعبہ پہلی بار اپنی اہمیت اجاگر کرتے ہوئے، حکومت کے اقتصادی بحالی کے مجموعی منصوبوں میں ایک اہم شعبہ کے طور پر ابھرا۔ ادارہ جاتی اصلاحات سمیت معاشی اشاریے، پاکستان اسٹاک ایکسچینج (PSX) کی پائیدار کارکردگی، مالیاتی خسارے اور بنیادی سرپلس میں بہتری اور بڑھتی ہوئی غیر ملکی براہ راست سرمایہ کاری، مستحکم معاشی بحالی اور مثبت آؤٹ لک کی نشاندہی کرتے ہیں۔

حکومت نے غیر ملکی سرمایہ کاری کو راغب کرنے اور زراعت کے شعبے سمیت چار بڑے شعبوں میں ملک کی ترقی کو تیز کرنے کے لیے ایک خصوصی سہولت کار سرمایہ کاری کمیٹی (SIFC) قائم کی۔ ملک میں زراعت کو فروغ دینے کے لیے گرین پاکستان اقدام (GPI) بھی شروع کیا گیا۔ سال کے آخر میں کسانوں کا قومی کنونشن بھی منعقد کیا گیا جس میں کسان برادری کو درپیش مشکلات، ٹیکنالوجی کے استعمال اور حکومت اور عوام کے قریبی تعاون پر روشنی ڈالی گئی۔ یہ تمام اقدامات زرعی شعبے کی بحالی میں حکومت کی ترجیحات کو ظاہر کرتے ہیں۔

ہمیں پاکستان میں DAP کی پیداوار والی واحد کمپنی کے طور پر اپنے کردار پر بے حد فخر ہے۔ ہم زرعی شعبہ میں تبدیلی لانے میں حکومت کے ساتھ ساتھ کسان برادری کی مدد کے لیے اپنی کوششیں جاری رکھنے کے لیے پرعزم ہیں۔ ہم مقامی کھاد کی پیداوار بالخصوص DAP کی بنیادی اہمیت پر زور دینا ضروری سمجھتے ہیں۔ ہم DAP کی اہمیت کا اعتراف کرنے والی معاون پالیسیوں کی حمایت کرتے رہتے ہیں جو اس شعبے کی پائیدار ترقی کے لیے سازگار ماحول فراہم کرتی ہیں جیسے کہ کھاد کے متوازن استعمال کو فروغ دینے کے لیے کسانوں کو سبسڈی فراہم کرنا۔

ہم فنانس ایکٹ 2023 میں قانون سازی کے ذریعے FFBL کے ساتھ GST کے امتیازی سلوک کے حل کو تسلیم اور اس کا خیر مقدم کرتے ہیں۔ ہم اس بات کا بھی اعادہ کرتے ہیں کہ مستقل کھاد کی پیداوار کے لیے گیس کی مسلسل فراہمی بہت ضروری ہے۔ حکومت کا 2023 کے آخر تک بین الاقوامی منڈی سے مہنگی کھاد کی درآمدات پر انحصار ملکی پیداوار کو ترجیح دینے کی عجلت کی نشاندہی کرتا ہے۔

ہمیں یہ بھی تسلیم کرنا چاہیے کہ یہ مقامی اور بین الاقوامی سطح پر بہت ساری مشکلات کا سال تھا۔ ہم اس امر کا اعتراف کرتے ہیں کہ ہم اور ہمارا ملک کاروباری طور پر ایک بہت مشکل دور سے گزر رہے ہیں۔ ہماری اس آزمائشی دور میں کامیابی کے ساتھ آگے بڑھنے کی صلاحیت ہمارے تحمل اور عزم کا اظہار کرتی ہے۔ ہم ایک مشکل دور میں اپنی استعداد کو آزمانے اور ترقی کرنے کے لیے تیار ہیں۔

