FFC FAUJI FERTILIZER COMPANY LIMITED

WHEN FARMERS SUCCEED WE SUCCEED

Delivering Affordable Farming Inputs



Annual Integrated Report 2021

COVER STORY

Our farmers are not just the custodians of our National Food Security but the backbone of our economy as well. We have always considered them at the core of our business strategies and a significant stakeholder that ensures our sustainable success. With the increasing inflation rates around the world, prices of essential commodities have sky-rocketed. Despite this increase, the Company, demonstrating resilience in adversity, stood by its farmers and ensured the supply of urea fertilizer at about six times lower prices compared to the world market. Delivering affordable inputs not only boosted the growth rate but also improved the farm economics. Our CSR and FACE projects continue to play a pivotal role reflecting the essence of our motto “When Farmers Succeed, We Succeed.”



VISION

To be an inspiring, distinguished and globally diversified enterprise with a hallmark of excellence, trust and innovation

MISSION

Taking a lead role in the agricultural & industrial development by delivering premium products and services while maintaining a high level of social and environmental responsibility for all the stakeholders, thus providing a dynamic and challenging environment for our employees

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ڈائریکٹرز رپورٹ

کمپنی اور گروپ کی کارکردگی پر ڈائریکٹرز کا تجزیہ

ABOUT OUR INTEGRATED REPORT

OUR PURPOSE

INTEGRATED THINKING AND DELIVERY ON OUR PURPOSE

Vision
Mission

Leading Through Our Purpose

Values
Practices

Board and its subcommittees

Delivering On Our Strategy

Management

Short, medium and long-term outlook

Strategic Focus and Future Outlook

Financial and non-financial targets

Risks

Determining Our Material Matters

Opportunities

How we create value for/in our business model

Our vision and mission, transformed into our core values and code of conduct, acts as a focal point to align every one within the organizations. Our governance and strategy defines how we create value over time. Our business model elaborates in detail (page 156) the impact of various capitals and their application in the value chain, following an effective risk management and internal control, resulting in financial and non-financial outputs for our wide range of stakeholders.

Board and board subcommittees

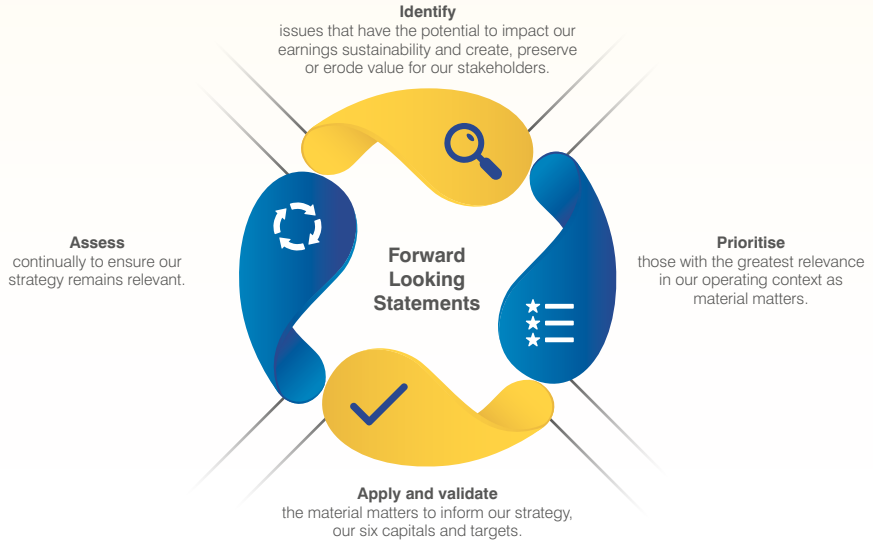
Board places great emphasis on transparency, accountability, good governance and safeguarding the interest of the stakeholders. Our governance structure is explained in detail in the Corporate Governance section on page 96.

Strategic Focus and Future Outlook

Our business strategy and future outlook defines our short, medium and long-term strategic objectives and outlook, and the resource allocation mechanism in place to implement those strategic objectives, while elaborating our measurement achievements and target outcomes. Refer to page 26 for details on corporate strategy whereas the strategic objectives have also been defined in respective capitals. Our forward looking statement (Page No. 134) addresses our expected condition and performance, status of projects disclosed last year also explaining about the sources of information and assumptions used for projections.

Risk and Opportunities

Principles of materiality are applied in assessing which information should be included in our report and our materiality assessment is also discussed in our Report. This report focuses on risks, opportunities and challenges that have a material impact on our capitals. Our risk management and internal control processes are discussed in detail on page 86. Our directors report, financial statements and sustainability report represents our integrated thinking and the way we make decisions.



OUR INTEGRATED REPORTING PROCESS



What process do we follow to complete the integrated report?

The 2021 integrated report is prepared on the basis of inputs received from various process owners of the Company and its group companies. The financial and non-financial information has been elaborated considering the materiality of the information and related internal and external reporting criteria as required by the applicable reporting frameworks. Operational and financial analyses and reviews are carried out by extracting financial information from the Audited Financial Statements with relevant comparative information. Sustainability report is reviewed by the independent reviewers.

Which reporting frameworks do we adhere to?

Our Annual Integrated Report is prepared on the basis of;

- International Integrated Reporting Council (IIRC) Integrated Reporting (IR) framework
- Reporting criteria defined by ICAP/ICMAP and SAFA

The Report in its entirety also complies with requirements of;

- Companies Act, 2017
- Code of Corporate Governance 2019
- Other applicable regulations explained in respective elements of report

The Financial Statements consistently comply with the requirements of;

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

Sustainability report additionally complies with;

- Global Reporting Initiative (GRI) Standards: Comprehensive Option for Sustainability Report
- Sustainability Accounting Standard Board (SASB) Chemical Industry Standard
- United Nations Global Compact (UNGC) "Ten Principles"

How do we ensure the integrity of our report?

Approval of Report

The Company has issued a comprehensive Annual Integrated Report 2021, which besides presentation of the Directors' Reports and financial statements, also discloses information and explanation relating to the Capitals, much in excess of the regulatory requirements to offer an in depth understanding about the management style, governance, the policies set in place by the Company, overview of its value creating business model, discloses matters related to long term sustainability and presents fairly the integrated performance during the year, and future prospects to various stakeholders of the Company. Directors' report and Financial Statements are reviewed by the Audit Committee and approved by the Board of Directors. Audit Committee believes that the Annual Integrated Report 2021 has been prepared on the basis and guidelines of International Integrated Reporting Framework. The Board has endorsed and authorized the release of their Directors Report on January 31, 2022.

External Assurances / Reviews

Our External Auditors M/S A. F. Ferguson & Co. Chartered Accountants (a member firm of PwC network) provides opinion/assurance on

- Compliance with Code of Corporate Governance
- Independent Auditors Report on Standalone and Consolidated Financial statements

External review of Sustainability report is conducted by

- BSD Consulting (Brazil)
- Nadeem Safdar & Co. Chartered Accountants

Credit Rating of Entity has been conducted by PACRA

OUR INTEGRATED REPORT

Our report intends to support Integrated thinking, elucidates our focus on creation of value over the short, medium and long term. The Report;

- improves the quality of information available to providers of financial capital
- promotes cohesive and efficient corporate reporting
- enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship)

Reporting period

The report is produced and published annually covering the period January 01 to December 31, 2021. Any material events after this date and upto the Board approval date of January 31, 2022 have also been included in line with the reporting standards.

Operating Businesses – FFC, its Subsidiaries and Associates

- Fertilizer
- Energy
- Food
- Banking
- Cement
- Technical Services

Financial and non-financial reporting

Our integrated report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value sustainably.

Targeted readers

The report is intended to address the information requirements of wide range of stakeholders including shareholders, employees, local communities, customers, governments and non-governmental organizations (NGOs) etc.

Compliance beyond reporting criterion

Covered under 'Governance practices exceeding legal requirements' and 'Disclosures beyond BCR Criteria' on pages 104 and 106 respectively.

CONTENT ELEMENTS OF THE INTEGRATED 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 ten key questions:

Core questions	Where to look for	What you will find	Page
Organizational Overview and External Environment			
What does the organization do and circumstances under which it operates?	Vision and mission statements	Our inspiration for strategic planning	02
	Code of conduct	Set of rules and beliefs that govern our decisions and behaviour	14-15
	Core values		16
	Policy statement of Ethics and Business Practices		17
	Product portfolio	Details of our operations and the environment we operate in	10-11
	Geographical presence		12-13
	Company profile and group structure		18-19
	Organizational chart		22
	Calendar of major events		23
	Competitive landscape and market positioning		29
Strategy and Resource Allocation			
Where does the organization want to go and how does it intend to get there?	Strategy and resource allocation	Goals and breakdown of objectives	26-28
	Financial Capital	Our financial resources	52-85
	Manufactured Capital	Our tangible inputs	114-118
	Intellectual Capital	Our knowledge-based intangibles	119-121
	Human Capital	Our people	122-123
Risks and Opportunities			
What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how it is dealing with them?	SWOT analysis	Analysis of the our strengths, weaknesses, opportunities and strengths	44-45
	Risk and opportunity report	Our response to specific risks and opportunities affecting our ability to create value	86-87
	Key risks and opportunities		88-95
Governance			
How does the organization's governance structure support its ability to create value in the short, medium and long term?	Profile of the Board	The experiences and competence of our Board members	32-36
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	Management Committees	Structure of our Management Committees	43
	Corporate Governance	Our governance and control framework	96-107

Core questions	Where to look for	What you will find	Page
Performance and Position			
To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	How we evolved	Timeline of our journey	20-21
	Highlights 2021	Achievements during the year	24-25
	Chairman's Review	Broad overview of where we stand and where we are headed	48-49, 306
	MD & CEO's Overview	The key drivers of our success and incisive analysis of our business	50-51
	Financial Capital	Our financial resources	52-85
	COVID-19 response strategy	How we countered the Pandemic	113
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	Intellectual Capital	Our knowledge-based intangibles	119-121
	Human Capital	Our people	122-123
	Financial performance of the Group	Group's financial resources	307-323
Outlook			
What are the challenges and uncertainties that the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	Forward Looking Statement	Our future direction and how we are equipped in responding to the critical challenges and uncertainties that are likely to arise	134-137
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What is the state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests?	Stakeholders' engagement	How stakeholders' engagement affect our performance and value, and how those relationships are managed	108-111
Financial Statements			
What is the financial performance of the Company and the Group?	FFC Financial Statements	Financial performance of FFC and Group during the year	224-300
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Sustainability and Corporate Social Responsibility			
What are the Organization's efforts relating to the various aspects of sustainability and corporate social responsibility?	Social and relationship Capital	Our performance, policies, initiatives and plans relating to the various aspects of sustainability and corporate social responsibility	128-131
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How does the Organization's business model fulfils its strategic purposes and create value over the short, medium and long term?	Value creation business model	Key components of our Business Model that make it possible to transform our resources	156-157



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01

Company Overview

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PRODUCT PORTFOLIO

Principal Activities of the Company

The principal activity of the Company is manufacturing, import and subsequently marketing of fertilizer products in addition to its investment in numerous other projects related to energy production, food processing, financial services and other chemical production.

Sona Urea P & Sona Urea G

Agricultural Use:

Urea is a concentrated straight nitrogenous fertilizer that contains 46% nitrogen, which is a major plant nutrient. 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.

In irrigated areas, urea is applied (top-dressed) in the standing crop followed by irrigation to minimize gaseous losses as ammonia volatilization. In rain fed areas, it is often spread just before rain or after rains to minimize gaseous as well as runoff losses. “Sona Urea” produced by FFC is in prills form and at FFBL is in Granular form. Granular urea has the advantage of ease in application on standing crops due to bigger size granules.

Industrial Use:

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

Sona Urea (Neem Coated)

Agriculture Use:

Neem Coated Urea is a slow release concentrated straight nitrogenous fertilizer, which is coated with neem oil. It contains 46% nitrogen, which is a major plant nutrient and a vital component of chlorophyll required for photosynthesis. Coating urea with Neem oil has been proved to be an effective natural alternative to nitrification inhibiting chemicals. Thus, it leads to gradual release of nitrogen for a longer period of time resulting in more nitrogen uptake and higher yields. Neem oil also serves as a repellent to certain soil pests like nematodes. It is applied in splits (basal & top-dressing) to promote vegetative growth of crops and orchards. Neem coated urea is also environment friendly due to its slow release characteristics.

FFC DAP & Sona DAP

Agricultural Use:

Di-ammonium Phosphate (DAP) belongs to a series of water-soluble ammonium phosphates that is produced through a reaction of ammonia and phosphoric acid. DAP is the most concentrated phosphatic fertilizer containing 46% P_2O_5 and 18% N. Physically DAP is in granular form. It is compound phosphate fertilizer. It is recommended for all crops as basal fertilizer for better root proliferation, inducing energy reactions in plants and increasing size of the grains or fruits. The solubility of 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. After soil application, DAP goes through chemical reactions with a net acidic effect, making it the most suitable phosphatic fertilizer for farmlands in Pakistan. Furthermore, as basal DAP application, accompanying nitrogen content also meets the early stage nitrogen requirements of crop plants.

Industrial Use:

Fire retardant used in commercial firefighting products. Other uses are as metal finisher, yeast nutrient and sugar purifier.

FFC SOP

Agricultural Use:

SOP (Sulfate of Potash or Potassium Sulfate) is an important source of Potash, a quality nutrient for better crop yields particularly fruits and vegetables. FFC SOP contains 50% K_2O and 18% sulfur, which are important nutrients for plant growth and development. Potash has a vital role in enzyme activation, stress tolerance, resistance against pests & diseases, increasing sugar content and translocation of photosynthetic products from leaves to other parts of the plants. Potash is an important nutrient for activation of enzymes in the plant body, develops resistance against water stress / frost injury and also helps in increasing sugar/starch contents in plants. Sulfur is important for fatty acid synthesis and therefore is important for oilseed crops. Sulfur has an additional advantage of ameliorating effect on salt-affected soils. Sulfur also helps in preventing spread of fungal or other soil borne diseases. FFC SOP is one of the finest quality products with less than 1.5% Chloride content being imported from European origin and preferred for high value crops.

Industrial Use:

Occasionally used in manufacturing of glass.

FFC MOP

Agricultural Use:

Potassium chloride (commonly referred as Muriate of Potash or MOP) is the most common potassium source used in agriculture, accounting for over 90% of all potash fertilizers used worldwide. MOP is the most concentrated form of granular potassium and typically the most cost effective source of potash. FFC MOP

contains 60% K_2O and is used for fertilizing almost all crops like sugarcane, maize, rice, wheat, cotton, orchards, vegetables and other field crops. The even granule size of MOP allows uniform field application through broadcast spreading. This product can be mixed with other fertilizer products due to physical compatibility with other granular products.

Industrial Use:

Used in medicine, scientific applications, food processing etc.

Sona Boron

Agricultural Use:

Sona Boron is a micronutrient fertilizer as Borax (Di-Sodium Tetra Borate Deca-hydrate) in 3 kg packaging. It is an essential micronutrient required for plant nutrition, which plays a vital role in a number of growth processes especially cell division, cell elongation / development, pollination, and fruit / seed setting. Keeping in view increasing boron deficiency in Pakistani soils, FFC is providing superior quality Sona Boron containing minimum 10.5% Boron. It is in crystalline form and easy to use. It is soluble in water and readily available to plants. Sona Boron can be applied with other fertilizers.

Sona Zinc

Agricultural Use:

Sona Zinc is a micronutrient fertilizer in the form of Zinc Sulphate Monohydrate (27%) in 3 kg packaging. It is an essential micronutrient required for plant nutrition, which plays an important role in number of growth processes like; synthesis of chlorophyll & proteins, enzyme activation, hormonal activity for growth regulation. Zinc also improves uptake of nitrogen and phosphorous by the plants. Zinc deficiency in soil and ultimately in diet is causing different diseases in humans and livestock. Keeping in view the wide spread deficiency of zinc in Pakistani soils (>85%), FFC is providing high quality Sona Zinc to farmers. It is in granular form and can be mixed with other fertilizers for broadcast application. Sona Zinc is water-soluble and can also be used as fertigation i.e. application with irrigation.

Renewable Energy

Supply of green / renewable wind energy to the Country, through the Company's subsidiary companies:

FFC Energy Limited

FFCEL has been incorporated to build, own and operate a 49.5 MW wind power generation facility and the onward supply of electricity to Pakistan's national grid (NTDC).

Foundation Wind Energy – I Limited

FWEL – I operates a 50 MW wind power generation facility for onward supply of electricity to Pakistan's national grid (NTDC).

Foundation Wind Energy – II Limited

FWEL – II operates a 50 MW wind power generation facility for onward supply of electricity to Pakistan's national grid (NTDC).

Technical Services

Olive Technical Services (Pvt) Limited

OLIVE is engaged in provision of Technical, Operations, Maintenance, Inspection and IT Services.

Processed Fruits and Vegetables

Fauji Fresh n Freeze Limited

To provide quality frozen Fruits & Vegetables (F&V) and French Fries to domestic market with objective of hygiene, convenience, year round availability, the Company through its wholly owned subsidiary – Fauji Fresh n Freeze Limited (FFF) is operating a state of the art Individual Quick Freeze (IQF) processing facility in Sahiwal. It has the highest food safety standards in the industry and is certified in BRC, ISO 9001, 14001, 45001 & Halal.

FFF's brand name is Opa! which is popular for frozen French Fries and F&V; FFF products have a promising potential to become a common household brand of choice in domestic market.

Currently, Opa's market share is 68% in French Fries segment. A new French Fries line is expected to commence commercial production from June 2022 which will enhance production capacity by 3 tons per hour.

The product portfolio in IQF fruits & vegetables category includes peas, sweet corn, strawberry, broccoli and mix vegetables.



GEOGRAPHICAL PRESENCE



PAKISTAN

Fauji Fertilizer Company Limited		
Head office	Rawalpindi	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Marketing office	Lahore	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Urea Plants I & II	Goth Machhi	Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab
Urea Plant III	Mirpur Mathelo	Mirpur Mathelo (District: Ghotki), Sindh
Resident Manager office	Karachi	B-35, KDA Scheme No. 1, Karachi, Sindh

FFC Energy Limited		
Head office	Rawalpindi	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Wind Power Project	Jhimpir	Deh Kohistan, Taluka Jhimpir (District: Thatta), Sindh

Fauji Fresh n Freeze Limited		
Head office	Rawalpindi	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Corporate office	Lahore	5-B, Main Jail Road, Gulberg II, Lahore, Punjab
Site office	Sahiwal	16 KM Sahiwal Pakpattan Road, Sahiwal (District: Sahiwal), Punjab

OLIVE Technical Services (Private) Limited		
Head office	Rawalpindi	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab

Foundation Wind Energy I and II Limited		
Head office	Rawalpindi	Fauji Tower, 68 Tipu Road, Rawalpindi Cantt, Punjab
Wind Power Project	Jhimpir	Gharo Creek Area (District: Thatta), Sindh

Fauji Fertilizer Bin Qasim Limited		
Head office	Islamabad	FFBL Tower, Plot No. C1/C2, Sector B, Jinnah Boulevard, Phase II DHA, Islamabad
DAP & Urea Plant	Bin Qasim	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim, Karachi, Sindh

Askari Bank Limited		
Head office	Islamabad	Third Floor, Plot No. 18, NPT Building, F-8 Markaz, Islamabad

Fauji Cement Company Limited		
Head office	Rawalpindi	Fauji Towers, Block 3, 68 Tipu Road, Rawalpindi, Punjab
Cement Plant	Attock	Jhang Bahtar, Tehsil Fateh Jang, Attock, Punjab

Thar Energy Limited		
Head office	Karachi	11th floor Ocean Tower, G-3, Block 9, Main Clifton Road, Karachi, Sindh

MOROCCO

Pak Maroc Phosphore S.A.		
Head office	Casablanca	Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco
PMP Plantsite	Jorf Lasfar	BP 118 ElJadida, Jorf Lasfar, Morocco

Addresses of the Company's marketing offices are given in note 1.1 of the Financial Statements and the Consolidated Financial Statements.

CODE OF CONDUCT

01

Gender Equality

- The Company shall strictly maintain and promote gender equality without discrimination on the basis of race, religion, ancestry, familial status, age, disability etc.
- Equal opportunities to employees in professional growth will be afforded to all irrespective of any gender or racial / religious biases.

02

Compliance to Law / Policies

- We shall not make, recommend, or cause any action, contract, agreement, investment, expenditure or transaction known or believed to be in violation of any law, regulation or corporate / Company policy.

03

Exercise of Authority

- We shall not use our respective positions / authority to force, induce, coerce, harass, intimidate, or in any manner influence any person, including subordinates, to provide any favour, gift or benefit, whether financial or otherwise, to ourselves or others.
- We shall remain refuted to any actual or attempted abuse of a position of vulnerability, differential power, or trust, for any purposes.

07

Protection of Property

- We shall not use or disclose the Company's trade secret, proprietary or confidential information gained in the performance of Company duties as a means of making private profit, gain or benefit.
- We shall protect Company's property, plant premises, supplies (all kind), production equipment and products.

08

Reporting of Illegal / Unethical Conduct

- We shall implement a strict policy for "whistleblowing" and protection against retaliation.
- Employees shall be encouraged to report any unethical behaviour, violation of laws, rules, regulations, Company policies and procedures or code of conduct to the respective committee.
- Informant shall be warranted no retaliation for reports made in good faith.

09

Reputation

- We shall maintain reputation of the Company as a valuable asset and consciousness of our reputation shall prevail in our words and deeds.

04

Business Dealings

- In business dealings with suppliers, contractors, consultants, customers and government entities, we shall not provide or offer to provide, any gratuity, favour or other benefit
- All business dealings shall be conducted strictly at an arm's length basis.
- We shall not engage in outside business activities, either directly or indirectly, with a customer, vendor, supplier or agent of the Company, or engage in business activities which are inconsistent with, or contrary to, the business activities of the Company.
- We shall deal with our business partners, suppliers and customers honestly at the same time protecting the Company's confidential information, trade secrets and business interests.

05

Personal Relationship

- All of us shall exercise utmost care in looking after business interests of the Company under situations in which a pre-existing personal relationship exists between an individual and any third party or Government employee or official of an agency with whom the Company has an existing or potential business relationship.
- Where there is any doubt as to the propriety of the relationship, the individual shall report the relationship to management so as to avoid even the appearance of impropriety.

06

Health and Safety

- We shall set a goal oriented Health, Safety, Environment and Quality (HSEQ) Management System; derived from Industry Best Practices and International Standard.
- Every employee should:
  - » Observe all applicable health and safety rules and practices.
  - » Promptly report any unhealthy or unsafe conditions or threatening or violent behaviour.
  - » Follow all security measures and guidelines for a safe work environment.
  - » Know what to do in an emergency and cooperate during the practice of emergency drills.

10

Brand Image

- Every employee shall maintain strong and consistent brand image of the Company while dealing with all stakeholders.

11

Protection of Environment

- We shall abide by all applicable environmental laws, rules and regulations including environmental quality standards.
- We shall encourage all employees to recognize and promptly report any situation posing potential or actual environmental hazard.

12

Contribution to Society

- We shall enhance and create value for the society social initiatives.
- We shall create lasting change in communities through programs designed and implemented in the light of Sustainable Development Goals, which include Commitment to implement universal principles of human rights, labour standards, environmental protection, anti-corruption, key education, health, environmental, social and humanitarian issues, investments in communities and empowering farmer's community to ensure food security.

CORE VALUES

Honesty

in communicating within the Company and with our business partners, suppliers & customers, while at the same time protecting the Company's confidential information and trade secrets

Excellence

in high-quality products and services to our customers

Consistency

in our words and deeds

Compassion

in our relationships with our employees and the communities affected by our business

Fairness

to our fellow employees, stakeholders, business partners, customers & suppliers through adherence to all applicable laws, regulations & policies and a high standard of moral behaviour

Reputation

is built / perceived as a valuable asset and the consciousness of our reputation prevails in our words and deeds

Teamwork

to synergize for achieving strategic objectives

Innovation

to create value and sustain competitive advantage

POLICY STATEMENT ON ETHICS AND BUSINESS PRACTICES

- It is the policy of FFC to follow the highest business ethics and standards of conduct. It is the obligation of every one of us to act responsibly; that is, to be honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices
- The Company's reputation and its actions as a legal entity depend on the conduct of its directors and employees. Each one of us must endeavour to act according to the highest ethical standards and to be aware of and abide by applicable laws
- We all must ensure that our personal conduct is above reproach and complies with the highest standards of conduct and business ethics, and have the obligation to ensure that the conduct of those who work around us complies with these standards. The Company's Code of Business Ethics and Code of Conduct will be enforced at all levels fairly and without prejudice
- This code to which the Company is committed in maintaining the highest standards of conduct and ethical behaviour is obligatory, both morally as well as legally and is equally applicable to all the directors and employees of the Company who all have been provided with a personal copy

COMPANY PROFILE AND GROUP STRUCTURE

At FFC, our uncompromising purpose to create value for our stakeholders and contribute to the national economy is driven by the resilience of our business model, resolve of our workforce and reach of our diversified portfolio, thereby making us stand out as one of the most robust and accomplished businesses of Pakistan.

Fauji Fertilizer Company Limited (FFC) is Pakistan's largest urea manufacturing company, incorporated in 1978 as a joint venture between Fauji Foundation, a charitable trust in Pakistan which owns 44.35% equity stake in the Company and Haldor Topsoe A/S of Denmark to set up a urea production facility with capacity of 570 thousand tonnes per annum. The Company has grown through reinvestment in fertilizer sector and at present its production capacity stands over 2 million tonnes through its three plants. The Company has contributed more than US$ 16.24 billion to the National Exchequer through import substitution of over 67 million tonnes of urea since its inception.

Fauji Fertilizer Bin Qasim Limited

Fauji Fertilizer Bin Qasim Limited (FFBL) was incorporated as FFC Jordan Fertilizer Company in 1993 and subsequently restructured as FFBL in 2003. With a Country centric approach to further relieve import pressures, FFC invested in Pakistan's first and only DAP and granular urea facility; FFBL, with a shareholding of 49.88%.

The products of both companies are marketed through FFC's well-diversified and Pakistan's largest dealer network which ensures timely supply to the farming community, besides imparting valuable knowledge on latest farming techniques. Our well recognized 'Sona' brand meaning gold thus signifying the value of our product to the farming community of the Country. FFC combined with FFBL, commanded a market share of 47% in urea and 53% in DAP in 2021 (source: NFDC).

Askari Bank Limited

As part of investment diversification, FFC acquired 43.15% equity stake in Askari Bank Limited (AKBL) against an investment of Rs 10.46 billion in 2013. The Bank was incorporated in Pakistan on October 9, 1991, as a public limited company.

It is principally engaged in the banking business, with a market capitalization of Rs 27.75 billion at the end of the year. The Bank operates throughout Pakistan with a branch network of 560 branches, including 101 Islamic banking branches, 56 sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

Fauji Cement Company Limited

Fauji Cement Company Limited (FCCL), a public limited company, was incorporated on November 23, 1992 and is listed on the Pakistan Stock Exchange (PSX). The company is primarily engaged in the manufacture and sale of different types of cement through its two production lines having an annual production capacity of 3.50 million tonnes. With an investment of Rs 1.5 billion, FFC holds 6.79% equity stake in the company.

Thar Energy Limited

Thar Energy Limited (TEL), incorporated in 2016 is a 330 MW coal based power project being developed under the CPEC in collaboration with HUB Power Company Limited (HUBCO: 60%) and China Machinery Engineering Corporation (CMEC: 10%), FFC currently holds 30% equity stake in the company.

Pakistan Maroc Phosphore S.A.

Pakistan Maroc Phosphore (PMP) is a private limited company incorporated in Morocco as a Joint Venture between FFC (shareholding of 12.5%), Fauji Foundation (12.5%), FFBL (25%) and Office Cherifien Des Phosphates (OCP) of Morocco (50%) in 2004. The company began its activities in 2008 and has a capacity to produce 375 thousand tonnes of industrial phosphoric acid per year. FFC invested in PMP to secure supply of raw material for FFBL's DAP production.

FFC

Associated Companies

Joint Venture Company

Subsidiary Companies

FFC Energy Limited

Realizing the importance of green energy, the Company pioneered into wind power generation in Pakistan by incorporating a wholly owned subsidiary, FFC Energy Limited (FFCEL) in 2009. FFCEL started commercial operations in May 2013 with a power generation capacity of 49.5 MW.

Fauji Fresh n Freeze Limited

Fauji Fresh n Freeze Limited (FFFL), operating Pakistan's only Individual Quick Freeze (IQF) food preservation technology, was acquired in 2013 as part of FFC's risk diversification strategy.

OLIVE Technical Services (Private) Limited

OLIVE Technical Services (Private) Limited has been incorporated as a wholly owned subsidiary of FFC to provide technical services pertaining primarily to engineering and information technology. OLIVE is expected to take FFC's existing services portfolio to new heights.

Foundation Wind Energy – I & II Limited

In 2021, the Company further enhanced its commendable expertise in the renewable energy sector by successfully acquiring 100% equity stake in Foundation Wind Energy – I Limited (FWEL – I) and 80% equity stake in Foundation Wind Energy – II Limited (FWEL-II). Both FWEL – I and FWEL – II have a combined wind power generation capacity of 100 MW.

HOW WE EVOLVED

1978

Incorporation of the Company

1982

Commissioning of Plant-I, Goth Machhi with annual capacity of 570 thousand tonnes of urea

1991

Listed with Karachi and Lahore Stock Exchanges

1992

Through De-Bottle Necking (DBN) program, the production capacity of Plant-I was increased to 695 thousand tonnes per year

Listed with Islamabad Stock Exchange

1993

Initial investment in Fauji Fertilizer Bin Qasim Limited (FFBL), representing 49.88% equity share

Commissioning of Plant-II, Goth Machhi with annual capacity of 635 thousand tonnes of urea

2012

Inauguration of FFC Energy Limited

Inauguration of new state of the art HO Building in Rawalpindi

2013

Acquisition of 100% equity stake in Fauji Fresh n Freeze Limited (FFFL), a pioneer Individually Quick Frozen (IQF) fruits and vegetables project

Acquisition of 43.15% equity stake in Askari Bank Limited (AKBL) representing the Company's first ever venture into the financial sector

Commencement of commercial operations by FFCEL

2014

FFCEL achieved Tariff True-up and completed first year of commercial operations

Received first ever dividend of Rs 544 million from AKBL

2015

Inauguration of FFFL

2016

Highest ever urea production of 2,523 thousand tonnes

Long term credit rating of AA and short term rating of A1+

Winning the overall top position in the Best Presented Annual Report competition conducted by the South Asian Federation of Accountants (SAFA) in SAARC region

Launch of "OPA!" French Fries brand by FFFL

2002

FFC acquired Ex-Pak Saudi Fertilizers Limited (PSFL) urea plant situated in Mirpur Mathelo (Plant-III) with annual capacity of 574 thousand tonnes of urea which was the largest industrial sector transaction in Pakistan at that time

2004

With investment in Pakistan Maroc Phosphore S.A., Morocco (PMP) of Rs 706 million, FFC acquired an equity participation of 12.5% in PMP

2008

DBN of Plant-III was executed and commissioned successfully for enhancement of capacity to 125% of design i.e. 718 thousand tonnes per annum

Investment of Rs. 1.5 billion in Fauji Cement Company Limited (FCCL), currently representing 6.79% equity participation

2010

Investment in FFC Energy Limited (FFCEL), Pakistan's first wind power generation project

2011

SAP-ERP implemented in the Company

2017

Highest ever DAP offtake of 513 thousand tonnes

Highest ever all fertilizer sales of 3,223 thousand tonnes

Maiden dividend declared by FFCEL of Rs 500 million

2018

Highest ever domestic urea sale of 2,527 KT

Investment in Thar Energy Limited of 30% equity stake

2020

Further investment of Rs 2.49 billion in FFBL maintaining 49.88% equity share

10th consecutive first position – PSX Top 25 Companies

2021

Highest ever all product revenue of Rs 109 billion

Highest ever investment income of Rs 5.99 billion

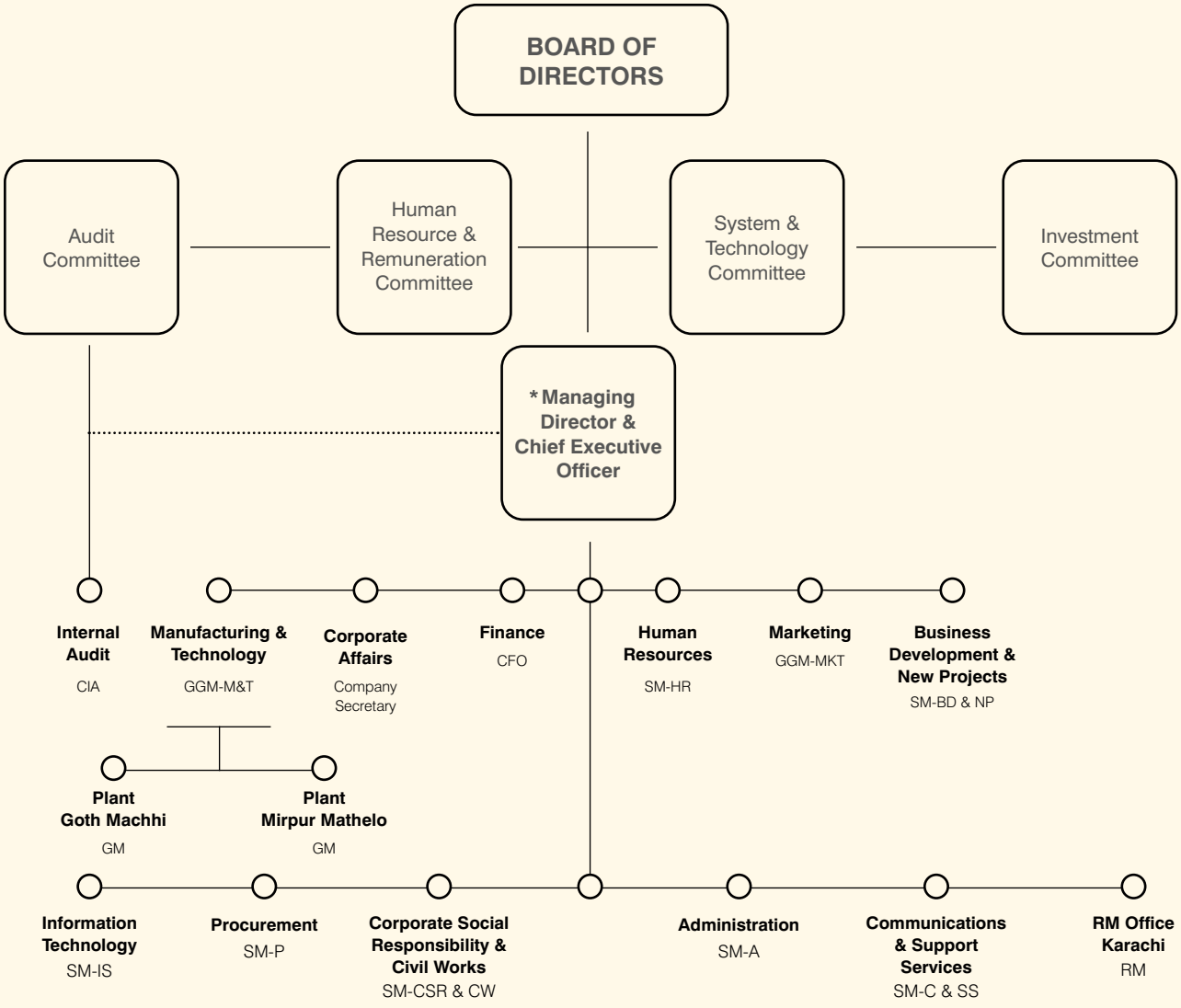
Equity investment of Rs 13.51 billion for acquisition of FWEL I & II

1st position in the "Manufacturing sector" category and overall 1st runner up in competition held by South Asian Federation of Accountants (SAFA) Best Annual Report Awards 2020

1st position in the "Chemical & Fertilizer" sector and 1st runner up in the Overall Top Position of Best Corporate Report Awards 2020 competition held by ICAP and ICMAP

2nd position in the Sustainability Report category of the Best Corporate Report Awards 2020 competition held by ICAP and ICMAP

ORGANIZATIONAL CHART



* also MD & CEO of FFCEL, FFF and OLIVE

A	Administration
BD & NP	Business Development & New Projects
CFO	Chief Financial Officer
CIA	Chief Internal Auditor
C&SS	Communication and Support Services
CSR & CW	Corporate Social Responsibility and Civil Works
GGM	Group General Manager
GM	General Manager
HR	Human Resources
IS	Information Systems
M&T	Manufacturing & Technology
MKT	Marketing
P	Procurement
RM	Resident Manager
SM	Senior Manager

Number of Employees

FFC has employed 3,272 people in its operations including plants, marketing offices and head office. Location-wise break-up of number of employees has been disclosed on page 176 of the Report.

Disclosure of total number of employees has been made in Note 42.4 of the Financial Statements.

Value Creation Business Model

Our value creation business model and process shows how we take in value, use our manufacturing facilities, people, systems and relationships to create additional value for our shareholders, employees, and other stakeholders. Detailed value chain has been disclosed on page 156 of the Report.

External Environment

Significant factors effecting the external environment and our associated responses have been disclosed in detail on page 158 of the Report.

Significant Changes From Prior Year

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

CALENDAR OF MAJOR EVENTS

01

January

204th BOD Meeting – Final dividend proposed @ 34.00%
Incorporation and registration of OLIVE Technical Services (Private) Limited

02

February

1st Corporate Briefing of 2021

03

March

43rd Annual General Meeting
205th BOD Meeting - Submission of EOI for proposed acquisition of FWEL – I & FWEL – II

04

April

206th BOD Meeting – First interim dividend announced @ 35.00%

05

July

Extra-Ordinary General Meeting - approval of FWEL – I and FWEL – II acquisition
207th BOD Meeting – Second interim dividend announced @ 26.00%
Maintained long term credit rating of AA+ and short term credit rating of A1+

06

August

Top positions in ICAP / ICMAP BCSR Awards
1st position in the 'Chemical & Fertilizer' sector
1st overall runner-up

07

September

Successful acquisition of FWEL – I and FWEL – II @ Rs 13.51 billion

08

October

Extra-Ordinary General Meeting – Election of Board of Directors
209th BOD Meeting – Third interim dividend announced @ 37.50%

09

November

2nd Corporate Briefing of 2021

10

December

Contribution to National Exchequer – over Rs 30 billion
Winner in "Manufacturing sector" category and overall 1st runner-up in SAFA Best Annual Report Awards 2020

HIGHLIGHTS 2021

2,477 KT
Sona urea sales

2,507 KT
Sona urea production

Rs 108.65 Billion
Highest ever turnover

41%
Contribution to indigenous urea production

over Rs 30 Billion
Contribution to National Exchequer

USD 1.29 Billion
Import substitution

47% (UREA)
Combined FFC / FFBL market share

53% (DAP)
Combined FFC / FFBL market share



Rs 5.99 Billion
Highest ever investment income

Rs 13.51 Billion
Acquisition of FWEL-I & FWEL-II

122%
Operational efficiency

Rs 14.50 Per Share
Dividend payout to shareholders

158
Scholarships awarded under Sona ward of farmers scholarship program

54,976
Farmers reached through our unique Agri. Services



STRATEGY AND RESOURCE ALLOCATION

Corporate Strategy

Sustain fertilizer business with alternative feedstock, diversify both domestically & internationally, engage to maximize portfolio performance and introduce customer focused differentiated products by deploying innovative culture, while remaining a responsible corporate entity.

Strategic Objective	Strategy	Opportunities / Threats
Sustain growth in fertilizer business	Identifying and implementing most suitable alternative resources of energy and increasing fertilizer market share for FFC core business sustainability and growth in fertilizer sector	FFC shall sustain its market position by utilizing its business expertise to tap alternate feedstock and maintain its future production capacities. Viability of alternate feedstock is critical for the future of fertilizer business and food security of Pakistan.
Diversify locally and globally through leveraging synergies and fostering strategic partnerships	Identify and evaluate best-suited opportunities in growth sectors through utilizing in-house business expertise and strategic partnerships	FFC's strong financial position, technical expertise along with adequate human resources enables it to diversify by pursing growing markets. In addition to organic growth in fertilizer business, FFC also identifies and evaluates inorganic growth opportunities in the market and potential M&A to diversify in new business aligned to its strengths and growth aspirations.
Strategize portfolio management to drive long-term growth and exceed shareholders' expectations	Appraise performance of existing investments and position accordingly	Dynamic business environment warrants evaluation of new opportunities and consolidation of existing position that mandates capital shift to more strategic and growing sectors prudently.
Maintain outstanding brand image by providing premium quality innovative products and services	Invest in R&D and innovative solutions for introducing new products as per the evolving needs of the customers	Strong brand image enables FFC to market new products and services while maintaining existing market position. Global developing regulations on nutrient use efficiency have opened opportunities to develop and market high efficiency fertilizer products.
Improve operational efficiency through cost economization and enhanced synergies among functions	Realign and implement policies and procedures for cost optimization and implement systems and processes to enhance synergy among functions	Optimal operations facilitate further cost economization. External factors particularly input costs and international price volatility may affect the Company's performance.
Demonstrate sustainable social, environmental and corporate governance commitment	Focus on UN Sustainable Development Goals and long-term environmental concerns especially climate change	FFC's commitment to sustainable social, environmental and corporate governance provides confidence to stakeholders which consequently generates repute par excellence in the agricultural and industrial sector of the country.
Nurture innovative thinking, teamwork and strong organizational purpose	Create a culture that nurtures innovation and entrepreneurial thinking, establish innovation platforms and enhance employee engagement.	Nurturing innovative thinking and teamwork fuels human capital efforts towards value addition in business and to develop entrepreneurial mindset. Strong organizational purpose and fast changing business environment demands innovation and teamwork to meet the challenges.

Significant Changes in Objectives and Strategies

Based on dynamic business environment, strategic objectives and their implementation strategies are developed and executed professionally.

There is no significant change in strategic objectives and strategies, however, new strategic initiatives related to the strategic objectives have been included in Strategic Plan.

Resources allocated	Human capital, financial capital, manufactured capital and intellectual capital
KPI Monitored	Production, Sales, Market Share and Net Profit Margin
Status	Various viable options for alternative feedstock are being considered
Future relevance of KPI	The KPI will remain relevant in future

Nature
Medium Term and Long Term

Priority
High

Resources allocated	Human capital and financial capital
KPI Monitored	Return on Invested Capital, Gearing Ratio and Interest Cover
Status	On-going process; hence, business opportunities are under consideration
Future relevance of KPI	The KPI will remain relevant in future

Nature
Short Term, Medium Term and Long Term

Priority
High

Resources allocated	Financial Capital
KPI Monitored	Return on Invested Capital and Share of Earning from Investments
Status	On-going process
Future relevance of KPI	The KPI will remain relevant in future

Nature
Short Term and Medium Term

Priority
High

Resources allocated	Human Capital and Financial Capital
KPI Monitored	Customer Satisfaction Index and Net Profit Margin
Status	Ongoing process
Future relevance of KPI	The KPI will remain relevant in future

Nature
Short Term and Medium Term

Priority
High

Resources allocated	Human Capital and Financial Capital
KPI Monitored	Net Profit Margin
Status	Ongoing process
Future relevance of KPI	The KPI will remain relevant in future

Nature
Short Term

Priority
High

Resources allocated	Human Capital, Financial Capital, Social and Relationship Capital and Natural Capital
KPI Monitored	Net Energy Efficiency
Status	Ongoing process
Future relevance of KPI	The KPI will remain relevant in future

Nature
Long Term

Priority
High

Resources allocated	Human Capital, Social and Relationship Capital
KPI Monitored	Employee Engagement
Status	System is being reinforced to promote a culture of innovation
Future relevance of KPI	The KPI will remain relevant in future

Nature
Long Term

Priority
High

STRATEGY AND RESOURCE ALLOCATION

External Environment Impact on Strategy and Resource Allocation

Business environment remains in a state of a flux, hence, FFC proactively addresses new developments in technology, sustainability, Environment, Social and Governance (ESG) etc. Such externalities have a profound influence in reshaping the future business strategy of the organization. Every coming year, this well worked out strategy is refined and then crystalized into a coherent action plan. Management monitors imminent challenges and prioritizes its actions through appropriate resource allocation. Nonetheless, any development that has potential to materialize in future also remains under the radar for effective planning and formulation of alternatives.

Strategic Decisions Process

FFC has strengthened its Strategic Planning and Management System for development and execution of the strategic planning process in the organization. A dedicated Corporate Strategy Office is in place for strategic planning and its management. Moreover, strategy is evolved keeping it aligned with the vision and incorporating the associated risks, both at developmental and implementation stages. Considering the risk appetite of the organization, strategic decisions are deliberated at multiple levels before approval and subsequent implementation.

Positioning in the Wider Market

The organization has an established R&D set up for development of new varieties of fertilizers based on the customer, market and global sustainability needs. FFC is positioned to offer wide variety of fertilizers to farmers which are tailored through its extensive agri-services support, experienced agri-scientists and data driven fertilizer application solutions. FFC is the only fertilizer manufacturer whose products are delivered to farmers all across the Country.

Long Term Strategies' Relation with Current Business Model

Being an agrarian economy, Pakistan's economic activities directly or indirectly are predominantly connected to agriculture sector. As world's fifth most populous country, agriculture and food security will remain important in this market as well as for policymakers. Sustainability of core business, i.e., manufacturing and marketing of fertilizers is one of the key components of FFC's long-term strategy, whether it is based on existing or new sources of raw material.

Resource Allocation Plans to Implement Strategy

To achieve the strategic objectives of the organization, resource allocation plans are prepared and resources are allocated to the strategic initiatives. These resource allocation plans include required financial and human resources to implement the strategy. In this way, business planning is aligned to strategic planning in the organization.

Measurement of Achievements & Target Outcomes in Short, Medium and Long Term

Strategic Plans are made which cover the measurement of strategic objectives through Key Performance Indicators (KPIs), their benchmark and performance criteria. Real time measurement and reporting of KPIs is done for the Management to exercise control and support decision-making process. On the other hand, Strategic Initiatives in Strategic Plan help achieve desired outcome of the strategy. Like KPIs, these strategic initiatives / projects are also continuously monitored with respect to scope, cost and timeline for management information and control.

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

FFC Marketing Group has a large distribution network serving farmers throughout the Country. The vast network of fertilizer dealers provides logistical and working capital efficiencies, while providing products to the farmer in a timely manner.

The numerous challenges that farmers face on a daily basis create opportunity for FFC to be a business partner, and to provide meaningful support / guidance through its Farm Advisory Services.

The competitive landscape and market positioning is explained below:



Potential of new Entrant into the Industry

The entry of a new competitor is currently a smaller risk in the domestic fertilizer market due to highly capital-intensive industry, scarcity of raw material and market saturation rendering the market unattractive.

Any new entrant to the industry would require significant financial resources for infrastructure, machinery, R&D and advertising. Access to distribution channels would also be difficult because of close linkage of the incumbents. Further, current industry players have cost advantages that cannot be easily replicated by a potential entrant.



Power of Suppliers

FFC's 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 in addition to supply of debt for meeting working capital and other financial requirements.

During the year, the Company received uninterrupted feed and fuel gas supply from Mari Petroleum Company Limited on predetermined rates fixed by the Government. Other procurements, both local and international, were made in line with the Company's approved budget.

The Company's high credit worthiness is evidenced by its long term credit rating of AA+ and short term credit rating of A1+ which enables us access to better interest rates and loan terms.



Competition in the Industry

The retail landscape of Pakistan's fertilizer sector comprises competitors of differing size and ownership structures. In the case of Urea, our primary competitors are other indigenous fertilizer manufacturing companies whereas in case of other fertilizers, the market comprises of large as well as smaller independent importers.

Most of the fertilizer manufacturers have high fixed cost structures in land, capital equipment and significant personnel related costs. This gives existing competitors a strong economic incentive to strive for market share more aggressively than if they had low fixed costs. Each additional percent of the market allows them to spread their fixed costs and brings a better net margin.

During the year, FFC combined with FFBL commanded a market share of 47% in Urea and 53% in DAP (source: NFDC).



Threat of Substitute Products

With the ever increasing population, there simply will be more 'mouths' to feed per acre. Therefore, providing the right amount of primary as well as secondary nutrients, at the right time becomes more critical and a bigger challenge.

While one nutrient cannot be used as a substitute for another, changes in technology have had and will continue to have significant implications on crop yield.

FFC invests heavily in research and development to strive for more efficient product that results in high yield per acreage. Besides manufacturing Urea and importing DAP, the Company also imports secondary and micro nutrients including sulphur, zinc, boron etc with an aim to better enable its customer to enhance the potential of their cultivable land.



Power of Customers

FFC has invested significantly over the years in customer relationship management going beyond extending credit facilities and trade discounts. Through Agri. Services, FFC 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 success and performance depend upon the loyalty of our customers, their preference of the 'Sona' brand and our supply chain management.

COMPANY INFORMATION

Board of Directors

Mr Waqar Ahmed Malik
Chairman

Mr Sarfaraz Ahmed Rehman
Managing Director & Chief Executive Officer

Dr Nadeem Inayat
Mr Saad Amanullah Khan
Ms Maryam Aziz
Maj Gen Naseer Ali Khan, HI(M) (Retd)
Mr Peter Bruun Jensen
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retd)
Syed Bakhtiyar Kazmi
Mr Shoaib Javed Hussain
Dr Hamid Ateeq Sarwar
Dr Ayesha Khan
Mr Jehangir Shah

Chief Financial Officer

Mr Mohammad Munir Malik
Tel No. +92-51-8456101
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E-mail: munir_malik@ffc.com.pk

Company Secretary

Brig Asrat Mahmood, SI(M) (Retd)
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Mirpur Mathelo

(Distt: Ghotki), Pakistan
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Fax No. +92-723-661462

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+92-51-2870045-85
Fax No. +92-51-2206473

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CDC Share Registrar Services Limited
CDC House, 99 - B, Block - B
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400
Tel: +92-0800-23275
Fax: +92-21-34326053

BANKERS

Conventional Banks

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
SAMBA Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited
Zarai Taraqiati Bank Limited

Islamic Banks

Al Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Bank Alfalah (Islamic)
Dubai Islamic Bank Pakistan Limited
MCB Islamic Bank Limited
Meezan Bank Limited
The Bank of Khyber

www.ffc.com.pk



PROFILE OF THE BOARD



Waqar Ahmed Malik

Chairman

Joined the Board on April 9, 2020

Mr. Waqar Malik is the Managing Director and Chief Executive Officer of Fauji Foundation. He is also serving as Chairman on the Boards of following companies:

- Askari Bank Limited
- Askari Cement Limited
- Daharki Power Holdings Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Cement Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Fresh n Freeze Limited
- Fauji Infraavest Foods Limited
- Fauji Kabirwala Power Company Limited
- Fauji Oil Terminal and Distribution Company Limited
- Fauji Trans Terminal Limited
- FFBL Power Company Limited
- FFC Energy Limited
- Foundation Power Company Daharki Limited
- Foundation Wind Energy-I & II Limited
- Mari Petroleum Company Limited
- Pakistan Maroc Phosphore SA — Director
- Pakistan Mobile Communications Limited — Director
- Pakistan Oxygen Limited
- Rafhan Maize Products Company Limited — Director

Mr. Malik's corporate & business experience spans over 30 years with Fortune 500 companies across three continents. A specialist in Strategy, Corporate / Business leadership and Board Governance. His professional experience includes managing and leading businesses in the petrochemicals, consumer and the life sciences industry, and leading large and complex manufacturing-based operations as well as M & A activities. His career with the ICI Pic group based in the UK and then Akzo Nobel in the Netherlands provided him opportunity to work in Europe, the largest foreign investment in the chemical sector. For over 10 years, he served as the Chief of Lotte Pakistan limited.

Outside his career his engagements been: Chairman of Sui Southern Gas Company Limited and Noesis (Private) Limited, Member of Board of Central Bank of Pakistan, Board of OGDCL and Karachi Port Trust and Directorship of IGI Insurance Limited, ENGRO Corp, Engro Polymer chemicals Limited and TPL Direct Insurance.

He remained President of Overseas Investors Chamber of Commerce & Industry, MAP, Director Pakistan Business Council, Trustee of LUMS, Duke of Edinburgh Trust, The Indus Valley School of Art & 1-care Pakistan.



EC SC CC

Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer (MD&CEO)

Joined the Board on October 16, 2021

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

- Askari Bank Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited — Chairman
- Fauji Meat Limited — Chairman
- FFBL Power Company Limited
- Foundation Wind Energy-I & II Limited
- Hisaar Foundation
- International Fertilizer Association
- International Packaging Films Limited
- OLIVE Technical Services (Private) Limited — Chairman
- Pakistan Maroc Phosphore SA
- Patients Aid Foundation
- Thar Energy Limited
- Unilever Pakistan Foods Limited

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

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

Mr. Sarfaraz was contracted to Grant Thornton for 2016-17 as an executive coach during a culture change project at UBL. He 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 is on the Board of MAP and Patient Aid Foundation.

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

Mr. Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, 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.



AC ST IC

Dr Nadeem Inayat

Non-Executive Director

Joined the Board on June 20, 2013

Dr Nadeem Inayat is the Senior Director Strategy and Merger & Acquisitions at Fauji Foundation and holds directorship on the Board of following companies along with Fauji Fertilizer Company:

- Askari Bank Limited
- Askari Cement Limited
- Daharki Power Holdings Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Cement Company Limited
- Fauji Electric Power Company Limited — Chairman
- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Fauji Fresh n Freeze Limited
- Fauji Infraavest Foods Limited
- Fauji Kabirwala Power Company Limited
- Fauji Meat Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- Foundation Power Company Daharaki Limited
- Foundation Wind Energy-I & II Limited
- Mari Petroleum Company Limited
- Pakistan Maroc Phosphore S.A.
- The Hub Power Company Limited — Independent Director

Dr Inayat holds a Doctorate in Economics and has over 28 years of diversified experience in the corporate sector particularly in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, and collaboration with donor agencies.

He also conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics.

AC Audit Committee | HR Human Resource & Remuneration Committee | ST System & Technology Committee | IC Investment Committee | Chairman / Chairperson | EC Executive Committee | SC Strategy Committee | CC CSR Committee



AC HR

Saad Amanullah Khan

Independent Director

Joined the Board on September 29, 2018

Mr Khan has three decades of experience working for Procter & Gamble in Europe, Middle East and Pakistan and been the CEO of Gillette Pakistan for last 7 years. He was twice elected as President of American Business Council (ABC) the largest single country business chamber in Pakistan and twice to the Executive Council of Overseas Investors Chamber of Commerce and Industry (OICCI).

Currently, he holds independent directorship on the board of following companies along with Fauji Fertilizer Company:

- Burque Corporation
- International Packing
- Jaffer Brothers
- NBP Funds
- Unity Foods
- ZIL Corporation

Mr Khan also helped in co-founding the following organizations:

- I AM KARACHI (IAK) — President
- OMNI KARTING (opening soon in Karachi) — Director
- Pakistan Innovation Foundation (PIF) — Chairman
- South East Asia Leadership Academy (SEALA) — Ex-Chairman & Director

Co-Founder of Big Thick Burgerz restaurant chain, works as a volunteer at JPMC and sits on board of another six social enterprises.

He is a published author, "It's Business, It's Personal" which was published in 2016 to assist management how to set a company's vision and on how to deliver it through organizational excellence.

He is a graduate of the University of Michigan, Ann Arbor MBA program and holds two engineering degrees in Systems Engineering and Computer Science.



ST IC

Maryam Aziz

Independent Director

Joined the Board on July 5, 2019

Ms Aziz is a highly experienced finance and audit professional, with over 20 years of professional experience in financial reporting, audit and risk management. She is a Fellow Chartered Accountant from the Institute of Chartered Accountants of Pakistan, completing her article-ship from KPMG Taseer Hadi Khalid & Co. She also holds professional certifications from Institute of Internal Auditors, US, ACCA UK and CIMA UK.

Ms Aziz was associated with ORIX Group, a Japanese multinational financial group for twenty years in both local and international roles and served at various critical positions in the Group both within and outside Pakistan, including Chief Financial Officer, Chief Internal Auditor, Group General Manager and Head of Enterprise Risk Management, Internal Control Advisor to ORIX Group and Finance Director in the ORIX group company in Kazakhstan. She has conducted and supervised multiple advisory and internal audit assignments for ORIX group companies in the MENA region.

She is a certified director under the Code of Corporate Governance and is a member of Pakistan Institute of Corporate Governance. She brings with her extensive experience of the financial services industry in the areas of governance, risk management, compliance, audit and financial reporting.



HR ST

Major Gen Naseer Ali Khan

HI(M) (Retired)

Non-Executive Director

Joined the Board on October 1, 2019

The General is a Member of Board of Directors of Fauji Fertilizer Company along with directorship of following companies:

- Askari Cement Limited
- Daharki Power Holding Limited
- Fauji Cement Company Limited
- Mari Petroleum Company Limited

He was commissioned in the First (Self-Propelled) Medium Regiment Artillery (Frontier Force) in 1983. He is a distinguished graduate of National Defence University Islamabad, US Army War College, French War College, Command and Staff College Quetta and School of Artillery Nowshera. He has three Masters and an M. Phil Degree (Public Policy and Strategic Security Management) to his credit.

During his illustrious military career, he held various prestigious Command, Staff and Instructional assignments, to include GSO-III and BM of Infantry Brigades, Command of two Self-Propelled Artillery Regiments and Directing Staff at Command & Staff College Quetta and National Defence University Islamabad. He also served in Military Operations Directorate, GHQ on a key position and commanded a Division Artillery and an Infantry Brigade in Operation Al-Mizan in South Waziristan. Later, on promotion to the rank of Major General, he served in HQ Southern Command as Chief of Staff, commanded an Infantry Division and served in Joint Staff Headquarters as Director General Operations and Advisor.

General has broad exposure to Strategic Stability & Security issues and experience of executing tasks related to Strategic Management, Corporate Governance, Productivity Enhancement, Academic Research & Policy Development, Operational and Logistic Planning, Analytical Optimization, Training & Capacity-Building and Monitoring & Evaluation.

He was awarded Hilal-e-Imtiaz (Military) by the Government of Pakistan in 2015.

PROFILE OF THE BOARD



ST

Peter Bruun Jensen

Non-Executive Director

Joined the Board on August 20, 2020

Mr Jensen is Technical Director in Haldor Topsoe A/S Global Service Chemicals, with responsibility of coordinating the industrial feedback from the fertilizer industry and development of the ammonia technology. He has qualifications within work of the board, project management, and safety hazard analysis of chemical and petrochemical plants. He has profound experience in engineering, commissioning and operation of ammonia, methanol, and hydrogen plants, and has accomplished several troubleshooting tasks around the world.

He graduated from the Technical University of Denmark as Master of Science in Chemical Engineering and has more than 33 years of experience in refinery and chemical engineering. He served as engineer in various position for Exxon/ Statoil's refinery in Denmark before he joined Haldor Topsoe in 1989.

Mr Jensen commenced his carrier in Haldor Topsoe as process engineer in the project engineering and development department and was subsequently posted to Karnaphuly Fertilizer Plant in Bangladesh for commissioning and subsequently assigned as ammonia plant manager.

After returning from his assignment in Bangladesh, he became project manager and commissioning manager for various projects around the world.

Prior to his current position as Technical Director, he was technical service contract manager and liaison officer for Haldor Topsoe's regional office in South America and in addition senior technical advisor for Topsoe's Subcontinent Ammonia Investment Company.

Mr Jensen has published several technical papers for presentation at AIChE and CRU Conferences.



HR

Maj Gen Ahmad Mahmood Hayat,

Hi(M) (Retired)

Non-Executive Director

Joined the Board September 10, 2020

The General is the Director Health at Fauji Foundation and holds directorship on the Board of following companies along with Fauji Fertilizer Company:

- FFC Energy Limited
- Mari Petroleum Company Limited

He was commissioned in a Cavalry Regiment of the Army on September 6, 1984. He is a graduate of Command and Staff College Quetta, Command and General Staff College Fort Leavenworth USA, National Defence University Islamabad and National Management College, Lahore. Holds a Master's Degree in War Studies from Quaid-e-Azam University Islamabad and Master of Military Art and Science from Fort Leavenworth USA.

He has commanded an Armour Regiment, Independent Armoured Brigade Group, Infantry Brigade and Infantry Division. He held various staff appointments to include Adjutant / Instructor Pakistan Military Academy, Brigade Major of an infantry Brigade, General Staff Officer-2 and 1 at CGS Secretariat, General Staff Officer-1 at Military Operations Directorate, Chief of Staff of a Corps, Director General in Inter Service Intelligence and Director General Defence Export Promotion Organization.

In recognition of his meritorious service, he has been awarded Hilal-i-Imtiaz (Military).



AC IC

Syed Bakhtiyar Kazmi

Non-Executive Director

Joined the Board on November 18, 2020

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

He holds directorship on the Boards of following companies along with Fauji Fertilizer Company:

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

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

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

AC Audit Committee | HR Human Resource & Remuneration Committee | ST System & Technology Committee | IC Investment Committee | Chairman / Chairperson | EC Executive Committee | SC Strategy Committee | CC CSR Committee



Shoaib Javed Hussain

Non-Executive Director

Joined the Board on March 26, 2021

Mr Hussain is the Chairman of State Life Insurance Corporation of Pakistan and holds Directorship in Fauji Fertilizer Company Limited and Pakistan Cables Limited.

He has over 20 years of management experience at leading Global Insurance Groups & Consultancies in the United Kingdom and Asia. Through his global engagements across Europe, North America and Asia, Mr. Hussain brings on board his deep understanding and knowledge of finance, audit, risk and strategy matters with a proven track record of:

- proactive, dynamic, driven leadership with effective delivery from the conceptual stage through to successful implementation
- expert analysis and decision-making skills; utilising technical acumen and strategic depth
- leading and delivering strategic projects including M&A, due diligence and capital and liquidity management
- in-depth experience of leading financial audits and risk management programs
- initiating policy and control improvements and driving programs that enhance transparency, governance and control
- strong experience of industry and regulatory engagement on global supervisory developments and lobbying with international regulators and supervisory authorities

Before joining State Life, Mr. Hussain has held senior leadership and management positions with AIA Group Ltd, Milliman, Prudential plc, EY and HSBC. He began his career at an Actuarial consultancy in Pakistan, holds an MSc in Actuarial Management from Cass Business School, City University, London and is a Fellow of the Institute of Actuaries (UK).



Dr Hamid Ateeq Sarwar

Non-Executive Director

Joined the Board on June 07, 2021

Dr Sarwar, a BS-21 officer of Inland Revenue Service, currently holding the position of Additional Secretary, Ministry of Industries & Production (MOI&P), Islamabad. He brings with him rich professional experience, spanning over 27 years; from Income Tax Officer, Deputy Commissioner of Income, Additional Director, Directorate General of Training, Income Tax Commissioner Inland Revenue and Chief Commissioner to Member (Inland Revenue Policy).

He is a hard-core professional tax-collector who qualified CSS in 1992 and post initial training and Directorate, was posted in the Income Tax Department at Lahore. He has the distinction of serving in various capacities in the corporate zones dealing with cases of companies/corporations for over a period of 25 years. He also worked as Member (FATE), FBR, Islamabad.

During his illustrious career he was declared as the best Additional Commissioner, got LUMS NMF GOLD MEDAL in EMBA and President's Gold Medal in Final Passing out Examination conducted by Federal Public Service Commission. He also got several Meritorious and Special Meritorious rewards by the Chairman, FBR and awarded Best Teacher by Directorate General of Direct Tax Training in 2001.

As Additional Secretary, he is representing as Director on the Boards of EPZA-Karachi and NFML - Lahore, and NIP-Karachi as Chairman. He is dealing with numerous affairs including, Senate & National Assembly's Standing Committee on I&P and Meetings of Inter-Ministerial Committee & ECC of the Cabinet, Fertilizer Review Committee (FRC), Sugar Advisory Board (SAB), NPMC, review meeting on PSDP, transaction of Pakistan Steel Mills Corporation (PSMC), Cabinet Committee on Institutional Reforms (CCIR), Asian Development Bank (ADB) for formulation of Industrial Policy and Auto Industry Development & Export Plant (AIDEP) 2021-26.



HR IC

Dr Ayesha Khan

Independent Director

Joined the Board on October 09, 2021

Dr Khan is the Regional Country Director for Pakistan at Acumen Fund Inc. NY and has a strong background in business strategy, economic development, and international business that spans across North America, Asia and the Middle East. She holds directorship of Bank Alfalah (a leading commercial bank) and NRSP Bank (largest microfinance bank focused on rural farmers) along with Fauji Fertilizer Company.

She has previously worked as the head of strategy at HBL - the largest bank in Pakistan and was the first person to hold this position at the bank. She has also worked in New York as a management consultant with McKinsey and Company, where she focused on the financial sector, and at the UNDP, where she worked on the Millennium Development Project.

Dr Khan holds a doctorate from Harvard Business School, where she focused on understanding how to build successful businesses in emerging markets. She has authored various case studies on international business strategy and published several articles focused on emerging markets for different publications - including the Harvard Business Review. She also holds a Masters in International Development (MPA-ID) from the Harvard Kennedy School; and completed her undergraduate degree in Economics from Princeton University.

PROFILE OF THE BOARD

AC Audit Committee | HR Human Resource & Remuneration Committee | ST System & Technology Committee | IC Investment Committee | Chairman / Chairperson | EC Executive Committee | SC Strategy Committee | CC CSR Committee



AC IC

Jehangir Shah

Independent Director

Joined the Board on October 09, 2021

Mr Shah is an Independent Director of Fauji Fertilizer Company and holds directorship of following companies:

- International Industries Limited — Independent Director
- Pak Oman Asset Management Company — Nominee Director

He has over forty years experience in commercial banking, private & personal banking and leasing. He has had overseas work experience in UAE, Egypt and Brazil, and is currently Deputy Managing Director, Pak Oman Investment Company Limited (POICL), a joint venture between the Government of Pakistan and Sultanate of Oman.

Previously he has served as Country Manager-Pakistan of Oman International Bank SAOG and as Managing Director and CEO of Capital Assets Leasing Corporation Limited (Calcorp). His former employments include those at Habib Credit and Exchange Bank and Bank of Credit and Commerce International.

Mr Shah was a Sponsor and Executive Director of Pak Gulf Leasing Company Limited, listed on the Pakistan Stock Exchange in 1996.



EC SC CC

Mohammad Munir Malik

Chief Financial Officer

Mr Malik is currently the Chief Financial Officer of Fauji Fertilizer Company Limited (FFC) and FFC Energy Limited. He joined FFC in 1990 and has served as Group General Manager - Marketing prior to his appointment as CFO in 2015.

He is also a Director on the Boards of:

- Askari General Insurance Company Limited
- Fauji Fertilizer Bin Qasim Limited
- FFBL Power Company Limited
- Fauji Fresh n Freeze Limited
- Foundation Wind Energy - I Limited
- Thar Energy Limited

During his career in FFC, he has worked at various key positions in Finance and Marketing Groups and has been actively involved in the strategic / financial planning of the Company. He had an instrumental role in buyout of ex-Pak Saudi Fertilizer Limited including arrangement of syndicated debt, now FFC Plant-III. He also has played vital role in the strategic alignment of FFC's diversification portfolio which includes expansion into energy sector through participation in setting up Thar Energy Limited, a coal-based power plant, and acquisition of Foundation Wind Energy I & II (Renewable Energy).

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

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



EC SC CC

Brig Asrat Mahmood

SI(M) (Retired)

Company Secretary

He joined Fauji Fertilizer Company Limited as Company Secretary on April 13, 2020, and holds the appointment of Company Secretary in FFC Energy Limited, Fauji Fresh n Freeze Limited and OLIVE Technical Services (Private) Limited also.

He was commissioned in Pakistan Army in March 1987, had a distinguished career of 32 years and served on varied command, staff and instructional appointments. The Brigadier is a graduate of Command and Staff College, Quetta and National Defence University Islamabad, besides attending professional courses abroad. He holds MSc in Strategic Studies and Defence Management, Masters in Business Administration and Diploma in German Language to his credit.

In recognition of his meritorious service, he was awarded Sitara-e-Imtiaz (Military).

He also holds certification of Director's Training Program from Pakistan Institute of Corporate Governance (PICG) along with numerous short courses on Management, HR, Disaster Management etc.

BOARD COMMITTEES

Audit Committee

FFC's Audit Committee comprises of four (04) non-executive members, two of whom including the Chairman are independent non-executive directors. The members are a group of highly qualified individuals comprising a charted accountant a Masters' in Business Administration and an experienced financial sector professional having over 35 years of vast experience.

The Committee met five times during the year. Separate meetings were also held with the Company's external and internal auditors in compliance with regulatory requirements.

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

Audit Committee

4	–	2	2	Independent	5
Members	Female	Independent	Non-Executive	Chairman	Meetings

Directors	Status	21st Jan	21st Apr	16th Jul	20th Oct	13th Dec	Total
Mr Saad Amanullah Khan Chairman	Independent						5
Dr Nadeem Inayat Member	Non-Executive	√			√		5
Ms Maryam Aziz Member	Independent				N/A		3
Syed Bakhtiyar Kazmi Member	Non-Executive				√		5
Mr Jehangir Shah * Member	Independent	N/A					2

* Mr Jehangir Shah appointed as Member in place of Ms Maryam Aziz w.e.f October 09, 2021

Salient Features and Terms of Reference

The Board of Directors shall provide adequate resources and authority to enable the committee to carry out its responsibilities effectively. The Committee shall be at the policy making level and may not infringe on the Management function. The terms of reference of the committee shall include the following:

- Determination of appropriate measures to safeguard the company's assets.
- Jointly review with Investment Committee and recommend to the Board business strategy, any proposal of new investment, acquisition, JV and divestment(s) in line with Company's investment and diversification strategy.
- Review of annual and interim financial statements of the company including Director's Report, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas.
  - significant adjustments resulting from the audit.
  - going concern assumption.
  - any changes in accounting policies and practices.
  - compliance with applicable accounting standards.
  - compliance with listing regulations as applicable, and other statutory and regulatory requirements.
  - all related party transactions.
- Review of preliminary announcements of results prior to external communication and publication.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Review of management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.

BOARD COMMITTEES

- Review of the scope 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. The performance appraisal of head of internal audit shall be done jointly by the Chairman of the Committee and the MD & CEO.
- The head of internal audit may be removed only upon recommendation of the audit committee.
- The head of internal audit shall functionally report to the audit committee and administratively to the MD & CEO.
- Consideration of major findings of internal investigations of activities characterized as fraud, corruption and abuse of power and management's response thereto.
- 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 of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports.
- Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive and to consider remittance of any matter to the external auditors or to any other external body.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with Listed Companies CCG (where applicable) and identification of significant violations thereof.
- Review of arrangement for staff and management to report to committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
- Recommend to the board of directors 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. The board of directors shall give due consideration to the recommendations of the committee and where it acts otherwise, it shall record the reasons thereof.
- The Committee shall also review the annual business plan, including cash flows prior to its approval by the Board of Directors.
- The Committee shall also monitor briefings by management to the Board, of the Company's Key Performance Indicators (KPIs) in comparison with the Industry.
- To review the effectiveness of risk management procedures and to present a report to the Board in this respect, the committee shall:
    - Monitor and review of all material controls (financial, operational, compliance).
    - Ensure that risk mitigation measures are robust along with integrity of financial information.
    - Ensure appropriate extent of disclosure of company's risk framework and internal control system in Directors Report.
- The Committee shall review the vision and / or mission statement monitoring the effectiveness of the company's governance practices and overall corporate strategy for the company before adoption by the Board.
- Ensure, in consultation with MD & CEO and jointly review with HR&R Committee that succession plans are in place for key appointments i.e. Chief Financial Officer and Head of Internal Audit.
- Review Internal Audit personnel resource ensuring balanced representation of finance, business and technical experts in the department.
- Consideration of any other issue or matters or may be assigned by the Board of Directors.

Human Resource & Remuneration Committee

FFC's HR&R Committee consists of two non-executive and two independent non-executive members, none of whom are involved in the Company's management nor are connected with any business or other relationships that could interfere materially with, or appear to affect, their judgment.

The Chairperson of the Committee is an independent non-executive director, and the MD&CEO does not hold membership of the Committee. The HR&R Committee met five (5) times during the year, which is beyond the minimum regulatory requirement of two meeting per annum.

Human Resource & Remuneration Committee

4	1	2	2	Independent	5
Members	Female	Independent	Non-Executive	Chairperson	Meetings

Directors	Status	19th Jan	21st Apr	12th Jul	21st Sep	08th Dec	Total
Dr Ayesha Khan * Chairperson	Independent	N/A				√	1
Ms Maryam Aziz Chairperson	Independent					N/A	4
Maj Gen Naseer Ali Khan, HI(M) (Retired) Member	Non-Executive	√	√	√			5
Mr Farhad Shaikh Mohammad Member	Independent					N/A	4
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired) Member	Non-Executive		X		X		3
Mr Saad Amanullah Khan * Member	Independent	N/A					1

* Dr Ayesha Khan appointed as Chairperson in place of Ms Maryam Aziz w.e.f October 09, 2021
* Mr Saad Amanullah Khan appointed as Member in place of Mr Farhad Shaikh Mohammad w.e.f October 09, 2021

Salient Features and Terms of Reference

The Committee shall be at the policy making level and may not infringe on the Management function. It shall play an advisory role and it may make recommendations to the Board for approval, including but not limited to the following:

- Review / make modifications, if needed, in HR Policies after every three years and review Compensation Strategy and Code of Conduct as and when needed.
- Review / make modifications in Training Strategy as and when needed.
- Conduct periodic review of the Good Performance Awards, Long Term Service Award Policy and Safety Awards for safe plant operations.
- Review and recommend to the Board, in consultation with the Company Secretary, the selection / appointment / re-appointment, evaluation, compensation / benefits, increments, performance bonuses, fringe benefits including retirement benefits, and terms and conditions of service agreement of the MD&CEO.
- Ensure, in consultation with the MD&CEO, that succession plans are in place and review such plans at regular intervals for those executives whose appointment requires Board approval (under Code of Corporate Governance), namely, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their promotions, terms of appointment and remuneration package in accordance with market positioning. The succession plans for CFO and Head of Internal Audit be jointly reviewed with Audit Committee.
- Review function-based Management Structure / Organogram of the Senior Management of the Company, and where required, recommend to the Board for approval, any change thereto.
- Undertaking annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing name, qualifications and major terms of appointment.
- Conduct periodic reviews of the amount and form of Directors' compensation with respect to structure and services of the Board and its committees in relation to current norms. Recommend any adjustments for Board consideration and approval.

BOARD COMMITTEES

- Periodic review of the amount and form of reimbursement for terminal benefits in case of death of any employee in relation to current norms.
- Consider any changes to the Company's retirement benefit plans including gratuity and pension based on the actuarial reports, assumptions and funding recommendations.
- Recommend and obtain approval of financial package for CBA agreement from the Board of Directors.
- Carryout annual review of grievances initiated in accordance with the Grievance Policy.
- Review and recommend administrative nature Capex Projects (Housing, Vehicles, Air-conditioning etc).

System & Technology Committee

The committee comprises of four (04) members appointed by the Board from among the Board Members. The committee is to meet at least twice a year at an appropriate time and otherwise required.

System & Technology Committee

4	1	1	3	Non-Executive	4
Members	Female	Independent	Non-Executive	Chairman	Meetings

Directors	Status	14th Jan	26th Mar	12th Jul	8th Dec	Total
Mr Peter Bruun Jensen * Chairman	Non-Executive	N/A				1
Mr Qamar Haris Manzoor Chairman	Non-Executive				N/A	3
Dr Nadeem Inayat Member	Non-Executive	√	X	X	X	1
Maj Gen Naseer Ali Khan, HI(M) (Retired) Member	Non-Executive	√		√		4
Ms Maryam Aziz * Member	Independent	N/A				1

* Mr Peter Bruun Jensen appointed as Chairman in place of Mr Qamar Haris Manzoor w.e.f October 09, 2021
* Ms Maryam Aziz appointed as new Member w.e.f October 09, 2021

Salient Features and Terms of Reference

The Committee shall be at the policy making level and may not infringe on the Management function. It shall play an advisory role and it may make recommendations to the Board for approval, including but not limited to the following:

- Set out the asset / plant upgradation and maintenance strategy and recommend the same for Board approval.
- Review of the company's annual CAPEX Budget relating to the plants / other locations in category of essential / mandatory equipment entailing reliability, sustainability, HSE and also the projects requiring Energy & Capacity Revamps but justified against Cost Benefit Analysis and recommend for Board's approval.
- Review of the plant performance / KPI's (on bi-annual basis) actual vs budgeted based on rapidly depleting natural gas resources and consequent impact on overall plant performance and energy index.

Following are the KPIs pertaining to Manufacturing & Operations:

  - o Production
  - o Service Factor
  - o Capacity Factor
  - o Energy Index
  - o Safety Performance of Plants [Total Recordable Incident Rate (TRIR)]
- Benchmarking of above KPIs with local and foreign industry (Yearly Basis) as per available reports issued by international / local consultants, if any.

- Review of technical risks (relevant portion of the overall Risk Register) and its mitigation strategy and monitor progress there against.
- Review the proposals suggested by the Management on the recent trends in use of Technology related to strategic replacements & operational innovation in production and marketing of fertilizers.
- Review the recommendations of the Management:
    - On options available for addressing major plant up-gradation and technology improvements with relevant cost benefit analysis.
    - On Information Technology (Deployment of latest hardware & software related to Plant Operations).
- Review the development of concept paper for keeping abreast with the Continuous Improvement in Technological Advancements (CITA), its implementation in Manufacturing, Marketing and at Administrative levels.
- Review the HSE performance on annual basis and assess needs to improve it.
- Review of the R&D needs on annual basis and promote awareness of all stakeholders on needs for investment in Chemical (specifically Fertilizer) Technology and related research work.

Investment Committee

Committee comprises of five (05) directors; here three are Independent Directors and headed by the Chairman of the Committee who shall be appointed by the Board from among the Board Members. 50% of members present constitute quorum of the committee meeting and at least one of whom is to be an independent Director.

The committee is to meet at least twice a year at an appropriate time and otherwise required.

Investment Committee

5	2	3	2	Non-Executive	1
Members	Female	Independent	Non-Executive	Chairman	Meeting

Directors	Status	3rd Dec	Total
Dr Nadeem Inayat Chairman	Non-Executive	X	0
Ms Maryam Aziz Member	Independent		1
Mr Qamar Haris Manzoor Member	Non-Executive	N/A	0
Syed Bakhtiyar Kazmi Member	Non-Executive	X	0
Dr Ayesha Khan * Member	Independent		1
Mr Jehangir Shah * Member	Independent		1

* Dr Ayesha Khan appointed as member in place of Mr Qamar Haris Manzoor w.e.f October 09, 2021
* Mr Jehangir Shah appointed as new Member w.e.f October 09, 2021

Salient Features and Terms of Reference

The Committee shall facilitate 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. To carry out its responsibilities the Committee will:

- Review external growth opportunities, potential diversification projects, acquisitions, or divestment of existing projects / ventures, as proposed by the Management; The Committee is authorized by the Board to seek external

BOARD COMMITTEES

independent professional advice at the Company's expense. The Committee may invite external parties with relevant professional experience to attend its meetings if it considered necessary.

- 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.
- Recommend to the Board approval or rejection of any proposed Transaction, any related financing arrangements and post event review.
- Jointly review with Audit Committee and recommend to the Board Business Strategy, any proposal of new investment, acquisition, JV and divestment(s) in line with Company's investment and diversification strategy.
- Ensure that investments are made in accordance with the policy / strategy and related asset allocation limits (capitalization framework).
- Monitor whether the investment processes (including investment management systems) effectively support the chosen investment strategies.
- Monitor investment landscape to evaluate both short and long-term emerging market needs.
- The Committee shall review investment activities, portfolio performance and capital requirements and usage.
- Monitor progress of on-going diversification / expansion projects and evaluate their performance vs envisaged during construction and acquisition.
- Review the heat map prepared by the management of new investments with appropriate risk mitigation measures.
- Appraise the terms of the appointment of investment consultants or managers; including level of portfolio management discretion, custody and dealing arrangements, and fees.
- Periodically review the fees paid to consultants / advisers and appraise value for money.
- Set and review appropriate investment mandates ensuring consistency with the investment policy and long-term investment strategy.
- Monitor exposure to, or reliance on, particular revenue streams linked to market outcomes or events.
- Perform any other task / responsibility assigned by the Board.

Joint Meeting of Committees

A joint meeting of Investment Committee and Audit Committee was held on March 26, 2021, and was attended by the following Board members:

Joint Meeting of Investment & Audit Committees

Directors	Status	26th Mar	Total
Dr Nadeem Inayat	Non-Executive	√	1
Mr Saad Amanullah Khan	Independent		1
Ms Maryam Aziz	Independent		1
Mr Qamar Haris Manzoor	Non-Executive		1
Syed Bakhtiyar Kazmi	Non-Executive	√	1

MANAGEMENT COMMITTEES

Executive Committee

Composition	
Mr Sarfaraz Ahmed Rehman, MD&CEO	Chairman
Mr Mohammad Munir Malik, CFO	Member
Mr Ather Javed, GGM – Marketing	Member
Mr Muhammad Aleem Khan, GGM – M&T	Member
Mr Rizwan Rasul, GM – M&O (GM)	Member
Mr Wajid Ishaq Bhatti, GM – M&O (MM)	Member
Brig Nofil Mehmood, SI (M) (Retired), SM – HR	Member
Brig Asrat Mahmood, SI(M) (Retired), SM – CA	Member / Secretary

Strategy Committee

Composition	
Mr Sarfaraz Ahmed Rehman, MD&CEO	Chairman
Mr Mohammad Munir Malik, CFO	Member
Mr Ather Javed, GGM – Marketing	Member
Mr Muhammad Aleem Khan, GGM – M&T	Member
Brig Asrat Mahmood, SI(M) (Retired), SM – CA	Member / Secretary

CSR Committee

Composition	
Mr Sarfaraz Ahmed Rehman, MD&CEO	Chairman
Mr Mohammad Munir Malik, CFO	Member
Mr Ather Javed, GGM – Marketing	Member
Mr Muhammad Aleem Khan, GGM – M&T	Member
Brig Asrat Mahmood, SI(M) (Retired), SM – CA	Member
Brig Muhammad Arif, SI (M) (Retired), SM – CSR	Member / Secretary

SWOT ANALYSIS

Strengths

- Strong financial position
- State of the art production facilities
- Established brand name / loyalty
- Fertilizer products are high in demand by agriculture sector
- Well established distribution network
- Technical prowess
- Development of new and eco-friendly formulations
- Competent & committed human resources
- Well diversified investment portfolio
- High barriers to entry in the industry

Weaknesses

- Mature industry with dogged overall demand
- Established competitors' dealer network hampering market share enhancement
- Reliance on depleting natural resource
- Narrow product line
- Relatively homogeneous product limiting pricing strategies

Opportunities

- Horizontal as well as vertical diversification
- Increase / value addition in product line covering macro and micro nutrients
- Implementation of energy efficient technologies to conserve gas
- Exploration of alternative sources of raw material

Threats

- Inconsistent Government policies for fertilizer industry including pressures on fertilizer pricing
- Depleting natural gas reserves
- Poor farm economics
- Continuous increases in raw material / fuel prices and GIDC settlement
- Provision of gas to competitors at concessionary rates
- Imposition of additional taxes and levies / changes in tax regime for imported fertilizer
- Profit cuts due to continuous increases in operating cost





Photo Credits: Usman Mishi



02

Directors' Report

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

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CHAIRMAN'S REVIEW

The Board places great emphasis on transparency, accountability, good governance and safeguarding the interest of the stakeholders. FFC has well-articulated internal control and risk management systems in place...

Dear Shareholders,

On behalf of Board of Directors, I welcome Mr Sarfaraz Ahmed Rehman as the Managing Director and Chief Executive Officer of the Company. Let me also acknowledge the outgoing CE&MD Lt Gen Tariq Khan HI(M), (Retired), for his invaluable services towards the success of the Company over the years.

The new directors were elected in September 2021 after expiry of office of previously elected directors in 2018. This Board comprises of twelve elected directors as compared to thirteen elected directors earlier, which included the CE&MD. The MD&CEO is now appointed by the Board and is deemed to be a director under the applicable regulations.

The incumbent Board of Directors places on record its appreciation for the invaluable contributions rendered by the outgoing members Mr Farhad Shaikh Mohammad and Mr Qamar Haris Manzoor during their terms of office. The incoming directors Dr Ayesha Khan and Mr Jahangir Shah have joined as independent directors and brings with them strong business acumen and expertise in strategy development.

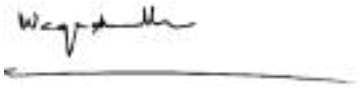
Our Board now has two female members ensuring gender diversity on the Board. The number of independent directors including the two female members stands at four while non-executive directors aggregate to eight.

The Board places great emphasis on transparency, accountability, good governance and safeguarding the interest of the stakeholders. FFC has well-articulated internal control and risk management systems in place which are continuously evaluated by the Audit Committee.

The Board held seven meetings during the year to review and approve periodic financial statements, annual business plan and other matters requiring Board attention. The committees also held regular sessions to perform their duties assigned under their respective terms of references by the Board. The detail of these meetings is given on page number 98. The performance of the outgoing and incoming members of the Board has been commendable and together we steered the Company towards another year of success and good governance, despite the challenges posed by the pandemic and an unfavorable economic environment. This is further supported by an independent evaluation of the Board performance carried out by Pakistan Institute of Corporate Governance which revealed active and able participation of the directors in matters concerning the Board and its committees.

Based on the outstanding results, the Board is pleased to announce final dividend of Rs 4.65 per share in addition to interim distributions of Rs 9.85 per share, aggregating to an annual payout of around 84.25%. With this distribution, the aggregate payout by the Company to date exceeds Rs 243 billion.

I am confident that going forward the Board shall continue to play its role towards better farm economics, National food security besides safeguarding shareholders wealth.



Waqar Ahmed Malik
Chairman

Rawalpindi
January 31, 2022



MD & CEO's OVERVIEW

Food security is more vital and relevant today than ever and the fertilizer industry of the Country continued its contribution through making available urea fertilizer at a very affordable rate of around Rs 1,770 per bag...

Dear Shareholders,

I feel privileged to have been entrusted with the stewardship of this Company, which has been playing a key role in the fertilizer industry for almost four decades.

Successive waves of COVID-19 pandemic, rising commodity prices, increase in interest rates and sharp decline in the value of PKR, exerted inflationary pressure and supply chain disruption in the business environment.

International fertilizer prices experienced a historic increase during the year, which is attributable to the rising gas and energy costs, production cuts and impact of export restrictions imposed by various countries. International DAP prices registered a high of around Rs 8,000 per bag whereas urea prices touched a record level of almost Rs 11,000 per bag.

The high prices of imported DAP resulted in substitution of DAP with urea fertilizer by some farmers whereas urea was also hoarded by some third parties which led to a shortage of urea fertilizer in the Country.

Food security is more vital and relevant today than ever and the fertilizer industry of the Country continued its contribution through making available urea fertilizer at a very affordable rate of around Rs 1,770 per bag despite the above challenges.

The agricultural sector of the Country therefore remained safe from the sharp increase in international fertilizer prices and posted a growth of 2.77% during the year.

Lower selling prices of locally produced urea also enabled the Country to save valuable foreign exchange through import substitution of around USD 1.29 billion. The Company contributed over Rs 30 billion to the National Exchequer in the form of taxes and levies during the year, whereas aggregate contribution to the economy since inception amounts to Rs 575 billion.

Exhibiting our commitment to operational excellence, FFC produced over 2.50 million tonnes of urea during the year, achieving 122% efficiency. FFC marketed around 2.48 million tonnes of urea with a combined FFC / FFBL market share of 47%. Combined DAP market share stood at 53% with sales of FFC DAP of 205 thousand tonnes.

With the dedication of management to achieve operational excellence, and by applying continued cost controls and exercising efficient treasury management, FFC was able to achieve new benchmarks in terms of highest ever turnover and record investment income.

The shareholders shall also be pleased to know that the Company has achieved net profitability of Rs 21.90 billion during the year with an EPS of Rs 17.21 as compared to Rs 16.36 last year. This is the second highest profitability, which was restricted from being the best ever performance due to partial unwinding of the notional gain of GIDC liability of Rs 2.44 billion, during 2021.

The GIDC case regarding factual determination of actual pass on of the levy to the customers remains sub-judice. In view of the stay granted by the Sindh High Court, the installments of GIDC liability are being withheld. The liability is expected to be discharged after finalization of the factual determination of GIDC pass through by the apex court.

The Company continues to be unduly burdened for the registration of fertilizer dealers under the Sales Tax Act. FFC took significant initiatives and was able to enhance the number of registered dealers substantially. However, large number of dealers are still unwilling to get registered under the Act and FFC continues to be negatively impacted by the input sales tax and business expenditure disallowances.

GST refunds remain outstanding and due to lack of processing by the Government, the balance continues to increase and stood at Rs 16.61 billion at the end of year. This balance combined with subsidy receivable of Rs 6.96 billion continues to pressurize the Company's cash flows.

In recognition of the exemplary financial reporting and good governance, FFC has been awarded with various recognitions, both within and outside the Country. The Company stood first in the Chemical & Fertilizer sector, and was also ranked as first runner up in the Overall Top Positions category of the Best Corporate Report Awards competition conducted jointly by ICAP / ICMAP.

The South Asian Federation of Accountants (SAFA) also awarded first position to FFC in the 'Manufacturing Sector' while the Company was also ranked 'Overall Second' in the entire SAARC region in Best Presented Annual Report competition for the year 2020. The Company also secured second position in the 'Integrated Reporting' category while achieving merit certificate in 'Corporate Governance'.

The Company's subsidiary, FFC Energy Limited (FFCEL), has recorded average plant availability factor of 98%. The reduction in return on equity under the amended agreement with the Power Purchaser resulted in decrease in tariff of FFCEL. This led to decline in revenue to Rs 3.09 billion compared to Rs 3.38 billion last year. However the net profitability declined by a small margin of 3%, and we are confident that FFCEL shall continue to remain profitable, despite the decrease in ROE. Our food venture, Fauji Fresh n Freeze Limited (FFF) has recorded revenue growth of 40% and also improved Gross Profit margin by 13% from last year despite unfavorable market conditions caused by the pandemic. The achievement was made possible due to investment in brand, volumetric growth and pricing management, and the Board is confident that FFF shall very soon become a success story.

As you are aware, FFC acquired two 50 MW renewable energy projects Foundation Wind Energy I and II Limited, at a cost of Rs 13.51 billion during September 2021. With this investment, aggregate stake in wind energy stands at around 150 MW. I am also pleased to inform that within a very short period after acquisition, both the projects have announced dividend of Rs 1.26 billion in January 2022, which is a very positive sign for the future income streams of FFC. Our share of the dividend shall be recorded in the financial statements of year 2022 in line with requirements of IFRS.

Depleting natural gas reserves continue to threaten the sustainability of fertilizer sector. A strong Governmental resolve to address this risk towards food security of the Country is more critical than ever.

Looking ahead, prioritized supply of gas to the fertilizer sector at reasonable prices is therefore inevitable to ensure availability of locally produced fertilizer at affordable rates for the farming community, especially in view of the record increase in international fertilizer prices.



Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Rawalpindi
January 31, 2022

FINANCIAL CAPITAL

Macro-Economic Overview

The outburst of COVID – 19 pandemic and its variants developed an atmosphere of uncertainty throughout the Globe. Despite myriad of challenges, Pakistan's economy rebounded strongly and is moving progressively on an inclusive and sustainable growth path registering a growth of 3.94% against target of 2.1%. The rising commodity prices, increased interest rates and POL prices have created an inflationary pressure which however will continue to affect the business environment and a strong resolve of Government is warranted to ensure stability and growth in the Country.

Agriculture Sector

The continuous development of agrarian country like Pakistan is strongly associated with feasible growth of the agriculture sector. The sector contributes 19.2% to the GDP and provides employment to 38.5% labor force. Hence, food security, poverty alleviation and growth of other sectors are also dependent upon agriculture sector.

The agriculture sector's performance broadly stands encouraging as it grows by 2.77%, in line with target. The crops sector, having a share of 35.81% in agriculture value addition and 6.87% in GDP also witnessed a growth of 2.47% during the year. In the long run, the agricultural sector is exposed to scarcity of natural resources, climate change and hike in raw material prices.

Fiscal Development

The Country suffered from continued threat of COVID – 19 during the year and the fiscal sector witnessed significant challenges due to additional expenditure to lessen the impact of pandemic. Overall fiscal deficit reduced to 3.5% of GDP against 4.1% of GDP recorded last year mainly due to the Government's fiscal consolidation efforts.

Investments

Investment as a percentage of GDP declined from 15.3% last year to 15.2%, owing mainly to lower foreign direct investment inflows. Workers' remittances however, continued their unprecedented streak of above USD 2.0 billion per month through-out the year.

Money and Credit

The State Bank of Pakistan continued with an accommodative monetary policy stance with 7% policy rate to support the economic recovery during the first half of this year. SBP also introduced other measures aimed at supporting businesses and households during the year. However, to counter inflationary pressures arising from global and domestic business environment, the central bank raised policy rate to 9.75% towards the end of the year.



Financial

Rs 47,514m Equity | **Rs 16,740m** Long-term borrowings

Refer page 156-157 Value Creation Business Model

Inflation

The inflation index remained lower than the same period last year primarily due to crackdown on speculative elements, tax reliefs in response to COVID – 19 and resumption of seasonal supplies of perishable. However, the second half of the year recorded adverse impacts of inflation due to global shortage of commodities' supply and high demand of food prices after the post pandemic scenario. Pakistan has also been affected, as the Country is a net importer of food items especially wheat, sugar, pulses and edible oil. The Government is committed to minimize the inflationary pressure to provide relief to the consumers.

Source: Pakistan Economic Survey 2020-2021

FFC Performance

2021 proved to be another year of challenges and uncertainties. These challenges came from multiple fronts; various waves of pandemic, increase in commodity prices, rising interest rates, weakening PKR and persistent inflation posed threat to an already distressed economy.

The Global fertilizer market was also impacted due to the export restrictions and rising natural gas prices; consequently the international prices of Urea and DAP registered a historic increase during the year. This trend is expected to continue in the foreseeable future. Domestic urea industry however delivered affordable urea all around the year, significantly contributing towards food security and sustainability of agricultural sector.

Owing to the stay granted by the Sindh High Court, the Company continues to withhold GIDC liability, as the case for factual determination of actual pass on of levy to the customers remains sub-judice. The Company continues to be negatively impacted by the input sales tax and business expenditure disallowances on account of sales made to unregistered dealers. Pending subsidy claims and accumulating GST refunds also pressurize Company's liquidity.

However, despite these challenges, the Company delivered exceptional results by achieving multiple benchmarks during the year. An analysis of the Company's financial and non-financial performance has been discussed in detailed below.



FINANCIAL CAPITAL

Financial Position Analysis

Rs million	2021	2020
Equity and Liabilities		
Share capital	**12,722**	12,722
Capital reserves	**160**	160
Revenue reserves	**34,582**	29,461
Surplus on remeasurement of investments at fair value - net	**50**	192
Equity and reserves	**47,514**	42,535
Long term borrowings - secured	**16,740**	10,627
Lease liabilities	**24**	59
Deferred government grant	**–**	25
Gas Infrastructure Development Cess (GIDC) payable	**20,802**	32,772
Deferred liabilities	**3,758**	5,259
Non-current liabilities	**41,324**	48,742
Current portion of long term borrowings - secured	**4,504**	4,335
Current portion of lease liabilities	**38**	23
Current portion of deferred government grant	**41**	88
Trade and other payables	**62,481**	46,621
Mark-up and profit accrued	**723**	275
Short term borrowings - secured	**38,954**	25,258
Unclaimed dividend	**472**	468
Taxation	**4,956**	4,604
Current liabilities	**112,169**	81,672
Total equity and liabilities	**201,007**	172,949
Contingencies and commitments		

Equity and reserves

Company's net worth increased to Rs 47.51 billion as compared to Rs 42.54 billion, registering an increase of 12% from 2020, due to increase in profitability and higher retention. Break-up value was therefore recorded at Rs 37.35 per share compared to Rs 33.43 per share in 2020.

Long term borrowings - secured

Long term borrowings were recorded at Rs 16.74 billion, higher by 58% compared to last year. This change is attributed towards the increase in our equity investments and Company's capex needs. All debt obligations, becoming due for repayments during the year, were retired on timely basis, without any default by FFC on its payment obligations.

Trade and other payables

Trade and other payables increased to Rs 62.48 billion, an increase of 34% from last year, mainly due to transfer of long term GIDC liability into current portion.

Short term borrowings - secured

Short term borrowings of Rs 38.95 billion, increased by Rs 13.70 billion due to higher borrowings towards the end of the year to meet working capital requirements.