میں اپنے ملازمین، شراکت داروں اور حکومت سمیت تمام اسٹیک ہولڈرز کا ان کی غیر متزلزل حمایت کے لیے تہہ دل سے شکریہ ادا کرتا ہوں۔ آپ کا عزم ہماری اجتماعی کامیابی کے لیے اہم ہے۔ سال 2023 FFBL کے لیے ایک ایسا سفر رہا ہے جس کو عزم، ہمت اور حکمت عملی پر مبنی تعاون کے ساتھ مشکلات سے تعبیر کیا گیا ہے۔ ہم معاشی استحکام کی واپسی اور زرعی شعبہ کی تبدیلی کے لیے حکومتی اقدامات کی بدولت سمجھتے ہیں کہ ہم ان مواقع سے فائدہ اٹھانے کے لیے ایک بہتر پوزیشن میں ہیں۔

وقار احمد ملک | چیئرمین

ڈائریکٹرز رپورٹ

Glossary

Asset
Asset is a resource controlled by an enterprise as a result of past events, from which future economic benefits are expected to flow to enterprise.

Associate Company
Associate company is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of investor.

Borrowing Costs
Borrowing costs are interest and other cost incurred by an enterprise in connection with the borrowing funds.

Cash Equivalents
Cash equivalents are short terms highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Cash Flows
Cash flows are inflows and outflows of cash and cash equivalents.

Consolidated Financial Statements
These include financial statements of FFBL and its subsidiaries i.e Fauji Foods Limited and FFBL Power Company Limited as per IFRS 10.

Depreciation
Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair Value
Fair Value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instruments
Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financing Activities
Financing activities are activities that result in changes in the size and composition of equity capital and borrowings of the enterprise.

Intangible Asset
Intangible Asset is an identifiable non-monetary asset without physical substance held for use in the production / supply of goods and services, for rental to others, or for administrative purposes.

Investing Activities
Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Liability
A liability is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits.

Non-Controlling Interest
Equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Operating Activities
Operating activities are principal revenue producing activities of the enterprise and other activities that are not investing or financing activities.

Holding Company
A parent is an enterprise that has one or more subsidiaries.

Related Party
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence on the other party in making financial and operational decisions.

Residual Value
Residual value is the net amount which the enterprise expects to obtain for an asset at the end of its useful life after deducting the expected cost of disposal.

Revenue
Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an enterprise.

Subsidiary Company
A subsidiary is an enterprise that is controlled by another enterprise (holding company).

Abbreviations

Annual General Meeting	AGM
Askari Bank Limited	AKBL
Central Depository Company	CDC
Code of Corporate Governance	CCG
Corporate Social Responsibility	CSR
China Pakistan Economic Corridor	CPEC
Dividend Per Share	DPS
Di-Ammonium Phosphate	DAP
Earnings per Share	EPS
Enterprise Resource Planning	ERP
Environmental Protection Agency	EPA
Fauji Meat Limited	FML
Fauji Foods Limited	FFL
FFBL Power Company Limited	FPCL
Fauji Fertilizer Company Limited	FFCL
Free On Board	FOB
Gas Infrastructure Development Cess	GIDC
General Sales Tax	GST
Government of Pakistan	GoP
Gross Domestic Product	GDP
Human Development Foundation	HDF
Institute of Chartered Accountants of Pakistan	ICAP
Institute of Cost and Management Accountants of Pakistan	ICMAP
International Organization for Standardization	ISO
Information & Communication Technology	ICT
International Financial Reporting Standards	IFRS
Key Performance Indicator	KPI
Memorandum of Understanding	MoU
Million Metric British Thermal Unit	MMBTU
Million Standard Cubic Foot	MSCF
National Environment Quality Standards	NEQS
National Forum for Environment & Health	NFEH
Non Governmental Organization	NGO
Pakistan Moroc Phosphore	PMP
Pakistan Stock Exchange	PSX
Securities and Exchange Commission of Pakistan	SECP
State Bank of Pakistan	SBP
Sui Northern Gas Pipeline Limited	SNGPL
Sui Southern Gas Company Limited	SSGCL
Workers' Profit Participation Funds	WPPF

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