Contingencies and commitments

Contingencies include a penalty of Rs 5.5 billion imposed by the Competition Commission of Pakistan (CCP), which has been set aside by the Competition Appellate Tribunal and remanded back to CCP to decide the case afresh under guidelines provided by the Tribunal. The Company also filed writ petition before Islamabad High Court and has procured suspension order against proceedings before CCP, till date of next hearing. The Company remains confident of successfully defending these unreasonable claims.

Financial commitments of the Company at Rs 15.16 billion comprised mainly of purchase of fertilizers, goods / services, injection in equity investments and capital expenditure.

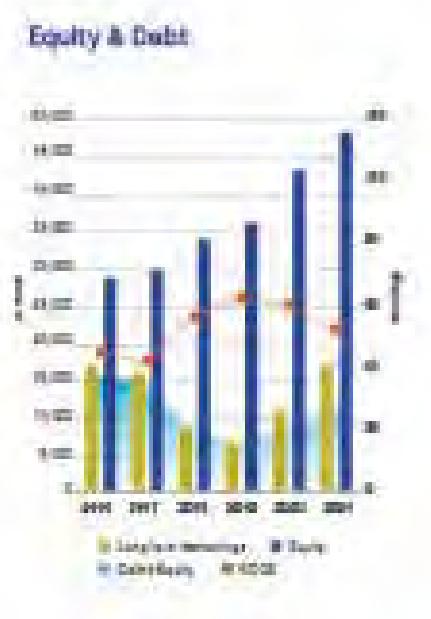
Profit Distribution and Reserve Analysis

FFC's reserves at the beginning of the year stood at Rs 42,535 million, out of which Rs 4,326 million were approved by the shareholders as final dividend for 2020.

During 2021, the Company earned total comprehensive income of Rs 21.84 billion and declared three interim dividends aggregating to Rs 12,532 million translating to Rs 9.85 per share, while no transfers were made to general reserves.

The aggregate reserves at the close of the year therefore stood at Rs 47,514 million, as detailed below:

Appropriations	Rs in million	Rs per share
Opening Reserves	**42,535**	
Final dividend – 2020	(4,326)	3.40
Net profit – 2021	21,896	17.21
Other comprehensive loss	(59)	
Available for appropriations	**60,046**	
Appropriations		
First interim dividend – 2021	(4,453)	3.50
Second interim dividend – 2021	(3,308)	2.60
Third interim dividend – 2021	(4,771)	3.75
Closing reserves	**47,514**	



Financial Position Analysis

Rs million	2021	2020
Assets		
Property, plant and equipment	**23,987**	22,841
Intangible assets	**1,576**	1,572
Long term investments	**46,115**	34,675
Long term loans and advances - secured	**3,044**	1,946
Long term deposits and prepayments	**15**	14
Non-current assets	**74,737**	61,048
Stores, spares and loose tools	**4,558**	4,434
Stock in trade	**1,048**	320
Trade debts	**833**	2,287
Loans and advances - secured	**759**	789
Deposits and prepayments	**67**	51
Other receivables	**22,619**	20,965
Short term investments	**95,196**	81,902
Cash and bank balances	**1,190**	1,153
Current assets	**126,270**	111,901
Total assets	**201,007**	172,949

Property, plant and equipment

Routine capital expenditure under the Company's sustainability plan, led to an increase of 5% in property, plant and equipment, which was recorded at Rs 23.99 billion at the end of 2021.

Long term investments

Long term investments of Rs 46.11 billion recorded an increase of 33% over last year. This includes equity investment of Rs 13.51 billion for acquisition of FWEL I & II. Additionally, advance amounting Rs 377 million against share issue of TEL and Rs 20 million against share issue of OLIVE were also made during the year.

Stock in trade

Stock in trade was recorded at Rs 1.05 billion as compared to Rs 320 million last year. The inventory comprised mainly of 32 thousand tonnes of urea and a minimal inventory of around 1 thousand tonnes of imported fertilizer.

Trade debts

Trade debts amounting Rs 833 million were 64% lower than last year, due to lower credit sales during the year.

Other receivables

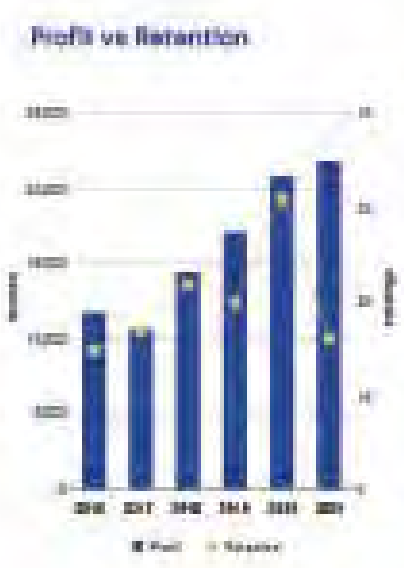
Other receivables increased by 8% to Rs 22.62 billion due to increase in sales tax receivable which stood at Rs 16.61 billion. The balance also includes subsidy receivable from the Government, of Rs 6.96 billion.

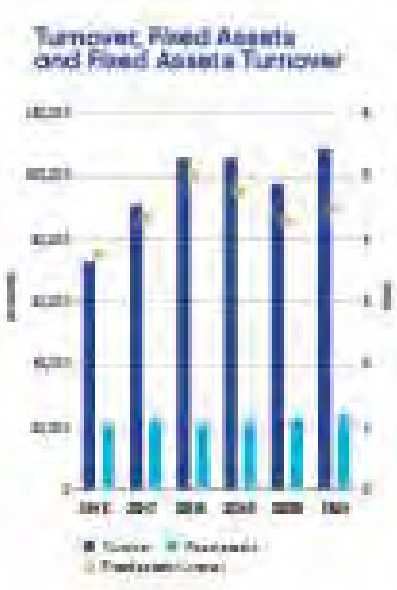
Short term investments

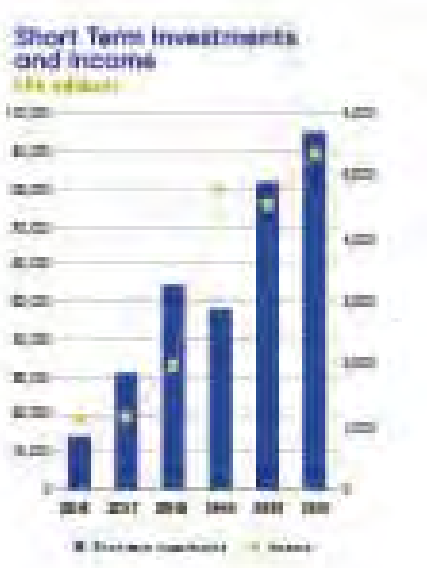
Short term investments were recorded at Rs 95.20 billion, which improved by 16% due to higher placements with financial institutions in view of attractive returns offered by them.

Total assets

Total asset base of the Company thus increased by 16% to Rs 201 billion. This is the first time the asset base has crossed Rs 200 billion mark.



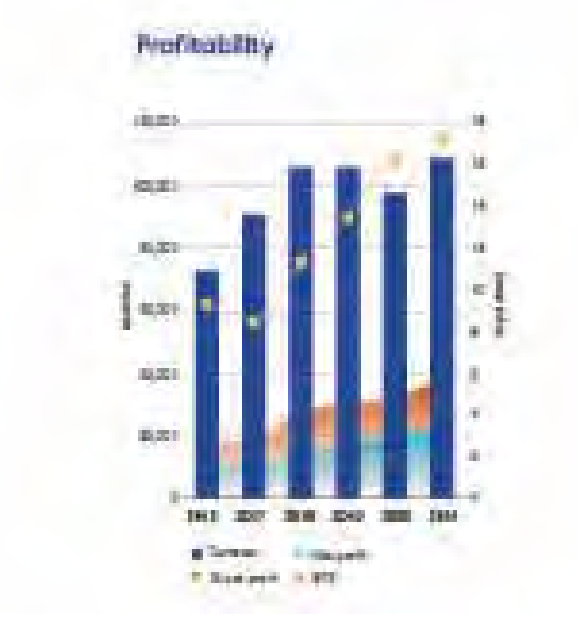


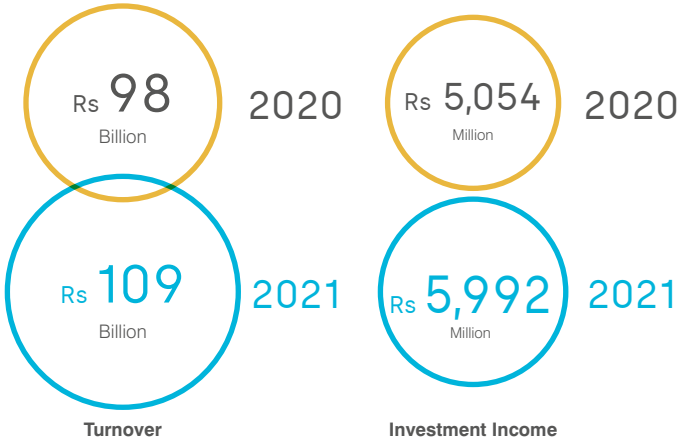


FINANCIAL CAPITAL

Profit or Loss Analysis

Rs million	2021	2020
Sona Urea Production - KT	**2,507**	2,487
Sona Urea Sales - KT	**2,477**	2,512
DAP Sales - KT	**205**	233
Turnover - net	**108,651**	97,655
Cost of sales	**(69,772)**	(66,072)
Gross profit	**38,879**	31,583
Distribution cost	**(8,409)**	(7,848)
Operating profit	**30,470**	23,735
Finance cost	**(2,292)**	(1,874)
Other gains / (losses)	**(2,811)**	3,940
Other expenses	**(2,947)**	(2,639)
Other income	**7,919**	6,429
Profit before tax	**30,339**	29,591
Provision for taxation	**(8,443)**	(8,772)
Profit for the year	**21,896**	20,819
Earnings per share - basic and diluted (Rupees)	**17.21**	16.36





Sona Urea Production

FFC's manufacturing facilities achieved a capacity utilization of 122% translating into aggregate Sona urea production of 2,507 thousand tonnes, 1% higher than last year.

Sona Urea & DAP Sales

Sona urea offtake was recorded at 2,477 thousand tonnes, only 1% lower than 2020 while the Company was able to successfully offload entire imports of around 205 thousand tonnes of DAP during the year.

Turnover

FFC achieved a new benchmark in terms of highest ever turnover of Rs 108.65 billion, 11% higher than last year. This is attributable primarily to turnover generated from imported fertilizers amounting to Rs 26.85 billion registering an increase of 49% as compared to last year. Revenue from own manufactured Sona Urea stood at Rs 81.80 billion.

Cost of sales

Cost of sales was recorded at Rs 69.77 billion with an increase of 6% over last year. The increase in international prices of DAP led to hike in import cost. Cost of sales of urea however registered a decrease of 2% mainly due to abolishment of GIDC, as well as the cost economization measures undertaken by the Company.

Distribution cost

Distribution cost of Rs 8.41 billion was 7% above last year mainly due to higher transportation costs associated with increase in fuel prices.

Finance cost

The increase in interest rates besides higher financing requirements during 2021 resulted in finance cost of Rs 2.29 billion with increase of 22% from last year.

Other gains/(losses)

The notional gain of Rs 5.93 billion booked on re-measurement of GIDC liability in the year 2020, is to be reversed during the next four years. Unwinding of Rs 2.44 billion of this notional gain relating to the year 2021 was booked during the year. Provision of Expected Credit Loss of Rs 370 million has also been made on subsidy receivable from the Government, in view of considerable delay in settlement by the Government.

Other income

Creating another benchmark, FFC recorded ever highest investment income of Rs 5.99 billion, 19% above last year, due to effective utilization of funds and prevailing high rate of return. Dividend income of Rs 1.93 billion increased by 40% compared to 2020 due to higher payout by associated companies.

Provision for taxation

Tax charge of Rs 8.44 billion for the year was in line with 2020 despite higher profitability, owing to lower tax rate on income earned from investments. Management is confident that sufficient and adequate provision has been provided against tax assessed in the financial statements.

Profit for the year

Consequently, the Company achieved net profitability of Rs 21.90 billion, 5% higher than last year, translating into earnings per share of Rs 17.21, as against Rs 16.36 per share earned last year.

Cash Flow Analysis

Rs million	2021	2020
Cash generated from operations	**33,141**	48,131
Finance cost paid	**(1,838)**	(2,266)
Income tax paid	**(9,283)**	(6,320)
	(11,121)	(8,586)
Cash flows from operating activities	**22,020**	39,545
Fixed capital expenditure	**(3,591)**	(2,943)
Proceeds from disposal of property,		
plant and equipment	**22**	40
Investment in Fauji Fresh n Freeze Limited	**-**	(602)
Investment in Foundation Wind Energy I & II Limited	**(13,512)**	-
Advance against issue of shares to		
OLIVE Technical Services (Private) Limited	**(20)**	-
Advance against issue of shares to Ther Energy Limited	**(377)**	-
Advance against right issue of		
Fauji Fertilizer Bin Qasim Limited	**-**	(2,494)
Increase in other investment - net	**425**	356
Interest and profit received	**719**	891
Dividends received	**2,150**	1,151
Cash flows from investing activities	**(14,184)**	(3,601)
Long term financing		
Draw-downs	**10,470**	8,410
Repayments	**(4,188)**	(4,631)
Repayment of lease liabilities	**(31)**	(31)
Grant received during the year	**-**	190
Dividends paid	**(16,853)**	(14,132)
Cash flows from financing activities	**(10,602)**	(10,194)
Net increase in cash and cash equivalents	**(2,766)**	25,750
Cash and cash equivalents at beginning of the year	**57,709**	31,886
Effect of exchange rate changes	**235**	73
Cash and cash equivalents at end of the year	**55,178**	57,709
Cash and bank balances	**1,190**	1,153
Short term borrowings	**(38,955)**	(25,258)
Short term highly liquid investments	**92,943**	81,814
Cash and cash equivalent	**55,178**	57,709

Cash flows from operating activities

Cash flows from operations were recorded at Rs 33.14 billion, 31% lower than last year. This is attributable mainly to lower credit sales and collection from trade debtors thereof. The fertilizer inventory also increased from Rs 320 million causing a decline in the operating cash flows.

Net cash generated from operations after payment of finance cost and income tax therefore stood at Rs 22.02 billion.

Cash flows from investing activities

In order to ensure sustained operations, the Company continued modernization and replacement of its plant and machinery with a capital expenditure of Rs 3.59 billion during the year.

Further, delivering on its commitment to growth through diversification, FFC acquired FWEL I & II, for Rs 13.51 billion. Advances against share issues of Rs 377 million of Thar Energy Limited and Rs 20 million of OLIVE Technical Services (Private) Limited was also made during the year.

Dividend receipt amounting Rs 2.15 billion also witnessed an increase of 87% over last year. Consequently, net cash used in investing activities stood at Rs 14.18 billion, compared to Rs 3.60 billion in 2020.

Cash flows from financing activities

Long term debt of Rs 4.19 billion was settled on a timely basis, while fresh financing of Rs 10.47 billion was availed during the year to meet the Company's financing requirements. In order to ensure a regular income stream for its shareholders, FFC paid Rs 16.85 billion as dividends against Rs 14.13 billion paid in 2020. Consequently, net cash used in financing activities was recorded at Rs 10.60 billion compared to Rs 10.19 billion last year.

Cash and cash equivalents

Slight decrease of Rs 2.53 billion was witnessed in cash and cash equivalent during the year, which resulted in a closing balance of Rs 55.18 billion against opening balance of Rs 57.71 billion.

Adequacy of Internal Controls

The Board of Directors has employed an effective system of operational and financial internal controls, promoting a culture of moral conduct and ethical obligation at all levels within the Company. Audit Committee review the effectiveness of internal controls framework on a quarterly basis, whereas the independent Internal Audit function monitors the implementation of internal controls.

Subsequent Events

The Board of Directors in its meeting held on January 31, 2022 is pleased to recommend a final cash dividend of Rs 4.65 per share i.e. 46.50% for the year ended 2021, for shareholders' approval, taking the total payout for the year to Rs 14.50 per share i.e. a payout of 84.25%. There were no other material changes affecting the financial position of the Company till the date of this Report.

Consolidated Operations and Segmental Review

Directors' Report on the consolidated financial statement is covered from page 302 onwards.

FINANCIAL CAPITAL

Analysis of Non-Financial Performance

Analysis of non-financial performance has been presented for material non-financial KPIs relevant for the business and stakeholders around other forms of capitals as mentioned under International Integrated Reporting Framework.

Manufactured Capital

(Page No. 114)

Our business activities of production, marketing and distribution of quality fertilizers help us to create value for our stakeholders and economy.

Producing Quality Fertilizer

Our purpose is to protect and enhance productive potential of farms and our end consumers' earnings. To meet the expectations of our customers and in line with our strategy, we are committed to producing only quality products which correspond to the international environment and safety standards.

Investing in Better Farm Productivity

Over the years, we have built a loyal customer base through our continuous commitment and investment in farm advisory which promotes the brand in the marketplace and creates value for FFC and farmers.

Intellectual Capital

(Page No. 119)

Intellectual is one of the most important form of capital complimenting value creation for entire company. The Company strongly believes in allocating resources to its development as we believe that it contributes significantly towards enhancing operational efficiency and gaining competitive advantage in the modern technological era.

Human Capital

(Page No. 122)

FFC has a well-defined Human Resource policy to manage HR priorities, succession planning, recognizing and rewarding the prestigious talent and leadership development. Our aim is to bring the most talented and imaginative people on board, nurture their talent and provide them with the best facilities to exhibit their talent.

Providing Employment

FFC has employed 3,272 people in our operations including plants, marketing offices and head office. The Company offers the right mix of benefits, rewarding work and career advancement prospects to attract and retain competent people.

Investing in Our Workforce

In 2021, FFC paid Rs 10.28 billion as workforce salaries and benefits compared to Rs 9.77 billion last year. The Company also maintains funded pension and gratuity schemes for its employees.

Providing Equal Opportunity

FFC does not discriminate on the basis of gender as benefits are provided according to the type of employment contract.

Developing Skills and Talent

To improve our competitiveness and value creation ability, skills retention and development are crucial. It is critical that we play an active role in supporting the existing workforce through reskilling and upskilling. FFC believes that people learn every day, through experiential, social or formal avenues.

Investing in Health and Safety of Workforce

FFC is committed to the wellbeing of employees by providing a safe working environment. We continue to focus on enhancing safety systems and adopt most recent industrial safety standards to eliminate or minimize the potential harm from the risks and hazards.

Social and Relationship Capital

(Page No. 128)

FFC is aware of its ethical responsibility for environment friendly and fair business transactions. Our employees are educated and trained to take responsibility in line with their function, authority and qualifications to enrich our corporate responsibility of ethical business.

Create and Share Value as a Trusted Business Partner

Local procurement helps us to share value with our local partners in an effective manner and results in economic development of the Country. We promote sustainability in the supply chain by engaging with our trusted supply chain partners.

Create and Share Value in Local Communities We Operate

We support local communities through payment of taxes, donations, investments in the field of education, health, sports and infrastructure developments as well as indirectly through our presence and procurement from local suppliers.

Create and Share Value as a Socially Responsible Company

Protecting nature and environment through continued investments in environment friendly technologies and production processes is the top priority at FFC.

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

2021 proved to be yet another year of extreme challenges emanating from multiple fronts; rapid spread of aggressive COVID-19 variants, global supply chain disruption and persistent inflation posed threat to an already fragile recovering economy. However, despite these challenges, the Company delivered exceptional results recording multiple operating and financial benchmarks; surpassing major targets set for the year.

In the wake of depleting gas reserves that pose significant threat to the Company, investment of surplus funds through proactive treasury management and planned diversification projects provide sufficient support to the management's projections of sustained earnings and returns to shareholders.

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 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.

Import substitution represents the foreign currency savings due to indigenous production of fertilizer by the Company.

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 scrip.

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

Profitability ratios analyze the Company's financial health.

Changes in Financial and Non-Financial Indicators

Changes in financial indicators compared to previous years have been explained in detail in the 'Financial Capital' section of this Report. Whereas, changes in the non-financial indicators have been explained in the relevant Capital as well as the Sustainability Report section.



Key Performance Indicators

Turnover
(Rs million)



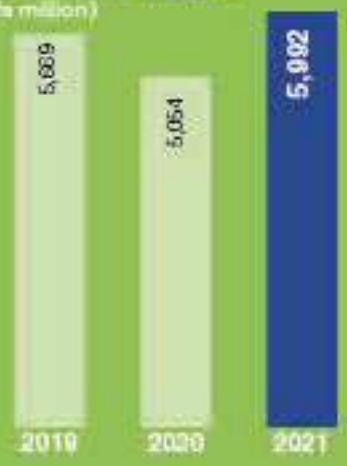
Why is this a KPI?

Turnover refers to the complete amount of products that have been sold, and their combined value. This gives a view into the progress of sales and the total value of inventory sold by the Company during the year.

2021 Performance

Higher fertilizer prices led to turnover of Rs 108.65 billion, 11% above last year.

Investment Income
(Rs million)



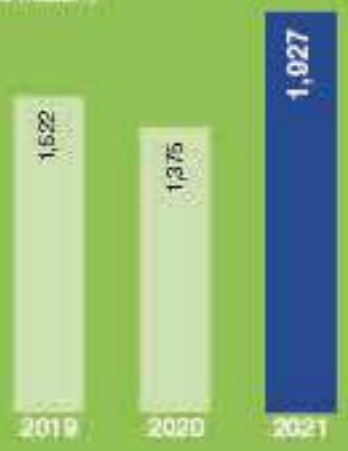
Why is this a KPI?

The Company derives investment income from deposit in different banks and financial institutions, investment in Government securities and mutual funds. It is dependent on prevalent interest rates and effective fund utilization.

2021 Performance

Investment income of Rs 5.99 billion was 19% above last year due to prevailing high rates of return.

Dividend Income
(Rs million)



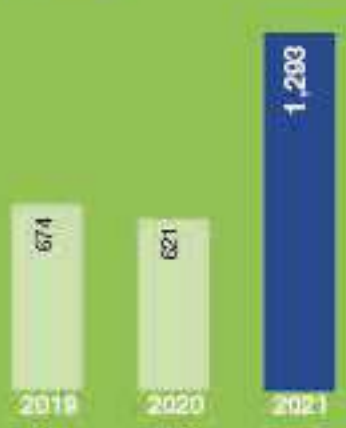
Why is this a KPI?

Dividend income is derived from a diversified investment portfolio which includes banking, cement, energy and food sectors.

2021 Performance

Higher payout by subsidiary / associated companies resulted in dividend income of Rs 1.93 billion.

Import Substitution
(USD million)



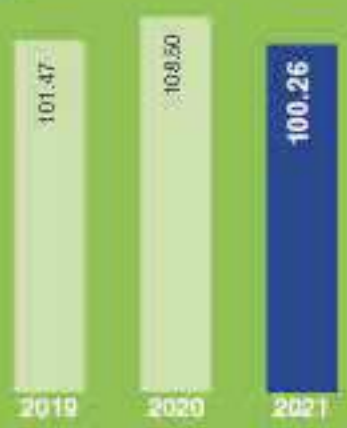
Why is this a KPI?

Import substitution gives a view of the value addition created in terms of foreign exchange savings for the County through domestic production of urea fertilizer.

2021 Performance

Contribution to National Exchequer through import substitution clocked in at USD 1.29 million in 2021.

Market Price per Share
(Rs)



Why is this a KPI?

The market price of Company's share on the Pakistan Stock Exchange as at December 31, 2021.

2021 Performance

Despite Company's exceptional performance, overall glut in the market resulted in a lower close-out price of Rs 100.26.

Break-up Value
(Rs)



Why is this a KPI?

The value per share based only on the value of Company's assets.

2021 Performance

The break-up value per share was recorded at Rs 37.35, 12% higher than last year.

Earnings per Share
(Re)



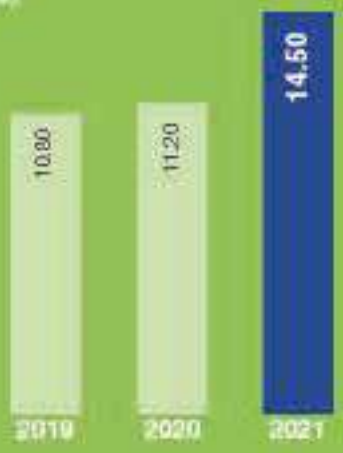
Why is this a KPI?

Earnings per share (EPS) measures the portion of the Company's profit allocated to each outstanding share.

2021 Performance

The Company recorded EPS of Rs 17.21 during 2021 compared to Rs 16.36 last year.

Dividend per Share
(Re)



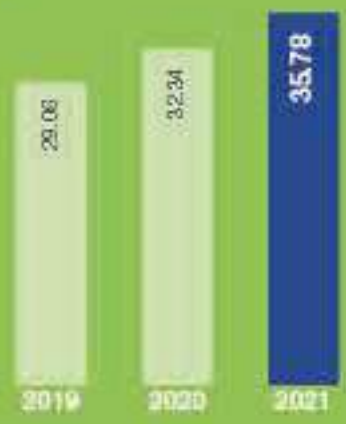
Why is this a KPI?

Dividend per share (DPS) is the sum of dividends, including both interim and final, declared by the Company for every outstanding share.

2021 Performance

DPS rose to Rs 14.50 per shares owing to better profitability recorded during the year.

GP Margin
(%)



Why is this a KPI?

GP Margin compares the gross margin of a company to its revenue. GP Margin shows how much profit the Company is making after paying off cost of sales.

2021 Performance

Gross profit margin stood at 36% despite rising inflation, due to efficient cost controls.

NP Margin
(%)



Why is this a KPI?

NP Margin is used to calculate the percentage of profit a company produces from its total revenue. It measures the amount of net profit the Company obtained per rupee of revenue earned.

2021 Performance

The Company was able to continue with the improving trend in net profit margin to 20.15%.

Return on Capital Employed
(%)



Why is this a KPI?

Returned on Capital Employed provides a measure of the efficient and effective use of capital in operations of the Company.

2021 Performance

Despite higher profits during the year, higher capital employed led to ROCE of 50.78% compared to 59.19% last year.

Return on Equity
(%)



Why is this a KPI?

Return on Equity is a measure of the Company's annual return (profit after tax) divided by the value of its total shareholders' equity, expressed as a percentage.

2021 Performance

At 46.08%, ROE for the year remained slightly lower than last year.

SIX YEAR ANALYSIS

Horizontal Analysis of Statement of Financial Position

Depressed market conditions, owing to pricing intervention and inconsistent policies by the Government, continued till the latter half of 2017. The Company was however, not only able to successfully navigate through these difficult times but also surpass annual and strategic targets. Since then, the Company's performance has been on a gradual upward trajectory achieving historic levels. Rising inflation and inconsistent Governmental policies still remain major challenges for the Company in the near future.

Horizontal Analysis

Shareholders' Equity

Shareholders' equity comprising of share capital and reserves witnessed an increase of 68% over the past six years. Although share capital and capital reserve remained unaltered during this period, the Company's revenue reserves witnessed six year annual average increase of 18% attributable mainly to higher retention owing to increased profitability.

Non-Current Liabilities

Long term portion of GIDC payable amounting Rs 20.80 billion was also classified in non-current liabilities as per the provisions of IFRSs. Total non-current liabilities thus stood at Rs 41.32 billion compared to Rs 21.47 billion in 2016.

Long term borrowings remained high during 2016 and 2017 due to payment of previously retained GIDC liability, however, decline was witnessed in the subsequent years owing to healthy operational cash generation by the Company. During the year, long term borrowings rose to Rs 16.74 billion, higher by 58% compared to 2020. This change is attributed towards the increase in our equity investments and Company's capex needs.

Deferred liabilities recorded at Rs 3.76 billion, registered a decline of 22% compared to 2016; with compensated leave absences remaining fairly constant and **deferred taxation** exhibiting six year annual average decrease of 4%.

Current Liabilities

Short term borrowings and **current portion of long term borrowings** exhibited increase in 2016 to fund working capital requirements. At the end of 2019, current portion of long term borrowings reduced to Rs 4.71 billion and has since maintained broadly the same level. Whereas, short term borrowings have increased by 29% average annually since 2016 to fund the Company's working capital requirements.

Withholding of GIDC consequent to Court's ruling in 2015 resulted in consistent increase in the balance of **trade and other payables** from Rs 7.50 billion in 2015 to Rs 76.01 billion in 2019. Classification of long term portion of GIDC payable to non-current liabilities however reduced balance to Rs 62.48 billion in 2021. As a result, current liabilities increased from Rs 41.09 billion in 2016 to Rs 112.17 billion at the end of 2021.

Non-Current Assets

Non-current assets mainly comprise of **property, plant and equipment** and **long term investments** of the Company; and have increased from Rs 53.42 billion in 2016 to Rs 74.74 billion in 2021, strengthening the Company's asset base.

Property, plant and equipment depicted a steady growth over the years increasing from Rs 21.23 billion in 2016 to Rs 23.99 billion as at December 31, 2021. As part of its diversification strategy, FFC has invested an aggregate amount of Rs 23.31 billion since 2016 in the form of equity investments. During the year also, the Company invested Rs 13.51 billion for the acquisition of two wind power projects namely Foundation Wind Energy – I Limited and Foundation Wind Energy – II Limited. Consequently, the **long term investments** stood at Rs 46.12 billion at the end of 2021.

Current Assets

Stores, spares and loose tools have registered a steady annual average increase of 6% since 2016.

Stock in trade reduced significantly from Rs 4.24 billion in 2016 to Rs 395 million in 2017. The following two years however witnessed high closing inventory owing to higher import / production of fertilizer and suppressed market conditions which normalized in 2020 and 2021 as the Company was able to offload almost its entire fertilizer inventory.

The Company maintained a reasonable level of **trade debts** throughout the six years' period, with the exception of 2019 when high quantum of sales were made on credit basis owing to depressed market conditions. Trade debts at the end of the year, were recorded at Rs 833 million, achieving the lowest level since 2014.

Unadjusted input sales tax and outstanding subsidy receivable from the Government resulted in an annual average growth rate of 26% in **other receivables** over the six years' period.

Short term investments increased exponentially to Rs 95.20 billion by around 7 times higher than 2016, due to better cash availability and attractive returns on investments placed with financial institutions. On an aggregate basis, current assets increased from Rs 37.35 billion in 2016 to Rs 126.27 billion in 2021.

	2021 Rs M	21 Vs 20 %	2020 Rs M	20 Vs 19 %	2019 Rs M	19 Vs 18 %	2018 Rs M	18 Vs 17 %	2017 Rs M	17 Vs 16 %	2016 Rs M	16 Vs 15 %
Equity and Liabilities												
Equity and Reserve												
Share capital	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-
Capital reserve	160	-	160	-	160	-	160	-	160	-	160	-
Revenue reserves	34,632	17	29,654	31	22,685	11	20,501	24	16,470	7	15,329	6
	47,514	12	42,536	20	35,567	7	33,383	14	29,352	4	28,211	3
Non - Current Liabilities												
Long term borrowings - secured	16,740	58	10,627	64	6,473	(25)	8,584	(45)	15,572	(6)	16,653	5
Lease liabilities	24	(59)	59	(5)	62	-	-	-	-	-	-	-
Deferred government grant	-	(100)	25	-	-	-	-	-	-	-	-	-
Gas Infrastructure Development Cess (GIDC) payable	20,802	(37)	32,772	-	-	-	-	-	-	-	-	-
Deferred liabilities	3,758	(29)	5,259	19	4,412	(4)	4,578	(3)	4,697	(2)	4,812	5
	41,324	(15)	48,742	345	10,947	(17)	13,162	(35)	20,269	(6)	21,465	5
Current Liabilities												
Current portion of long term borrowings - secured	4,504	4	4,335	(8)	4,711	(35)	7,238	6	6,832	6	6,434	43
Current portion of lease liabilities	38	65	23	(47)	43	-	-	-	-	-	-	-
Current portion of deferred government grant	41	(53)	87	-	-	-	-	-	-	-	-	-
Trade and other payables	62,481	34	46,621	(39)	76,009	25	60,599	56	38,781	269	10,504	40
Mark - up and profit accrued	723	163	275	(59)	676	125	300	57	191	(40)	321	20
Short term borrowings - secured	38,954	54	25,258	16	21,803	(24)	28,526	147	11,539	(48)	22,177	23
Unclaimed dividend	472	1	468	(14)	542	(15)	639	46	437	7	408	(34)
Taxation	4,956	8	4,604	49	3,092	17	2,642	115	1,230	(2)	1,249	(12)
	112,169	37	81,671	(24)	106,876	7	99,944	69	59,010	44	41,093	27
Total Equity and Liabilities	201,007	16	172,949	13	153,390	5	146,489	35	108,631	20	90,769	13
Assets												
Non - Current Assets												
Property, plant & equipment	23,987	5	22,841	3	22,212	3	21,533	(3)	22,312	5	21,233	(1)
Intangible assets	1,576	-	1,572	-	1,577	-	1,575	(1)	1,585	-	1,585	1
Log term investments	46,115	33	34,675	12	31,088	16	26,899	(3)	27,869	(6)	29,656	2
Long term loans & advances - secured	3,044	57	1,945	62	1,200	8	1,114	15	966	3	934	15
Long term deposits & prepayments	15	7	14	17	12	(14)	14	-	14	-	14	8
	74,737	22	61,047	9	56,089	10	51,135	(3)	52,746	(1)	53,422	1
Current Assets												
Stores, spares and loose tools	4,558	3	4,434	16	3,811	10	3,474	(1)	3,496	2	3,428	1
Stock in trade	1,048	228	320	(95)	6,795	(47)	12,932	3,174	395	(91)	4,237	(17)
Trade debts	833	(64)	2,287	(83)	13,460	266	3,678	(1)	3,722	(14)	4,306	143
Loans and advances - secured	759	(4)	789	(56)	1,795	69	1,060	(35)	1,634	81	903	(12)
Deposits and prepayments	67	31	51	-	51	(38)	82	5	78	56	50	28
Other receivables	22,619	8	20,965	19	17,653	12	15,725	13	13,965	80	7,752	176
Short term investments	95,196	16	81,902	70	48,041	(12)	54,585	77	30,882	118	14,144	37
Cash and bank balances	1,190	3	1,154	(80)	5,695	49	3,818	123	1,712	(32)	2,526	(8)
	126,270	13	111,902	15	97,301	2	95,354	71	55,885	50	37,347	37
Total Assets	201,007	16	172,949	13	153,390	5	146,489	35	108,631	20	90,769	13

SIX YEAR ANALYSIS

Vertical Analysis of Statement of Financial Position

	2021		2020		2019		2018		2017		2016	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Equity and Liabilities												
Equity and reserve												
Share capital	12,722	6	12,722	7	12,722	8	12,722	9	12,722	12	12,722	14
Capital reserve	160	-	160	-	160	-	160	-	160	-	160	-
Revenue reserves	34,632	17	29,654	17	22,685	15	20,501	14	16,470	15	15,329	17
	47,514	24	42,536	25	35,567	23	33,383	23	29,352	27	28,211	31
Non - Current Liabilities												
Long term borrowings - secured	16,740	8	10,627	6	6,473	4	8,584	6	15,572	14	16,653	18
Lease liabilities	24	-	59	-	62	-	-	-	-	-	-	-
Deferred government grant	-	-	25	-	-	-	-	-	-	-	-	-
Gas Infrastructure Development Cess (GIDC) payable	20,802	10	32,772	19	-	-	-	-	-	-	-	-
Deferred liabilities	3,758	2	5,259	3	4,412	3	4,578	3	4,697	4	4,812	5
	41,324	21	48,742	28	10,947	7	13,162	9	20,269	18	21,465	23
Current Liabilities												
Current portion of long term borrowings - secured	4,504	2	4,335	3	4,711	3	7,238	5	6,832	6	6,434	7
Current portion of lease liabilities	38	-	23	-	43	-	-	-	-	-	-	-
Current portion of deferred government government grant	41	-	87	-	-	-	-	-	-	-	-	-
Trade and other payables	62,481	31	46,621	27	76,009	50	60,599	41	38,781	36	10,504	12
Mark - up and profit accrued	723	-	275	-	676	-	300	-	191	-	321	1
Short term borrowings - secured	38,954	19	25,258	15	21,803	14	28,526	19	11,539	11	22,177	24
Unclaimed dividend	472	-	468	-	542	-	639	-	437	-	408	1
Taxation	4,956	2	4,604	3	3,092	2	2,642	2	1,230	1	1,249	1
	112,169	56	81,671	47	106,876	70	99,944	68	59,010	54	41,093	46
Total Equity and Liabilities	201,007	100	172,949	100	153,390	100	146,489	100	108,631	100	90,769	100
Assets												
Non - Current Assets												
Poperty, plant & equipment	23,987	12	22,841	13	22,212	14	21,533	15	22,312	21	21,233	23
Intangible assets	1,576	1	1,572	1	1,577	1	1,575	1	1,585	1	1,585	2
Log term investments	46,115	23	34,675	20	31,088	20	26,899	18	27,869	26	29,656	33
Long term loans & advances - secured	3,044	2	1,945	1	1,200	1	1,114	1	966	1	934	1
Long term deposits & prepayments	15	-	14	-	12	-	14	-	14	-	14	-
	74,737	37	61,047	35	56,089	37	51,135	35	52,746	49	53,422	59
Current Assets												
Stores, spares and loose tools	4,558	2	4,434	3	3,811	2	3,474	2	3,496	3	3,428	4
Stock in trade	1,048	1	320	-	6,795	4	12,932	9	395	-	4,237	4
Trade debts	833	-	2,287	1	13,460	9	3,678	3	3,722	3	4,306	4
Loans and advances - secured	759	-	789	-	1,795	1	1,060	1	1,634	2	903	1
Deposits and prepayments	67	-	51	-	51	-	82	-	78	-	50	-
Other receivables	22,619	11	20,965	12	17,653	12	15,725	11	13,965	13	7,752	9
Short term investments	95,196	47	81,902	47	48,041	31	54,585	37	30,882	28	14,144	16
Cash and bank balances	1,190	1	1,154	1	5,695	4	3,818	3	1,712	2	2,526	3
	126,270	63	111,902	65	97,301	63	95,354	65	55,885	51	37,347	41
Total Assets	201,007	100	172,949	100	153,390	100	146,489	100	108,631	100	90,769	100

Vertical Analysis

Shareholders' Equity

Share capital as a percentage of equity has reduced from 46% in 2016 to 27% in 2021, whereas **revenue reserves** as a percentage of equity have increased from 54% in 2016 to 73% at the close of 2021 owing to higher profit and retention in the business to finance the Company's diversification needs.

Non-Current Liabilities

Due to the reclassification of **long term portion of GIDC** in non-current liabilities, long term borrowings as a percentage of non-current liabilities declined to 22% in 2020 compared to 78% in 2016. As of 2021, the **long term borrowings** increased to 41% and GIDC liability reduced to 50% of non-current liabilities at the close of 2021.

Current Liabilities

Withholding of GIDC consequent to Court's decision resulted in continuous increase in **trade and other payables** as a percentage of current liabilities from 2017 to 2019. However, in compliance with IFRS requirements, reclassification of long term portion of GIDC to non-current liabilities significantly reduced the percentage of trade and other payables to current liabilities to 57% and 58% in 2020 and 2021 respectively, in comparison to current liabilities.

Equity & Net Assets per Share



Non-Current Assets

Property, plant and equipment as a percentage of non-current assets has reduced from 40% in 2016 to 32% in 2021, whereas **long term investments** as a percentage of non-current assets has increased from 58% in 2016 to 62% in 2021 primarily due to the Company's equity investments over the years.

Current Assets

Stores, spares and loose tools formed 4% of the Company's current assets, in line with the six year annual average of 5%.

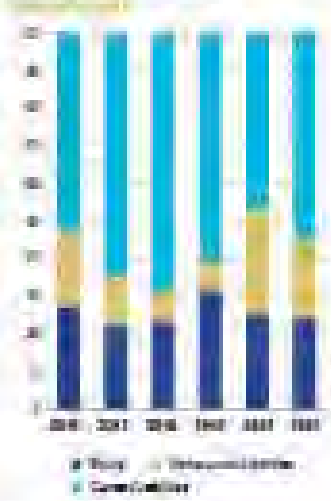
Stock in trade as a percentage of current assets remained negligible at 1%, as the Company successfully offloaded almost its entire fertilizer stock. This percentage however remained high in 2016, 2018 and 2019 on account of abnormal inventory due to adverse market conditions.

Trade debts as a percentage of current assets, at the close of 2021, also remained negligible at 1% against six years average of 8%. Whereas, other receivables at 18% were broadly in line with the six yearly annual average.

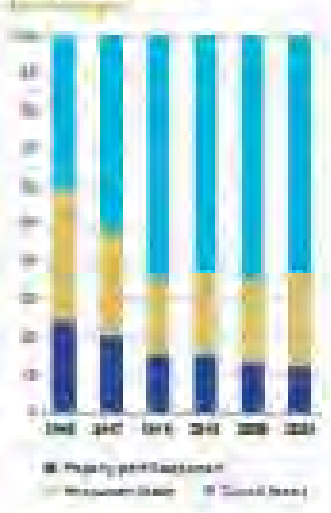
Short term investments as a percentage of current assets have increased from 38% in 2016 to 75% in 2021, owing to efficient treasury management.

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.

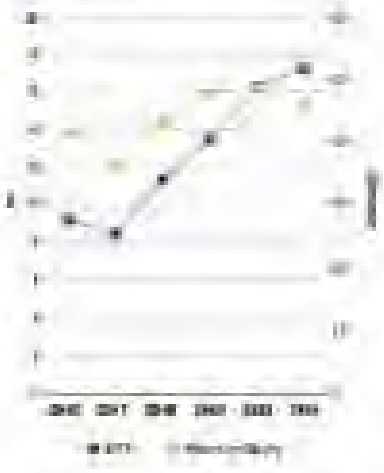
Financial Position Analysis - Equity & Liabilities



Financial Position Analysis - Assets



EPS and Return on Equity



SIX YEAR ANALYSIS

Horizontal Analysis of Statement of Profit or Loss

	2021	2021	2020	2020	2019	2019	2018	2018	2017	2017	2016	2016
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - net	108,651	11	97,655	(8)	105,783	(0.2)	105,964	17	90,714	24	72,877	(14)
Cost of sales	(69,772)	6	(66,072)	(12)	(75,046)	(4)	(77,986)	7	(72,621)	32	(54,827)	(2)
Gross profit	38,879	23	31,583	3	30,737	10	27,978	55	18,093	0.2	18,050	(38)
Distribution cost	(8,409)	7	(7,848)	(5)	(8,288)	(6)	(8,833)	3	(8,574)	20	(7,154)	5
Operating profit	30,470	28	23,735	6	22,449	17	19,145	101	9,519	(13)	10,896	(51)
Finance cost	(2,292)	22	(1,874)	(24)	(2,477)	51	(1,637)	(33)	(2,445)	2	(2,406)	63
Other gains / (losses)	(2,811)	(171)	3,940	(458)	(1,100)	-	-	-	-	-	-	-
Other expenses	(2,947)	12	(2,639)	14	(2,310)	10	(2,108)	29	(1,631)	(7)	(1,761)	(23)
	22,420	(3)	23,162	40	16,562	8	15,400	183	5,443	(19)	6,729	(63)
Other income	7,919	23	6,429	(11)	7,191	14	6,283	(39)	10,298	(3)	10,665	72
Profit before taxation	30,339	3	29,591	25	23,753	10	21,683	38	15,741	(10)	17,394	(29)
Provision for taxation	(8,443)	(4)	(8,772)	32	(6,643)	(8)	(7,244)	44	(5,030)	(10)	(5,612)	(27)
Profit for the year	21,896	5	20,819	22	17,110	18	14,439	35	10,711	(9)	11,782	(30)
EPS (Rupees)	17.21	5	16.36	22	13.45	19	11.35	35	8.42	(9)	9.26	(30)

Horizontal Analysis

Turnover and Cost of Sales

The Company's **turnover** exceeded the Rs 100 billion mark thrice in the last six years, registering highest ever turnover amounting Rs 108.65 billion in 2021. The compound annual growth rate for turnover is 7% over the last 6 years, and increase of around 50% in turnover of imported fertilizer in 2021 contributed positively. The **cost of sales** witnessed a lower rate of increase of 4% since 2016 mainly on account of decrease in raw material costs and cost controls over the years.

Gross Profit

The declining trend in **gross profitability** during 2016 and 2017 witnessed reversal on the back of improved fertilizer prices; with the Company consistently improving its gross profit each year increasing from Rs 27.98 billion in 2018 to Rs 38.88 billion in 2021. Gross profit thus, increased by a compound annual growth rate of 14% since 2016.

Distribution Cost & Operating Profit

Effective cost control measures have resulted in curtailment of increase in **distribution costs** to a compound annual growth rate of 3%, in line with handling of incremental product volume and inflationary trends. **Operating profit** of the Company therefore increased from Rs 10.90 billion in 2016 to Rs 30.47 billion in 2021.

Finance Cost

Fluctuations have been witnessed in **finance cost** over the six years' period, with 2016, 2017 and 2019 recording high costs due to increased borrowings and 2018 and 2020 witnessing a decline in finance cost due to improved market environment. During the year, finance cost decreased to Rs 2.29 billion compared to Rs 2.41 billion in 2016.

Other Expenses

Other expenses comprise profit based levies besides research and development expenses. Over the years, these fluctuated in line with the Company's profitability.

Other Gains / (Losses)

Other gains / (losses) include re-measurement of GIDC liability and Expected Credit Loss in line with the requirements of IFRSs. During the year, other losses were recorded at Rs 2.81 billion compared to other gains of Rs 3.94 billion in 2020 and other losses of Rs 1.10 billion in 2019.

Other Income

Other income primarily comprises of dividend income and return on investments placed with financial institutions besides classification of subsidy as other income in compliance with applicable IFRS.

Spike witnessed in other income from 2016 to 2018 was mainly on account of subsidy income. **Dividend income** declined from Rs 2.41 billion in 2016 to Rs 1.93 billion in 2021 owing to lower payout by associated companies. However, effective utilization of funds and prevailing high rate of return enabled the Company to earn highest ever investment income of Rs 5.99 billion recording compound annual growth rate of 29% compared to 2016.

Taxation

Variation in **tax charge** over the years has been in line with profitability however, current year's effective rate of around 28% was lower than the six year average effective rate of around 31% owing to lower tax rate on investment income through dividend and capital gain.

Profit for the Year

The Company's **net profitability** has been on a sustained upward trajectory since the decline witnessed in 2016 and 2017. During the year, FFC posted a net profit of Rs 21.90 billion, primarily on account of highest ever turnover and record investment income.

Vertical Analysis of Statement of Profit or Loss

	2021		2020		2019		2018		2017		2016	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - net	108,651	100	97,655	100	105,783	100	105,964	100	90,714	100	72,877	100
Cost of sales	(69,772)	(64)	(66,072)	(68)	(75,046)	(71)	(77,986)	(74)	(72,621)	(80)	(54,827)	(75)
Gross profit	38,879	36	31,583	32	30,737	29	27,978	26	18,093	20	18,050	25
Distribution cost	(8,409)	(8)	(7,848)	(8)	(8,288)	(8)	(8,833)	(8)	(8,574)	(9)	(7,154)	(10)
Operating profit	30,470	28	23,735	24	22,449	21	19,145	18	9,519	10	10,896	15
Finance cost	(2,292)	(2)	(1,874)	(2)	(2,477)	(2)	(1,637)	(2)	(2,445)	(3)	(2,406)	(3)
Other gains / (losses)	(2,811)	(3)	3,940	4	(1,100)	(1)	-	-	-	-	-	-
Other expenses	(2,947)	(3)	(2,639)	(3)	(2,310)	(2)	(2,108)	(2)	(1,631)	(2)	(1,761)	(2)
	22,420	21	23,162	24	16,562	16	15,400	15	5,443	6	6,729	9
Other income	7,919	7	6,429	7	7,191	7	6,283	6	10,298	11	10,665	15
Profit before taxation	30,339	28	29,591	30	23,753	22	21,683	20	15,741	17	17,394	24
Provision for taxation	(8,443)	(8)	(8,772)	(9)	(6,643)	(6)	(7,244)	(7)	(5,030)	(6)	(5,612)	(8)
Profit for the year	21,896	20	20,819	21	17,110	16	14,439	14	10,711	12	11,782	16
EPS (Rupees)	17.21		16.36		13.45		11.35		8.42		9.26	

Vertical Analysis

Gross Profit

Abnormal decrease was witnessed in **gross profit** as a percentage of **turnover** in 2016 and 2017 due to increase in raw material costs, in addition to classification of subsidy income in other income in compliance with IFRSs. Thereafter, a sustained growth has been witnessed from 20% in 2017 to 36% in 2021 owing primarily to reduction in GIDC rates besides savings in fixed costs.

Distribution Cost & Operating Profit

Distribution cost as a percentage of turnover has declined from 9.82% in 2016 to 7.74% in 2021 due to higher prices of imported fertilizers besides curtailment of fixed cost. This resulted in **operating profit** as a percentage of turnover of 28% compared to 15% in 2016

Other Expenses

Comprising WPPF and WWF expense besides research and development expenses, **other expenses** moved in line with the Company's profitability over the years.

Other Income

Other income as a percentage of turnover was high during 2016 and 2017 due to recording of subsidy income in other income as per the requirements of IFRSs. Subsequently, it grew from 6% in 2018 to 7% in 2021 due to increase in the Company's investment income.

Taxation

Tax charge as a percentage of turnover exhibited a declining trend reducing from 8% in 2016 to 6% in 2019. However, it increased to 9% in 2020 owing to impact of deferred tax on impairment and re-measurement of GIDC. This declined slightly to 8% despite higher profitability due to lower tax rate on investment income through dividend and capital gain.

Profit for the year

Persistent Governmental pressure restricting the Company's pass-through ability in addition to increase in operating costs, resulted in restricted net profit margin till 2017. Sustained growth thereon enabled improved margin over the years recording 20% in 2021 compared to six year average of 17%.

SIX YEAR ANALYSIS

of Cash Flows

Summary of Cash Flows

Rs million	2021	2020	2019	2018	2017	2016
Net cash flow from Operating activities						
Profit before taxation	**30,339**	29,591	23,753	21,683	15,741	17,394
Adjustments for non cash & other items	**4,026**	(2,614)	1,814	(1,254)	(5,484)	(5,941)
Changes in working capital	**179**	22,078	7,917	7,860	27,310	196
Changes in long term loans and advances, deposits, prepayments and deferred liabilities	**(1,403)**	(925)	157	(57)	52	39
Cash (used in) / generated from operations	**(1,224)**	21,153	8,074	7,803	27,362	235
	33,141	48,130	33,641	28,232	37,619	11,688
Finance cost paid	**(1,838)**	(2,266)	(2,101)	(1,527)	(2,575)	(2,386)
Income tax paid	**(9,283)**	(6,320)	(6,604)	(6,041)	(5,247)	(5,724)
Subsidy received on sale of fertilizer	**-**	-	-	2,202	4,910	3,396
Net cash generated from operating activities	**22,020**	39,544	24,936	22,866	34,707	6,974
Net cash flow from Investing activities						
Fixed capital expenditure	**(3,591)**	(2,942)	(3,138)	(1,400)	(3,285)	(2,000)
Interest received	**719**	891	1,805	1,050	750	1,107
(Increase) / Decrease in investments - net	**(13,484)**	(2,740)	(719)	211	(1,193)	(121)
Dividends received	**2,150**	1,151	1,971	1,299	1,924	2,265
Others	**22**	40	459	18	25	22
Net cash generated from / (used in) investing activities	**(14,184)**	(3,600)	378	1,178	(1,779)	1,273
Net cash flow from Financing activities						
Long term financing - disbursements	**10,470**	8,409	2,600	-	7,000	7,350
- repayments	**(4,188)**	(4,631)	(7,238)	(6,582)	(7,684)	(4,665)
Repayment of lease liabilities	**(31)**	(31)	(33)	-	-	-
Grant received during the year	**-**	190	-	-	-	-
Dividends paid	**(16,853)**	(14,131)	(14,665)	(9,912)	(8,558)	(11,109)
Net cash used in financing activities	**(10,602)**	(10,194)	(19,336)	(16,494)	(9,242)	(8,424)
Net (decrease) / increase in cash and cash equivalents	**(2,766)**	25,750	5,978	7,550	23,686	(177)
Cash and cash equivalents at beginning of the year	**57,709**	31,886	25,672	17,723	(6,041)	(5,864)
Effect of exchange rate changes	**235**	73	236	399	78	-
Cash and cash equivalents at end of the year	**55,178**	57,709	31,886	25,672	17,723	(6,041)

Direct Method Cash Flow

Rs million	2021	2020
Cash Flows From Operating Activities		
Cash receipts from customers - net	**110,023**	114,549
Cash paid to suppliers / service providers and employees - net	**(74,296)**	(64,183)
Payment to gratuity fund	**(230)**	(254)
Payment to pension fund	**(218)**	(160)
Payment to Workers' Welfare fund - net	**(398)**	(397)
Payment to Workers' Profit Participation fund - net	**(1,740)**	(1,425)
Finance cost paid	**(1,838)**	(2,266)
Income tax paid	**(9,283)**	(6,320)
Net cash generated from operating activities	**22,020**	39,544
Cash Flows From Investing Activities		
Fixed capital expenditure	**(3,591)**	(2,942)
Proceeds from sale of property, plant and equipment	**22**	40
Interest received	**719**	891
Investment in Foundation Wind Energy I & II Limited	**(13,512)**	-
Advance against issue of shares to TEL	**(377)**	
Advance against issue of shares to OLIVE	**(20)**	
Investment in Fauji Fresh n Freeze Limited	**-**	(602)
Advance against issue of right shares to FFBL	**(2,494)**	
Increase in other investment - net	**425**	356
Dividends received	**2,150**	1,151
Net cash used in from investing activities	**(14,184)**	(3,600)

Rs million	2021	2020
Cash Flows From Financing Activities		
Long term financing - disbursements	**10,470**	8,409
- repayments	**(4,188)**	(4,631)
Repayment of lease liabilities	**(31)**	(31)
Grant received during the year	**-**	190
Dividends paid	**(16,853)**	(14,131)
Net cash used in financing activities	**(10,602)**	(10,194)
Net decrease in cash and cash equivalents	**(2,766)**	25,750
Cash and cash equivalents at beginning of the year	**57,709**	31,886
Effect of exchange rate changes	**235**	73
Cash and cash equivalents at end of the year	**55,178**	57,709

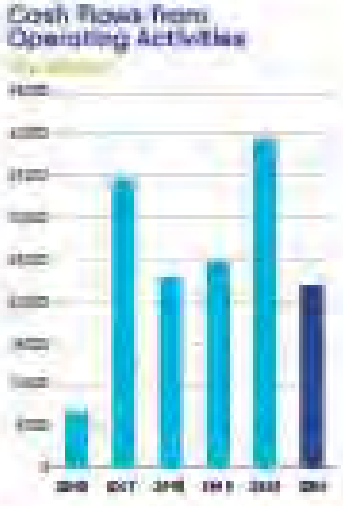
Free Cash Flows

Rs million	2021	2020	2019	2018	2017	2016
Profit before taxation	**30,339**	29,591	23,753	21,683	15,741	17,394
Adjustment non-cash items	**4,026**	(2,614)	1,814	(1,254)	(5,484)	(5,941)
Changes in working capital	**179**	22,078	7,917	7,860	27,310	196
	34,544	49,055	33,484	28,289	37,567	11,649
Less: Capital expenditure	**(3,591)**	(2,942)	(3,138)	(1,400)	(3,285)	(2,000)
Free cash flows	**30,953**	46,113	30,346	26,889	34,282	9,649

Cash Flows Analysis

Cash Flows from Operating Activities

Cash flows from operating activities depicted a steady growth pattern post 2016, owing to better cash availability due to revival of regular fertilizer demand. Consequently, at the end of 2021, cash generated from operations was recorded at Rs 22.02 billion demonstrating a 3 times increase over 2016 but slight decline compared to six year average of Rs 25.16 billion.



Cash Flows from Investing Activities

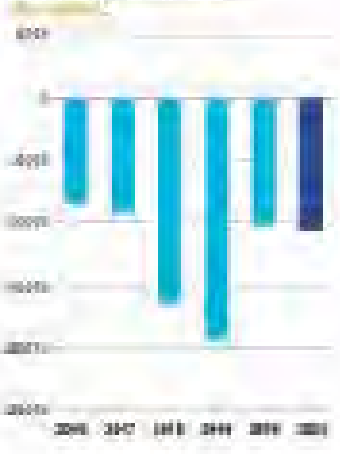
Investing activities mainly comprised of fixed capital expenditures and equity investments in subsidiary and associated undertakings, whereas incremental dividend income from these investments in the past years has partially offset the impact of cash outflow from investing activities.

Cash flows from investing activities have fluctuated between net inflows and outflows since 2016. Fixed capital expenditure during the last six years has been in line with the Company's commitment to maintain reliable and sustained operations of its production facilities.



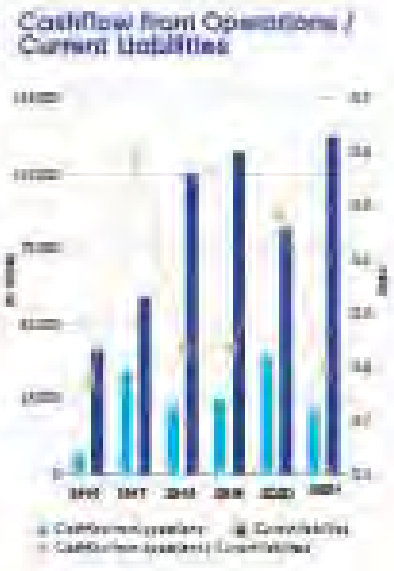
Cash Flows from Financing Activities

The Company has historically had a negative cash balance from financing activities mainly on account of dividend payments and relatively low debt disbursements. The same trend continued in 2021 as net cash utilized in financing activities amounted to Rs 10.93 billion, slightly lower than the average of last six years.



Cash and Cash Equivalent

Overall, cash and cash equivalent stood at Rs 95.18 billion at the close of 2021 compared to negative Rs 6.04 billion in 2016.



SIX YEAR ANALYSIS

of Financial Ratios

		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross profit ratio	%	**35.78**	32.34	29.06	26.40	19.95	24.77
Gross profit ratio (Including Subsidy)	%	**35.78**	32.34	29.06	28.03	25.38	31.34
Net profit ratio	%	**20.15**	21.32	16.17	13.63	11.81	16.17
Net profit ratio (Including Subsidy)	%	**20.15**	21.32	16.17	13.32	11.01	14.75
EBITDA margin to turnover	%	**32.27**	34.58	26.96	24.06	22.44	30.07
EBITDA margin to turnover (Including Subsidy)	%	**32.27**	34.58	26.96	23.52	20.92	27.44
Operating leverage ratio	Times	**0.33**	(2.60)	(73.41)	1.68	(0.33)	1.69
Return on equity (Profit after tax)	%	**46.08**	48.94	48.11	43.25	36.49	41.76
Return on equity (Profit before tax)	%	**63.85**	69.57	66.78	64.95	53.63	61.66
Return on capital employed	%	**50.78**	59.19	62.39	55.57	40.48	44.13
Pre tax margin	%	**27.92**	30.30	22.45	20.46	17.35	23.87
Pre tax margin (Including Subsidy)	%	**27.92**	30.30	22.45	20.01	16.18	21.78
Return on assets	%	**10.89**	12.04	11.15	9.86	9.86	12.98
Growth in EBTDA	%	**2.74**	22.51	9.16	33.15	(8.18)	(26.37)
Earning before interest, depreciation and tax	Rs in million	**35,064**	33,773	28,514	25,490	20,359	21,915
Earnings growth	%	**5.17**	21.68	18.50	34.81	(9.09)	(29.73)
Growth in turnover	%	**11.26**	(7.68)	(0.17)	16.81	24.48	(14.09)
Growth in turnover (Including Subsidy)	%	**11.26**	(7.68)	(2.38)	11.35	21.86	(7.49)
Capital Expenditure to total Assets	%	**1.79**	1.70	2.05	0.96	3.02	2.20
Liquidity Ratios							
Current ratio	Times	**1.13**	1.37	0.91	0.95	0.95	0.91
Quick / Acid test ratio	Times	**1.08**	1.31	0.81	0.79	0.88	0.72
Cash to current liabilities	Times	**0.49**	0.71	0.30	0.26	0.30	(0.15)
Cash flow from operations to turnover	Times	**0.20**	0.40	0.24	0.22	0.38	0.10
Cash flow from operations to turnover (Including Subsidy)	Times	**0.20**	0.40	0.24	0.21	0.36	0.09
Long term liabilities / current liabilities	%	**36.84**	59.68	10.24	13.17	34.35	52.24
Activity / Turnover Ratios							
Inventory turnover ratio	Times	**102**	18.57	7.61	11.70	31.36	11.74
No. of days in inventory	Days	**4**	20	48	31	12	31
Debtors turnover ratio	Times	**70**	12.40	12.34	28.64	22.60	23.97
Debtors turnover ratio (Including Subsidy)	Times	**17**	7.21	6.99	10.26	9.80	12.63
No. of days in receivables	Days	**5**	29	30	13	16	15
No. of days in receivables (Including Subsidy)	Days	**22**	51	52	36	37	29
Creditors turnover ratio - GIDC	Times	**2**	1.46	1.42	2.34	5.10	17.96
- without GIDC	Times	**21**	24.64	51.93	88.37	98.94	89.51
No. of days in payables - GIDC	Days	**180**	250	258	156	72	20
- without GIDC	Days	**17**	15	7	4	4	4







		2021	2020	2019	2018	2017	2016
Total assets turnover ratio	Times	**0.54**	0.56	0.69	0.72	0.84	0.80
Total assets turnover ratio (Including Subsidy)	Times	**0.54**	0.56	0.69	0.74	0.90	0.88
Fixed assets turnover ratio	Times	**4.53**	4.28	4.76	4.92	4.07	3.43
Fixed assets turnover ratio (Including Subsidy)	Times	**4.53**	4.28	4.76	5.03	4.36	3.76
Operating cycle - GIDC	Days	**(175)**	(221)	(227)	(142)	(45)	25
- without GIDC	Days	**(12)**	14	24	10	23	41
Investment / Market Ratios							
Earnings per share (EPS) and Diluted EPS	Rs	**17.21**	16.36	13.45	11.35	8.42	9.26
Price earning ratio	Times	**5.83**	6.63	7.54	8.18	9.40	11.27
Dividend yield ratio	%	**13.74**	10.62	10.94	9.35	7.66	7.18
Dividend payout ratio							
- Cash (interim & proposed final)	%	**84.25**	68.44	80.30	77.98	83.14	85.31
- Cash & stock (interim & proposed final)	%	**84.25**	68.44	80.30	77.98	83.14	85.31
Dividend cover ratio	Times	**1.19**	1.46	1.25	1.28	1.20	1.17
Cash dividend per share (interim & proposed final)	Rs	**14.50**	11.20	10.80	8.85	7.00	7.90
Stock dividend per share (interim & proposed final)	Rs	**-**	-	-	-	-	-
Market value per share							
- Year end	Rs	**100.26**	108.50	101.47	92.85	79.11	104.37
- High during the year	Rs	**113.68**	114.54	109.12	103.68	118.96	121.45
- Low during the year	Rs	**96.09**	82.71	84.88	79.05	70.07	102.71
Breakup value (net assets per share)							
- Without revaluation reserves	Rs	**37.35**	33.43	27.96	26.24	23.07	22.17
- Investment in Related Party at fair / market value	Rs	**60.70**	54.30	44.17	51.65	46.18	54.91
Retention (after interim & proposed cash)	%	**15.75**	31.56	19.70	22.02	16.86	14.69
Change in market value added	%	**(16.19)**	2.11	10.36	18.86	(31.82)	(14.84)
Price to book ratio	Times	**10.03**	10.85	10.15	9.29	7.91	10.44
Market price to breakup value	Times	**2.83**	3.15	3.53	3.61	3.96	4.96
Capital Structure Ratios							
Financial leverage ratio	Times	**1.27**	0.95	0.93	1.33	1.16	1.60
Weighted average cost of debt	%	**10.91**	6.44	13.71	8.18	6.61	6.53
Net Assets per share	Rs	**37.35**	33.43	27.96	26.24	23.07	22.17
Debt to equity ratio as per book value	Ratio	**26:74**	20:80	15:85	20:80	35:65	37:63
Interest cover ratio / Time Interest earned ratio	Times	**14.24**	16.79	10.59	14.25	7.44	8.23
Others							
Production per Employee	MT/Employee	**765**	708	721	751	747	739
Revenue per Employee	Rs in M	**33.18**	27.81	30.6	31.57	26.97	21.34
Staff turnover ratio	%	**15.95**	7.58	4.88	4.57	4.64	6.82
Customer Satisfaction Index	%	**97**	96	96	95	91	94
Spares Inventory as % of Assets Cost	%	**2.27**	2.56	2.48	2.37	3.22	3.78
Maintenance Cost as % of Operating Expenses	%	**3.40**	2.55	2.16	1.76	1.75	2.45

* Note : Breakup value with revaluation reserves does not apply as FFC has no revaluation reserves







SIX YEAR ANALYSIS

of Financial Ratios

Ratio Analysis

Profitability Ratios

Growth in operating revenue coupled with decline in cost of sales due to reduction in raw material costs and efficient cost controls, resulted in increased gross profit ratio of 36% and net profit ratio of 20%, building on the momentum of improved profitability ratios since 2017. Both return on equity and return on capital employed remained stable with last six years' average whereas return on asset registered a decline.

Liquidity Ratios

The Company's current ratio for 2021 was recorded at 1.13 times, higher than 0.91 times registered in 2016 and also 0.09 times above six year average, mainly on the back of high value short term investments. 'Cash to current liabilities' of 0.49 times and 'long term liabilities / current liabilities' of 37% were better than six year average but still lower than 2020 due to higher portion of GIDC liability in current liabilities.

Activity / Turnover Ratios

As the Company was able to offload almost its entire fertilizer stock, inventory turnover days were restricted to 4 days compared to six year average of 24 days. Debtor turnover at 5 days also registered improvement evidencing minimal reliance of the Company on credit sales, whereas creditor turnover days declined to 180 days compared 250 days last year however, the ratio remained higher than six year average of 156 days.

Consequently, the Company's operating cycle clocked at negative 175 days compared to negative 131 days on six year average.

Investment / Market Ratios

Earnings per share stood at Rs 17.21 for the year ended 2021 registering an increase of 5% compared to last year on account of higher profitability which combined with decrease in the market price of the Company's shares at the end of the year, led to a decline in the price to earnings ratio of 0.80 times. The breakup value per share of the Company was recorded at Rs 37.35 for 2021, improving by Rs 3.92 compared to 2020 and also higher than the six year historic average of Rs 28.37.

Total cash dividend per share for 2021 stood at Rs 14.50 per share translating into a cash payout of 84% with no stock dividend against a six year average total payout of 80%.

Capital Structure Ratios

Financial leverage for 2021 increased compared to the past six year average as the Company availed large amount of short and long term borrowings to finance equity investments and meet its working capital requirements. Debt to equity ratio also correspondingly increased to 26:74 from 20:80 in 2020. The high amount of borrowings appearing on the Company's balance sheet reduced the interest cover ratio to 14.24 times compared to 16.79 times in 2020 although it remained significantly higher than the interest cover ratio of 8.23 times in 2016.

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.

Summary of Financial Statements

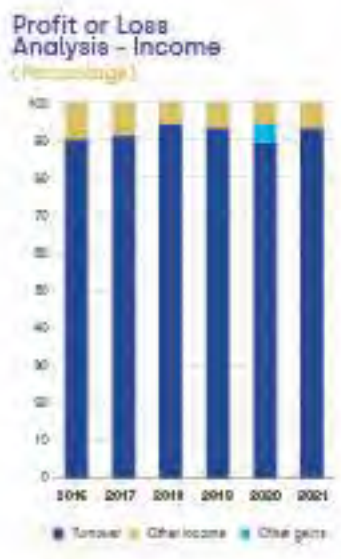
Rs million	2021	2020	2019	2018	2017	2016
Summary of Statement of Financial Position						
Share capital	**12,722**	12,722	12,722	12,722	12,722	12,722
Reserves	**34,792**	29,814	22,845	20,661	16,630	15,489
Equity and reserve	**47,514**	42,536	35,567	33,383	29,352	28,211
Long term borrowings - secured	**16,740**	10,627	6,473	8,584	15,572	16,653
Capital employed	**64,254**	53,163	42,040	41,967	44,924	44,864
Gas Infrastructure Development Cess (GIDC) payable - long term	**20,802**	32,772	-	-	-	-
Deferred liabilities	**3,758**	5,259	4,412	4,578	4,697	4,812
Property, plant & equipment	**23,987**	22,841	22,212	21,533	22,312	21,233
Non - current assets	**74,737**	61,047	56,089	51,135	52,746	53,422
Net current assets / Working capital	**14,101**	30,231	(9,575)	(4,590)	(3,125)	(3,746)
Liquid funds (net)	**61,440**	63,878	38,420	32,175	25,963	1,748
Summary of Profit or Loss						
Turnover - net	**108,651**	97,655	105,783	105,964	90,714	72,877
Turnover - net (including Subsidy)	**108,651**	97,655	105,783	108,364	97,316	79,856
Cost of sales	**(69,772)**	(66,072)	(75,046)	(77,986)	(72,621)	(54,827)
Gross profit	**38,879**	31,583	30,737	27,978	18,093	18,050
Gross profit (including Subsidy)	**38,879**	31,583	30,737	30,378	24,695	25,029
Distribution cost	**(8,409)**	(7,848)	(8,288)	(8,833)	(8,574)	(7,154)
Operating profit	**30,470**	23,735	22,449	19,145	9,519	10,896
Operating profit (including Subsidy)	**30,470**	23,735	22,449	21,545	16,121	17,875
Finance cost	**(2,292)**	(1,874)	(2,477)	(1,637)	(2,445)	(2,406)
Other gains / (losses)	**(2,811)**	3,940	(1,100)	-	-	-
Other expenses	**(2,947)**	(2,639)	(2,310)	(2,108)	(1,631)	(1,761)
Other income	**7,919**	6,429	7,191	6,283	10,298	10,665
Other income (excluding Subsidy)	**7,919**	6,429	7,191	3,883	3,696	3,686
Profit before tax	**30,339**	29,591	23,753	21,683	15,741	17,394
Provision for taxation	**(8,443)**	(8,772)	(6,643)	(7,244)	(5,030)	(5,612)
Profit for the year	**21,896**	20,819	17,110	14,439	10,711	11,782
EPS - Basic & Diluted (restated) - Rs	**17.21**	16.36	13.45	11.35	8.42	9.26

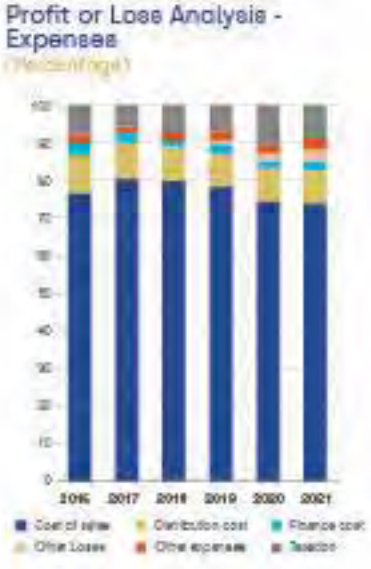
Quantitative Data

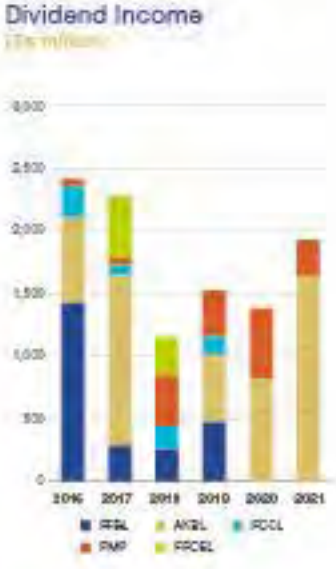
		2021	2020	2019	2018	2017	2016
Designed Capacity							
Plant I - Goth Machhi	KT	**695**	695	695	695	695	695
Plant II - Goth Machhi	KT	**635**	635	635	635	635	635
Plant III - Mirpur Mathelo	KT	**718**	718	718	718	718	718
Total designed capacity	KT	**2,048**	2,048	2,048	2,048	2,048	2,048
Plant wise Production - Sona Urea							
Plant I - Goth Machhi	KT	**864**	878	830	858	868	841
Plant II - Goth Machhi	KT	**753**	810	821	792	825	823
Plant III - Mirpur Mathelo	KT	**890**	799	841	872	820	859
Total production - Sona Urea	KT	**2,507**	2,487	2,492	2,522	2,513	2,523
Capacity Utlization							
Plant I - Goth Machhi	%	**124%**	126%	119%	123%	125%	121%
Plant II - Goth Machhi	%	**119%**	128%	129%	125%	130%	130%
Plant III - Mirpur Mathelo	%	**124%**	111%	117%	121%	114%	120%
Total capacity utlization	%	**122%**	121%	122%	123%	123%	123%
Sona Urea Sales	KT	**2,477**	2,512	2,467	2,527	2,697	2,428
Imported Fertilizer - Sales	KT	**226**	253	253	503	526	212
Others							
Market capitalization	Rs in million	**127,555**	138,038	129,094	118,127	100,647	132,783
Numbers of shares issued	Million	**1,272**	1,272	1,272	1,272	1,272	1,272
Contribution to National Exchequer	Rs in million	**30,402**	27,118	41,863	36,779	41,242	45,004
Savings through Import Substitution	Million US $	**1,293**	621	674	650	534	474

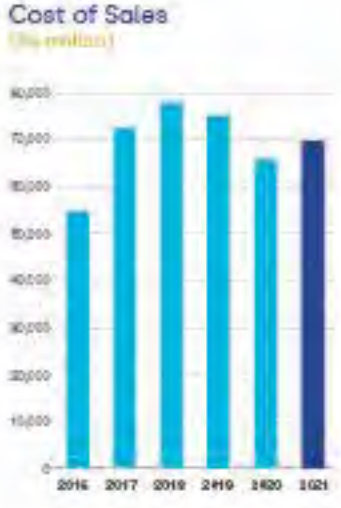
GRAPHICAL PRESENTATION

Statement Profit or Loss

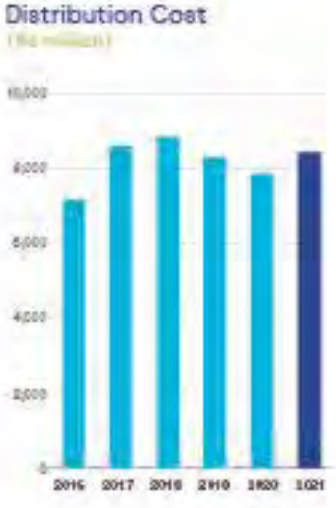










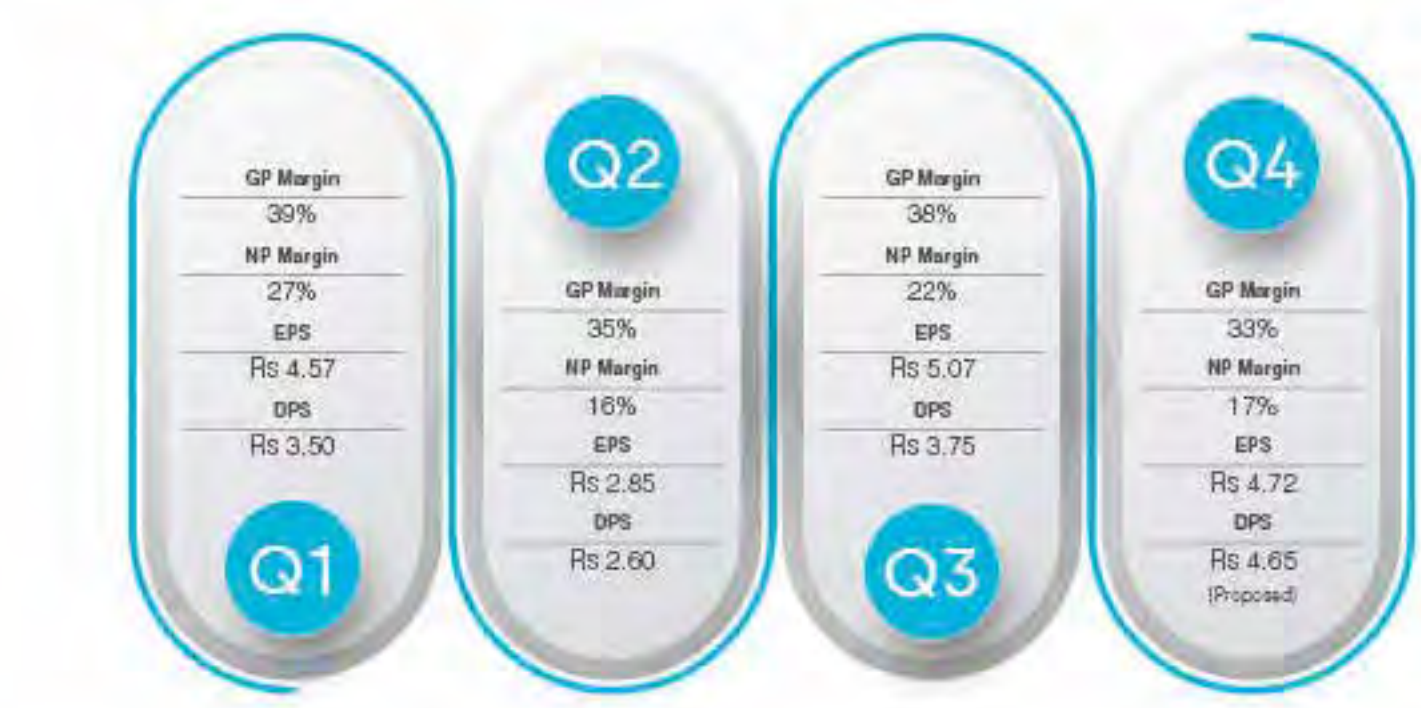


QUARTERLY ANALYSIS

Rs million	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Turnover - Net	21,589	22,429	29,574	35,059	108,651
Cost of Sales	(13,154)	(14,654)	(18,408)	(23,556)	(69,772)
Gross Profit	8,435	7,775	11,166	11,503	38,879
Distribution Cost	(2,008)	(1,956)	(2,087)	(2,358)	(8,409)
Operating profit	6,427	5,819	9,079	9,145	30,470
Finance cost	(420)	(385)	(647)	(840)	(2,292)
Other gains / (losses)	-	(1,199)	(616)	(996)	(2,811)
Other expenses	(722)	(570)	(810)	(845)	(2,947)
Other income	2,719	1,495	1,700	2,005	7,919
Profit before taxation	8,004	5,160	8,706	8,469	30,339
Provision for taxation	(2,188)	(1,541)	(2,254)	(2,460)	(8,443)
Profit for the year	5,816	3,619	6,452	6,009	21,896

Analysis of Variation in Interim Results and Final Accounts

Net profit margin reduced from 27% in the first quarter to 17% in the final quarter, mainly due to major part of dividend income received from associated companies recorded in the first quarter as well as recognition of unwinding of gain on GIDC from the second quarter onwards. Recognition of loss on impairment of subsidy receivable near end of 2021 impacted profitability, despite higher DAP sales mix at high prices in the last two quarters. At the year-end, the Company carried urea inventory of 32 thousand tonnes whilst short-term investments stood at Rs 95.20 billion, 16% higher compared to last year.



QUARTERLY ANALYSIS

Production

FFC achieved Soda Ash production of 502 thousand tonnes with a combined operating efficiency of 108%. This was 5% lower than last year.

Dense Ash output of 558 thousand tonnes during the second quarter of the year was 3% lower than the corresponding quarter of 2020 and 6% lower than the first quarter due to carrying out of annual maintenance turnaround during the first half of 2021 as compared to the turnaround during the second half of previous year.

The Company produced 145 thousand tonnes of Bicarb Ash, 7% higher than the corresponding quarter of last year with a combined operating efficiency of 108%.

Dense Chlor production of 540 thousand tonnes was 6% above the same quarter last year, because of carrying of annual maintenance turnaround during 2nd quarter of last year.

Aggregate production however remained 9% higher.

Sales

Soda Ash offtake for the first quarter was recorded at 575 thousand tonnes, which was 7% lower than the corresponding quarter of last year. Higher demand was experienced in 2020 because of reduced selling prices consequent to reduction in GIDC rates.

The Company achieved second quarter Soda Ash sales of 568 thousand tonnes, 10% lower than the last year owing to the Company exercising control over sales to counteract ability to avoid negative impact of GST and business apprehensive disincentives.

DAP offtake however rose by 99% compared to same quarter last year.

Soda Ash sales of 558 thousand tonnes during the last quarter of the year was 6% lower than the quarter and also 9% lower than fourth quarter of last year.

Turnover & Other Income

Soda Ash turnover fell by 4% against last year to Rs 18.61 billion due to lower than last year prices and others.

Aggregate all product revenue however, stood at Rs 21.56 billion, which was higher by 6% over last year mainly due to increase in DAP turnover as a result of escalating prices of imported inputs.

The Company achieved quarterly other income of Rs 2.72 billion, 58% above last year, mainly due to higher dividend received from associated company.

Turnover of Rs 22.62 billion was 4% above the first quarter but 5% lower than the second quarter turnover recorded in 2020 due to reduction in urea offtake. The second quarter's investment income of Rs 1.22 billion resulted in aggregate half-yearly investment income of Rs 2.31 billion. Higher dividend declaration by equity investments during the first half of the year improved dividend income to Rs 1.81 billion, more than two times higher than last year.

Soda Ash turnover recorded an increase of 23% compared to the corresponding quarter of last year.

An increase in DAP turnover as a result of higher prices was on the achievement of the highest ever aggregate revenue of Rs 21.56 billion for twelve months. Aggregate nine-month dividend income from associated companies amounting to Rs 1.26 billion recorded an increase of 37% compared to last year.

The Company achieved aggregate first quarter turnover of Rs 26.38 billion, which was 18% higher than the previous quarter and 20% higher than last year mainly on account of higher DAP selling prices and volumes. However, after aggregate investment income of Rs 2.84 billion for the year was recorded, whilst quarterly investment income amounted to Rs. higher than last quarter of 2020. No dividend income was recorded during the quarter.







Operating Costs

Cost of sales amounting Rs 13.15 billion for the last quarter was in line with last year. However, distribution cost for the quarter recorded at Rs 2.01 billion registered a decrease of Rs 67 million over 2020 owing to decline in transportation cost.

Cost of sales for the second quarter stood at Rs 14.05 billion, 7% lower than the corresponding quarter of 2020 due to the settlement of GIDC levy.

Reduced borrowing rates yielded savings of 17% in finance cost over the same quarter last year whereas, distribution cost at Rs 1.85 billion was 3% lower than the last quarter mainly due to reduction in fuel cost.

Cost of sales increased by 12% compared to third quarter and 3% compared to cumulative nine months of 2020 as the benefit accrued on GIDC in 2020 was a half time cost of GAP majorly due to continuing foreign exchange parity and higher International GAP prices.

Finance cost increased by more than two times compared to the same quarter of last year owing to higher borrowings and increased financing requirements whereas higher fuel prices resulted in increased distribution cost.

The last quarter cost of sales recorded at Rs 9.63 billion witnessed an increase of 33% compared to the third quarter and 13% compared to 2nd quarter of 2020. Distribution cost was higher by 13% compared to the previous quarter due to higher despatches of products including GAP. Additionally, Rs 0.63 billion on account of GIDC unwinding and Rs 1.07 billion on account of Rupee to Dollar Losses were booked during the last quarter compared to net other gains of Rs 3.24 billion booked in last quarter of 2020.

Profit

Higher turnover resulted in gross profit of Rs 5.44 billion, 18% higher than the corresponding quarter of last year. Reduction in finance cost and other income flow resulted in the Company achieving net profitability of Rs 2.65 billion with an improvement of 19% over last year, which is the second highest ever quarterly earnings ever. The Board declared third interim dividend of Rs 3.50 per share.

Gross profit for the quarter was restricted to Rs 7.79 billion, registering an increase of 6% compared to the second quarter last year. Whereas, net profit reduced by 29% compared to the same quarter last year due to unwinding of GIDC liability amounting to Rs 1.07 billion. The Board declared second interim dividend of Rs 2.50 per share.

Gross profit of Rs 11.97 billion marked an improvement of 29% over last year owing to higher Sona Urea offtake. The unwinding of GIDC liability also adversely affected the quarter's profitability by Rs 0.63 billion. The Company was thus able to achieve quarterly net sheen earnings of Rs 5.07, depicting improvement of 39% over last year's quarter.

The Board declared third interim dividend of Rs 3.75 per share.

Higher Urea and DAP prices compared to the last quarter of 2020 resulted in 37% higher gross profit, which amounted Rs 11.80 billion. However, growth in net revaluation gain on GIDC and deferred credit led to such considerable amounting to Rs 996 million. Accordingly, the last quarter resulted in 15% decline in net profitability compared to the same quarter of 2020. The Board recommended Final dividend of Rs 4.00 per share.

Net Assets

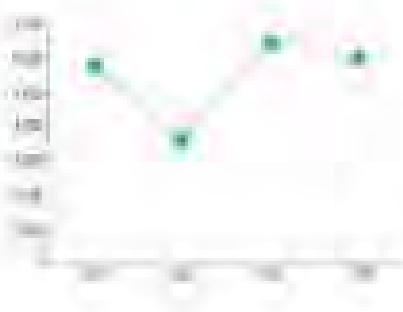
Breakthrough of short term investments to cater for the working capital needs coupled with realization of trade debts reduced total assets to Rs 166.62 billion slightly lower by 3% compared to December 2020. Net assets of the Company however, remained in line with the end of last year.

The Company carried high levels of GAP inventory and written down short-term borrowings were availed to meet working capital requirements. Higher profits and resultant retained earnings of Rs 80.47 billion, nearly in line with the previous quarter.

The Company recorded Receivables from Energas of Rs 13.51 billion and carried stock in trade of Rs Rs 10.59 billion. Total Assets thus stood at Rs 197.48 billion as at 31st December 2020. Cash & cash equivalents increased by Rs 9.74 billion to Rs 12.62 billion.

Total assets increased to Rs 201.73 billion due to further investment in financial instruments towards the year-end. Shown profits and resultant translated into net assets of Rs 87.51 billion, 12% above 2020.







FINANCIAL CAPITAL

Impact of Government's Policies on the Company's Business and Performance

Following are the Government of Pakistan's policies related to fertilizer business having a bearing on Company business:

- Fertilizer Policy 2001
- National Food Security Policy
- Natural Gas Allocation and Management Policy
- National Water Policy
- Punjab Agriculture Policy
- Sindh Agriculture Policy
- KPK Agriculture Policy
- Balochistan Agriculture Policy

Fertilizer Policy is formulated by Ministry of Industries and Production. This is the main policy document covering the existing fertilizer and future investments in this sector. The current policy was launched in the year 2001 and is referred to as Fertilizer Policy – 2001.

The Government is cognizant of the fact that to ensure food security and better application of fertilizer the policy document needs to be revised therefore, inputs have been sought from the fertilizer sector of the Country to revise the fertilizer policy.

Liquidity and Cash Flow Management

Strategy to Overcome Liquidity Problems

FFC has a robust treasury management system that ensures effective cash flow management, safeguarding against any related risks. Cash flow forecasting and periodic evaluations of planned revenues and investment income are carried out; while maturity profiles of assets and liabilities are also maintained to optimize inflows and outflows as per business needs.

Liquidity Generation

The liquidity requirements are met primarily through internal cash generated from turnover, dividend receipts and income on deposits; and minimum reliance is placed on external sources thus ensuring lower borrowing cost.

Investments and Placement of Funds

The Company maintains a highly diversified investment portfolio to maximize returns, remaining within prudent levels of risk and exposure. Funds are invested in credit rated institutions to minimize liquidity and credit risks. Periodic evaluations are conducted to ensure that best possible options are exercised.

Significant Plans and Decisions

During the year, FFC has acquired two renewable energy projects Foundation Wind Energy I and II, for Rs 13.51 billion, bringing its direct interest in wind power generation projects having capacity of around 150 MW. These additions to the Company's portfolio will not only complement our existing expertise in the sector but shall also contribute towards lessening the Country dependency on imported fossil fuel.

The Company's wholly owned subsidiary OLIVE Technical Services (Private) Limited, has also started commercial operations during the year providing technical services pertaining primarily to engineering and information technology. OLIVE is expected to take FFC's existing services portfolio to new heights.

In view of declining gas pressures, FFC continues to invest further in gas compression infrastructure, which includes uprate of existing compression facilities for sustained gas pressures, besides exploring alternative energy sources.

Capital Structure

FFC's equity comprises of share capital amounting Rs 12.72 billion, representing 1,272 million ordinary shares of Rs 10 each. Fauji Foundation remains the major shareholder of the Company, controlling an equity stake of 44.35%. Equity increased by 12% to Rs 47.51 billion, primarily due to increase in profitability and higher retention during the year. Long term debt of the Company stood at Rs 16.74 billion at close of the year. Our future plans and projections indicate adequacy of the capital structure for the foreseeable future.

Repayment of Debt and Recovery of Losses

Despite increase in borrowings during the year, the Company holds a sizeable unutilized borrowing capacity to meet any future funding requirements including those of diversification projects. All debt repayments maturing this year were paid on their due time and there have been no defaults in repayment of any debt during the year.

Credit Rating

FFC's strong debt raising capacity and ability to timely settle all liabilities is also evidenced by our long term credit rating of AA and short term rating of A1+.

Market Price Sensitivity Analysis

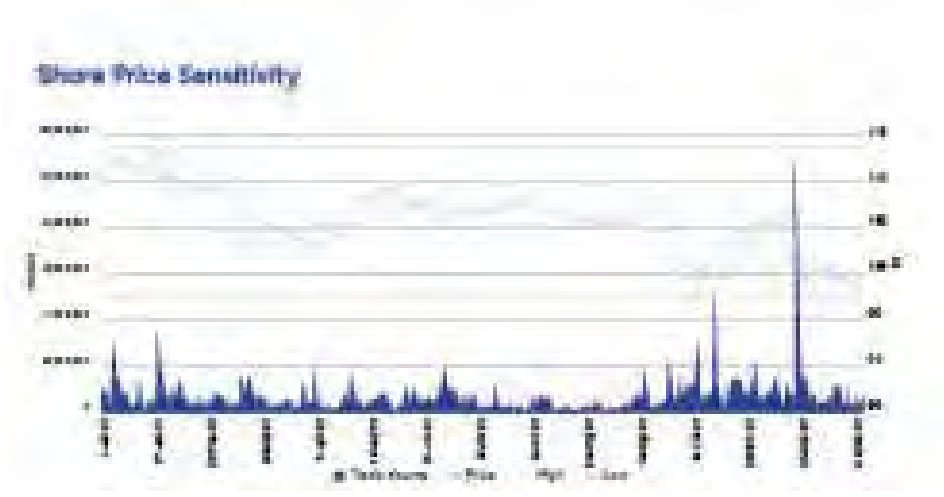
FFC's share price is impacted by the Company's financial and operational performance; in addition to various external factors including economic



and political environment of the Country, Governmental policies, stakeholders' sentiments and macro-economic indicators etc.

Urea Production and Cost of Sales

The Company's fertilizer production is directly impacted by the Government policy vis-à-vis gas availability. It is also influenced by planned and unplanned Plant shutdowns and maintenance turnarounds.



Sales Volume

Sales volume is driven by various factors including plant production capacities, fertilizer demand and supply situation, farm economics, Government interventions including price regulation and import influxes, besides environmental conditions.

Sales Price

Sale prices are determined internally but impacted by competitor prices, market conditions, international trends and Government intervention including subsidies etc.

Dividend Income

Dividend income from our equity investments depends on their performance and the announcement made by their respective Board of Directors and is, therefore, beyond the Company's control.

Investment Income

Investment income mainly comprises of returns on deposit in different banks and financial institutions, and investment in Government securities and various investment schemes. It is dependent on prevalent interest rates besides the Company's ability to generate and place excess funds.

Finance Cost

Finance cost is impacted by the Company's borrowings requirements, and although the management proficiently negotiates loans, the interest rates are subject to market and conditions that are beyond the Company's control.

Profitability

The Company's profitability and EPS have a direct bearing on its market share price.

Currency Risk

The volatility in exchange rates can also impact the market share price as export or import may affect the Company's margins. Financial assets and liabilities denominated in foreign currency and foreign business transactions are exposed to foreign exchange.

Interest Rate Risk

High interest rates will affect the cost of debt resulting in reduced margins negatively impacting the market share price.

Market Risk

Market share price is also exposed to all risks faced by the stock exchange on which the Company's share is traded.

FINANCIAL CAPITAL

Regulations and Government Policies

The share price is also sensitive to any changes in policies by the Government or regulatory authorities, both specific to the fertilizer sector and overall business activities; either positively or negatively, depending on whether the policy is in favour of or against the industry.

Economic Outlook

Market share price is directly linked to the overall economic outlook. A strong outlook results in rising market prices and uncertain outlook begets weak market prices.

Inflation

Inflation means higher consumer prices, which may impede sales and reduce profits. Higher interest rates to slow down inflation may also adversely impact margins.

Investor Sentiment

Investor sentiment can cause the market to go up or down causing stock prices to rise or fall. The general direction that the stock market takes can affect the market share price.

Industry Performance

Market prices of different companies in the same industry often move in tandem with each other; because market conditions generally have similar effect on companies of the same industry.

Goodwill

The market share price can also vary with the investor sentiments towards the Company which changes in response to the news and events.

Sensitivities	**NPAT** (Rs M)	**EPS** (Rs)
Selling Price (% +/- 1)	731	0.57
Sales Volume (% +/- 1)	474	0.37
Downtime (Days +/- 2)	171	0.13
Gas consumption / Price (% +/- 1)	137	0.11
Dividend Income (% +/- 5)	78	0.06
Income on Deposits (% +/- 5)	189	0.15
Finance Cost (% +/- 5)	77	0.06
Exchange valuation (% +/- 5)	91	0.07

Market Share Information

Marketing an extended product portfolio of indigenous as well as imported products, FFC has been satisfying the diverse fertilizer needs of local farming community for more than four decades. The Company has been outperforming its competitors both in terms of sales and brand preference, as is evident from FFC / FFBL combined market share over the years.

Combined Market Share FFC / FFBL

	2021	**2020**	**2019**	**2018**	**2017**	**2016**
Urea	47%	51%	48%	53%	52%	52%
DAP	53%	53%	46%	52%	56%	44%

(Source: NFDC)

Business Rationale of Major Capital Expenditure and Projects

In today's world of manufacturing and technological advancements, FFC realizes the significance of continuous investment and innovation for delivering sustainable value to its shareholders. Detailed policies and procedures are in place to ensure proper planning and execution of capital expenditure projects in line with the Company's long term objectives.

The Company incurred a capital expenditure of Rs 3.59 billion during the year. All capital expenditure is planned and executed under strict oversight of the Board. In order to ensure business continuity and safe operations, the Company invests significantly on balancing, modernization and replacement of its manufacturing facilities. These projects are carried out after thorough evaluation procedures including business rationale, payback period, cash flow requirements and other financial analysis.

As another step towards diversification, FFC acquired two wind power generation, Foundation Wind Energy – I Limited and Foundation Wind Energy – II Limited, at a combined investment of Rs 13.51 billion. These additions to the Company's diverse portfolio of investments will complement our existing expertise in the energy sector.

Additionally, advance amounting Rs 377 million against share issue of Thar Energy Limited and Rs 20 million against share issue of OLIVE Technical Services (Private) Limited were also made during the year.

Dividend Declaration and Future Prospects

In view of exceptional results achieved by the Company, the Board has proposed final dividend of Rs 4.65 per share for approval by the members at Annual General Meeting bringing the total dividend for the year to Rs 14.50 per share, aggregating to an annual payout of around 84.25%.

Going forward, the Board remains committed to enriching the returns of the shareholders through efficiency enhancement, continued cost controls, and business diversification of the Company.

GIDC Status

The Company filed a Suit with the Sindh High Court in September 2020 against collection of GIDC instalments, before a factual determination of GIDC pass on is carried out. The Court granted a stay against recovery of GIDC payable from the Company till the finalization of matter. The matter is currently pending in the Sindh High Court.

During the period, no payments were made by the Company on account of GIDC. Further, the Company has also contested late payment surcharge on GIDC payments against recovery stay granted by Sindh High Court.

In accordance with the financial reporting requirements, GIDC liability is being carried in the financial statements at amortized cost. The current and non-current portion of the liability has been segregated in the statement of financial position as at December 31, 2021 in accordance with the SCP decision on review petition.

Contribution to National Exchequer

During 2021, FFC's contribution to the National Exchequer by way of taxes and levies stood at over Rs 30 billion compared to Rs 27 billion last year.

Moreover, value addition in terms of foreign exchange savings was USD 1.29 billion through import substitution of 2,477 thousand tonnes of Urea sold during the year; compared to USD 621 million through import substitution of 2,512 thousand tonnes of Urea sold in 2020.

CEO Presentation Video

MD&CEO's presentation regarding FFC's performance, business overview, strategy and outlook is placed on the Company's corporate website and can be accessed through the following link: https://www.ffc.com.pk/

FINANCIAL CAPITAL

Management's Responsibility Towards the Financial Statements

The Company's management is responsible for the preparation and fair presentation of its financial statements in accordance with the applicable accounting and reporting standards and the requirements of Companies Act, 2017; and for such internal control as the management determines necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

Statement of Unreserved Compliance of IFRS Issued By IASB

FFC's separate and consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan; comprising:

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

Note 3.27 of FFC's financial statements specify 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 said financial statements.

Adoption of International Integrated Reporting Framework

This Report has been prepared in accordance with the requirements of International Integrated Reporting Framework of International Integrated Reporting Council. The Board acknowledges its responsibility to ensure integrity of this Report, which in the Board's opinion addresses the material matters pertaining to the long term sustainability of the Company and presents fairly the integrated performance of FFC and the impacts thereof. All these detailed have been covered adequately throughout the Report.

Quarterly and Annual Financial Statements

FFC's periodic separate and consolidated financial statements were duly endorsed by both MD&CEO and CFO prior to circulation for consideration and approval by the Board. The annual and half yearly financial statements were also initialed by the external auditors prior to circulation.

These were then published and circulated along with the directors' review within one month of the reporting date in case of quarterly financial statements and within permitted limit of two months in case of half yearly financial statements.

The Company's annual separate and consolidated financial statements have also been audited by the external auditors and recommended by the Board for shareholders' approval in the upcoming AGM.

Other regulatory requirements of reporting to governing bodies and other stakeholders have also been fulfilled in accurate and timely manner.

Auditor's Report on the Financial Statements

FFC's separate and consolidated financial statements have been audited by the Company's external auditors, A.F.Ferguson & Co., who have issued unqualified audit opinion stating that the financial statements give a true and fair view of the state of affairs as at December 31, 2021.

Independent Auditors' Reports on the audit of FFC's separate and consolidated financial statements can be referred on pages 233 and 329 of the Annual Report respectively.

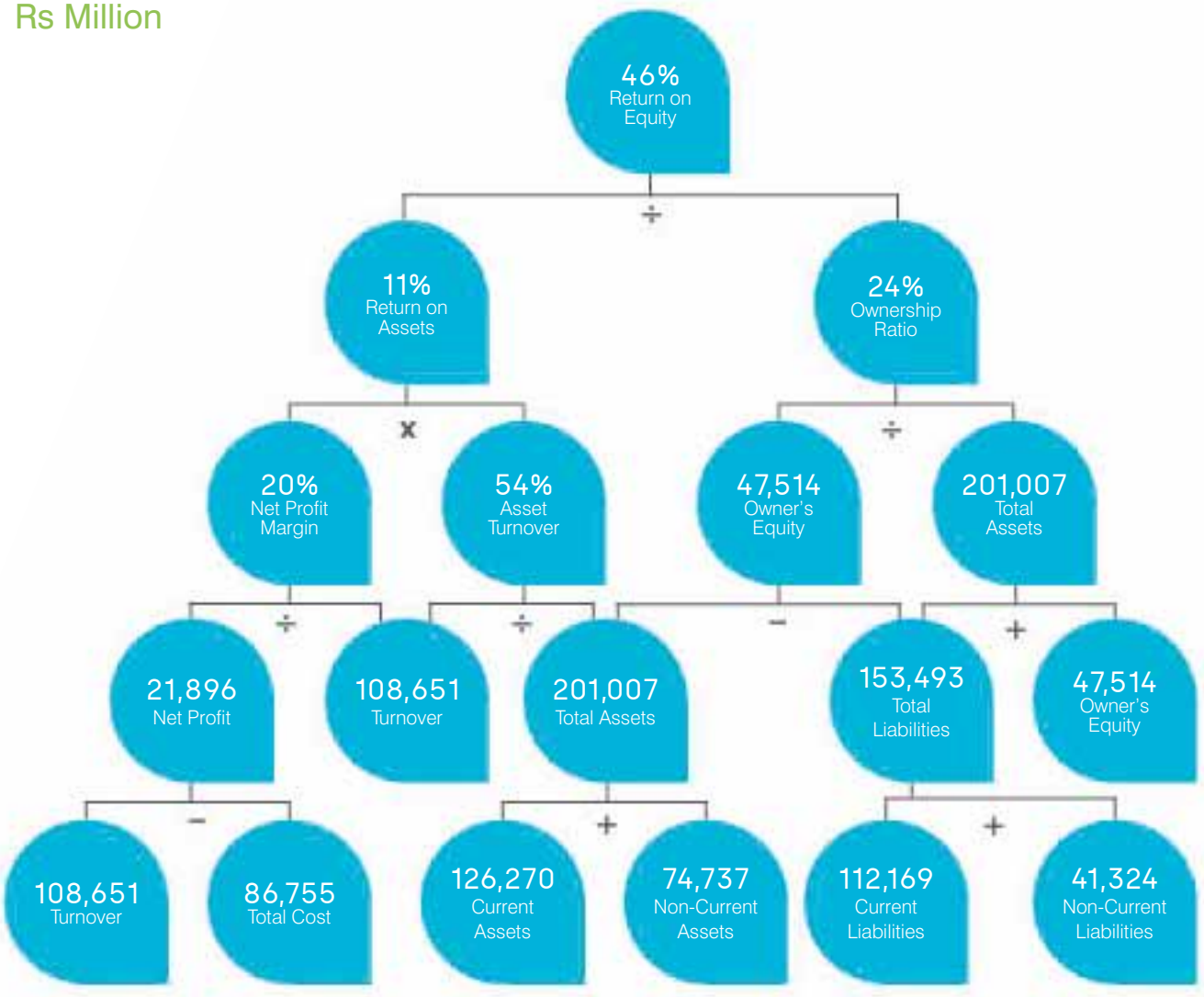
The auditors will stand retired at the conclusion of upcoming Annual General Meeting of the Company, and being eligible, have offered themselves for reappointment as external auditors for the year ending December 31, 2022. The Board has A.F.Ferguson & Co., Chartered Accountants as external auditors of the Company, for financial year 2022, on a remuneration of Rs 2.89 million.

Cost Audit

BDO Ebrahim & Co, Chartered Accountants are the Cost Auditors of the Company, for the financial year ended December 31, 2021, in compliance with the requirements of Companies (Maintenance and Audit of Cost Accounts) Regulations 2020.

DUPONT ANALYSIS

Rs Million



DuPont Analysis	2021	2020
Tax burden	**27.83%**	29.64%
Interest burden	**7.02%**	5.96%
EBIT margin	**30.03%**	32.22%
Asset turnover	**54.05%**	56.46%
Leverage	**76.36%**	75.41%
Return on Equity	**46.08%**	48.94%

Analysis

Non-current assets increased by 22% due to Investment in FWEL-I and FWEL-II (long term investments) during the year. Short term investments also increased by 13% resulting in total assets of Rs 201 billion and owners' equity of Rs 47.51 billion. Consequently, ownership ratio was recorded at 24%, compared to 25% of last year.

Turnover amounting Rs 108.65 billion for the year was the highest ever recorded. However, recognition of unwinding of GIDC gain booked last year in addition to higher costs resulted in net profitability margin of 20%, slightly lowering return on asset to 11% from 12% in 2020.

The Company thus recorded return on equity of 46% compared to 49% in 2020.

CORPORATE AWARDS AND ACHIEVEMENTS

SAFA Best Presented Annual Report Award

FFC has been adjudged 'overall first runner-up' in the Best Presented Annual Report Awards 2020 held by South Asian Federation of Accountants. The Company has also received its 'top position' in the manufacturing sector besides securing 'first runner-up' position in the Integrated Reporting category and additional 'merit recognition' for good corporate governance.

ICAP / ICMAP Best Corporate Report Award

FFC's Annual Report 2020 has also been awarded the 'third place' in the Chemical and Fertilizer sector for the 17th time in the Best Corporate Report Awards competition conducted by the joint committee of Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan. The Company has also secured overall 3rd place of these awards.

ICAP / ICMAP Sustainability Report Award

The Report also secured 'second place' in the Best Sustainability Report Award category of the Best Corporate Report Awards competition conducted by the joint committee of Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.

RCCI International Achievement Award

FFC has been conferred 'Company of the Year' award by Rawalpindi Chamber of Commerce and Industries in recognition of the Company's outstanding business performance during the year 2020.

RCCI First Taxpayer Recognition Award

FFC has been awarded 'Largest Taxpayer from Manufacturing Sector' in 'First Taxpayer Recognition Awards' organized by Rawalpindi Chamber of Commerce & Industries in collaboration with Federal Board of Revenue.

MAP Corporate Excellence Award

FFC also secured the 7th consecutive 'Corporate Excellence Award' from Management Association of Pakistan for the year 2020.

IFA Industry Stewardship Champion

International Fertilizer Association has awarded 'Industry Stewardship Champion' to FFC, for the 3rd consecutive year, in recognition of being the hallmark of operational excellence, plant safety, environment sustainance and energy efficiency.

New Milestone in Corporate History

FFC installed two new corporate records during the year, by achieving completions well before the deadlines:

- Earliest announcement of book closure, within 15 days of approval of third interim dividend by the Board of Directors
- Fastest electronic disbursement of dividend in shareholders' accounts on the 8th day after start of book closure



Manager Corp Affairs receiving 'Largest Taxpayer Award' from President of Pakistan



Company Secretary receiving 'Corporate Excellence Award' of MAP



RISK AND OPPORTUNITY REPORT

Risk Management Framework

The Board of Directors has approved FFC's Risk Management Framework which describes the risk identification and management process; and provides guidelines that cover key risk areas.

Assessment of Principal Risks

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

Risk Governance Structure

FFC has set-up an independent Risk Governance Structure to implement governance and ensure measured risk-taking:

Board of Directors

The Board of Directors reviews the principal risks of the Company and assesses / monitors risks with proposed actions, where necessary

Board Committees

Audit Committee and System & Technology Committee assist the Board by reviewing and assessing risks, associated objectives, opportunities and mitigating strategies

Strategy Committee

The Strategy Committee, comprising senior management, is mandated to link risk with strategy and performance setting goals

Risk Management Champions

Risk aware business professionals nominated by their respective functions to communicate function specific risks to the Company Risk Office. They are also responsible to conduct sound risk management within their functions; acting as the first line of defence

Company Risk Office

Company Risk Office is the custodian of Company's Risk Register which comprises entity-wide risks plotted against corresponding objectives, opportunities and mitigating measures. This office acts as the second line of defence.

Internal Audit

Independent Internal Audit Function continually conducts reviews to ensure compliance with the Company's Risk Methodology; acting as the third line of defence.

Risk Management Policy

The Board also ensures that the Company has a robust Risk Management Policy in place to determine and assess the Company's level of risk tolerance; and present a mechanism to minimize the negative impact of such risks on Company business. It also provides entity-wide risk management guidelines that cover key risk areas, including Strategic, Commercial, Reputational, Operational, Financial, Political and other risks.

Key elements of the Risk Management Process can be summarized as below:

Risk Identification

Identification of risks that the business is exposed to in its operating environment. This exercise is carried out by all major functions throughout the Company.

Risk Assessment and Evaluation

Assessment and evaluation of risks based on their likelihood and magnitude is carried out by relevant functions through Risk Management Champions nominated by them.

Risk Implementation and Monitoring

Implementation of mitigating strategies and monitoring of results by each function through the Risk Management Champions.

Risk Review

Review of risks is carried out bi-annually by the Audit Committee and the System & Technology Committee of the Board.

Risk Reporting

High level risks are reported to the Board of Directors on recommendation of the Committees.

Risk Updating

Corporate Risk Register maintained by the Risk Office is updated regularly based on recommendations of the Board, its Committees and Risk Management Champions.

Key Sources of Uncertainty

Preparation of financial statements in conformity with the International Financial Reporting Standards involves judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Details of significant accounting estimates and judgments have been disclosed in Note 2.4 to the both separate and consolidated financial statements of the Company.

Broad Types of Risks

FFC has an effective system in place for timely identification, assessment and mitigation of various risks and uncertainties it is exposed to in the normal course of business.

The strategic, commercial, operational and financial risks can arise from uncertainty in financial markets, system breakdowns, project delays, fluctuations in product markets including Government price pressures, competitive position, legal liabilities, credit risk, accidents, natural causes and disasters, or other events of uncertain or unpredictable nature.

Strategic Risk

Strategic risks are mostly external in nature and emanate from the formation of Company's strategic objectives and business strategy decisions and may impact execution thereof. The Board of Directors actively oversees the management of these risks and creates 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 value of the organization caused by internal factors, operational and administrative procedures, such as workforce turnover, supply-chain disruption, IT system shutdowns or control failures.

Financial Risk

Financial risks are divided in the following categories:

- Credit risk
- Liquidity risk
- Market risk

These risks are explained in note 38.3 of the Company's financial statements.

Plans and Strategies for Mitigating these Risks and Potential Opportunities

Risk Governance

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

Board and its Committees

The Audit Committee monitors the Company's overall risk management process on half yearly basis, focusing primarily on financial and regulatory compliance 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 in its area of oversight, including assessment of compensation programs to ensure they do not escalate corporate risk, with a view to ensure availability of competent human resources in each area of critical Company operations.

The System & Technology Committee evaluates the need for technological up-gradation in various processes to reduce the risk of obsolescence and inefficiency in plant operations besides determining the capital expenditure requirements to sustain plant production and efficiencies while keeping control over unnecessary cash outflows.

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

Policies and Procedures

Policies and procedures represent a vital part of the Company's risk governance framework and ensure management of financial, operational and compliance 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 appropriate implementation.

Control Activities

Senior management assesses the risks and places appropriate controls to mitigate and respond to these risks through preventive, investigative and corrective actions.

Performance Management

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

Internal Audit

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

KEY RISKS AND OPPORTUNITIES



Capital | Nature | Source | Type

Associated objective: Sustained growth in fertilizer business

Opportunities: Liaison with the Government for import and marketing of fertilizer through our well established marketing network

Mitigation Measures:
Maintaining margins through stringent cost controls and output optimization, besides exploring alternative sources of raw materials. Engage with the Government to protect the indigenous industry.



Capital | Nature | Source | Type

Associated objective: Sustained growth in fertilizer business

Opportunities: Identify avenues to export excess fertilizer to earn valuable forex for the Country

Mitigation Measures:
Though these variables are outside management control, FFC plays its role in accessing supply gap in the country through Fertilizer Review Committee to ensure that only required product quantities are imported.



Capital | Nature | Source | Type

Associated objective: Diversify locally and globally through leveraging synergies and fostering strategic partnerships / Strategize portfolio management to drive long-term growth and exceed shareholders' expectations

Diversify locally and globally through leveraging synergies and fostering strategic partnerships

Opportunities: Horizontal as well as vertical diversification

Mitigation Measures:
Investing through an extensive due diligence process, screening of projects through management and Board committees, while critically viewing worst case scenarios of return on investment, taking account of management expertise and where required, bringing on-board experts of the respective sectors.







For legend, please refer Page No. 95

KEY RISKS AND OPPORTUNITIES



Capital | Nature | Source | Type

Associated objective: Sustained growth in fertilizer business

Opportunities: Horizontal as well as vertical diversification

Mitigation Measures:
Ensuring provision of locally manufactured fertilizer at affordable rates in addition to offering sale on credit. The Company has also started establishing FACE centers across the country as comprehensive solution for farmers capacity building and availability of micro-credits and quality inputs with ultimate objective of improved farm economics to farmers to improve their yield.



Capital | Nature | Source | Type

Associated objective: Sustain growth in fertilizer business

Maintain outstanding brand image by providing premium quality innovative products and services

Opportunities: Increase / value addition in product line covering macro and micro nutrients besides product differentiation

Mitigation Measures:
FFC combined with FFBL currently holds 47% urea market share and 53% DAP market share besides having a loyal customer base owing to its highly demanded/reputed brand name. Further, continuous efforts are made to sustain premium product quality. Effective research and development is conducted to keep abreast with changing market dynamics.





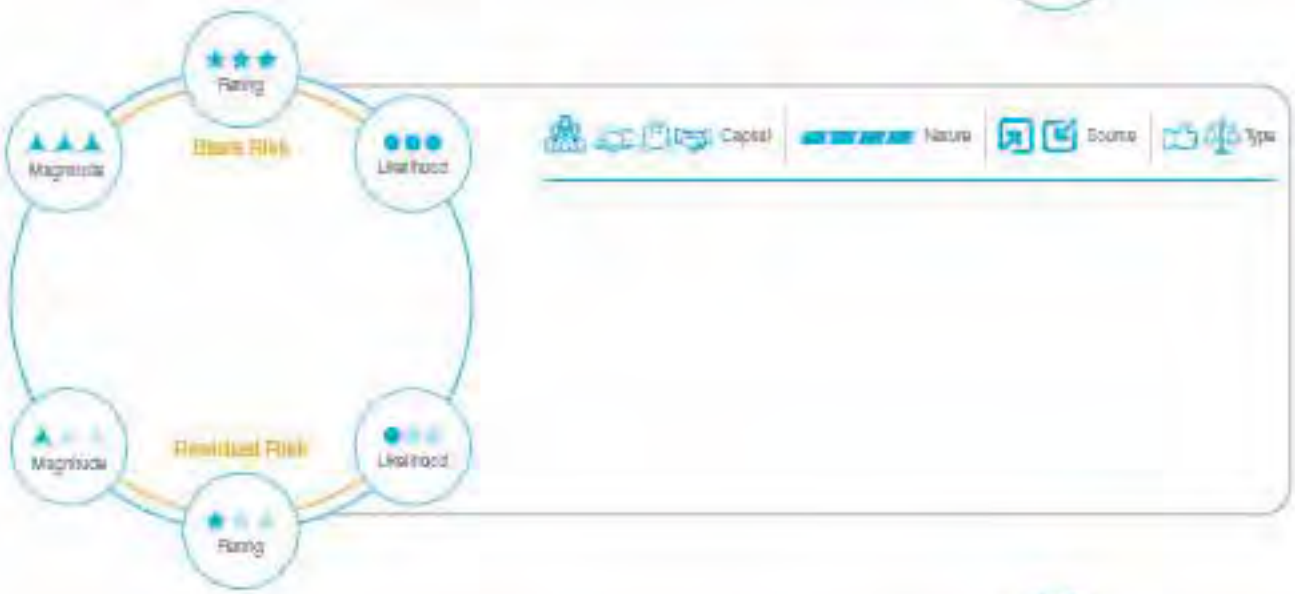
Capital | Nature | Source | Type

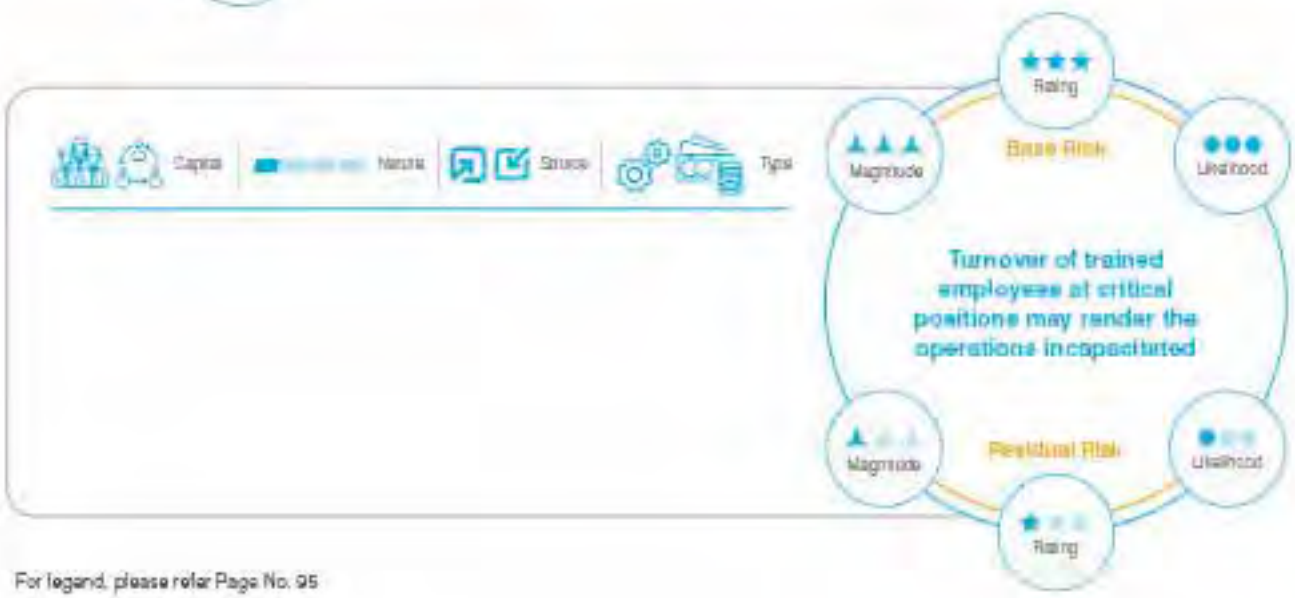
Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions.

Opportunities: Ensure business continuity and uninterrupted operations

Mitigation Measures:
State of the art IT controls and firewalls are in place to safeguard confidential / proprietary information. Regular system updates, IT audits, vulnerability awareness campaigns, and trainings are conducted to monitor and minimize the risk.







For legend, please refer Page No. 95

KEY RISKS AND OPPORTUNITIES



Capital | Nature | Source | Type

Associated objective: Sustain growth in fertilizer business

Improve operational efficiency through cost economization and enhanced synergies among functions

Opportunities: Horizontal as well as vertical diversification

Mitigation Measures:
Robust inventory management system aided by a diversified pool of service providers



Capital | Nature | Source | Type



Capital | Nature | Source | Type

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions

Opportunities: Implementation of energy efficient technologies so that fuel gas saved can be used as feed gas

Mitigation Measures:
Balancing, modernization and replacements with state of the art equipment ensuring our production facilities are utilizing latest technological developments for cost/output optimization



Associated objective: Sustain growth in fertilizer business

Improve operational efficiency through cost economization and enhanced synergies among functions

Opportunities: Implementation of energy efficient technologies to conserve gas

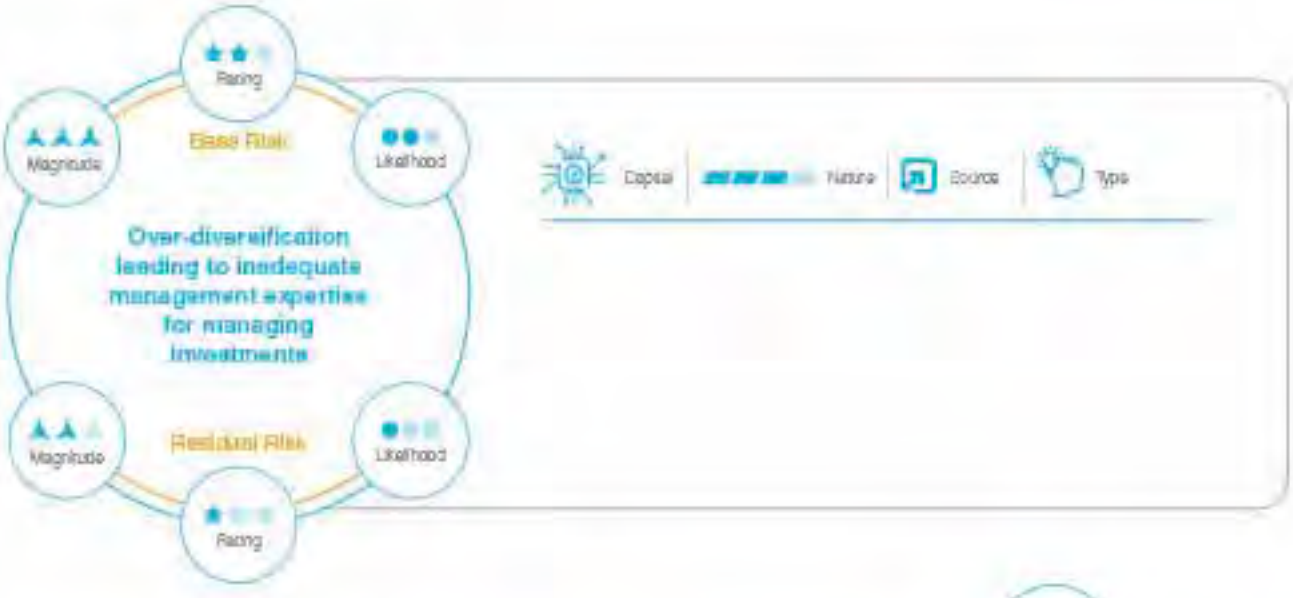
Mitigation Measures:
Investing in alternate sources of raw material and power in addition to diversification in other businesses. Continual investment in gas compression facilities to ensure sustained pressure



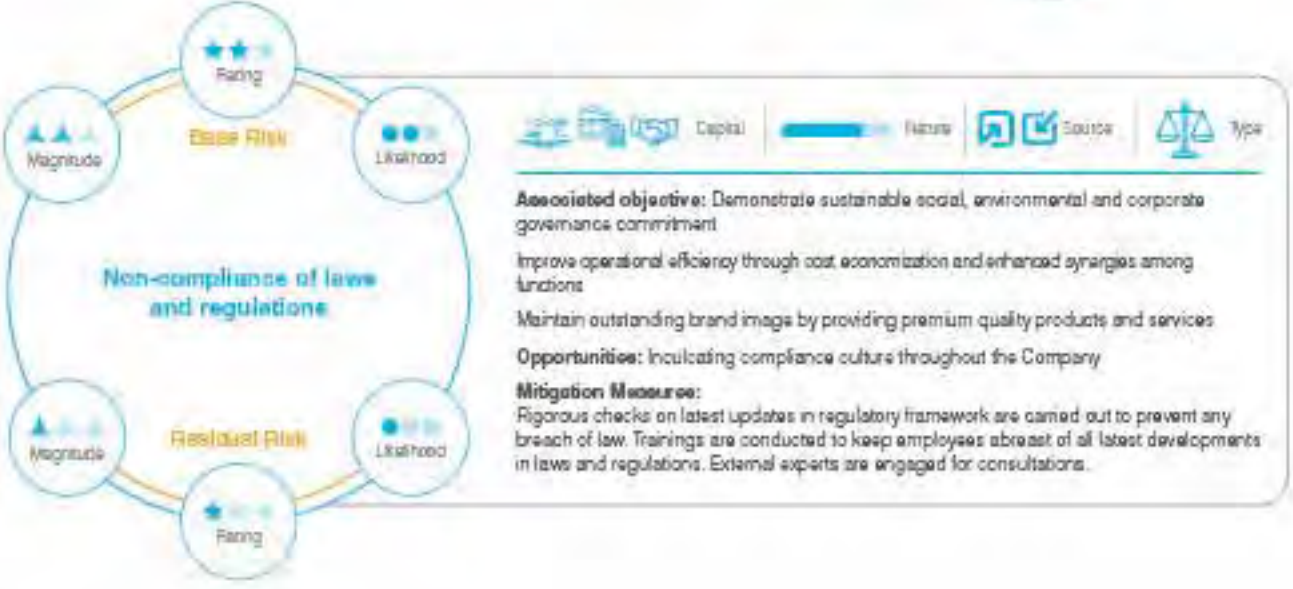


For legend, please refer Page No. 95

KEY RISKS AND OPPORTUNITIES









Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions

Maintain outstanding brand image by providing premium quality innovative products and services

Opportunities: Inculcating risk culture throughout the Company

Mitigation Measures:
Implementation of Company-wide Risk Governance structure governed by the Board; and integrating it with strategy setting and performance management



Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions

Demonstrate sustainable social, environmental and corporate governance commitment

Opportunities: Ensure business continuity and uninterrupted operations

Mitigation Measures:
Implementation of strict and standardized operating procedures, employee trainings, operational discipline and regular safety audits, besides having an offsite backup of Company's record and systems. Company also has insurance coverage to safeguard against any relevant losses.

Legend

Rating
Low · Medium · High

Magnitude
Low · Medium · High

Likelihood
Low · Medium · High

Source
External · Internal

Capital
Financial · Human · Intellectual · Manufactured · Natural · Relationship · Social

Type
Commercial · Political · Economic · Financial · Strategic · Operational · Compliance · Reputational

Nature
Immediate · Short Term · Medium Term · Long Term · Immediate to Short Term · Immediate to Medium Term · Immediate to Long Term

CORPORATE GOVERNANCE

Effective corporate governance fosters a culture of integrity, transparency and credibility, aligning the management's interests with those of key stakeholders. Developing and setting a clear strategy and then implementing it effectively are vital to the Company's success.

FFC's corporate governance framework is based on globally accepted best practices in addition to local statutory, regulatory and compliance requirements.

The Board plays a vital role in the development of corporate governance structure, and engages management to provide strategic clarity and direction.



Composition of the Board

Composition of the Board of Directors is governed by requirements of Companies Act 2017, Code of Corporate Governance and other best practices adopted under the Articles of Association.

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

This diversity ensures that all relevant perspectives are represented in decision making. The present composition of the Board is as follows:

Category	Name
Independent Directors (excluding Female directors)	Mr Saad Amanullah Khan
	Mr Jehangir Shah
Non-Executive Directors	Mr Waqar Ahmed Malik
	Dr Nadeem Inayat
	Maj Gen Naseer Ali Khan, HI(M) (Retired)
	Mr Peter Bruun Jensen
	Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)
	Syed Bakhtiyar Kazmi
	Mr Shoaib Javed Hussain
	Dr Hamid Ateeq Sarwar
Executive Director / MD&CEO	Mr Sarfaraz Ahmed Rehman
Female Directors (Independent)	Ms Maryam Aziz
	Dr Ayesha Khan

None of the directors hold directorship of more than seven listed companies.

Profile of the Board

Profiles of directors including the name, status, education, experience and engagement with other companies have been provided as 'Profile of the Board' in the Company Overview section of this Report.

Independent Directors

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

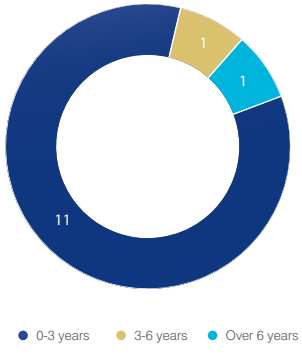
Executive and Non - Executive Directors

There are twelve non-executive directors and one executive director / MD&CEO, exceeding the legal requirement of two third representation by non-executive directors on the Board.

Female Directors

FFC continues to maintain female representation on the Board of Directors with two female member on the Board, surpassing the regulatory requirement.

Directors' Tenure
(Number)



Changes to the Board

The term of the directors elected in September 2018 expired in September 2021 and fresh elections were conducted for appointment of new Board through an extraordinary general meeting of the shareholders for a period of three years.

The Board would like to record its appreciation for the invaluable contributions rendered by the retiring directors.

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

Meetings of the Board

The Board is legally bound to meet at least once every quarter. Additionally, special meetings to discuss other important matters are held on requirement basis.

The Board held seven meetings during the year; notices / agendas of each were circulated in advance, in a timely manner. Decisions made during the meetings were clearly stated in the minutes of the meetings maintained by the Company Secretary, duly circulated to all directors for endorsement and were approved in the subsequent Board meetings.

All Board meetings held during the year surpassed the minimum quorum requirements of attendance as prescribed by the applicable regulations and were also attended by the Chief Financial Officer and the Company Secretary.

CORPORATE GOVERNANCE

Attendance at Board Meetings

DIRECTORS	Status	204th BODM 28th Jan	205th BODM 30th Mar	206th BODM 28th Apr	207th BODM 30th Jul	208th BODM 21st Sep	209th BODM 27th Oct	210th BODM 23rd Dec
Mr Waqar Ahmed Malik	Non-Executive	√	√	√	√		√	√
Lt Gen Tariq Khan, HI(M) (Retired)	Executive	√	√	√	√	X	N/A	
Mr Sarfaraz Ahmed Rehman	Executive	N/A					√	√
Dr Nadeem Inayat	Non-Executive	√	√	√	√		√	X
Mr Farhad Shaikh Mohammad	Independent	√			√		N/A	
Mr Saad Amanullah Khan	Independent							
Ms Maryam Aziz	Independent				√			√
Maj Gen Naseer Ali Khan, HI (M) (Retired)	Non-Executive	√		√	√		√	√
Mr Qamar Haris Manzoor	Non-Executive						N/A	
Capt Saeed Ahmad Nawaz (Retired)	Non-Executive	X			N/A			
Mr Peter Bruun Jensen	Non-Executive					X		
Mr Riaz Ahmed	Non-Executive		N/A					
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)	Non-Executive					X	√	√
Syed Bakhtiyar Kazmi	Non-Executive	√		√	√		√	√
Mr Shoaib Javed Hussain	Non-Executive	N/A				√	√	
Dr Hamid Ateeq Sarwar	Non-Executive	N/A			√	√		√
Dr Ayesha Khan	Independent	N/A					√	√
Mr Jehangir Shah	Independent	N/A						√

Casual Vacancies Filled During the Year

APPOINTED	DATE	RESIGNED	DATE
Mr Shoaib Javed Hussain	26-03-2021	Mr Riaz Ahmed	26-03-2021
Dr Hamid Ateeq Sarwar	07-06-2021	Capt Saeed Ahmad Nawaz (Retired)	07-06-2021
Dr Ayesha Khan	09-10-2021	Mr Farhad Shaikh Mohammad	08-10-2021
Mr Jehangir Shah	09-10-2021	Mr Qamar Haris Manzoor	08-10-2021
Mr Sarfaraz Ahmed Rehman, MD&CEO	16-10-2021	Lt Gen Tariq Khan, HI(M) (Retired) CE&MD	15-10-2021

Board Meetings Held Outside Pakistan

Despite provisions by SECP and Company's business requirements relating to prospective diversification in offshore projects, all Board meetings were held inside Pakistan.

Roles And Responsibilities of the Board

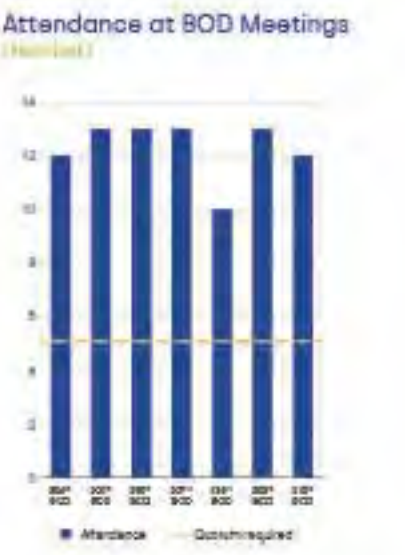
The Board is responsible for providing the Company with its overall strategic direction. It also oversees the effective management and control of the Company and ensures that proper policies and mechanisms are in place for identification and management of significant business risks.

Matters Reserved For the Board

In line with the requirements of Companies Act 2017, Listed Companies (Code of Corporate Governance) 2019, and the Company's Articles of Association, the Board exercises all its powers







with responsibility, diligence after due deliberations. These include but are not limited to:

- appointment / removal, determination of remuneration and renewal of contracts, terms and conditions of key management positions;
- matters recommended by the Board's committees
- significant issues, placed by the Chief Executive Officer, for the information, consideration and decision of the Board or its committees;
- monitoring and review of governance practices;
- investments in new ventures;
- influence and monitor the strategic direction of the organization;
- establishment of effective risk management framework;
- establishment of internal controls framework;
- establishment and monitoring of mechanism for addressing integrity and ethical issues;
- approval and periodic reviews of annual business plan, cash flow projections forecast and strategic plans;
- approval of related party transactions;
- review of internal audit reports;
- review of management letter issued by the external auditors; and
- approval of the Company's Financial Statements including interim and final dividend and review of internal / external audit observations regarding the overall control environment

The Board also maintains a complete record of the Company's significant policies along with their respective dates of approval or amendment.

Board Committees

The Board has delegated certain responsibilities to its Committees. The Committees operate under Board approved TORs; are responsible for review of relevant matters and make recommendations to the Board. Functioning of these Committees have been detailed as 'Board Committees' in the Company Overview section of this Report.

Internal Audit

The Board appoints the Head of Internal Audit, who functionally reports to the Audit Committee and administratively to the Chief Executive Officer; whereas performance appraisals are carried out jointly by the Chairman Audit Committee and Chief Executive Officer.

The Board ensures that Head of Internal Audit is suitably qualified, experienced and conversant with Company's policies and procedures; and the Internal Audit team comprises of experts of relevant disciplines in order to cover all major heads of accounts maintained by the Company.

The Head of Internal Audit function continuously monitors formal policies and effectiveness of the internal controls framework designed by the Board.

Matters Delegated to the Management

There is an explicit agreement between Board and management on their respective roles. In compliance with the Company's Articles of

CORPORATE GOVERNANCE

Association, the Board has entrusted routine business operations to the Company's management, through the MD&CEO.

In this regard, the Board has approved strategies and goals including but not limited to annual targets of production, sales, turnover, cost, profitability, identifying new areas of investment for the Company and compliance with legal requirements.

The management is also responsible for identification and administration of key risks opportunities, establishment and maintenance of internal controls and preparation / presentation of financial statements in conformity with the approved financial reporting standards and the requirements of Companies Act 2017.

Formal Orientation at Induction

New directors receive sufficient induction training to be effective in their roles.

To enable the directors to have a better understanding of the Board's operations and acquaint them with the scope of their responsibilities towards managing the interest of the Company, FFC conducts detailed orientation sessions for all new members of the Board at the time of their induction.

Current Board members were elected consequent to fresh elections held in October 2021. The Chairman communicated in detail the various aspects including but not limited to members' duties, roles and responsibilities, powers, term of office and remuneration as per the Companies Act 2017, the Code of Corporate Governance and the Articles of Association of the Company.

Directors' Training Program

Over the course of their tenure as members of the Board, regular trainings are held to acquaint directors with the latest developments and trends in the areas of governance, management and leadership.

These trainings are aimed at increasing directors' familiarity with the Company and its industry, equipping them with sufficient information and resources to facilitate educated decision-making.

In compliance with the regulatory requirements, SECP approved Director Training Programs are not only attended by the Directors but also various Heads of Departments and Female Executives.

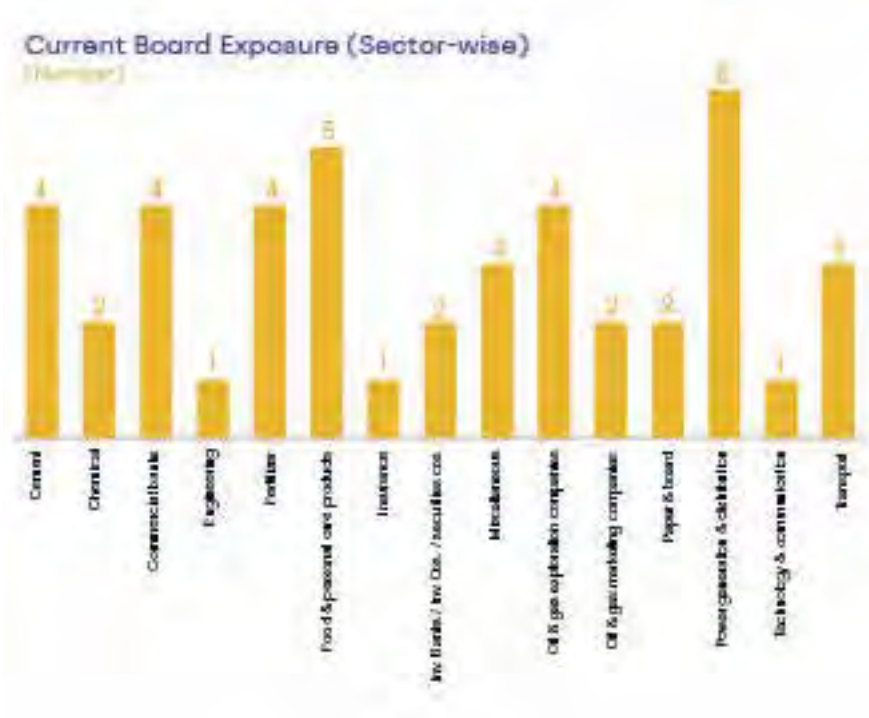
Board of Directors

All members of the Board have been appropriately certified under the Directors' Training Program from SECP approved institutions well ahead of the stipulated timeframe except for two, who are scheduled to acquire the certification within the current year as allowed by the Code of Corporate Governance.

Mr Jehangir Shah has availed exemption from the said training based on fulfilling the minimum requirement of education and experience needed as per the Code.

Heads of Departments

Exceeding the requirements of the Code of Corporate Governance, Mr Fakhar ul Hasan Mahmood, Head of Information Systems Department received certification under the Directors' Training Program during the year.



Policy for Security Clearance of Foreign Directors

Every foreign director is required to submit relevant documents, to SECP within the prescribed time, to facilitate security clearance undertaken by the Ministry of Interior. The Company facilitates arrangement of such clearance.

All appointments of foreign directors are subject to provision of security clearance certificate from the Ministry. However, if security clearance cannot be arranged, the Company shall take steps for replacement of such director as considered appropriate.

Directors' Remuneration

The Board of Directors has implemented a formal and transparent policy for remuneration of directors in accordance with the applicable laws and regulations. The policy entails:

- The remuneration levels are commensurate with the level of responsibility and expertise of the Directors
- It is aimed at attracting and retaining experienced and well qualified directors to encourage value creation
- It is not at a level that could be perceived to compromise the independence of directors
- No director is involved in determination of their own remuneration
- No remuneration is paid to Executive Directors for attending meetings of the Board and its Committees

Details of remuneration paid to executive and non-executive directors during the year are given in Note 35 of the attached financial statements.

Policy on Non-Executive and Independent Directors' Remuneration

As per the Company's Articles of Association and in line with the requirements of Companies Act 2017, every director, including all non-executive and independent directors, is entitled to remuneration for their services, as decided by the Board for attending Board and Committee meetings.

The Company's shareholders approved the following remuneration packages for Directors in the 43rd Annual General Meeting held on March 18, 2021:

Chairman	Rs 300,000 for attending Board meetings
Directors	Rs 200,000 for attending Board and Committee meetings

No remuneration other than meeting fee is paid to these Directors.

The members are also entitled to reimbursement of all expenses incurred in connection to attendance of the Board and its Committees meeting.

External Search Consultancy and its Connection with the Company

Selection of Chairman and Non-Executive Directors

No external search consultancy was used for the selection and appointment of the Chairman or any other non-executive directors on FFC's Board.

Selection of Independent Directors

Selection of an independent director is carried out from a data bank maintained by the Pakistan Institute of Corporate Governance (PICG) under the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

PICG has no other connections with the Company, except for providing access to the databank on independent directors, directors' training and evaluation of Board and / or individual directors' performance.

Evaluation of the Board's Performance by Consultant

In order to ensure objectivity in the performance evaluation process, Pakistan Institute of Corporate Governance (PICG) has been appointed to evaluate the performance of the Board, its Committees and Members, through third party assessment.

CORPORATE GOVERNANCE

Their goal is to identify performance issues impeding Board's effectiveness and recommend ways of addressing them in accordance with best practices.

Evaluation is carried out in two phases, covering the three basic components as required by the Listed Companies (Corporate Governance) Regulations 2019 which are:

PHASE 1

- Board (as a whole)
- Board Committees

PHASE 2

- Individual members of the Board

The results are then compiled and discussed in the forthcoming meeting to formulate a strategy for improvement in Board's performance.

The overall performance of the Board, its committees and members based on approved criteria remained quite satisfactory as per strategic performance index.

Roles and Responsibilities of the Chairman and CEO

In line with the legal and regulatory requirements, the Chairman of the Board and Chief Executive Officer of the Company have well defined, separate but complimentary roles.

Chairman of the Board

Chairman represents the non-executive directors and is entrusted with providing effective leadership and direction to the Board. He ensures a conducive environment that encourages directors to carry out Board's business in line with legal and regulatory requirements.

Chairman sets the agenda of Board meetings; ensures reasonable time is available for respective discussion and minutes of the meetings are kept in accordance with the requirements of Companies Act 2017.

Significant Commitments of the Chairman

Mr Waqar Ahmed Malik was elected Chairman of the Board in April 2020. He is the Managing Director of Fauji Foundation and serves as Chairman on the Boards of various associated and subsidiary companies of Fauji Foundation.

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

He does not have any significant commitment other than those mentioned in his profile under "Profile of the Board" in the Company Overview section of this Report.

Chairman's Review on the Performance of the Board

The Chairman's Review, in conformity with the requirements of the Companies Act 2017, outlines the overall performance and effectiveness of the Board in achieving the Company's overall objectives.

Detailed explanations are covered throughout the Report in various sections.

Managing Director & Chief Executive Officer

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

CEO's Performance Review by the Board

CEO's performance is reviewed by the Board with reference to his roles and responsibilities including those assigned by the statute.

Exceptional performance of the CEO, during the year, is evident by the successful achievement of production, sales, turnover, profitability and market share targets, while maintaining highest standards of employee health and safety.

The Board is also satisfied with the developing progress in the Company's diversification projects and continuous evaluation of new investment opportunities, besides the local and international recognition for transparency and good governance.

Policy of Retention of Board Fee by the Executive Director on Other Companies' Boards

As per Directors' Remuneration Policy, executive directors are not paid any fee for attending the Board, committee or general meetings. On the other hand, the policy does not restrict

an executive director from retaining meeting fee earned for the services as non-executive director to other companies.

CEO is an executive director on FFC's Board and holds position as non-executive director on the Boards of various other companies. The Fee remunerated by these companies are in line with their respective policies, approved by their Board of Directors.

List of Companies in which the Executive Director is Serving as Non-Executive Director

Mr Sarfaraz Ahmed Rehman being an executive director of FFC and its subsidiary companies by virtue of being the Chief Executive Officer, holds non-executive directorship on the Board of following companies:

Listed companies:

- Askari Bank Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Unilever Pakistan Foods Limited

Unlisted entities:

- Fauji Fresh n Freeze Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- FFC Energy Limited
- Foundation Wind Energy - I Limited
- Foundation Wind Energy - II Limited
- OLIVE Technical Services (Private) Limited
- Pakistan Maroc Phosphore SA
- Thar Energy Limited
- Hisaar Foundation
- International Packaging Films Limited (IPAK)
- Patents Aid Foundation

Directors' Compliance Statement

The Board is pleased to state that:

- The financial statements prepared by the Company's management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity
- Proper books of account of the Company have been maintained
- 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 statements and 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

Statement of Value of Investments in respect of employees' retirement plans has been disclosed in Note 10.2 to the Financial Statements.

Compliances with Best Corporate Practices

Report of the Audit Committee on adherence to the Code of Corporate Governance, Statement of Compliance with the Code of Corporate Governance by the Chairman and the Managing Director & Chief Executive Officer and Auditors Report thereon form part of this Report and are stated on page numbers 226, 229 and 232.

Ethics and Compliance

FFC's comprehensive ethics and compliance framework ensures that high standards of ethical behaviour are embedded in all aspects of business conduct, decision-making and compliance of laws and regulations.

It's mandatory for members of the Board and employees to read, acknowledge, and abide by the Principles of Framework along with the Code of Conduct, on joining and throughout their tenure.

The framework is regularly updated in line with changes in applicable laws and regulations. Grievances arising due to any unethical practices are promptly identified and redressed to mitigate any occurrence in future.

Furthermore, an insider information register is maintained at corporate office and is regularly updated as per the applicable regulatory requirements.

CORPORATE GOVERNANCE

Governance Practices Exceeding Legal Requirements

With the legacy of high moral and ethical standards spanning over four decades, FFC continues to further optimize its governance framework by voluntary adoption and implementation of governance practices exceeding legal requirements, some of which include:

- Adoption of Pakistan Stock Exchange criteria for selecting top companies
- Adoption of best reporting practices recommended by ICAP / ICMAP and SAFA to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies
- Implementation of Directors' Training Program ahead of prescribed timeframe
- Implementation of aggressive Health, Safety and Environment Strategies to ensure safety of employees, equipment and surrounding communities
- Implementation of various social projects for welfare of the community as part of its Corporate Social Responsibility
- Adoption of framework for UN Global Compact "Ten Principles"
- Adoption of International Integrated Reporting Council (IIRC) Integrated Reporting Framework
- Adoption of Global Reporting Initiative (GRI) Standards
- Disclosure of various financial analysis including ratios, reviews, risk matrices and graphs etc in the Annual Report

Trading in Shares by Directors and Executives

During the year, the Company's executives traded a total of 68,515 FFC shares. Besides this, no other trading was performed by the directors, executives, their spouses and minor children.

The stock exchange is regularly updated on trading of Company's shares by management employees.

Shares Held by Sponsors Directors and Executives

Number of shares held by the sponsors, directors and executives of the Company, at the year-end are as follows:

Particulars	Numbers of Shares
Sponsors	564,204,254
Directors	1,700
Executives	267,838

Detailed 'Pattern of Shareholding' is disclosed on page 422 of the Report.

The thresholds for identification of 'Executives' in addition to those already specified by the Code of Corporate Governance, is determined by the Board in compliance with the Code, which is reviewed on annual basis.

Report of the Audit Committee

Report of the Audit Committee, describing the work carried out by the Committee in discharging its responsibilities, can be referred on page 226 of the Report.

Related Parties

The Company has a formal documented Related Party Transactions Policy that governs 'transactions between FFC and its related parties'. It provides a framework for governance and reporting of all related party transactions in compliance with the applicable legal and regulatory requirements.

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.

Pursuant to the regulatory requirements, all related party transactions are placed before the Audit Committee every quarter, for review and recommendation to the Board of Directors. The same are then considered and approved by the Board; keeping in view the Committee's recommendations.

All members of the Board are required to disclose their interests held in their individual capacity. Any related party transactions, where majority of FFC's directors are interested, are referred to the shareholders in a general meeting for ratification / approval.

Names of all related parties with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 39.1 of the Financial Statements.

In compliance with the requirements of Fourth schedule of the Companies Act 2017, detailed disclosure regarding related party transactions has been presented in Note 39.3 of the Financial Statements.

Policy for Disclosure of Conflict of Interest

In order to avoid known or potential conflict of interest; FFC has implemented a formal code of business ethics that promotes ethical culture and prevents conflict of interest among all stakeholders of the Company, having direct or indirect interest, including the Board of Directors.

The Board of Directors are bound to formally disclose any vested interest held by them in their individual capacity. The Company Secretary finalizes agenda points of Board meetings after obtaining information regarding interests and extent thereof.

The directors are required to disclose their interests beforehand and are not allowed to be involved in the decision making regarding any transaction or matter in which they have vested interest. In case majority of directors are interested, the matter is laid before the General meeting for approval.

Board's Policy on Diversity

As a progressive organization, FFC strongly believes in providing everyone with an equal opportunity to work, learn, grow and succeed. The Board is committed to promoting and maintaining a culture of diversity throughout the organization enabling a unique blend of multiculturalism based on age, gender, ethnicity, physical and mental ability, and other such characteristics.

FFC has been on the forefront of advocating alleviation of gender discrimination in the Country, a principle that is instilled in our human capital strategy. As per SECP guidelines Company's 'Gender Diversity Policy' has also been made public on the corporate website.

Upholding our social responsibility and reinforcing our commitment to diversity, FFC also gives due importance to the recruitment, development and retention of differently-abled in the Company.

The Company provides one of the most rewarding career opportunities in the Country while providing a motivating working environment, thereby attracting competent professionals, and transforming them into future global leaders.

Investors' Grievance Policy

FFC values its relationship with all its stakeholders, including shareholders and investors; and strives to protect and safeguard their interests. It recognizes the importance of timely and fair disclosure of all material information to all stakeholders; enabling them in making informed decisions.

The Company's 'Investor's Communication / Relation & Grievance Policy' contains the mechanism for handling shareholders' complaints and queries. As per the policy, the shareholders can lodge their complaints or queries through a designated email address (shares@ffc.com.pk) or by using telephone, fax or conventional mail.

The policy ensures that grievances notified by the shareholders are handled and resolved efficiently; and record is maintained along with respective actions taken for resolution.

The Company's contact details are disclosed in the 'Investor Relations' section on its website and mentioned in the 'Company Information' section of this Report.

Redressal of Complaints

Shareholders / investors log-in numerous complaints during the year; from unclaimed and undelivered dividends to queries pertaining to transmission cases, loss or revalidation or simple clarifications etc.

Each shareholder is personally contacted and in collaboration with paying agent and registrar; complainants are satisfied amicably.



CORPORATE GOVERNANCE

Policy of Safeguarding of Records

As part of our comprehensively formulated Business Continuity Plan (BCP), FFC's 'Record Retention Policy' provides for preservation of Company records of significant or permanent value for periods exceeding the legally stipulated timeframe, at secure locations to cater for any future retrieval.

The record includes books of account, documentation pertaining to secretarial, legal, contractual, taxation and other matters, which have been archived where needed, in a well preserved manner as follows:

- Real-time back up of data at on and off-site locations
- Storage of data at secure location with state of the art protections against physical deterioration, fire, natural disasters etc.
- Management hierarchy based record retrieval authorization coupled with password security, including the Company's SAP-ERP System
- Whistle Blowing – Immediate reporting of breach of security or damage of record to the management
- Establishment of remote Disaster Recovery site to provide immediate backup of all primary data, in line with business continuity practices
- Delegation of responsibility for all Company departments regarding safeguarding of their respective record
- Electronic backup of printed data enabling prompt retrieval of relevant documents in a secure environment based on appropriate access controls and authorization systems

Whistleblowing Policy

FFC's 'Whistleblowing Policy' is an integral part of the Company's governance and promotes transparency and ethical behavior in business conduct. It provides a platform to all stakeholders to raise alerts in a transparent and efficient manner to maintain accountability and integrity in all areas of Company operations.

The policy enables stakeholders to not only raise queries but monitor the progress of resultant inquiries, provide feedback and where required, also voice concerns against any unsatisfactory inquiry or proceeding.

Mitigating protocols against abuse of the mechanism are also in place by defining consequences for the person making false accusations resulting in unwarranted convictions.

The policy is publicly available on the corporate website for reference / consult.

Instances During the Year

During the year, all minor events requiring management's attention were properly addressed. No material instance was reportable to the Audit Committee regarding improprieties in financial, operating, legal or other matters of the Company.

Other Policies

Policies covered in other sections of the report are as follows:

- Disaster Recovery and Business Continuity Policy – Intellectual Capital
- IT Governance Policy – Intellectual Capital
- Human Resource Management Policy – Human Capital
- Social and Environmental Responsibility Policy – Social and Relationship Capital

Disclosures Beyond Best Corporate Reporting criteria

There has been significant development in the corporate reporting domain as users look for better ways to analyze an entity's performance. With a view to facilitate its stakeholder in better understanding various aspects of its operational and financial performance, FFC strives to go beyond the essential reporting requirements.

Following is a list of disclosures that have been made in addition to the ICAP / ICMAP BCR criteria:

- About this Report
- Navigating through the Report
- Highlights 2021
- Management Committees
- Chairman's Review
- MD & CEO's Overview
- Macro-Economic Overview
- Contribution to National Exchequer
- Credit Rating
- Corporate Awards
- Operational Performance
- Marketing Overview
- Human Capital
- Health and Safety
- Directors' Report on the Consolidated Financial Statements
- Directors' Report in Urdu
- Sustainability Report including
    - Global Reporting Initiative (GRI) Standards: Comprehensive Option

- Sustainability Accounting Standard Board (SASB) Chemical Industry Standard
- United Nations Global Compact (UNGC) "Ten Principles"

In addition, we have also complied with ICAP / ICMAP BCR 2022 requirements relating to IT Governance and Cyber-security and Enterprise Resource Planning, depicting the Company's operational excellence.

Oversight by External Specialists

IMS Surveillance Audit

Bureau Veritas Pakistan (BV), the certification agency and 3rd party, conducted migration/surveillance audit of Quality, Occupational Health & Safety, and Environmental Management Systems at Plant-sites (GM & MM). Consequently, Plant sites successfully migrated IMS from the old OHSAS 18001:2007 standard to the new OH&S International Standard, ISO 45001:2018.

Strategy & Risk Advisory

Universum - Strategy & Risk Advisory, consultant, evaluated the Risk Identification & Management System (RIMS) and provided detailed report encompassing suggestions for improving the risk maturity and RIMS.

IMS Recertification Audit

Integrated Management System recertification audit of Quality, Occupational Health & Safety and Environmental Management Systems with respect to requirements of ISO 9001:2015, ISO 45001-2018 and ISO 14001:2015 was successfully completed by Bureau Veritas Pakistan.

Risk Engineering Survey

FIB – Lockton conducted Risk Engineering Survey at Plant site GM to assess the risks associated at operating facilities related to different functions, including Manufacturing and Operations, Maintenance, Planning and Control departments, etc. The survey was completed successfully without any significant observation.

EFU, Pakistan and Energy & Chemical Professional, USA performed Risk Engineering Survey of FFC-MM. The survey was completed successfully without any significant observation.

Safety Leadership Award

Plant site – GM achieved National Safety Council, USA "Safety Leadership Award" based on its performance data and attaining 17 million safe man hours.

IFA Safety Benchmarking Survey 2021

Plant site GM participated in the IFA Safety Benchmarking survey 2021 and was among the survey's best performers.

Information Security Management System Re-Certification

ISMS certification increases an organization's resilience against cyber-attacks. It also ensures that business controls and management processes in place are adequate and proportionate against Information Security threats.

During 2021, Information Systems division successfully achieved ISMS recertification (ISO 27001:2013) for the third time with zero non-conformance. It was first certified on ISMS in 2015.

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



Refer to Review Report on the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 on page 232 of the Report.

STAKEHOLDERS' ENGAGEMENT

Analysts' Briefing

At FFC, we acknowledge and honor the trust reposed in us by our stakeholders; and strive to enforce a transparent relationship with them. For this purpose, the Company conducts frequent and transparent interactions to share its financial and operational performance, outlook, regulatory and economic environment etc.

The Company generally holds bi-annual analysts' briefings to present its business perspective to the investors enabling them in making sound investment decisions.

During the year, FFC held two analysts' briefings where CFO apprised all stakeholders with Company's performance and its future plans.

These briefings were keenly attended by representatives of Pakistan Stock Exchange, investment analysts and other stakeholders; and were followed by detailed 'questions & answers' sessions where all queries raised by the esteemed participants were appropriately answered.

Period	Date	Place	Agenda
Year ended Dec 31, 2020	Feb 9, 2021	Video link facility	• Review of the business environment and FFC's performance • FFC's achievements during the period • Progress on ongoing diversification projects • Future challenges and outlook
Period ended Sep 30, 2021	Nov 19, 2021	Head Office + Video link facility	

Detailed presentations of the Analysts' Briefings can be accessed below:

https://www.ffc.com.pk/ffc-corporate-briefing-feb-09-2021/

https://www.ffc.com.pk/ffc-second-corporate-briefing-19-november-2021/

Shareholders Encouraged to Attend General Meetings

Notice of the Annual General Meeting, along with the Company's Annual Report, is sent to all shareholders at least 21 days prior to the meeting day. Simultaneously, it is published in leading newspapers (in both Urdu and English languages) having Countrywide circulation and placed on the PSX and FFC's respective websites.

All shareholders irrespective of their shareholding can appoint proxy, participate through video conference



(VC) and vote through e-voting. They can suggest, propose, comment or 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.

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

Encouraging Minority Shareholders to Attend General Meetings

The Company encourages minority shareholders to participate in the bi-annual analyst briefing sessions, the date of which are announced through the stock exchange.

Meeting requests of minority shareholders are also entertained where their queries are addressed appropriately to their satisfaction.

Investor Relations Section on FFC Website

FFC disseminates information to its investors, shareholders and other stakeholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu languages under the applicable regulatory framework.

The website is updated regularly to provide detailed and latest Company information including but not limited to business strategy, financial highlights, investor information, dividend history and other requisite information.

The following QR code may be scanned to access the Company's website for Annual Report and other information.

The online pdf version of this Annual Report will be considered the most current version and takes precedence over any previously printed version. The online pdf version can be accessed at http://www.ffc.com.pk/investors-relations/annual-reports/

General Meetings

FFC held 43rd Annual General Meeting of its shareholders, on March 18, 2021. Three Extra-Ordinary General Meetings were also held during the year.

Presence of Board Members

In compliance with the Code of Corporate Governance, all directors of the Company attend general meetings unless precluded from doing so due to any reasonable cause.

Presence of the Chairman Audit Committee

All general meetings held during the year were attended by Board members including the Chairman of the Audit Committee, Chief Executive Officer and other senior management of the Company to address queries and clarifications sought by the shareholders.

Issues Raised at Last AGM

General queries and clarifications sought by shareholders regarding the agenda points, were resolved to their satisfaction. Apart from the said queries, no significant issue or concern was raised.

Identification of Key Stakeholders

Accurate identification of key stakeholders enables the Company to direct its Capitals equitably towards right relationships and activities. The Company assesses stakeholders on the following criteria:

- Does the stakeholder have a fundamental impact on the Company?
- Can the Company identify what it wants from the stakeholder?
- Does the Company want the relationship to grow?
- Can the Company exist without or easily replace the stakeholder?
- Has the stakeholder already been identified through another relationship?

Stakeholders' engagement process and the frequency of such engagements during the year; along with explanation on how these relationships are likely to affect the performance and value of the entity, and how those relationships are managed has been detailed in 'stakeholders' engagement' table.

STAKEHOLDERS' ENGAGEMENT

INSTITUTIONAL INVESTORS / SHAREHOLDERS

Management of Stakeholders	FFC acknowledges and honors 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.
Frequency of Engagement	Regular
Engagement Process	General meetings, Annual, Half-yearly and Quarterly Reports
Effect and Value	The providers of capital allow FFC the means to achieve its vision.

CUSTOMERS & SUPPLIERS

Management of Stakeholders	FFC has invested significantly in customer relationship management, going beyond extending credit facilities and trade discounts. Through Agri. Services, FFC has been inducing changes in agricultural production through transfer of advance knowledge to farmers for sustainable economic growth. FFC's growth is also attributable to engaging reputed and dependable suppliers as business partners.
Frequency of Engagement	Regular
Engagement Process	Periodic formal and informal meetings / conferences and technical support services
Effect and Value	Our success and performance depend upon the loyalty of our customers, their preference of the 'Sona' brand and our supply chain management.

BANKS AND OTHER LENDERS

Management of Stakeholders	Banks and other financial institutions are engaged by the Company on an on-going basis in relation to negotiation of rates, lending purposes, short term financing, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of an operational nature.
Frequency of Engagement	Regular
Engagement Process	Meetings on negotiation of rates on various financing matters
Effect and Value	Dealings with banks and lenders is key to FFC's performance in terms of access to better interest rates and loan terms, minimal fees, higher level of customer service and effective planning for the future.

MEDIA

Management of Stakeholders	Different communication mediums are used on need basis to apprise the general public about new developments, activities and philanthropic initiatives of FFC.
Frequency of Engagement	Occasional
Engagement Process	Different communication mediums i.e. press releases used on need basis to apprise the general public about new developments and activities
Effect and Value	By informing the media of the developments and activities of FFC, effective awareness is created regarding the Company and the products and services offered, indirectly having a positive impact.

REGULATORS

Management of Stakeholders	FFC prides itself in being a responsible corporate citizen and abides by the laws and regulations of Pakistan. FFC consciously ensures that all the legal requirements of other countries are also fulfilled while conducting business outside Pakistan. FFC has paid a total of more than Rs 30 billion in taxes and duties this year and continues to be one of the highest tax payers of Pakistan.
Frequency of Engagement	Regular
Engagement Process	Meetings with officials, submissions of data for review and compliance
Effect and Value	Laws and regulations, determination of prices and other factors controlled by the Government affect FFC and its performance.

ANALYSTS

Management of Stakeholders	In order to attract potential investors, FFC 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. The Company held two Analysts' Briefings during the year and apprised the attendees on FFC's operational and financial performance.
Frequency of Engagement	Bi Annually
Engagement Process	Analysts' Briefing
Effect and Value	Providing all the required information to analysts helps in clarifying any misconception / rumor in the market and creates a positive investor perception.

EMPLOYEES

Management of Stakeholders	FFC's commitment to its most valued resource, a dedicated and competent workforce, is at the core of its human resource strategy. FFC provides a nurturing and employee friendly environment while investing considerably in local and foreign employee trainings. Besides monetary compensations, FFC has also invested in health and fitness activities for its employees.
Frequency of Engagement	Regular
Engagement Process	In-house newsletters, televised broadcasts, employee portals and electronic bulletin boards
Effect and Value	FFC's employees represent its biggest asset, implementing every strategic and operational decision and representing the Company in the industry and community.

LOCAL COMMUNITY AND GENERAL PUBLIC

Management of Stakeholders	In addition to local communities near plant sites, FFC engages with general public at large through its CSR Department. This engagement helps to identify needed interventions in the field of education, health and general economic uplift of the society. The Company has also aligned its interventions with the UN's Sustainable Development Goals.
Frequency of Engagement	Regular
Engagement Process	Meetings and one-on-one engagements
Effect and Value	The people of the Country provide the grounds for FFC to build its future on.





COVID-19 RESPONSE STRATEGY

The pandemic triggered a health and fiscal emergency around the Globe. It created a massive dent in the socio-economical aspect of society. The spread of this virus effected millions of people and engulfed lives of so many. As a response to the pandemic, the world learnt to devise several social distancing measures to refrain from virus contact and spread.

This year the vaccine drive against virus was the major highlight, which helped the society again to undertake its normal course of business. However, the world remained prone to the outburst of COVID-19's new variants. With their unknown distinct characteristics from their predecessors, every new variant stood obstacle between rectifying the devastation caused by virus.

In light of above, FFC has taken proactive measures across the board to minimize the virus' impact and nip the evil in the bud. The Company duly recognizes its responsibility towards society as being an agrarian Country, the fertilizer industry plays the role of paddle sifters of the Country.

The Company took adequate consumer protection measures to protect farming community and to safeguard the National food security. Realizing the importance of all stakeholders, the Company enforced the existing as well as devised new bio secure protocols to counter the looming crisis of virus.

FFC continues to respond to the threat of COVID – 19 pandemic through following major steps:

- Establishment of Crisis Management Committee (CMC)
    - Maintaining COVID-19 statistics and SOPs
    - Auditing the administrative policies
    - New infrastructure and protocol update for COVID-19 prevention
- Thermal scanning cameras
- HVAC operations
- Changes in disinfections
- Regular review
- Work place management
    - HR management and contact tracing
    - Workforce management
- Operational management
    - Manpower management
    - Materials management
    - External workforce management
- IT management
    - Heightened steps for information security
    - Collaborative arrangements
    - Support and assistance for IT services
- Wellbeing of employees and families
    - Risk communication and health monitoring
    - Online teaching for schools at plant sites
- Community assistance
- Other initiatives by FFC's subsidiary companies

MANUFACTURED CAPITAL

Realizing the significant impact of manufactured capital on the Company's ability to achieve its strategic objectives, FFC makes a deliberate effort to create and maintain a technologically superior asset base. Infrastructure at our plant-sites, Head Office and the extensive marketing and distribution network constitute the Company's manufactured capital.

Operational Performance

Exhibiting our commitment to operational excellence, FFC yet again exceeded its urea production target for the year by achieving a production of over 2.5 million tonnes. The urea output also surpassed last year's production, contributing around 41% to the National indigenous urea manufacturing during 2021, translating into an aggregate contribution of over 66 million tonnes since the Company's inception.

The Company's manufacturing facilities continued to set multiple new efficiency and production benchmarks throughout the year, with **Mirpur Mathelo site achieving annual production record of 891 thousand tonnes which is the ever-highest by any plant in FFC's history.**

Plant I & II – Goth Machhi

Goth Machhi site achieved annual production of 1,617 thousand tonnes despite maintenance turnaround of Plant II. Both the plants have recorded 18.85 million man-hours of safe operation for its employees, signifying commitment to employee safety.

Plant III – Mirpur Mathelo

The plant manufactured 891 thousand tonnes of urea, higher by around 12% compared to last year. Mirpur Mathelo completed another injury free year, surpassing 8 million man-hours of safe operations.

Major Projects at Plantsites

Multiple initiatives were carried out at plants to sustain the Company's profitability, improve plants operational efficiency, reliability and maintain its position as the leading fertilizer manufacturer in the Country.

Plant Turnaround

In June 2021, a major maintenance turnaround was safely completed at



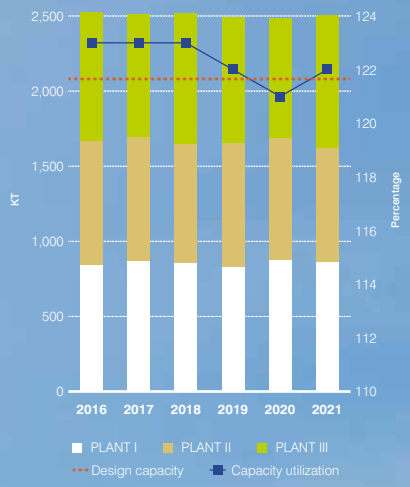
Plant II keeping objective of 'No Injury, No Fire' intact. Major jobs executed during the turnaround are:

- Primary reformer burners replacement
- Process air coil tubes replacement
- MDEA solution heat exchanger replacement
- Medium Pressure Decomposer - Exchanger replacement
- BFW preheaters replacement
- Waste heat boilers inspection
- BFW pump turbine overhauling
- Urea reactor reliability enhancement
- Urea stripper inspection
- Vibration monitoring system upgradation
- CO_2 machine reliability enhancement

Reliability Improvement

A number of projects are underway to improve reliability of our plants. Some of the key projects are as follows:

Plant wise Production



Plant I

- Fitness for service assessment of Ammonia storage tank
- Replacement of separator overhead absorber
- Additional lube oil cooler for Ammonia compressor
- Re-tubing of synthesis gas cooler

Plant II

- Upgradation of desulphurization section
- Replacement of primary reformer convection section module

Plant III

- Rehabilitation of high pressure steam piping



MANUFACTURED CAPITAL

Sustainability

The following projects relate to sustainability of Company's production process:

- Uprating of three Natural Gas compressor packages completed at gas compression facilities
- Order of another compressor package initiated
- Drilling of new tube wells ensuring good quality water for the plants

Energy Conservation

We, at FFC, continuously strive to improve energy efficiency by regularly implementing energy efficiency projects and performing day to day plant optimization. Energy efficiency performance in 2021 remained in line with the previous years.

FFC not only benchmark its plants' performance with the prior years' performance but also with the other plants in the world. FFC often participates in benchmarking surveys conducted by various global bodies. Haldor Topsoe is one of the world's leading companies within the field of heterogeneous catalysis, and over 50 per cent of the ammonia used for fertilizer on a worldwide scale is made with the help of Haldor Topsoe technology. Haldor Topsoe performed its last global benchmarking survey for ammonia plants in 2017, which included 11 Topsoe and 13 non-Topsoe plant designs. FFC all plants scored very well on all the parameters especially Plant-II which remained within the top 10% regarding on-stream factor, production rate of ammonia, and energy efficiency.

The Company is carrying out the following activities for energy conservation:

- IFA energy efficiency and CO2 emissions benchmarking at Plant I
- Process condensate recovery in air preheater coil at Plant II

Initiatives for Promoting and Enabling Innovation

With an aim to promote and enable innovation, FFC is carrying out the following initiatives:

Developing Enhanced Efficiency Fertilizer

The Company, in collaboration with its national and international partners is developing value added solid / liquid enhanced efficiency fertilizers; and allied co-products that will help maximize yield and reduce greenhouse gases emissions in the long-run. Field trials of some of the products have concluded whereas of others are continuing.

Development of Prototype Anaerobic Digestion Unit

In partnership with local researcher, FFC has developed a prototype anaerobic digestion unit through which vegetable waste of FFC's subsidiary, Fauji Fresh n Freeze Limited, could be turned into high purity methane. Revalidation of lab results for full scale plant are in progress.

Development of Cost Effective CO_2 Removal Membranes

For the technological advancement and meeting the challenge of depleting reserves of Natural Gas; FFC is collaborating with local researcher for the development of cost effective CO_2 removal membranes to utilize CO_2 enriched feed stocks in Pakistan. For this, a pilot scale testing unit is recently commissioned to validate the lab scale results.



Marketing Overview

FFC is Pakistan's leading fertilizer manufacturing and marketing company, with around 4 million tons per annum sales volume (FFC / FFBL combined) and a Nation-wide network of about 3,600 dealers and 150 field warehouses. Over the years, the Company has built a loyal customer base through consumer-oriented strategy by marketing quality products backed by efficient and effective agriculture support services.

International Fertilizer Market

The international fertilizer prices have gone through a historic increase during the year. This increase is attributable to the rising gas and energy costs, production cuts, supply curtailment and impact of trade policies of various fertilizer producing countries.

Urea

International urea market experienced continuous price surge throughout the year. Starting at USD 282 per tonne, the prices rose to a maximum of around USD 970-980 per tonne.

Export restrictions by China and Russia to prioritize their domestic demand, coupled with rise in freight rates owing to rising oil prices and low availability of vessels post pandemic restrictions were the key drivers for this price surge. The prices are expected to maintain high levels in the short to medium term.

FFC SALES BY PROVINCE



Punjab
79%



Sindh
13%



KPK
6%



Balochistan
2%

DAP

The bullish run in DAP prices observed in the second half of 2020 gained further momentum in 2021. China's exports account for approximately one-third of the Global trade, so a suspension of fertilizer exports to satisfy increased local demand has resulted in sharp DAP price spike. Adding to supply concerns, Russia also recently announced restrictions on fertilizer exports. Therefore, a sudden increase in DAP outflows in the short term is highly unlikely.

DAP average price in the first half of 2021 was USD 530 per tonne, which rose to the level of around USD 650 per tonne in the third quarter and further peaked to highest level of around USD 900-925 per tonne in the last quarter.

Domestic Fertilizer Market

During the year, all major crops showed a reasonable increase in production and market prices. However, as International DAP prices reached record high, local farmers resorted to apply more nitrogenous fertilizer as a substitute to DAP due to its affordability. High demand for indigenously produced urea resultantly made it tougher for the companies to meet the requirement.

Urea

FFC started the year with nil stocks, whereas the rest of the industry carried an inventory of 299 thousand tonnes, 50% higher than last year. Continuous production by plants on SNGPL network during the first half of the year resulted in enhanced urea availability however, uninterrupted gas supply was not ensured in the latter part of the year leading to market uncertainty and higher urea prices.

MANUFACTURED CAPITAL

During 2021, industry urea production was recorded at around 6,141 thousand tonnes, almost at par with last year. Urea sales for the year were recorded at around 6,343 thousand tonnes, 5% higher than 2020. Inventory at the close of year was therefore recorded at 58 thousand tonnes.

The price surge in International urea market, has opened the current gap between landed cost of imported urea and domestic urea to approximately over Rs 8,000 per bag.

DAP

As the International DAP prices touched highest ever levels post 2008 global financial crunch; increased inflation and continuous alterations in Government's policies coupled with intense market competition posed further challenges to the DAP market. Elevated DAP prices, adversely impacted the consumption at farmer level during the year. However, present commodity prices and subsidy scheme introduced by the Governments of Punjab and KPK through 'Kissan Card' have supported the DAP offtakes at farms.

Industry DAP sales during the year were 1,885 thousand tonnes, 14% lower compared to 2,192 thousand tonnes sold in 2020, whereas inventory at the year-end was 210 thousand tonnes, 87% higher than closing inventory of 112 thousand tonnes last year.

FFC Marketing

Each year brings with itself new challenges and opportunities and this year was no different. FFC stood up to the legacy of achieving yearly sales objectives and maintained its market leadership.

Surging DAP prices compelled higher demand for urea and consequently made it difficult for the companies to cater for the increase. However, a vigilant approach in adjusting shipments and prices enabled us to remain competitive while maintaining balance of product supplies across the Country at sustained margins.

Urea Sales

FFC / FFBL combined urea sales during the year were 2,978 thousand tonnes including 501 thousand tonnes of Sona Granular produced by FFBL.

Urea Market Share

Combined FFC / FFBL urea market share was 47% compared to 51% last year due to higher overall urea industry production, owing to continuous gas supply to RLNG based plants.

DAP Sales

During 2021, the Company achieved FFBL Sona DAP sales of 790 thousand tonnes whereas FFC DAP sales were recorded at 205 thousand tonnes.

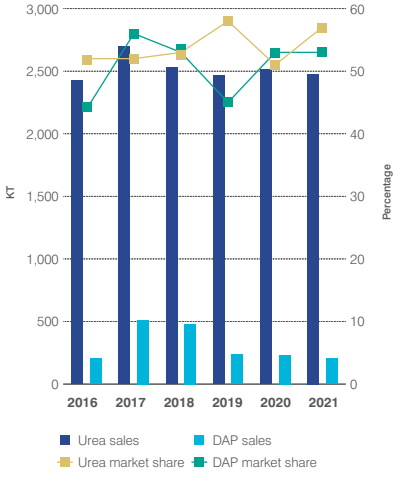
DAP Market Share

Despite availability share of 47%, FFC achieved 53% combined FFC / FFBL DAP market share against 53% of 2020. Only a negligible inventory remained at the close of the year, constituting 1% of industry stocks.

Effect of Seasonality on Business

Pakistan has two principal crop seasons, namely 'Kharif' and 'Rabi', which impact the fertilizer offtake throughout the Country. FFC manages seasonality through advance sales, proper inventory management and production / import planning, keeping our products available according to the customers' demand.

Urea and DAP Performance & Market Share



INTELLECTUAL CAPITAL

Intellectual
SAP ERP
Refer page 156-157 Value Creation Business Model

Intellectual Capital is the value of the Company's cumulative knowledge and resources that it can utilize to enhance profits, gain new customers, create new products or otherwise improve the business.

Information System

FFC accords highest priority to the development of its Information Systems resources to ensure accurate data processing, efficient communications, streamlined business processes and accumulation of market intelligence.

The Company also continues to adopt and leverage the latest state of the art Information Technology infrastructure in line with best practices to streamline business processes and enhance operational efficiency.

Information Security

Information Security has become a cause of concern globally, especially during the 'work from home' environment due to COVID-19 pandemic. Leading international and local organizations have witnessed security breaches in the recent past. In view thereof, FFC undertook a comprehensive and critical review of its Information Security function followed by several actions to further fortify protective measures. Active directions and support by the Board of Directors enabled swift execution. Further investment in the security infrastructure has also been approved to strengthen the security posture.

IT Governance Policy

The Company's Information Technology resources have been aligned to provide the management with an effective and efficient decision making system; enabling achievement of operational and strategic objectives, while increasing shareholders' value.

The Company information services also comply with the Information Technology Infrastructure Library (ITIL) framework and is certified under Information Security Management System (ISMS) ISO 27001:2013 best practices.

FFC's IT Governance Policy encompasses:

- Engaging stakeholders to establish priorities for technology investment that are aligned with institutional goals and objectives
- Promoting governance, transparency, accountability and dialogue about technology that facilitates effective strategy adoption
- Securing the Company's data
- Keeping the IT function proactive from an innovation perspective, providing ideas to the business
- Influencing development and design of technology services, policies and solutions
- Maximizing return on technology investment with controlled spending, while providing FFC with a coherent and integrated IT architecture and management structure
- Ensuring compatibility, integration and avoidance of duplication of effort
- Undertaking regular audits / vulnerability assessment of IT systems
- Improving user awareness on IT security to detect and prevent vulnerabilities

Review of Business Continuity Plan & Disaster Recovery Plan

Board of Directors recognizes that FFC's business continuity is of national significance. Extensive vigilance is therefore ensured through continuous monitoring of risks and mitigating strategies thereof. The Company's all-encompassing Business Continuity Plan including the Disaster Recovery Plan is reviewed and tested periodically to minimize probability of operational disruption in case of any disaster.

Business Continuity Planning

Realizing the significance of uninterrupted business operations for maintaining competitive advantage, FFC has enacted a comprehensive Business Continuity Plan that ensures effective response to any adversity with minimal operational disruption.

External as well as internal stakeholders from across the Company are involved in the system for identification and formulation of risk mitigation strategies of critical business functions in case of disaster. Several mock exercises were conducted during the year to enhance readiness of employees to cope with a disaster. BCP also serves the following purposes:

Employees

Ensures employee satisfaction regarding the Company's ability to ensure their safety and security.

Investors

Promotes investor confidence and trust in FFC's ability to adequately withstand any difficulty for sustained enterprise value.

Organization

A successful Business Continuity Plan helps in sustaining the Company's corporate image, brand and reputation.

Customers

Assures customers that effective measures are in place for the Company to continue fulfilling its commitments towards them in case of any unforeseen events.

Disaster Recovery Planning

FFC'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.

INTELLECTUAL CAPITAL

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 for Business Critical Assets

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. Procurement of offline backup hardware is under procurement.

Major Projects Carried Out by Information Systems Division

Some of the major projects carried out by the Information Systems Division during the year include the following:

- Modernization of corporate data center's network
- Expansion of fleet monitoring system
- Revamp of access control system
- Deployment of smartphone-based employees' attendance application
- Development of Sona Dost mobile application
- Development of Virtual Assistant Sona Sales mobile application
- Improvements in treasury management systems

IT 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. There was no breach of cyber security during the year.

Cybersecurity Programs, Policies and Procedures

Various policies and procedures, in line with global best practices, have been developed under ISMS standard for security of IT Assets and data integrity, Access Control, and Network Security, etc.

Board's Oversight on Cybersecurity

The Company's management regularly apprises the Board of Directors on overall performance / evaluation of IT infrastructure. Constant assessment of IT related risks is carried out and updated in the Company's risk register which records risk profile, mitigation strategies and remedial plans. These are then reviewed by the Risk Office and presented to the Board on biannual basis.

Board Committees' Oversight on IT Governance and Cybersecurity Matters

Regular updates on critical / significant matters, if any, related to IT governance and cybersecurity (including IT infrastructure and assets confidentiality, integrity and availability) are provided to the respective Board Committee.

Early Warning System

FFC 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.

Independent Comprehensive Security Assessment

External evaluators like M/S SGS conduct yearly audits to check IS Division compliance against ISMS standard. At the end of external review, a comprehensive report is issued to confirm FFC IS Division's compliance with the standard. The IS Division also evaluates and implements relevant suggestions / areas of improvements as deemed fit.

Impact of Digital Transformation to Improve Transparency, Reporting and Governance

Cloud Computing

FFC IT infrastructure is fully virtualized with a high VM-to-Server density ratio. Private Cloud deployed at FFC reduces total cost of ownership and reduces time-to-implement for new and innovative solutions as and when required by the business.

Robotic Process Automation

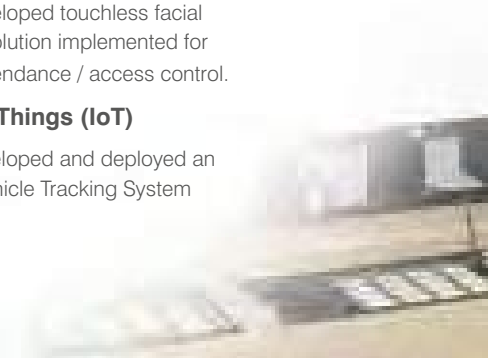
It is being used in repetitive tasks lead by IS Division.

Artificial Intelligence (AI)

AI and Machine Learning (ML) have been effectively used in a comprehensive in-house developed touchless facial recognition solution implemented for employee attendance / access control.

Internet of Things (IoT)

We have developed and deployed an IoT based Vehicle Tracking System



which is being extensively used across company to monitor and track company vehicles and analyze driver behavior. Substantial improvement in fuel and safety performance has been observed.

Education and Training on Cybersecurity Risks

Awareness sessions on 'Cybersecurity Risks' and their prevention are conducted at all locations on regular basis. In addition to that, awareness related to emerging cyber threats is disseminated via emails to all Company users. Active participation is ensured and feedback surveys are also circulated to the users to get user feedback. Specific trainings on cybersecurity issues are also provided on the request of a particular department or on need basis.

Enterprise Resource Planning

Management and Integration of Core Business Processes

FFC is one of very few companies to have implemented entire SAP business applications including FI /CO, SD, MM, HCM, PM, BI, BPC with big bang approach back in 2011. All these modules are tightly integrated under SAP ERP framework.

Effective Implementation and Continuous Updation

ERP has full support of the management in terms of resources required and emphasis on use of the system. Recurring budgetary support is available for licensing. System is kept updated through regular upgrades. FFC is currently on S/4 HANA and actively uses desktop (GUI), web and mobile interfaces for execution of business processes. A ticketing system is in place to address business users' issues and service requests about the system. Business warehouse is in place for analytical reporting.

User Trainings of ERP Software

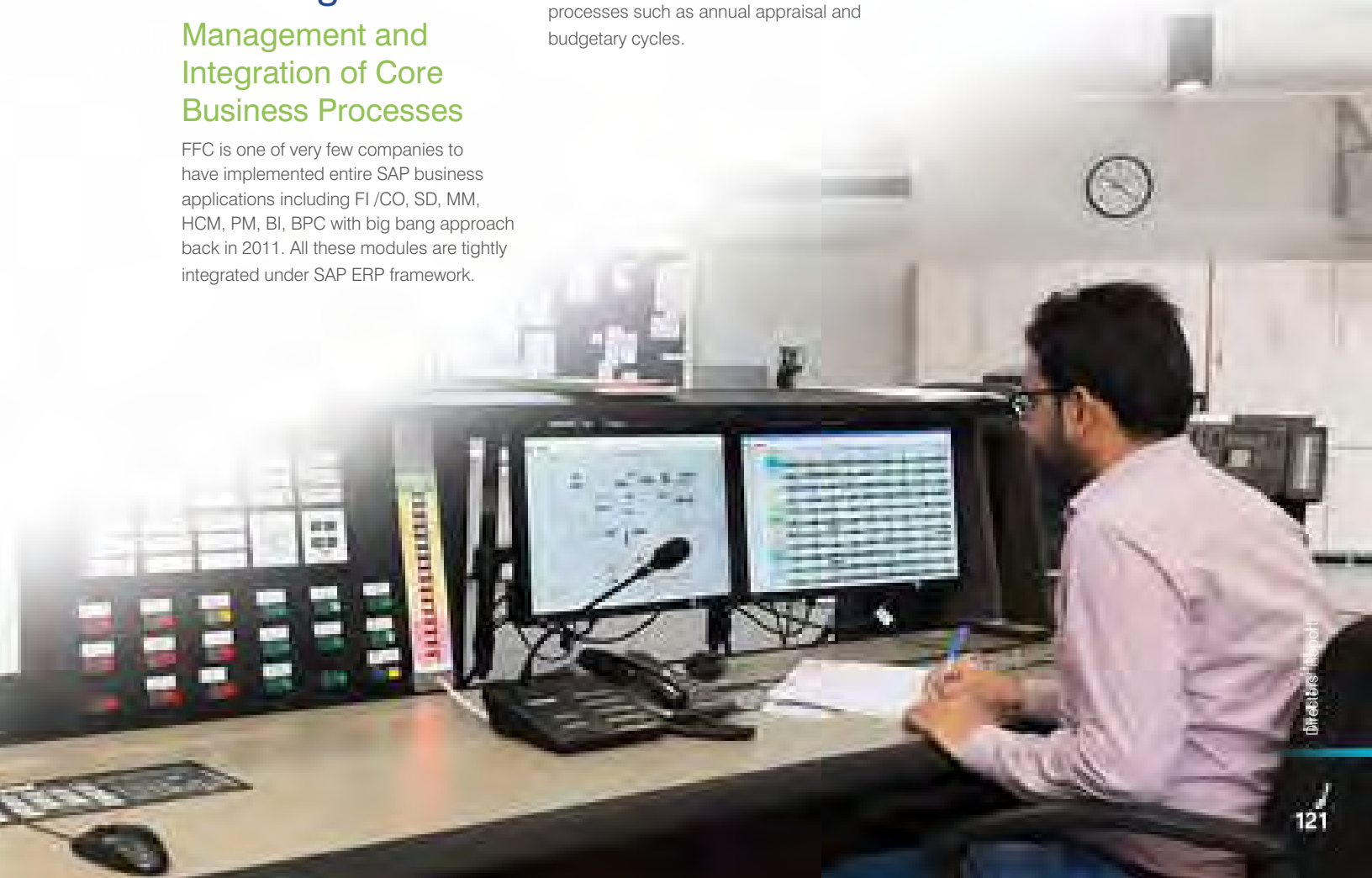
User trainings are held regularly at all sites for each module. In addition, power user concept is used at function level (Finance, Materials, Human Resources etc.). Focused sessions are held for infrequent processes such as annual appraisal and budgetary cycles.

Risk Management on ERP Projects

A risk matrix is available which is continuously reviewed and audited as part of IMS and ISMS audits. Business process configuration and development is done through DEV / QA / PRD landscape. Any process change or development is first tested thoroughly on QA system before transporting the change to production system.

System Security, Access Rights and Segregation of Duties

Authorization to transactions and reports is granted on least privilege method and specific to business user role in organization. Grant of authorizations is initiated by users through power users or site IT offices. It is duly reviewed by module consultant in ERP office and system admin level.



HUMAN CAPITAL

The outbreak of Coronavirus (COVID-19) is still an ongoing pandemic, which has redefined corporate mindset, operations and functioning across globe. In spite of the challenges posed by the global pandemic, FFC managed to retain, motivate, develop and deploy its human capital effectively and efficiently applying a hybrid model of reduced office attendance and work from home, thus running error-free HR operations.

Our Human Capital is our competitive advantage and FFC is constantly investing in the growth of its employees by applying modern Human Capital Management practices; empowering them through capability enhancement, operational flexibility and authority required to drive business success and reach their fullest potential. We are creating value for our shareholders by attracting, developing and retaining the right talent.

Compensation & Benefits

Compensation and benefits are important aspects of an employee's satisfaction at a workplace, as they directly affect an employee's performance and motivation to work, as well as their retention with the Company. By linking compensation to Company and individual performance, employees contribute in the Company's success and are rewarded accordingly.

We acknowledge the importance of post retirement financial security / independence of its employees and accordingly offer retirement benefit plans including funded gratuity and pension schemes besides a contributory provident fund.

Succession Planning

FFC's dynamic succession planning policy aims to transform existing talent into a competent workforce capable of occupying future strategic positions. The Policy is constantly updated in line with the Company's requirements and career growth objectives. The following key initiatives have been taken in this regard during the year:

- Incentive Promotion policy has been introduced to provide an opportunity to officers for promotion to the next level who continue to display positive performance and attitude after having exhausted chances of promotion
- Promotion thresholds were also redefined to uplift the promotion standards
- A cross-functional training policy has been introduced for talent development
- Special focus was put on the company's progressive and forward looking Succession Planning Policy, which transforms existing talent into a competent workforce capable of occupying future strategic positions by using various employee development techniques

Hiring

Despite global trends of downsizing / low induction during the COVID-19 spread out, FFC did not lay off its manpower, while still hiring fresh employees as per operational requirements. With strict adherence to safety and operational SOPs regarding COVID -19, majority hiring was conducted online.

Employee Development

The year 2021 remained challenging for Learning & Developmental initiatives at FFC due to COVID-19 global spread-out, however it turned around into one of the most effective years in terms of learning deliverables and new projects. These achievements are credited to uncompromising management commitment, dedication & competence of L&D team and a proactive approach towards anticipated challenges, ensuring learning activities of employees was not disrupted in these turbulent times. More than Rs 250 million were invested in developing our Human Capital through in-person, as well as online learning interventions.

Organizational Cultural & Engagement Survey

One of FFC's strategic objectives is nurturance of an innovative thinking and team-oriented culture with strong organizational purpose. An organizational culture and employees' engagement survey has been rolled out through M/S Denison Consulting, a US based global leader of conducting such surveys to assess our cultural dynamics, and employees' engagement level and drivers. The project focuses on identifying areas of improvement and align the Company's culture with future strategic plans.

Linkedin Learning

A pilot project for online training of 200 x employees with LinkedIn Learning was initiated to increase learning reach and adaptability. Licenses were allocated to all functions and locations proportionately. Customized learning paths were created for the employees to target business critical areas and training goals were monitored, accordingly. The program received exceptional response from employees.

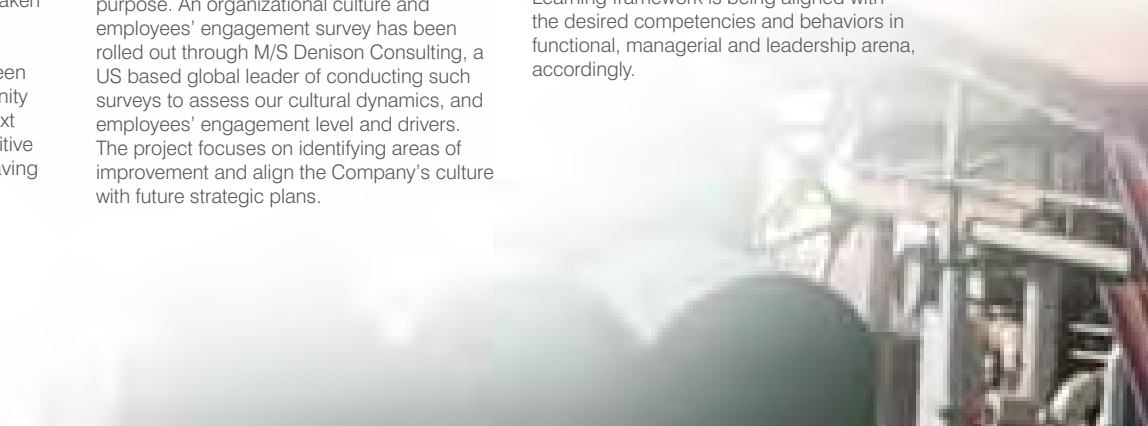
Leadership Potential Assessment

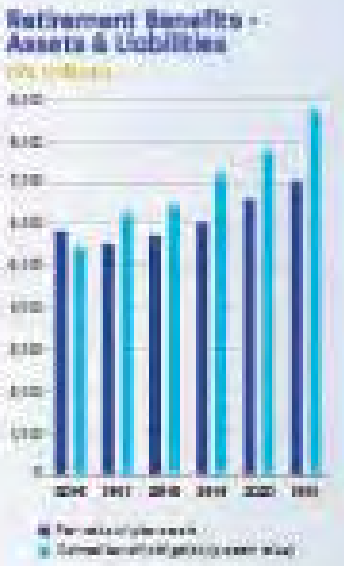
To strengthen leadership bench strength and depth, Leadership Potential Assessment was conducted through psychometric profiling of senior tier employees, followed by one-on-one feedback sessions with the consultants to provide individuals an opportunity to understand results, identify areas of concerns and devise personal developmental plans to enhance competence.

The assessment was designed around Harvard's Authentic Leadership Model and was triangulated with global psychometric instruments including MBTI, 16pf and Projective Technique, HTP Diagram. Comprehensive leadership profile of every individual encompassing personality, behaviors and person-specific SWOT analysis was developed for developmental and career progression intervention.

Competencies Framework & Curriculum Based Training

A comprehensive Competencies framework, based on Company Values, has been designed to develop desired skills and behaviors in our Human Capital for enhancing productivity and organizational growth. Learning framework is being aligned with the desired competencies and behaviors in functional, managerial and leadership arena, accordingly.





Well Being

A good work-life balance, has numerous positive effects, including less stress, a lower risk of burnout and a greater sense of well-being. This not only benefits employees but employers too.

FFC provides an environment that supports work-life balance resulting in reduced costs, fewer cases of absenteeism, and a more loyal and productive workforce. At all operational locations, we provide support facilities including childcare centers, gymnasiums and cafeterias. Recreational facilities such as swimming pools, golf courses, movie theatre, tennis and squash courts are available at our plant sites to encourage a healthy lifestyle for employees and families, in addition to onsite housing facility, dental and medical clinics, and state of the art schooling facilities.

Six Sigma at FFC

To improve efficiency of our processes, achieve cost efficiencies and minimize waste, Six Sigma Green Belt level training & projects are being conducted as pilot case. Organization wide roll-out is planned for year 2022 based on the financial savings achieved through these projects.

HR Support to Associate Companies

Technical, operational and advisory support was provided to all associated companies including FFCEL, FFF, FACE and OLIVE on all HR related issues.





OUR PEOPLE

Putting our people at the heart of everything we do goes beyond empowering and valuing their voice, it's also about creating a working environment that enables them to thrive







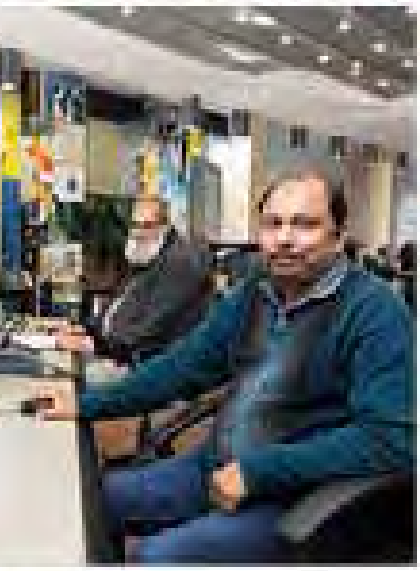















INFORMATION











HEALTH AND SAFETY

Commitment towards Health, Safety and Environmental (HSE) is a necessary and vital part of our organization. The objective of our Environmental, Health and Safety policy is to protect workers, habitants and the environment in which they work and live. Our approach is proactive and oriented towards long-term development; inculcating safe, healthy and environmentally responsible culture through regular trainings and awareness programs, incentives and effective management systems. Safety of contracted workforce is also ensured through contractor's Code of Conduct.

Initiatives at Plantsites

The Company's initiatives for improvement of health, safety and environment include the following:

Hydrogen Recovery Unit | Plant – I

Carbon dioxide in natural gas is on increasing trend. Provision of Hydrogen recovery unit will reduce CO_2 foot print. Order for Hydrogen recovery unit has been placed.

Inert Gas (Nitrogen) Generation Plant | Plant – I

Inert gas (Nitrogen) is used for blanketing of catalyst reactors, oil consoles and purging of piping / equipment / machines. The existing plant faces Nitrogen quality issues and demands high maintenance cost. Hence, its replacement is planned for which ordering is underway.

Water Conservation | Plant – III

A hybrid solution comprising of geo-membrane lining of evaporation ponds, waste water treatment and provision of new raw water reservoir is envisaged to preserve underground water. Phase I of the project involving evaporation ponds' development is planned in 2022.

ILO World Day for Health and Safety

International Labor Organization, 'World Day for Safety & Health at Work' was celebrated on April 28, 2021. In their message, the speakers urged everyone to follow health, hygiene and safety practices at workplace and daily life.

UNO World Environment Day

Theme for World Environment Day this year was 'Ecosystem Restoration'. A comprehensive poster campaign was carried out for community awareness on the subject.

Awards and Recognitions

Safety Leadership Award from National Safety Council, USA 2021

Plantsite Goth Machhi efforts for a safe and healthy workplace were well acknowledged at National Safety Council, USA. The Plant achieved NSC 'Safety Leadership Award' on the basis of its performance data and attaining 17 million safe man-hours.

IFA Safety Bench Marking Survey

Plantsite Goth Machhi secured an outstanding position in IFA Bench marking survey 2021. Overall participation in this survey included 69 companies from 36 countries, representing 328 productions sites worldwide, which is the 4th highest participation rate since 2002. The Plant was amongst the best performers in the survey.

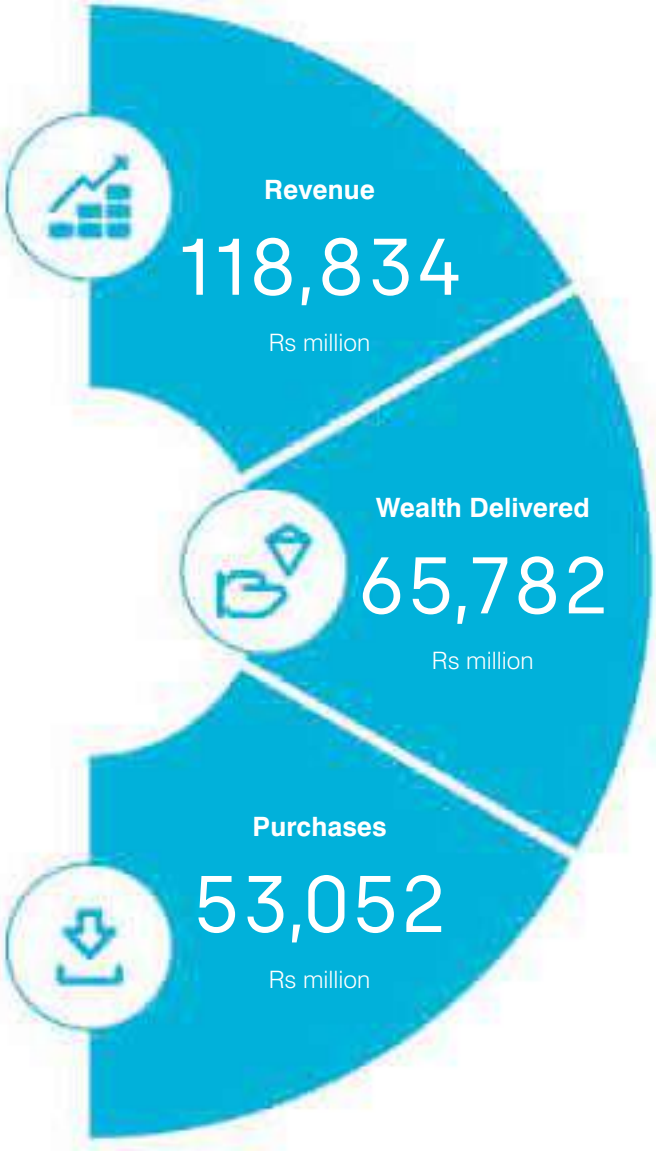
18th Annual Environment Excellence Award 2021

Plantsite Goth Machhi qualified for the 18th National Annual Environment Excellence Award 2021, based on the environmental data sent to National Forum for Environment & Health. This Award is considered as a 'Benchmark for environmental standards' in Pakistan as it recognizes, appreciates and promotes the organizations, which make outstanding contributions towards sustainable development and in protecting the overall environment for a Greener Pakistan.

Healthcare Initiatives

Details of healthcare initiatives in our adjacent communities are covered in 'social and relationship' capital.

STATEMENT OF VALUE ADDED



	Rs million	Percentage
Employees as remuneration	10,938	16.6%
Shareholders as Dividend	18,448	28.0%
Government as Taxes	28,204	42.9%
Providers of Finance	2,292	3.5%
WPPF / WWF	2,198	3.3%
Society	314	0.5%
Retained within Business	3,388	5.2%



SOCIAL AND RELATIONSHIP CAPITAL

Social and Environmental Responsibility Policy

In 2021, FFC Corporate Social Responsibility program has reinforced its vision of reaching out to the vulnerable and marginalized segment of the society, while maintaining the best business and operational procedures in line with internationally recognized standards. The comprehensive and multidimensional CSR program, covers social and development areas in light of Sustainable Development Goals and UNGC principles.

CSR Department has been reporting on FFC's contribution towards United Nations Global Compact (UNGC) Sustainable Development Goals (SDGs) since their enactment and adoption by the Company in 2015.

In line with worked out National level and regulatory body Pakistan Stock Exchange (PSX) prescribed SDGs, a systematic process has been initiated / followed to embed spirit of selected 10 SDGs into FFC policies for future actions. Selected SDGs are listed below:

- SDG – 2 End Hunger
- SDG – 3 Good Health and Well Being
- SDG – 4 Quality Education
- SDG – 5 Gender Equality
- SDG – 6 Clean Water & Sanitation
- SDG – 7 Affordable and Clean Energy
- SDG – 8 Decent Work and Economic Growth
- SDG – 9 Industry Innovation and Infrastructure
- SDG – 12 Responsible Production & Consumption
- SDG – 13 Climate Action

Highlights of Corporate Social Responsibility

All our CSR interventions are executed through our official implementing partner Sona Welfare Foundation (SWF) which is a registered Non-Profit Organization (NPO). The interventions planned and executed by the Department during 2021, are summarized as under:



End Hunger

To play our role for the future generation's prosperity and wellbeing, FFC has embarked on a maiden program Food Security and Agriculture Center of Excellence (FACE) aimed at addressing the issue of Food Security which promotes and implements sustainable and climate-smart agriculture practices as a means to cope with the future challenges.



This Centre with the support of FFC agri-services is offering wholesome solutions to farmers and local community, educating by creating awareness and apprising them on latest agri techniques and methods for increase in per acre yield not only addressing farmer's economic / social issues but also contributing towards food security of the Country.



Good Health & Well Being

FFC believes that healthcare is the fundamental right of every person. We endeavour to ensure provision and improvement of essential medical facilities, especially in the vicinity of the Company's Plant site and other operational areas. We are committed to provide free of cost, quality healthcare to the underprivileged communities, through health facilities being managed by FFC.

During 2021, medical support was extended to thousands of deserving patients. The Company also provided medical assistance through financial support and provision of medicines as well. The details of interventions carried out by the Company in Healthcare include:

Sona Welfare Hospital, Mirpur Mathelo

Sona Welfare Hospital is SWF's flagship health initiative, which is serving the underprivileged and deserving community of Mirpur Mathelo with mostly free of cost as well as subsidized health services. SWH has state of the art facilities, including a special unit for Mother and Child healthcare under the supervision of a dedicated lady-doctor.

This year, over 30,000 patients have been treated by SWH. Owing to the quality of services provided by the hospital it is now being recognized as one of the best medical center in the area.

Hazrat Bilal Trust Hospital, Goth Machhi

Hazrat Bilal Trust Hospital is partner facility which is providing quality and free of cost health facilities to over 100,000 patients annually for marginalized and underprivileged communities of surrounding areas at Goth Machhi, Rahim Yar Khan. To support HBTH activities and functioning Rs 4 million were donated in the year 2021.

Tehsil Head Quarter Hospital, Sadiqabad

This hospital was established in 1952 having covered area of 19 Acres, extending medical services to 1.17 million population of Sadiqabad and surrounding areas besides facilitating patients coming from other two provinces (Sindh and Baluchistan).

Financial assistance was extended for construction of Hospital Waiting Shed for THQ Hospital, Sadiqabad. The construction of this shed has provided a suitable and comfortable place to the patients waiting for their turn in all weathers.

Shaukat Khanum Memorial Hospital and Research Centre

FFC taking cognizance of the alarming mortality and morbidity related to breast cancer every year commemorates breast cancer awareness month in October to show solidarity with women across Pakistan.

This year too, FFC has sponsored treatment of patients at Shaukat Khannum Memorial Hospital, Lahore. Besides FFC illuminated Sona Tower, Head Office building and arranged awareness sessions at all FFC locations to create awareness amongst the society in general and women in particular against the disease.



Quality Education

Provision of quality education is the single most important factor for long-term human capital development directly impacting Pakistan's future development. At FFC, we have dedicated a substantial portion of funds for promotion of education, especially in remote areas of the Country. Our program also facilitates and assists brilliant and deserving students to continue their educational pursuits all across Pakistan. Highlights of some of our contributions in the field of education, during the year 2021 are appended below:

Sona Public School & College

The school has been established with an aim to provide quality education to the poor and needy children of Mirpur Mathelo and surrounding areas of District Ghotki. It's a school of high repute in the district with remarkable results over the years bringing further laurels to the institute. Present strength of the students is 1,021 and it is expected that it would increase to 1,500 by the end of next year due to

SOCIAL AND RELATIONSHIP CAPITAL

ever increasing demand. Out of the present strength, 500 students are being provided almost free of cost education and rest of the students at subsidized fee structure as compared to the other local institutes.

Keeping in view the expected increase in strength during 2022, a planned extension is being carried out in the school in terms of classrooms, furniture and play area equipment. To encourage students to avail better education facilities awareness session is held on yearly basis where a team of faculty members from Lahore University of Management Sciences (LUMS) visits and interacts with students of SPS&C to counsel and guide them for better study opportunities with LUMS.

Sona Ward of Farmers Scholarship Program

The program is directed towards farmer's community belonging to underprivileged areas of Pakistan with maximum landholding up to 50 acres. Yearly 67 vacancies are extended to deserving students from across the Country. As of today, 158 students have availed this scholarship and completed their education whereas 191 Students are availing this scholarship currently.

Merit Scholarship Scheme at Sadiqabad

This program was launched in 2013 in which 20 Scholarships are exclusively provided to deserving students of Rahim Yar Khan area every year. These students are availing scholarships for Post Matric and Higher Education.

Sponsorship of Students Through Al-Mujtaba Trust

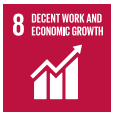
FFC also has extensive program for promising students through collaborations with other recognized NPOs like Al-Mujtaba Trust which provide financial assistance to targeted students from underprivileged families to enable them to study and excel in existing or higher quality schools and colleges and arrange for technical education for those who do not show aptitude. FFC sponsored 20 students to pursue better education through Al-Mujtaba Trust.

FFC Scholarship Scheme at Cadet College, Ghotki

FFC has established Sona Scholarship for brilliant students interested to join Cadet College Ghotki. 21 students have already completed their degrees through this Scholarship. Presently, FFC is supporting 4 students through this program.

FFC School Adoption Program

FFC under a comprehensive program for adopted schools extends infrastructure, education, study aid and other admin support to Government schools and colleges in selected areas. Currently the program is working in Goth Machhi, Sadiqabad area where 5 Government schools have been adopted, benefiting 1,750 students. The program aims at providing qualified teachers, teacher training, provision of books and stationary items, library facilities and other admin support to the schools.



Decent Work and Economic Growth

FFC social interventions are directed towards inclusive and sustained economic growth creating productive employment opportunities through skill training and empowering human resource to increase their economic well-being.

Training Programs & Certifications

FFCEL Technical Training Center, Jhampir successfully completed 2 year S-TEVTA registered Apprenticeship Program for 1st batch and commencing training for 2nd batch. The training center aims to provide specific training related to Wind Industry for building local capacity. Second training was conducted in collaboration with M/s Mira Turkey, arranged accreditation of TTC for providing Basic Technical Training (BTT) and Basic Safety Training (BST) programs under the Global Wind Organization (GWO) training standards.

Welfare Package to Police Shuhada's Families

FFC MM paid tribute to families of Police Shuhadas for their sacrifices and donated various items of ration including sewing machines to 36 families.

Relief Activities for the Victims of Train Accident

On June 7, 2021, an unfortunate train accident took place at Kobhar Railway Station near Daharki, where two passenger trains collided with each other and enormous casualties took place. FFC was at the forefront to provide affectees with first aid and further facilities in terms of cranes / machinery, medicines, food and evacuation to the nearest hospitals.

Sustainable Cities and Communities

Underprivileged communities especially in remote areas have been centric to FFC's approach towards community development. Our endeavours include are but not limited to the following:

Partnership with Akhuwat Islamic Microfinance

FFC donated and amount of Rs 18 million to Akhuwat Islamic Microfinance, by signing a 5 year Memorandum of Understanding (MOU), which aims to empower marginalized community by providing interest free loans in order to make them self-reliant by starting or expanding small scale businesses.

Loans were disbursed among both genders catering to small business enterprises. At the end of year, a total of 898 loans have been disbursed in Mirpur Mathelo and surrounding area. It is a matter of great pride and satisfaction that the system adopted is ensuring 99.97% return rate.

Climate Action

Tree Plantation in Schools and Other Areas

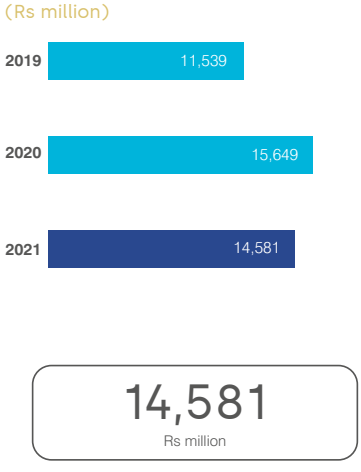
In 2021, Plantsites in collaboration with local administration and Government / Private schools launched a well-planned tree plantation campaign. During the drive thousands of trees have been planted in schools and on both sides of the road leading to plant sites.

Ten Billion Tsunami Tree Plantation Campaign

A tree plantation ceremony was held at Plant Site, MM on 17 Nov 2021 to start the Ten Billion Tsunami Tree Plantation Campaign 2021. Director Sindh Environment Protection Agency (SEPA) Mr Tufail Ahmed Tunio along with other officers participated on behalf of Sindh Government from Sukkur. All senior managers and other officials of FFC also took part in the event and planted neem trees. Target of this campaign is to plant 5,000 trees at different areas of FFC.

FFC is also dedicated to contribute in the development of our society, culture and the nation; because to us, it's not just a business, it's our commitment to serve Pakistan.

Economic Value Added



14,581
Rs million

Highlights of Sustainability

Company's performance, policies, initiatives and plans in place relating to the other aspects of sustainability and corporate social responsibility are covered in detail in the **Sustainability section of this Report**.

Certifications Acquired and International Standards Adopted

Certifications acquired and International Standards adopted for Best Sustainability and CSR practices:

- Sustainability Accounting Standard Board (SASB) Chemical Industry Standard
- ISO certifications relating to Environment and health and safety ISO 9001:2008 Quality Management System, ISO 140001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Assessment Series (OH&S Management System)
- Sustainability reporting standards
- Integrated reporting framework
- Chemical Sector SDG Roadmap developed by the World Business Council for Sustainable Development
- UNGC Ten Principles
- Integrating the SDGs into Corporate Reporting: A Practical Guide

FACE – FOOD SECURITY & AGRICULTURE CENTERS OF EXCELLENCE



Pakistan's agriculture sector is facing overarching challenges that have not only reduced its share in national GDP but also pose a significant threat to food security with 40% of the population food insecure. These challenges include low per acre yield, climate change, lack of quality inputs, obsolete technology, outdated farming practices and lack of access to financial capital for farmers.

FFC, in line with its vision, call of going beyond the business and firm commitment of nation building, initiated its flagship project called Food Security and Agriculture Center of Excellence (FACE) in 2019, with the dream of achieving national food security and zero hunger.

FACE, through its successful operations, aims to serve as a model for agriculture uplift and tackling food insecurity in Pakistan. An overview of FACE events, achievements and notable initiatives from 2021 is detailed below:

Establishment of Face Building, Ahmedpur Lamma

Newly constructed, state of the art FACE building in Ahmedpur Lamma will serve as a one-window solution to the farming community providing agricultural and social welfare services.

FACE building promotes United Nation's Sustainable Development Goal – 7 for Affordable and Clean Energy and has successfully energized its office building in Ahmedpur Lamma, Rahim Yar Khan through incorporation of a 60-KW On-Grid Solar system starting July 2021.

Capacity Building of Farmers on Global Best Farming Practices

FACE has achieved 2,250 farmers' registration whereas 273 capacity building sessions have been conducted on Best Farming Practices, which engaged up to 11,850 farmers.

Precision Farming

FACE pioneered introduction of precision farming in Pakistan, with the introduction of first hexacopter fleet for spraying and crop monitoring applications.

Face Closed Loop Loans

Registered 170 loans for livestock and agriculture, while disbursing Rs 21 million amongst small farmers for agriculture and livestock upscale.

Quality Cotton Seed Multiplication Project

FACE has partnered with Pakistan Atomic Energy Commission (PAEC) for multiplication of quality cotton seed. This project has been initiated to address decline in cotton yield due to poor seed.

Quality Cotton Produce Project

This project is being implemented with the collaboration of REEDS Foundation. Under the project registered farmers are being provided training of best practices. FACE registered farmers have been able to record 40% higher yield as compared to other farmers in the area as well as an outstanding 80% cotton seed germinate rate.

Women Empowerment Initiatives

Beautician course was held at FACE with the collaboration of Women Development Department, Government of the Punjab.

Quality Health

- Needy women and children have been provided free of cost quality healthcare services
- In COVID crisis, FACE facilitated GOPb health ministry with the setup of vaccination center at its facility
- Session on Breast Cancer Awareness in collaboration with Shifa Foundation was arranged
- Mother and child healthcare camp at FACE Ahmedpur Lamma was organized in collaboration with Punjab Health Facilities Management Company (PHFMC) and Population Welfare Department (PWD), Government of the Punjab

Non Formal Education

FACE has setup two non-formal classrooms to accommodate 60 out of school children. FACE is supported by Ghazali Education Trust and Alight Pakistan as our partners for non-formal education. Free books and uniforms are being provided to students. Children library has also been established.

Green Energy

FACE through a partner organization, has provision of providing solar water pumps at low-cost loans.

Promotion of Quality Wheat

FACE partnered with CIMMYT to promote and upscale bio-fortified wheat in Pakistan.

Promoting Livelihood Through Poultry

FACE in its livelihood campaign has distributed free-of-cost day-old German Lohmann breed chicks among its registered farmers including women.

FACE has collaborated with Livestock Department, GOP for awareness on poultry raising, stage-wise vaccinations and also distributed free-of-cost guidebooks on Household Poultry Farming Management among beneficiaries.

German Grant Project

FACE under its donor outreach program, successfully obtained donation worth Rs 4 million from German Mission in Pakistan for establishment of sixty Zero Energy Cooling Chambers under its “Post-harvest Off-Grid Solutions for Rural Farmers”. This low cost technology enhances shelf life of fruits and vegetables by up to 200% and greatly reduces post-harvest losses. Project was successfully completed.

Outlook

FACE envisions a major, constructive and sustained role in the agriculture and social development of Pakistan in future, through the scale up of its facilities nationwide. FACE is actively working towards forging international partnerships for in-house development of climate resilient and bio saline agriculture inputs like seeds, to enable resilience against climate change.

FORWARD LOOKING STATEMENT

Forward looking statement of FFC is primarily aimed at apprising the stakeholders about future expectations of the management and associated uncertainties owing to various internal and external underlying variables. The actual outcome could be somewhat different from what is narrated herein. These factors are also elaborated in different sections of this Report including Chairman and Chief Executive Reviews, Financial Capital and others sections.

Analysis of Last Year's Forward Looking Statement / Status of Projects

The Company operations continued without any disruption amid the ongoing pandemic waves owing to instigation of business continuity plans and maintaining highest standards of occupational health and safety. FFC achieved its production and sales revenue targets. Unfavorable market conditions however slightly dented the DAP offtake compared to last year.

As informed in 2020, the Company has completed acquisition of Foundation Wind Energy I & II Limited. It is a pleasure to report that the subsidiaries have announced first dividend within a very short period post acquisition, signifying a positive strategic investment by the Company. The Board believes that, in view of our expertise in the wind energy sector, these projects shall continue to perform successfully and further augment the Company's profitability.

The 330MW energy project - Thar Energy Limited (TEL), has completed over 70% of Project Construction and Commercial Operations are expected to be achieved in 2022. This mine mouth power project would supply electricity thru indigenous Thar coal and thus contribute towards energy security and reduction of average power generation cost in the Country.

While exploring various options to ensure uninterrupted gas supply for sustained urea production, the Company continued to invest in uprating/ enhancement of gas compression infrastructure to manage the declining gas pressures.

The unwinding of accounting gain recorded on re-measurement of GIDC liability has negatively impacted the profitability by around Rs 2.44 billion during the year. Decision on factual determination of the GIDC liability is sub-judice in the Sindh High Court.

Despite consistent follow-up with the Government, GST refunds continued to accumulate due to unresolved mismatch in GST input/output rates and non-processing of refund claims. The fertilizer subsidy claims also remained unsettled during the year.

The Company has been able to persuade a large number of its dealers to get registered under the sales tax law. However, a vast number of dealers are still unwilling to get registered under the Act resulting in disallowances on account of input GST and business expenditure.

Source of Information and Assumptions Used for Projections / Forecasts

The corporate strategy and business objectives of the Company serve as foundation for future operational and financial plans. These plans are developed incorporating the impact of prevailing economic conditions, historic trends, and future expectations.

Essential information for developing the plans such as, macro and microeconomic indicators, market trends, industry analysis, current and forecasted interest and foreign currency rates, projected international fertilizer prices, seasonal variations and competitors' actions etc., are collected from external sources including data from Governmental regulatory / taxation authorities and market analysts.

Internal information is generated by critical functions of the Company including Manufacturing & Operations, Marketing, Finance, Human Resource, Technology & Engineering, etc. Internally generated information is then collaborated with the external data for preparation of meaningful and practical forecasts, and adopted as formal plans. These plans are continuously updated to cope with the ever changing internal/external environment.

All new ventures are considered after a comprehensive due diligence process, encompassing legal, financial and technical feasibilities. Post positive outcome of internal evaluation, external experts are also engaged for in-depth project analysis / due diligence in compliance with best corporate governance practices

Future Outlook

International Economic Outlook

The fifth wave of the pandemic casts uncertainties on the global economic recovery. The World Bank has predicted a slower growth rate for the world economy compared to last year. The commodity prices have increased globally due to short supply triggering inflationary pressures. The international fertilizer prices also stand at a very high level, and have a negative bearing on imports and balanced use of fertilizer in the Country.

Economic Outlook of The Country

Domestic economy is also expected to be impacted by high inflation caused by increase in energy tariffs, adverse movement in the exchange rate and higher oil and commodity prices.

Future Outlook of FFC

The factors affecting the local economy are also expected to negatively impact the performance and profitability of the Company.

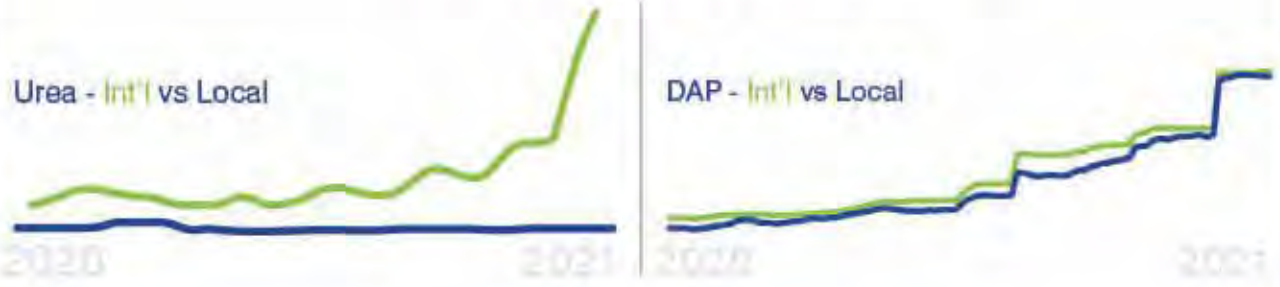
The External Environment

FFC operates in an ever changing external environment wherein the Company's operations and performance are influenced by numerous political, economic, social, technological, environmental and legal factors. These factors have substantial implications for business performance, strategic objectives and availability, quality and affordability of capitals. A detailed analysis has been carried out in the 'strategy and resource allocation' on Page No. 26, 'risk and opportunities' section on Page No. 86 and 'external environment' section in our "Sustainability Report".

FORWARD LOOKING STATEMENT

Historical prices of fertilizer-Rs / bag

PKR Converted Import Price vs Local Selling Price



ECONOMIC & POLICY CONTEXT

- The global economic recovery continues despite challenges and uncertainties
- Natural gas prices have surged to all-time highs
- International freight disruptions persist and inflation is rising
- Various Governments decisions affected global trade flows

FERTILIZER OUTLOOK

- Nitrogen supply surplus forecasted to increase as capacity grows faster than demand
- Phosphate capability forecasted to grow 0.6% faster than demand in 2022
- Potash capability growth is forecasted to outpace demand projections

FERTILIZER SUPPLY

- Raw material price increases and physical disruptions impacted supply in 2021
- Despite improved capability, global availability has been constrained in 2021
- Physical disruptions hit US nitrogen and phosphates production
- Economic disruptions impact nitrogen production in Europe
- Geopolitical disruption looms over the potash market

FERTILIZER DEMAND

- Jumped by 6% in 2020/21
- 3% reduction expected in 2021/22
- Demand to recover in 2022/23

For details refer Page No. 117

Source: International Fertilizer Association (IFA) Strategic Forum Short term Fertilizer Outlook 2021

Key Projects to Support Future Performance

In view of depleting natural gas reserves in the Country, the Company is exploring various options for alternate sources of raw material to ensure sustained production in the long term.

Enhancement/uprating of gas compression infrastructure is also being evaluated to handle the declining gas pressures.

Going forward, the Company's profitability is expected to be augmented through dividend streams from FWEL I&II, FFC Energy Ltd and other associates of the Company. The earnings are also expected to be enhanced after successful launch of Thar Energy Limited in the near future. Details of on-going operational projects is also explained in respective Capitals including:

- Manufactured Capital (Page No. 114)
- Intellectual Capital (Page No. 119)
- Human Capital (Page No. 122)

Response to Future Challenges and Uncertainties

Key Risks and Uncertainties Affecting FFC

Uncertain gas supply due to depletion of gas reserves poses significant risk to sustained production.

The mismatch of input/out GST, inadmissibility of business expenditure on sales to unregistered dealers and long outstanding subsidy receivable would continue to adversely impact Company's performance.

The Company's profitability is also expected to be negatively impacted in case accelerated payment of the withheld GIDC installments are required to be made. The installments are being withheld under the stay order granted by the Court. These payments would negatively affect cash flows and would reduce the investment income of the Company.

The Company is actively in liaison with Government for amicable solution of the above issues. Favorable and consistent Government policies are imperative for long term food security of the Country.

Complete details of Company's risk profiling has been discussed in detail under respective "Capital" and "risk and opportunity" section.

Waqar Ahmed Mailk
Chairman

Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Rawalpindi
January 31, 2022





03

Sustainability Report

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

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"Sustainability has to be a way of life to be a way of business!

OUR SUSTAINABILITY JOURNEY

A timeline of our achievements and embracing sustainability practices over the years: from the incorporation of FFC to becoming a leading fertilizer manufacturer and marketer.

2004 — ISO 14001 certification Goth Machi Plant

2008 — Major upgradation of plants to curtail environmental impact

2009 — ISO 14001 certification Mirpur Mathelo Plant

2010 — Joined United Nations Global Compact (UNGC)

2011 — Adopted GRI Framework for sustainability reporting

2014 — ISO 14001 certification Head office and Karachi office

2015 — Engaged Sona Welfare Foundation to implement CSR activities

2015 — Established Fertilizer Research Center Faisalabad

2015 — Adopted Integrated Reporting Framework to demonstrate how we create and share value?

2016 — Product Life Cycle assessment

2016 — IFA (Protect and Sustain) Membership

2016 — Incorporated Sustainable Development Goals into the reporting

2016

Introduced sustainability targets for important sustainability areas

2017

Corporate Conversation on SDGs at Karachi

2018

Corporate Conversation on SDGs at Karachi

2019

Food Security & Agriculture Centers of Excellence (FACE) launched

2019

Neem (Azadirachta indica) coated urea - enhanced efficiency fertilizer launched

2019

Corporate Conversation on SDGs at Lahore

2019

Adopted SASB Chemical Industry Standards

2020

Started to embed SDGs into Corporate Strategy and policies 2020

2020

Issued PSX SDGs Report on 6 SDGs and 32 indicators

2020

Corporate Conversation on SDGs at Karachi

2021

Finalization of Core SDGs and short, medium, and long-term targets 2021

OUR 2021 COMMITMENTS AND PROGRESS

Our progress towards our commitments is reliant upon the availability of our capitals and our external environment, especially climate change and macroeconomic conditions. We are guided by our commitments to pursue sustainable production and consumption, act on climate change, minimize the negative impacts on the ecosystem and make interventions for the betterment of our communities.

Material

Goal	
0.5% reduction in paper usage from 2016 level	
Target End:	**2021**
Performance	
Achieved	

Energy

Goal	
Maintain energy consumption at 2020 level	
Target End:	**2021**
Performance	
0.45% reduction in energy intensity is achieved from 2020 level	

Emissions

Goal	
0.5% reduction in emissions intensity from 2018 level	
Target End:	**2021**
Performance	
Emission intensity has increased by ~2% due to higher CO2 content in natural gas supplied to plants	

Health and Safety

Goal	
Zero injury	
Target End:	**2021**
Performance	
Minor injuries to permanent and contractor workers occurred	

Water

Goal	
Limit increase in water intake to 5% from 2018 level	
Target End:	**2021**
Performance	
Overall ~2.0% reduction in fresh water intake achieved from 2018 level	

Supply Chain Management

Goal	
Training on sustainability criteria to local vendors representing 100% of local procurement	
Target End:	**2021**
Performance	
Due to COVID-19 training sessions were not being organized. However, sustainability criteria were shared with responsive and active local vendors (Approximately 70%)	



*Targets for material, emissions, water, health, and safety were redefined in 2018 while targets for energy and supply chain management were redefined last year.

WHAT'S NEXT

With sustainability at the center of our strategy, we are focused upon managing our impacts, aligning corporate actions in support of FFC's core SDGs while continue creating value for all our stakeholders. FFC is going further by publishing fresh commitments this year for important sustainability areas. Apart from our operational impacts, the majority of our impacts lie in the agriculture sector through product use and inevitable role in food security supporting zero hunger, no poverty, and good health and well-being.

Our new commitments will build on our work on embedding SDGs into our corporate strategy and policies. They will focus on how we will work together to create a resilient future for our planet, farmers, value chain, and communities.

Energy

Target
1% reduction in energy intensity from 2020 level

Year End:	**2026**

Emissions

Target
Maintain emissions intensity at 2020 level

Year End:	**2026**

Water

Target
Limit increase in water intake to 3% from 2018 level

Year End:	**2026**



FFC AND SDGs

We believe that aligning with SDGs will not only help to position the company strategically in the marketplace but also result in making a more meaningful contribution towards Sustainable Development.

The chemical sector can play a vital role through responsible production and consumption, promoting sustainable practices in the supply chain, and introducing innovative products and solutions. At FFC, we envisage SDGs to inform our sustainability strategy and initiatives. Last year, we refined our approach towards SDGs and made a strategic decision to revamp our approach to embed relevant SDGs and related targets into our corporate strategy and policies.

The embedding SDGs initiative was launched with SDGs focused training to the key sustainability team members who serve as sustainability champions to promote sustainability efforts in their departments. The training was followed by identification of priority SDGs for FFC taking into consideration our sector, value chain, ability to make and scale-up the impact, Pakistan Stock Exchange (PSX) Minimum SDGs Reporting Requirements, and Government of Pakistan Priority SDGs.



FFC AND SDGS

The prioritization was made on the principles of beneficial SDG-related products, services, investments, and risks to people and the environment. The process resulted in four core SDGs for FFC with a focus on additional six SDGs to comply with the requirement of Pakistan Stock Exchange (PSX) Minimum SDGs Reporting Requirements and Government of Pakistan Priority SDGs. All relevant departments, which have a direct impact or can further the contribution towards SDGs, were consulted in the process, and review of existing policies and departmental objectives were made to identify required additions, development of new policy as well as the development of short, medium, and long-term targets. The process of revision of policies and development of new policies and targets is underway and will be completed next year. Embedding SDGs into corporate strategy and policies shall strengthen risk management systems, monitoring sustainability performance and reporting our impacts and outcomes.

FFC Core SDGs

We believe that Sustainable Development Goals provide tremendous opportunities for FFC to strengthen its value creation potential while at the same time contributing towards SDGs related to its core business.



Our farmer advisory services help in selection of good quality seeds, balanced use of fertilizer along with guidance to farmers on new cultivation techniques. Sustainable agriculture practices result in increased production and food rich in nutrition values.

Refer to page 190-195 for our activities supporting SDG 2.



Our water management at plants through increased recycling and reuse of water, results in reduced withdrawal of fresh water and by decreasing effluents, minimizing release of hazardous chemicals and materials well below the legal limits helps to reduce the impact on water. Moreover, promoting efficient water management through Agri-services results in reduced water use in agriculture.

Refer to page 169 and 190-192 for our activities supporting SDG 6.



Through product life cycle assessment and certifications, FFC is committed to advancing sustainable management of materials in all processes and in the value chain, attaining greater environmental transparency and improving health and safety performance.

Refer to page 164-172 and 190-192 for our activities supporting SDG 12.



FFC is working together with supply chain partners to increase energy efficiency and reduce the environmental footprint of the products, and build resilience and adaptive capacity in response to the impact of climate change.

Refer to page 164-172 for our activities supporting SDG 13.

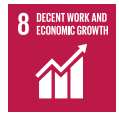
FFC is also working on the SDGs which are identified as relevant based on PSX Minimum SDGs Reporting requirements and Government of Pakistan Priority SDGs. The icons below will appear in addition to the core SDGs in the report where we believe that our work contributes towards the achievement of these relevant goals.













Corporate Conversation on SDGs

FFC has been working with partners and the government to inspire and accelerate the movement on embracing SDGs by the corporate sector in Pakistan. FFC has been organizing annual conversations on SDGs in collaboration with its partners to highlight business opportunities, SDGs reporting practices, and business action on SDGs. This year, FFC took another initiative to engage the corporates to establish partnerships for working on goals and scaling up the impact. The event titled “Partnership for Goals” is under consultation and will be held in the first half of 2022. The objective is to encourage corporate players to pledge their support for scaling the efforts through partnerships for goals. The first initiative is focused in the areas of Rahim Yar Khan, Punjab, and Mirpur Mathelo, Sindh where most of the fertilizer manufacturing units are located.

02

Governance And Materiality

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"People's participation is the essence of good governance!

FFC AT A GLANCE

Fauji Fertilizer Company Limited is a public listed company with its business across Pakistan. Headquartered at Rawalpindi, with an office in Karachi, a marketing group office at Lahore, manufacturing plants at Goth Machhi, and Mirpur Mathelo, we are one of the leading fertilizer manufacturers in Pakistan. There were no significant changes in the size or capital structure of our operations during 2021.

Refer to pages 18-19 for group structure and details of the subsidiary, associated, and joint venture companies.

Our products

FFC manufactures and markets own as well as associated company's fertilizers in Pakistan. In addition to the marketing of locally manufactured fertilizers, FFC also markets imported fertilizers under different brand names.

UREA FERTILIZER (SONA UREA)	Major plant nutrient
	Raw material for manufacturing of plastics, adhesives, and industrial feedstock
DAP FERTILIZER (FFC DAP/ SONA DAP)	Basal fertilizer at the time of sowing for better root proliferation and inducing energy reactions in the plants for better yields
	Commercial firefighting products and metal finisher, yeast nutrient and sugar purifier
POTASH FERTILIZERS (FFC SOP & FFC MOP)	Quality nutrient for production of crops, especially fruits and vegetables
	Manufacturing of glass
BORON FERTILIZERS (SONA BORON)	Micronutrient for plant nutrition
ZINC FERTILIZERS (SONA ZINC)	Micronutrient for plant nutrition

Manufactured Imported Agriculture Industrial

We market and sell products throughout Pakistan covering all four provinces. Our products are used in the agriculture and industrial sectors. We have a strong market presence spread over three zones, thirteen regions divided into 63 sales districts with 194 warehouses and 3700 dealers across Pakistan. The products are shipped to dealers, institutional customers, and direct customers. FFC does not sell any product that is banned in Pakistan or which is a subject of stakeholders' questions or public debate.

Commitments, membership, and awards

FFC is a member of various associations and follows several externally developed voluntary initiatives in the areas of the economy, environment, and social management. We do not provide substantial funding to the associations. Our R&D officials also hold honorary positions with international research organisations like the University of Nottingham, the British Geological Survey, and the Society for Environmental Geochemistry and Health (European Chapter).

- United Nations Global Compact (UNGC)
- Marketing Association of Pakistan (MAP)
- Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC)
- Fertilizer Industry Public Relations Committee (FIPRC)
- International Fertilizer Industry Association
- Arab Fertilizer Association
- Farmers Association of Pakistan
- World Wildlife Fund (WWF)

ACCREDITATIONS

Best Sustainability report 2020 award by the joint committee of ICAP and ICMAP- 2nd position

Best presented report 2020 award by ICAP and ICMAP - 2nd position

Overall first runner-up' in the Best Presented Annual Report Awards 2020 held by South Asian Federation of Accountants. 'Top position' in the manufacturing sector. 'First runner-up' position in the Integrated Reporting category and additional 'merit recognition' for good corporate governance.

First company to consecutively win ten first position placements in PSX Top 25 Companies Award



OUR GOVERNANCE

FFC's strong governance structure drives our value creation process and augments in delivering sustained value to our stakeholders. The code of corporate governance for listed companies, code of conduct, the policy statement of ethics & business practices, and best available practices are guiding pillars for our corporate governance structure.

Refer to pages 14-17 for extensive information regarding code of conduct, values, and policy statement of ethics & business practices.

Governance Structure

The Board of Directors (Board) is the highest governing body and consists of thirteen directors; one executive director and twelve non-executive directors. Out of the twelve non-executive directors, four are non-executive independent directors, with no material pecuniary relationship with FFC. Eleven members of the Board are male with two female board member. The members of the Board also hold significant positions in other companies. The members of the Board are elected through an open election. The existing board members were re-elected in October 2021 at an extraordinary general meeting. The nominated directors are appointed by the sponsoring body. FFC follows an applicable legal and regulatory framework that defines parameters regarding qualification and composition of the Board for the smooth running of the business and promotion of good corporate culture. FFC is an equal opportunity employer and members of the highest governing body are selected based on merit. FFC has not introduced any specific quotas for specific nationalities, ethnic minorities, or special age groups for the Board. FFC has, on its Board, highly competent and committed personnel with vast experience, expertise, integrity, and a strong sense of responsibility required for safeguarding stakeholders' interests. The Board is comprised of qualified directors with diverse backgrounds in the field of business, finance, engineering, and other disciplines. The Chairman of the Board is a non-executive director and neither he nor any person related to him is employed by FFC or a company that does business with FFC or is affiliated through a consultancy or similar agreement. The MD & CEO is responsible for the executive management of the company to ensure smooth operations.

The Board has constituted Committees of Directors with the adequate delegation of powers to effectively focus on the issues and ensure expedient resolution. These Committees meet as often as required, to oversee the performance in respective areas. Each Committee has its charter with goals and responsibilities and reports to the Board. The Committees of the Board are Audit Committee, System and Technology Committee, Investment Committee, Human Resource & Remuneration Committee, and Management Committees i.e., Executive Committee, Strategy Committee, and CSR Committee.

Refer to pages 32-36 and 37-43 of the report for extensive details related to Director and Board Committees.

Code of business ethics and anti-corruption measures are in place to avoid conflict of interest among the highest governance body members as well as among employees.

Sustainability Strategy and Monitoring Sustainability Performance

Purpose, mission, vision, values, strategy, and goals are approved by the Board which is assisted through different Board Committees responsible for their respective functions. FFC has a Robust Risk

Management System in place to identify, evaluate and manage (relevant) risks to the company's operations. The Board of Directors has delegated the responsibility to Audit Committee for ensuring that the Enterprise Risk Management (ERM) system is operational and working. The Committee, therefore, reviews risk framework and provides feedback to the Board bi-annually. The Audit Committee also takes into account stakeholders' concerns identified through stakeholders' engagement. A specialized management committee assists the Audit Committee i.e., CSR Committee which has a mandate for key structural and control responsibilities related to sustainability initiatives. The CSR Committee evaluates and guides all sustainability efforts, as efficiently and effectively as possible, at every level of the organisation. The MD & CEO chairs the Committee, while Finance, Internal Audit, Marketing, Production, and CSR heads are members of the committee. The Committee is designed to ensure that all relevant strategic sustainability initiatives and activities are in agreement with FFC's governance bodies. The Committee recommends sustainability initiatives accordingly. The Committee is entrusted with the responsibility of steering the direction of CSR activities from donations and welfare activities to mainstream sustainability initiatives and review and approval of the annual sustainability report. The CSR Committee ensures that the company, being a member of the United Nations Global Compact, strictly adheres to its principles.

FFC's corporate strategy serves as a guiding pillar for all of the value creation activities. In addition, FFC is undertaking activity to embed SDGs into business strategy and policies to re-evaluate the risks, identify opportunities, strengthen the competitive position, and make meaningful contributions towards SDGs.

We are aware that the sustainability management system is a component of strategy, planning, objectives, targets, and processes. Continuous monitoring is essential to ensure that planned sustainability activities are effectively implemented and the impacts are being properly managed. One of the important corporate goals is to ensure human safety and protect the environment, therefore, an extensive set of policies and measures are in place as part of Health Safety and Environment management. The processes, procedures, and measures are continually monitored, both in-house and by external audits of the management systems. The implementation of sustainability policies, to manage our impacts on people and society and compliance with applicable laws and international conventions, is carried out through line managers and reviewed at the departmental level. The final results are deliberated at CSR Committee meetings. The results of these activities are included in the risk control system which is then analyzed for urgency and relevance and implemented as per requirement.

To effectively manage our impact and strengthen sustainability practices in our supply chains, we have defined targets to incorporate sustainability in our supplier selection criteria as well as training our supply chain partners on this criteria. We are committed to working with our supply chain partner to manage our impacts in the supply chain as well as improve the entire value chain.

Refer to page 196 for detailed information on our sustainability management approach.

The extensive information on potential risks and opportunities, environment and social impacts, factors affecting the ability to create value over time, and the performance against defined targets is shared with the management through the MD & CEO. The reporting is carried out throughout the year and discussed in the relevant Committees. The Audit Committee reviews major issues regarding the status of compliance with laws and regulations, and the code of conduct. The internal audit department reports to the Audit Committee about the status of compliance with laws, but also about the code of conduct violations that occurred during the year, as to how they were investigated and, if necessary, how violators were disciplined and organisational measures were implemented to avoid similar violations in the future. Based on the inputs of different Board Committees, the Board formally reviews and discusses organisational performance, impact, risks, and opportunities in its quarterly meetings.

OUR GOVERNANCE

Evaluation of Corporate Performance and Management Pay

The Human Resource and Remuneration Committee of the Board, evaluates on an annual basis, the degree to which objectives of the company as a whole and particularly those of the Executive Committee have been met. Based on the evaluation of the performance against operational and sustainability-related goals, recommendations are made for review and approval of the Board. This procedure ensures that bonus payments to employees, including executives, are also in line with FFC's overall performance and objectives. The members of the Board and especially the Executive Committee have expertise in managing economic, environmental, and social issues. To ensure that they keep abreast of current trends and developments in the aforementioned areas, FFC ensures the participation of its management and staff in relevant training and involvements in international and national conferences.

Our compensation policies are structured in line with current industry standards and business practices. The practiced appraisal system is comprehensive in nature and includes a performance review on financial and non-financial parameters. The remuneration policy of directors aims at encouraging and rewarding good performance. The directors' performance is evaluated by setting specific, measurable, achievable, and realistic goals for the year and appraisal of the performance of each member against these goals. The evaluation of the Board's performance is a self-assessment against defined goals, carried out quarterly and discussed in the Board meetings to take necessary actions to meet the defined objectives. There were no changes in membership or organisational practice as a result of performance evaluation. The remuneration of MD & CEO is paid as recommended by the Human Resource and Remuneration Committee and approved by the Board and Shareholders. FFC does not pay remuneration to non-executive directors, except for the directors' fee to meet the expenses incurred by them in attending the Board meetings. The directors' fee is approved by the Board in accordance with applicable guidelines.

The Human Resource and Remuneration Committee analyzes and discusses market developments and their possible impact on FFC for providing recommendations to the Board. FFC's decision-making processes are very open and also involve key stakeholders in important decisions. The stakeholders' input, concerning the remunerations, is collected through annual meetings as well as through Collective Bargaining Agents.

Shareholders and Employees' Recommendations

Shareholders can give their feedback/ recommendation in General Meetings of the company as well as by sending letters or emails to the corporate affairs department using the address available on the company's website. The concerned officials regularly evaluate the feedback and take action as per need.

The employees may submit requests or recommendations at any time to the company, its management, or the appropriate bodies through their supervisors or managers. The Board has delegated the collection of recommendations to the Executive Committee. FFC values the concerns of its employees to provide a balanced working environment for achieving the company's objectives. Due consideration is given and suitable actions are taken on the suggestions/ideas of the shareholders and employees. However, this is subject to the suggestion being found practicable, appropriate, and in the interests of the company. The HR department at the head office and plants provide support in connection with issues relating to the ethically correct and legally compliant conduct of employees as per the code of conduct and company policies. In this regard, regular checks and inquiries are carried out by the HR department depending on the number of queries received about compliance topics as well as particular issues and measures. The company has a dedicated system on SAP to further facilitate the process. In addition to the reporting of breaches of the code of conduct, it provides employees with the opportunity to ask questions anonymously via the SAP portal. These questions are answered within a reasonable period by the concerned officers.

ENDORSING
Breast Cancer
AWARENESS MONTH



Three Sixty Five days
Year after year!

VALUE CREATION BUSINESS MODEL

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

Risk and opportunities in our operating environment

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

Refer to page 158-159 to read more about our risks and opportunities.

Governance oversight

- Highest standards of governance, ethics, and integrity
- Best-in-class governance systems and practices to ensure sustainable value creation and serve as a market leader
- Board's skill diversity and experience with 23% directors being independent non-executive directors.

Refer to page 152-154 to read more about governance.

Our key resources and relationships

People

We employ 3,272 talented and motivated employees in a people centric culture with strong focus on Organisation Health and Safety (OHS) and employee well-being.

Industrial

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

Intellectual

Knowledge of our people, expertise of our Agri-services department, 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 plants and aspire to minimize effluents and waste.

Partners, suppliers, and communities

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

Financial strength

Our strong financial position, consistent growth, diversification strategies and disciplined capital allocation drives sustainable returns.

Our value creation process



Manufacturing

Key resources and relationships as input to manufacture fertilizers



Transportation

Products transported through haulage contractors.

Material topics	Theme	
Energy, Emissions	Acting on climate change	
Materials	Using resources responsibly	
Water	Caring for water	
Waste	Managing waste	
Employment and labor relations, market presence	Promoting decent employment	
Training	Nurturing talent	
Health and safety	Ensuring health and safety	
Human rights	Respecting and promoting human rights	
Local communities, indirect economic impact	Enhancing community development and livelihood	
Farmer advisory	Increasing farm productivity	
Procurement practices, supply chain impacts	Working for a sustainable supply chain	
Economic performance, anti-corruption, marketing and labeling, compliance	Delivering sustained economic returns	

Our value creation process

Our sustainable value for all stakeholders



Distribution

Dealers facilitate connection with customers



Product use

Farmers use products to improve crop yields and farmers' incomes. Agri-services advise farmers on balanced use of fertilizer.

Refer to page 190-192 to read more about role of Agri-services.

	Linked to strategic objective*	Boundary	Contributing to the SDG
	SO 1, SO 6	FFC, suppliers	
	SO 6	FFC, suppliers	
	SO 6	FFC, customers, local community	
	SO 6	FFC, suppliers	
	SO, 6, SO 7	FFC, government, local community	
	SO 7	FFC	
	SO, 6, SO 7	FFC, suppliers, customers	
	SO, 6, SO 7	FFC, suppliers, customers, local community	
	SO 6	FFC, local community	
	SO4, SO 6	FFC, customers, local community	
	SO 6	FFC, suppliers, dealers	
	SO 2, SO 3	FFC, investors, government, suppliers, local community	

Refer to page 26 to read more about strategic objectives.

Focusing on the welfare of people

- We are committed to thriving culture with equal opportunities for everyone.
- We reward high performance and invest in attracting, developing and retaining our people.
- We nourish our human capital through training with 17,536 man-hours training in 2021.
- We strive to the highest safety standards and eliminate workplace accidents with record 26.90 million safe man-hours for employees and 18.52 million man-hours for contractors' employees.

Increasing productivity and farmers' income

- We engaged 54,976 farmers through Agri-services to advise on farmer practices and fertilizer use.
- Our Agri-services increased Value Cost Ratio of major crops by 2.3-3.0 and minor crops by 2.6-4.5.

Managing environmental impact

- Investing for efficient and cleaner technologies to reduce environmental impact.
- Re-defined environmental targets with a long-term perspective
- Research and development to produce environmentally friendly products – Neem Coated Urea

Investing for better communities

- Invested Rs. 102 million in education, health and community welfare for better communities.
- Creating livelihood opportunities through 898 intertest free loans in collaboration with Akhuwat till 2021.

Delivering returns to shareholders

- Our business model delivers consistent, sustainable,and strong financial performance.
- Rs 128 billion market capitalization
- Rs 14.50 dividend per share

• Proritizing Ethical Partnerships with Suppliers

- Incorporation of sustainability criteria in procurement manual
- Training to local supply chain partners on sustainability criteria
- Introduction of supplier code of conduct for a sustainable supply chain

EXTERNAL ENVIRONMENT

Our ever-changing external environment poses risks and opportunities impacting our ability to continue creating sustainable value for our stakeholders. Our business strategy ensures that we are best positioned to effectively manage the risks and capitalize on the opportunities resulting from volatile factors in the external environment.



Political and macroeconomic

Global economic recovery is continuing to gain momentum, even as pandemic resurges. The global economy is projected to grow at 4.9 percent in 2022 amidst subsequent pandemic waves, and supply chain disruptions due to port congestion. The rapid spread of subsequent variants has increased uncertainty about how quickly the pandemic can be controlled. The uncertainties have made policy choice more difficult and limited room to make large adjustments. Pakistan's economy continued regaining momentum in 2021 supported by improved vaccination and COVID-19 containment strategies, accommodative fiscal and monetary policies inducing recovery across all sectors. The food price inflation remained high due to supply chain disruptions, increased prices for wheat and sugarcane. The increasing oil prices, currency devaluation, current account deficit, and increasing policy rates are causing inflationary pressure and are expected to slow down the economic growth in 2022. However, the implementation of key structural reforms under the IMF program focused on sustaining macroeconomic stability, increasing competitiveness, and improving energy sector financial stability, is expected to strengthen the economy over longer-term. The performance of the agriculture sector remained encouraging on account of the growth of important crops – wheat, rice, sugarcane, and maize. All major crops grew except cotton due to a decline in the area sown, heavy monsoon rains, and pest attacks. The agriculture sector significantly contributes towards GDP, provides employment in rural areas, and helps in achieving food security. The decrease in cultivable land, low productivity, increasing prices of input, and reduced level of disposable income are major causes for slow growth in the agriculture sector. The government's support to the sector in the form of supportive policies, provision of adequate credit facilities, and insurance schemes for small farmers can result in stable growth, employment in Agri-value chains, and achieve food security.



Environmental

Climate change has become mainstream globally and threatens humanity in case temperatures are not controlled to 1.5 degrees centigrade by 2050. COP 26 has urged the countries to curtail emissions in line with climate science and phase out coal consumption to lessen the impacts. The investor community is focusing on the green economy requiring corporates to devise longer-term strategic goals to mitigate climate change and support adaptation and resilience. Climate change is one of the biggest threats to humankind causing the increase in number and intensity of storms, floods, droughts - affecting crops' growing patterns, resulting in productivity loss, and pushing up food inflation and hunger. Globally, the Task Force on Climate-related Financial Disclosures (TCFD) requires businesses to come up with strategies to manage climate change and report the recommended disclosures. The TCFD disclosures enable stakeholders to make decisions based on the organisation's commitment and performance on climate change. Depleting gas reserves, reduced levels of freshwater, high temperatures, fog, and smog are posing risks to businesses in the form of scarcity of shared water resources, health, and safety issues as well as increasing costs. Initiatives, as well as strategies, are required for effective management of water usage, reducing CO2 emission, and proper handling of waste and effluents. However, on the other hand, climate change is also resulting in opportunities in the form of

the adoption of greener technologies, research, and development to offer products with minimal environmental impacts and the promotion of crops compatible with changing weather patterns requiring minimum water.

Refer to pages 164-172 to read our environmental management approach and impacts.



Social

The loss of jobs due to the pandemic reduced income levels, and increasing inflation is hindering a reduction in the poverty level in Pakistan. The social, environmental, and economic challenges in the shape of limited resources, especially water scarcity, climate change, urbanization, rising inequality, hunger, and growing unemployment are major social problems posing risks and opportunities for businesses. These issues are causing challenges to the government for providing basic facilities to this segment of the population. However, youth entrepreneurship through the Kamyaab Jawan Program, skill development, and reduced financing rates for the housing sector are expected to result in a positive outcome. The extended outreach of the EHSAAS Program to include more vulnerable groups has resulted in overcoming hunger problems and managing social disruption. Businesses need to come up with strategies to capitalize on the opportunities underlying the problems and meet their social responsibility for a prosperous society.

Refer to pages 187-188 to read our work in communities.



Technology

Technological developments are transforming the traditional techniques and resulting in increased productivity across industries. Pakistan's agriculture sector is performing below par due to traditional cultivation and harvesting techniques, lack of awareness, and capacity constraints. Technology has been helping farmers around the globe through increased yield, growth, and related processes from sowing to harvesting the crops, including the use of balanced fertilizer, irrigation techniques, and pest control. A low level of farm mechanization is also posing a challenge to the agriculture sector's productivity. These impediments result in opportunities for FFC in the shape of promoting technology-driven agriculture for improved yield and better returns along with achieving the ultimate goal of national food security. FFC is well-positioned to deliver value to the farming community through its farmer advisory and newly established Farmers Agricultural Center of Excellence. A governmental approach towards agriculture should address the gap between conventional farming and the technology-driven agricultural practices for ensuring food security, stabilizing the economy, and uplifting the rural population.

Refer to pages 190-195 to read our work with farmers on Agri-services and farm mechanization.



Regulatory

The recently launched PSX's Minimum SDGs reporting requirements and upcoming ESG index along with debate on non-financial reporting, and complying with TCFD recommendations, are expected to introduce new codes and regulations in Pakistan. The new developments are expected to shape the agenda for the corporate sector and increase compliance costs. On the other hand, new developments will help companies to take into account risks as well as explore business opportunities to strengthen their value creation potential.

Refer to pages 146-148 to read our work on embedding SDGs.

STAKEHOLDERS AND MATERIALITY

Stakeholders' Engagement Approach

Stakeholders are fundamental to our success as a leading Fertilizer Company. Our stakeholders' engagement approach focuses on the identification of relevant and important stakeholders by taking into account those groups or individuals which can be significantly affected by our business activities, outputs, or outcomes, or whose actions can be expected to significantly affect our ability to create value over different time horizons. Stakeholders are profiled, mapped, and prioritized for consultation based on factors of influence, responsibility, proximity, dependency, willingness to engage, and representation. Stakeholders are consulted on regular basis through relevant departments. No specific engagement for the sustainability report was carried out during the year.

Stakeholders, Method and Frequency of Engagement, and Our Response



Shareholders/Investors

Shareholders are regularly engaged through the corporate affairs department. The primary concerns are consistent economic returns and managing impact on the environment and society. We are making continuous investments for upgrading plants, diversification in different business segments, investing in cleaner technologies, and extending the CSR program to ensure consistent returns with minimal negative impact.



Farmers/Customers

Farmers are regularly engaged through Farm Advisory Services (FAS), customer satisfaction measurement surveys, a dedicated helpline, and the "Kashtkar" Desk. The important issues raised pertain to new products and support to farmers through FAS. Our research and development with leading institutions coupled with our work at Farmer Advisory Centers explore new farming techniques for increasing productivity and building farmers' knowledge through farmers' meetings, SMS, publications, and a dedicated helpline.



Suppliers

Suppliers are engaged on a regular/ occasional basis through surveys and requests for proposals. The important issue is training on supply chain sustainability requirements introduced by FFC. We have developed a supplier code of conduct taking into consideration sustainability criteria introduced last year and are focused on providing support for the smooth execution of our work to promote sustainability in the supply chain.



Employees

Employees are regularly engaged through AMCON, zonal meetings, annual recreation day, annual dinner, and meetings with CBA. The important issues raised are training and education opportunities to increase skill set and health and safety of workforce and families at plant sites. We provide regular training focused on new skills as well as ensure increased participation in existing training programs, and making a persistent investment for better health and safety of our workforce.



Dealers

Dealers are engaged regularly through the marketing department. The dealers' capacity building on product development is the prime concern, which is handled through effective and efficient marketing communication and outreach to increase dealers' knowledge.



Local Community

The local community is regularly engaged through plant site employees and community meetings. Local community interests are education, skill development, health and infrastructure development. We are continuously making investments in the field of education, skill development, health and infrastructure development in our communities through our CSR program.

Government and Regulatory Bodies

Government and regulatory bodies are engaged on a regular as well as on a case-to-case basis through meetings with government officials and representations in various events concerning company business. The prime concerns are compliance with applicable laws and partnerships for development. We always abide by the applicable regulations and are focused on exploring possible ways for the partnership for sustainable development.

Materiality and Defining Report Content

Based on the results of stakeholders' engagement and review of industry-specific issues and internal consideration, a materiality analysis was carried out to identify/update the material sustainability issues. This analysis has allowed us to identify the most relevant topics which reflect our significant impact, greatly influence our value creation ability, and the assessments and decisions of our stakeholders. Through the materiality analysis, we consider the severity and likelihood of such a potential risk and establish relative risk levels to guide our mitigation activities. Compliance with laws, international standards, internal regulations, and FFC's code of conduct are the basic requirements for all activities as part of the precautionary approach. The validation of material topics was carried out by the CSR Committee which is responsible for sustainability-related activities. The reporting principles of sustainability context, materiality, completeness, and stakeholders' inclusiveness were used during the identification, prioritization, and validation of material topics. The list of material topics was updated to remain focused on the matters relevant in our external environment and that affect our value creation potential. The materiality determination process also informs the content and scope of this report.

Refer to pages 156-157 to read the list of material topics.



STRATEGY AND RESOURCE ALLOCATION

FFC's strategy for growth focuses on alternative feedstocks, diversification, customer-focused differentiated products, and innovative culture, supported by the structured processed and motivated workforce, and underlined and encircled by sustainability. The demand for food, energy, water, and consumer products continues to increase, driven by population growth, urbanization, changing lifestyles, and rising income levels. The increasing consumption is evident that the plant's resources are being exhausted at a faster pace. By responding to today's challenges and increasing demands for a greener planet through our activities, we provide value to our stakeholders. Sustainability is the cornerstone of our strategy, innovation framework, and business processes. Our sustainability strategy encompasses the environmental, social, and economic impacts of our operations and our value chain partners. The sustainability strategy guides our resource allocation decision to effectively manage the material topics and strengthen our value creation potential. We understand that continually creating value for our stakeholders through efficient use of our capitals depends on meeting our customers' expectations, promoting responsible production and consumption, and treating the environment and people fairly and with respect. This approach opens up opportunities and sets us apart from our competitors resulting in a higher level of revenues, customers' appreciation, acceptance, and increased market share.



Our strategic focus on efficient management of our capitals while creating value results in winning the confidence of our investors, customers, and business partners. Our investors realize that their investment is resulting in the generation of value for the benefit of all stakeholders while taking into account the impact on the economy, environment, and society. Reduction of greenhouse gases requires major investments and upgrading of plants; however, the complexity of manufacturing operations and availability of alternative technologies are major impediments. We are cognizant of these challenges and keep on considering these in our strategy review and resource allocation decisions. Sustainable practices in the areas of supply chain management, health and safety, the betterment of local communities, and respecting human rights are being followed and implemented in our operations. Our investments and policies aim to minimize the quantity of material we use and cut our overall costs, make the company qualified to attract highly-skilled employees and investors, improve product quality and the company's image amongst its customers while reducing negative impacts. Our strong governance oversight of the sustainable value creation process has helped us to deliver constant, healthy returns and become the market leader in our sector.

Refer to pages 152-154 to read our governance approach for sustainable value creation.

In line with our strategy, we have set targets and defined key performance indicators for managing our impacts. We envisage sustainable value creation as a process of change in which the use of resources, goals of investment, the direction of technological development, and institutional changes are not only in synchronization with each other but also increase current and future potential to create value. Our strategy is also aligned with SDGs by allocating resources to manage our impacts on the SDGs with our product improvement, our expert Agri-services, and our investments. To further refine our strategy in the changing external environment, we are implementing the process of embedding relevant SDGs into our corporate strategy and policies.

Refer to pages 146-148 to read our approach on embedding SDGs.

Refer to pages 190-195 and page 188 to read our projects of Food Security and Sustainable Agriculture, Community Uplift, and Financial Inclusion Programs which manifest our strategy to contribute SDGs through our products, expertise, and investments.

As a leading fertilizer manufacturing company, we do not limit our sustainability efforts in compliance with statutory regulations but have also committed to ethical and sustainable conduct in all of our commercial activities. All our actions comply with the applicable laws, principles laid down in the UN Global Compact and our internal code of conduct. We strive for a business culture of continuous improvement, sustainable competitiveness, and top performance in an ethical manner.

03

Planet

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"Go Green.....
There is no Planet "B" !

PLANET

How We Manage the Impact and Create Value

FFC applies a precautionary management approach to mitigate and remedy potentially adverse impacts on the environment and combat climate change. Environmental protection is a top priority at FFC, practiced by the adoption of environmentally friendly technologies and process optimization to reduce more absolute as well as relative impact. An integrated Environmental, Health & Safety policy applies to all manufacturing plants for maintaining high standards of Health, Safety & Environment (HSE). The objective is to preserve the environment from degradation and provide a safe and healthy workplace while improving the quality of life of employees, contractors, visitors, and the plant site community. The environment management at our plants and resource efficiency is supported by third-party certified environmental management systems. All our plants are certified to ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and OHSAS 18001 Occupational Health & Safety Assessment Series (OH&S Management System). FFC has also in place IFA Product Stewardship "Protect and Sustain" Certification covering its management system, product development and planning, sourcing and contractor management, manufacturing techniques, supply chain, as well as marketing, and sales functions. These management systems enable us to identify the risks and potential opportunities, improve internal data management, build the confidence of stakeholders, and identify energy management spots.

The GM M&O at each plant is responsible for the performance, regulatory affairs, and monitoring compliance across the manufacturing plants. Regular training is conducted for the senior management of manufacturing units as well as employees working on line functions. FFC has specifically designed training modules for different internal training and employees are nominated for external training as well. HSE systems are regularly monitored for ensuring compliance with internal HSE policies and applicable laws and regulations. The SOC & EMR forums at the facility level perform an internal check to find out the gaps regularly. The environmental management approach is evaluated regularly based on the results of the internal checks and external certifications of the management systems. The required adjustments are made to reduce the environmental footprint of our operations.

Stringent compliance checks and voluntary commitments resulted in no violation of laws, regulations, and voluntary codes of practice in connection with nature and environmental protection. Moreover, FFC did not have to pay any fines or non-monetary penalties for non-compliance with environmental laws and regulations in 2021. FFC has an environmental grievances mechanism in place where complaints regarding negative environmental impacts of operations can be filed. The resident manager at the plant site deals with such complaints and necessary actions are taken as per need. During the year, no complaint was filed.

FFC regularly makes investments for environmental protection and management. The investments and expenses accrued on environmental protection and mitigation of the impacts are recorded at respective units where these occur. The figures are consolidated at the end of each year under two broader heads i.e., prevention and management costs. It is an integral part of general investment planning and is subject neither to a cost-benefit analysis nor a specific return on investment period. The environmental investment totaled about Rs. 60 million in 2021 compared to 17.89 million in 2020.



ACTING ON CLIMATE CHANGE

Why it matters?

Climate change affects everyone – suppliers, farmers as well as the community. With increasing temperature and severe weather patterns impacting our plant, the need for collective action is unavoidable. Our operations use energy in the form of natural gas and fuel which result in the emission of greenhouse gases. The Intergovernmental Panel on Climate Change (IPCC) has called for global warming to be limited to 1.5 degrees centigrade pre-industrial level. COP 26 has also emphasized that countries and businesses should adopt cleaner technologies to fight climate change. It is widely recognized that ambitious policy changes and collective actions are needed to achieve climate action objectives. As a leading fertilizer manufacturing and marketing company, we are exploring our role to influence climate action within and outside our organisation.

Contribution to SDGs

Our work on climate change adoption and mitigation contributes to the following SDGs:



What we achieved

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 since we introduced targets for energy and emissions. However, we have missed our goals, on account of higher carbon content in natural gas.

Our actions and performance

We have identified that climate change may have an impact on our business in the shape of physical as well as financial nature. 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. However, the expected financial impact of climate change-related risks on operations is not monetized as the risks are not substantial at the moment and there are no systems in place to compile such data. FFC is planning to develop a system to calculate the financial implications of climate change-related risks and opportunities on its operations.

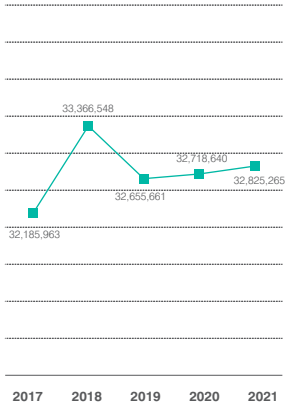
Addressing climate impacts on our operations as well as on our supply chain requires bold actions. We are exploring the Science-Based Targets to reduce emissions in line with climate science. However, the complex nature of operations and lack of availability of alternative energy sources are leading obstacles in this direction. Nevertheless, we are working to reduce the emissions in our operations and across our value chain through different measures.

Energy consumption

FFC uses natural gas for heating, generating electricity, and steam. The main primary energy source is natural gas. Diesel is also used in generators to produce electricity. Renewable sources are also used to produce energy which constitutes an insignificant portion of the total energy mix. Solar plants are installed in parking areas to use the renewable potential. However, FFC endeavors to explore the possibilities of renewable energy generation and increase the share of energy obtained from renewable sources on an ongoing basis. Electricity and natural gas are purchased from public utilities at head office, marketing office, and warehouses. The resultant energy consumption figures from the use of electricity and natural gas at head office, marketing office, and warehouses have been included in total energy consumption figures. The conversion factors were sourced from Energy Information Administration USA.

Total energy consumption in GJ	
2017	32,185,965
2018	33,366,548
2019	32,655,661
2020	32,718,640
2021	32,825,265

Energy consumption In GJ



The indirect energy used by FFC in the shape of upstream and downstream activities is not significant in the overall context of total energy consumption. Moreover, the cost of determining the indirect energy consumption would not be appropriate given the level of insight this would provide. As such, an investigation of this kind will not be conducted. However, other indirect energy use from operations is measured and recorded, where possible and measures are taken to reduce the impact of indirect energy use.

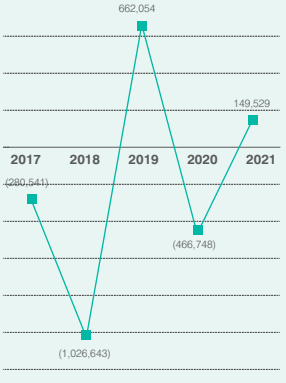
Energy reductions

Energy consumption results in GHG emissions and climate change. Our products are additive and dissolved in the soil during usage and not energy-intensive. However, we have been striving to reduce energy consumption in the production process by adopting energy-efficient technologies and process optimization. These measures are bearing fruit and FFC's production is becoming significantly more energy-efficient over the years. The energy consumption has decreased by 0.07 GJ/MT in the year 2021 as compared to the 0.07 GJ/MT increase in the previous year.

Energy savings in GJ	
2017	(280,541)
2018	(1,026,643)
2019	662,054
2020	(466,748)
2021	149,529

The company uses previous year production and energy consumption levels as a base to measure energy savings. The positive figures indicate reduction in energy.

Energy savings in GJ



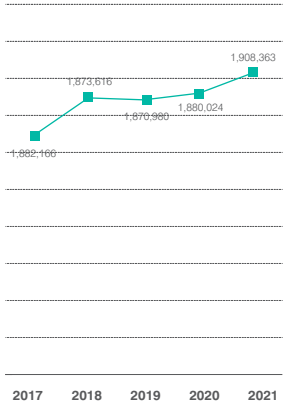
FFC runs three plants located at two manufacturing sites. The plants have different technologies, which have different energy intensity ratios. The overall energy intensity ratio was 13.09 GJ/MT urea as compared to last year's intensity ratio of 13.16 GJ/MT. The energy intensity ratio includes only energy consumption within the organisation. Energy consumption data is recorded in the relevant conventional unit, for instance, MMSCF in the case of natural gas and kWh for electricity. These units are converted into the consolidation unit, gigajoules (GJ), to obtain the mean energy content and as a standard measure for representing energy consumption. The heating values were calculated based on laboratory analysis and standard heating values for natural gas and diesel. The energy consumption and energy sources in this report have been determined from the data provided by the plant sites. They, therefore, provide a consolidated and comprehensive picture of FFC's energy usage in manufacturing operations.

GHG emissions

Emissions of greenhouse gases are side effects of the production process and have a major environmental impact that cannot be completely avoided despite all environmental protection efforts. The emissions are subject to the control limits laid down by the Environmental Protection Agency. FFC monitors compliance with these limits by taking environmental protection measures and is moving further to reduce the emissions up to the maximum possible limit. FFC determines the total emissions for each plant site at regular intervals and makes regular checks to control variations. The direct carbon dioxide (CO_2) emissions are the result of the combustion processes for the generation of electricity, heat, and steam and are directly proportional to the amount of carbon in the employed fuels. The emissions of the greenhouse gases, mainly CO2, are measured continuously at each plant site and then integrated to reach a total figure. Emissions of other greenhouse gases like methane and nitrous oxide (N2O) are measured and integrated into the consolidated calculation of greenhouse gas emissions. The GHG figures do not include GHG emissions of the subsidiary or associated companies. FFC GHG emissions are not subject to emissions-limiting regulation or program that is intended to directly limit or reduce emissions. The global warming potential of the respective gaseous emissions was sourced from United Nations Framework Convention on Climate change (UNFCC).

GHG emissions CO_2 equivalent	
2017	1,882,166
2018	1,873,616
2019	1,870,980
2020	1,880,024
2021	1,908,363

GHG emissions



FFC has no biogenic emission of CO_2 at its operations. All the emissions are within the prescribed NEQS limits and regularly reported to the EPA under SMART reporting program.

FFC does not have any significant indirect greenhouse gases (scope II) emissions which are predominantly generated by external energy procurement, usually in the form of electricity and steam. The only indirect emissions at FFC result from purchased electricity at head office, marketing office, Karachi office, and Agri-services offices. Moreover, FFC identified that the indirect greenhouse gases (Scope III) emissions caused by FFC are not significant in the overall context except emissions resulting from product transportation. FFC is working with the transporters to apprise them of the emissions, effects of climate change and encourage them to upgrade their fleets to reduce emissions. The emissions per metric ton of the Urea produced for the year were 0.76 MT CO_2/MT without change due to increased production. The emissions per MT include only direct scope I emissions.

Emission of gases in MT

Nitrogen Oxide	
2017	1,208
2018	848
2019	951
2020	923
2021	941
Ammonia NH3	
2017	–
2018	–
2019	–
2020	–
2021	–
Particulate matter	
2017	1,220
2018	1,256
2019	1,097
2020	1,091
2021	1,215

The significant emissions of other inorganic pollutants such as NOX and particulate matter have increased during the reporting year while there were no emissions of NH_3. The company uses the previous year's results for comparison as a general practice. The emissions are recorded based on laboratory analysis and actual fuel flow.

Emissions reduction

FFC is striving to reduce its emissions by continuously optimizing production processes, adopting innovative technologies, and modernization of its plants. The results of the reductions in emissions are small but in the total lead to significantly lower emissions of pollutants. However, during the year, Scope-I CO_2 emissions increased by 78,640 MT as compared to the previous year on account of higher CO2 content in natural gas. The previous year is used as a base year as per company practices. The company products are environmentally friendly and are 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 release nitrogen from the granule in a manner that matches crop growth requirements and reduces the negative environmental impacts. 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.

Ten Billion Tsunami Tree Plantation Campaign

FFC Plant site Mirpur Mathelo organized a plantation ceremony on 17 Nov 2021 to start the Ten Billion Tsunami Tree Plantation Campaign. Officials from the Sindh Environment Protection Agency (SEPA), Senior Managers, and other officials of FFC also took part in the event and planted neem trees. 5000 trees were planted in different areas of FFC under this campaign.

USING RESOURCES RESPONSIBLY

Why it matters?

Raw material use is affecting finite natural resources. Natural gas which is a feedstock in the production of fertilizer is depleting at a rapid speed posing a future business risk. Exploration of alternative feedstock is critical for business continuity and value creation.

Contribution to SDGs

Our work on using resources responsibly contributes to the following SDGs:



Our actions and performance

Natural gas is the main raw material for the production of fertilizer. Lubricants and chemicals are used in the manufacturing process. Biodegradable packing material for Urea along with renewable resource utilization, where applicable, is helping us to move forward towards the establishment of a widely sustainable value chain.

Material consumption

Material	Unit	2021	2020	2019	2018	2017
Natural gas	MMSCF	47,143	45,931	46,395	46,804	46,174
Lubricant	Liter	352,495	320,955	282,664	396,901	202,721
Chemicals	KG	7,531,690	7,756,057	7,985,684	9,113,204	7,144,239
Packing bags (150 gm each)	Bags	48,944,279	49,557,051	48,514,728	49,520,322	40,564,775
Packing bags (95 gm each)	Bags	1,453,550	1,259,156	1,264,350	1,352,491	1,178,325
Liners and thread	KG	1,779,668	1,833,895	1,817,423	1,914,047	1,480,076
The packing bags of 95 gm each were used on GM plant during the year.						

FFC does not use renewable materials in the production processes.

Recycled material consumption

FFC tries, wherever possible, to use recycled materials but due to the nature of the production process, recycled raw materials cannot be used. Moreover, the cleanliness requirements do not allow the use of such materials. However, during the year, urea dust of 9,378 MT was recovered and used in the process compared to 3,107 MT in 2020. Our products are dissolved during use and are not reclaimable while packaging material is biodegradable and also not reclaimable. There is no post-consumption collective scheme in place. Bags are used by farmers in their activities and degraded at the end of useful life.

CARING FOR WATER

Why it matters?

Water is critical for human life. The changing climate is affecting the availability of fresh and clean water. Severe weather events, such as droughts and floods are occurring more often. Although these are global issues, however, the impacts are felt locally. Water is a critical resource for our operations and farmers. Without the availability of water, they cannot cultivate and grow crops. We understand the impact it will have on our business and we are working closely with the farming community to help efficient use of water now and in the future.

Contribution to SDGs

Our work on caring for water contributes to the following SDG:



Our actions and performance

FFC mainly needs water for the production of steam and cooling purposes. Our water requirements are met, for the most part, through canal water. Before the water flows into the piping system of the plant site, the canal water is cleaned according to its intended purpose using various filter systems. FFC's both plants draw canal water up to a maximum of 18 cusecs during the year. The canal is managed by the Irrigation Department and this withdrawal is not significant keeping in view the annual flow of the canal. FFC has an agreement with the Irrigation Department and the meters installed by the department measure the water inflow. There are no protected species found in the canal and the canal water is mainly used for irrigation purposes. The tube wells are used occasionally when the canal water is not available. The company has a large area where tube wells are installed and the water withdrawal from tube wells does not significantly impair the water system. Water consumption at the plant site/township is being critically monitored and is directly linked with plant sustainability. During the year, no non-compliance with the water withdrawal permit occurred. We frequently carry out studies to identify opportunities for reduced consumption and increased recycling to minimum requirements from freshwater sources. FFC has defined goals for efficient water usage to reduce the impact on the depleting freshwater sources in Pakistan and has been working with the supply chain partners to reduce water-related impact in the supply chain.

There is no withdrawal of water from the water-stressed area.

water along with rainwater can be fed into the canal without cleaning as it does not come into contact with chemicals. The wastewater is also used for horticulture purposes at plant sites. The wastewater discharged by FFC is largely cleaned and therefore does not burden the environment excessively. Moreover, during the year, no non-compliance with water disposal regulations occurred.

Water withdrawal by source in ML/year

	2021	2020	2019	2018	2017
Surface water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	5,238	6,349	6,857	4,559	6,377
Other water (>1,000 mg/L Total Dissolved Solids)	–	–	–	–	–
Ground water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	10,304	8,381	7,744	10,888	9,248
Other water (>1,000 mg/L Total Dissolved Solids)	–	–	–	–	–
Total water withdrawal	15,542	14,730	14,601	15,447	15,625

Total water consumption ML/year	
2017	11,394
2018	11,369
2019	12,316
2020	12,479
2021	13,288

Water consumption figures are restated to exclude the water discharged from operations.

FFC uses state-of-the-art machinery to continuously circulate and capture the water after use to re-cool it for reuse. This environmentally friendly cooling method is used where technically possible. This has reduced the withdrawal of freshwater. Water is not stored at the FFC plant and does not have a major impact.

Wastewater/water discharge

FFC uses water for a variety of purposes in the production process. The water is partly polluted as a result, therefore, the wastewater so produced is treated to reduce the pollutants to acceptable limits, prescribed by NEQS, before using and discharging into the canal water. FFC uses oil skimming and neutralization method for wastewater treatment. In the season, when the canal is closed, the water is stored in evaporation ponds. In contrast, cooling

Waste Water Discharge

Surface water	
2017	4,231
2018	4,078
2019	2,285
2020	2,251
2021	2,254
Freshwater (≤1,000 mg/L Total Dissolved Solids)	
2017	–
2018	–
2019	–
2020	–
2021	–
Other water (>1,000 mg/L Total Dissolved Solids)	
2017	4,231
2018	4,078
2019	2,285
2020	2,251
2021	2,254

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 contained a Chemical Oxygen Demand (COD) value of 32 ppm and a Biological Oxygen Demand (BOD5) value of 18 ppm.

MANAGING WASTE

Why it matters?

A flourishing environment is critical for the existence of human life. However, the speed at which resources are used and resulting waste is endangering natural capital and biodiversity. The waste, especially plastic waste, is accumulating in landfills and oceans risking the wildlife. Moreover, impact of waste incineration, dumping and disposal activities negatively affect the environment. It is an urgent priority for us and a responsibility to reduce the impacts through efficient waste management.

Contribution to SDGs

Our work on managing waste contributes to the following SDGs:



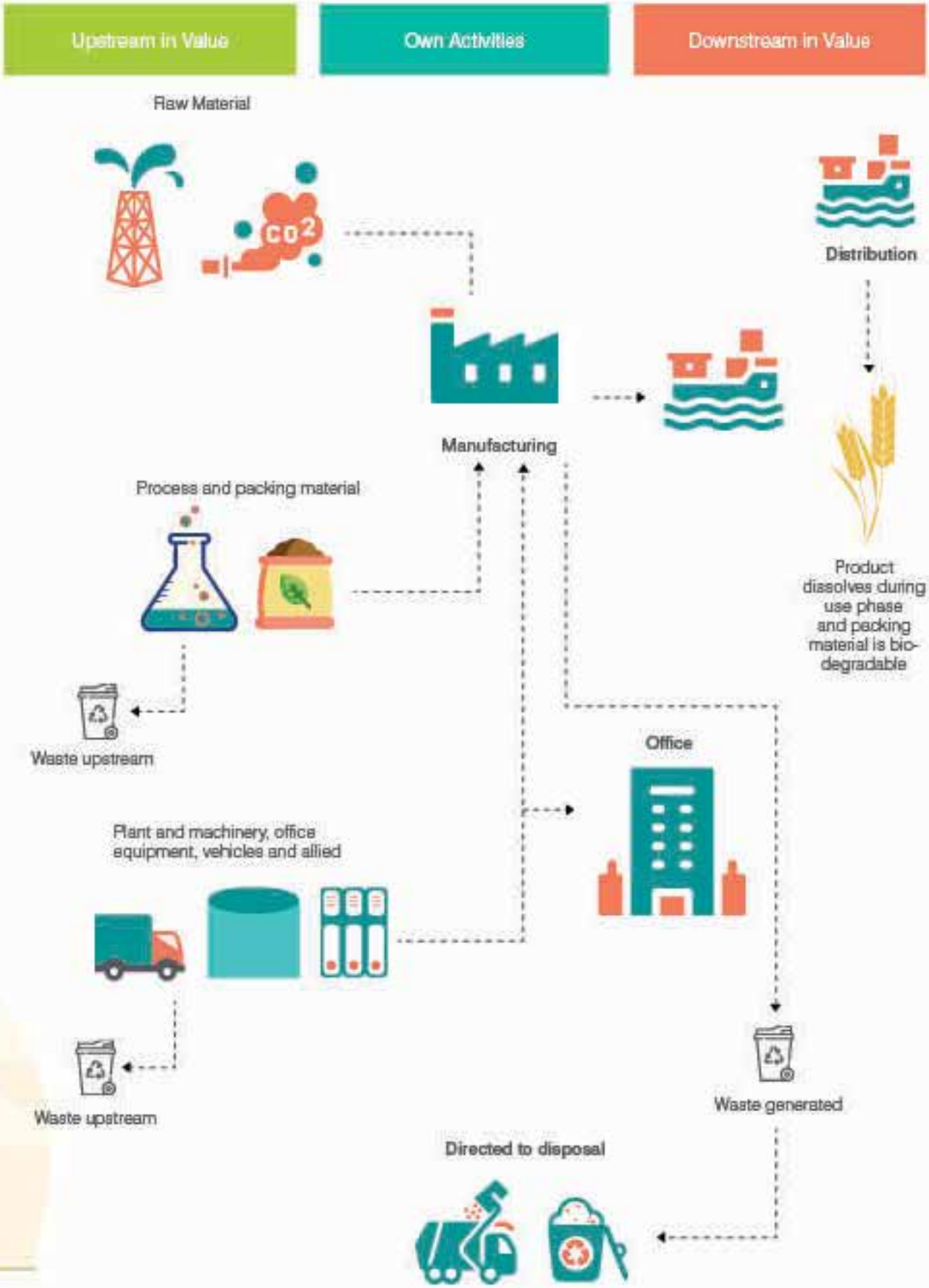
Our actions and performance

Our approach is to reduce waste generated from operations to a minimum level. Urea manufacturing is a clean and environmentally friendly process. The raw materials are natural gas, water, and air. Natural gas and water are received via pipeline while air is directly sucked from the atmosphere using a compressor. The finished product is prilled urea which is packed in oxo-biodegradable liner placed inside a WPP bag. The product dissolves during the use phase and results in no post usage waste. The packaging material is bio-degradable and also does not lead to the generation of waste. The manufacturing process does not result in any byproduct. However, waste is generated during the manufacturing process and other operational activities. The waste is primarily packing material of various items used in maintenance or other support services. Resin, catalysts, and used lube oil are generated from processes at plant sites while other waste includes clinical waste, insulation material, asbestos sheets, broken tube lights, toner cartridges, battery cells, used oil filters, lab bottles, empty chemical drums, and plastic & rubber. All these waste types have different properties ranging from non-hazardous to hazardous.

FFC makes efforts to procure green and environmentally friendly products. FFC focuses on the prevention of waste as a priority over recovery or disposal and promotes waste prevention in its supply chain. However, unavoidable production waste is recycled or disposed of properly. Moreover, assessment is carried out at relevant levels before declaring an item as waste. Items are declared waste and diverted to disposal when there is no use within the operations. FFC procedures require that each type of waste is recorded precisely analyzed and described. Waste is properly documented in internal records, including from where the waste originated, which quantities have arisen during the year, the classification of the waste as hazardous/non-hazardous, and the possible disposal method.

Incineration is carried out under controlled conditions requiring high temperatures for incineration. Waste is accumulated and dumped at the plant site and when the waste quantity reaches a significant level, it is disposed of according to the best available option. The priority is to recycle or treat the waste and only unsuitable waste is disposed of in landfills, which is then sold to a carefully selected supplier. All waste is disposed of through approved and authorized contractors of Sindh Environmental Protection Agency (SEPA) and Punjab Environmental Protection Agency. The suppliers' processes are reviewed and approved at a regular frequency by the provincial environmental agencies. These contractors decide if the material is to be recycled or buried in a landfill as per legislation.




Upstream in Value
Own Activities
Downstream in Value
Raw Material
CO2
Distribution
Manufacturing
Process and packing material
Product dissolves during use phase and packing material is bio-degradable
Waste upstream
Office
Plant and machinery, office equipment, vehicles and allied
Waste upstream
Waste generated
Directed to disposal

MANAGING WASTE

Waste by composition, in metric tons (t)

	2021			2020			2019			2018			2017		
	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Waste composition															
Hazardous	174	Nil	174	153	Nil	153	343	Nil	343	920	Nil	920	1	Nil	1
Non-hazardous	6,979	Nil	6,979	7,074	Nil	7,074	5,765	Nil	5,765	6,399	Nil	6,399	6,788	Nil	6,788
Total waste	**7,153**	**Nil**	**7,153**	**7,227**	**Nil**	**7,227**	**6108**	**Nil**	**6108**	**7,319**	**Nil**	**7,319**	**6,789**	**Nil**	**6,789**

Waste diverted to disposal-by-disposal operation, in metric tons (t)

	2021			2020			2019			2018			2017		
	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
Hazardous waste															
Incineration (with energy recovery)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incineration (without energy recovery)	2	-	2	10	-	10	-	-	-	-	-	-	-	-	-
Landfill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disposal operations	-	172	172	-	143	143	-	343	343	-	920	920	-	1	1
Total	2	172	174	10	153	153		343	343	-	920	920	-	1	1
Non-hazardous waste															
Incineration (with energy recovery)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incineration (without energy recovery)	1,749	-	1,749	1,678	-	1,678	422	-	422	470	-	470	134	-	134
Landfill	-	5,126	5,126	-	5,249	5,249	-	4,869	4,869	-	5,555	5,555	-	6,392	6,392
Other disposal operations	-	104	104	-	147	147	-	474	474	-	374	374	-	262	262
Total	**1,749**	**5,230**	**6,979**	**1,678**	**6,396**	**7,074**	**422**	**5343**	**5,765**	**470**	**5,929**	**6,399**	**134**	**6,654**	**6,788**

The waste date for last year has been restated to correct calculation error.

04

People and Communities

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Ensuring Health and Safety 183
Respecting and Promoting Human Rights 186
Enhancing Community Development and Livelihoods 187

"We rise by lifting others!

PEOPLE AND COMMUNITIES

How we manage the impact and create value

Slow pace economic recovery after pandemic and technological developments have changed the work dynamics resulting in issues ranging from job security, work-life balance, and need to equip with the fast-changing work requirements. We understand that to remain a preferred employer, our strategy and approach to employment practices has to evolve and respond to these changes. Human capital is the backbone of our sustained economic performance and our ability to create and share value with our stakeholders. We believe in fair management of human capital and ensuring compliance with laws, regulations, and our code of conduct. Our employees are the most important factor for our success not only in the current market environment but also in the future, as their performance alone determines our economic strength and competitiveness. We have a well-defined Human Resource (HR) policy to manage HR priorities, succession planning, recognizing, and rewarding the prestigious talent and leadership development. We aim to bring the most talented and imaginative people on board, nurture them and provide them with the best facilities to exhibit their talent. We have, therefore, drawn up numerous employee advancement and development programs with a wide range of services.

The most senior officer responsible for labor practices is the Senior Manager of Human Resource (HR). The HR heads at the manufacturing unit level report to SM-HR. All aspects of labor practices, i.e., training, non-discrimination, diversity, and equal opportunity are closely monitored at the manufacturing unit level as well as at the corporate level. The breach of the aspects is monitored by the HR department and adherence to the laws and regulations is discussed frequently and reported quarterly to the Human Resources and Remuneration Committee of the Board. Attracting qualified employees and ongoing employee training and development, both, are of great importance to FFC. We provide our employees with the skills and resources they need to work in an even more efficient and innovative way. We have already set exemplary standards in this area with numerous training programs and a best-in-class in-house training center. Our approach is continuously monitored through input from employees at AMCON as well by the Board's Human Resources and Remuneration Committee and input/complaints received through our grievances' mechanisms. Based on the inputs and feedback, the management approach is reviewed against defined objectives, policies, and updated to ensure a productive environment for our people.



PROMOTING DECENT EMPLOYMENT

Why it matters?

Creating sustainable value will depend on ensuring that the young generation can access employment opportunities. Post pandemic job market has become worse for people to find opportunities. As a leading fertilizer manufacturing and marketing company, we can make a positive difference, creating employment in our value chain, ensuring a decent workplace free from discrimination, promoting diversity, increasing representation of women at all levels, and supporting the well-being of thousands of our employees.

Contribution to SDGs

Our work on promoting decent employment contributes to the following SDGs:



Our actions and performance

We employed 3,272 people in our operations including plants, marketing offices, and head office. A substantial portion of work is performed by workers who are employees. We do not offer part-time employment nor any supervised workers work at FFC. We indirectly support jobs through our suppliers, contractors, and dealers. We offer the right mix of benefits, rewarding work, and career advancement prospects to attract and retain competent people.

During the year, the hiring rate was 11% while the turnover rate was 19%. There was no variation in hiring and attrition rates compared to 2020. The employment information has been compiled from the management information system and no assumptions were made.



Total Number of Employees

2021	2020	2019
3,272	3,512	3,457



Recruitment and Sourcing



Building Capability



Employee Engagement



Remuneration and Retention

PROMOTING DECENT EMPLOYMENT

Employees by employment type broken by gender

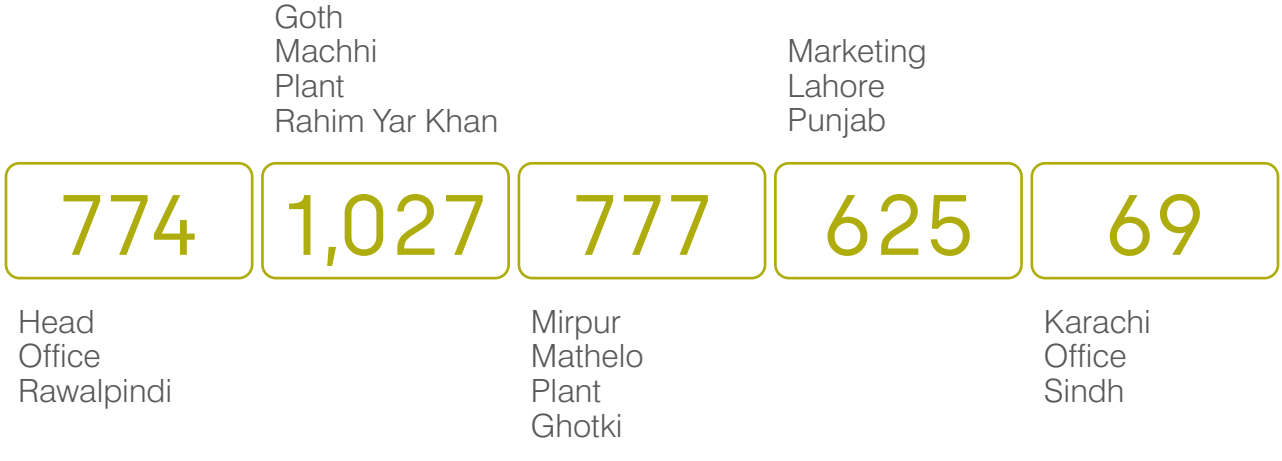
Employment type	2021		2020		2019	
	Male	Female	Male	Female	Male	Female
Full time	3,168	104	3,415	97	3,365	92
Part-time	-	-	-	-	-	-
Total	**3,168**	**104**	**3,415**	**97**	**3,365**	**92**

Employees by employment contract broken by gender

Employment contract	2021		2020		2019	
	Male	Female	Male	Female	Male	Female
Permanent	3,003	95	3,080	86	3,133	82
Temporary	165	9	335	11	232	10
Total	**3,168**	**104**	**3,415**	**97**	**3,365**	**92**

Employees by employment contract broken by region

Location	2021		2020		2019	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Head Office-Rawalpindi	767	7	812	132	805	36
Goth Machhi Plant	929	98	936	94	930	121
Mirpur Mathelo Plant	708	69	710	58	717	67
Lahore	625	-	626	56	682	15
Karachi	69	-	82	6	81	3
Total	**3,098**	**174**	**3,166**	**346**	**3,215**	**242**



2021

Hiring by Age Group

60%		223 (<30)
28%		106 (30-50)
12%		43 (>50)

Hiring by Gender

95%		55
5%		17

● Male ● Female

Hiring by Location

19%		71 (Head Office)
30%		112 (Goth Machi Plant)
27%		100 (Mirpur Mathelo)
21%		77 (Lahore Office)
3%		13 (Karachi RM Office)

Attrition by Age Group

60%		130 (<30)
21%		130 (30-50)
63%		384 (>50)

Attrition by Gender

96%		69
4%		17

● Male ● Female

Attrition by Location

20%		77 (Head Office)
30%		115 (Goth Machi Plant)
26%		102 (Mirpur Mathelo)
20%		79 (Lahore Office)
4%		13 (Karachi RM Office)

2020

Hiring by Age Group

32%		122 (<30)
48%		184 (30-50)
21%		81 (>50)

Hiring by Gender

98%		379
2%		8

● Male ● Female

Hiring by Location

35%		136 (Head Office)
16%		62 (Goth Machi Plant)
18%		68 (Mirpur Mathelo)
29%		113 (Lahore Office)
2%		8 (Karachi RM Office)

Attrition by Age Group

19%		130
16%		105
65%		442

Attrition by Gender

99%		670
1%		7

● Male ● Female

Attrition by Location

34%		227 (Head Office)
18%		121 (Goth Machi Plant)
17%		115 (Mirpur Mathelo)
29%		197 (Lahore Office)
3%		17 (Karachi RM Office)

PROMOTING DECENT EMPLOYMENT

2019

Hiring by Age Group

48%	149 (<30)
34%	105 (30-50)
18%	56 (>50)

Attrition by Age Group

50%	159
9%	30
41%	131

Hiring by Gender

97%	301
3%	9

Male Female

Attrition by Gender

97%	310
3%	10

Male Female

Hiring by Location

9%	29
50%	156
5%	14
34%	104
2%	7

Attrition by Location

15%	47 (Head Office)
63%	202 (Goth Machi Plant)
8%	25 (Mirpur Mathelo)
12%	39 (Marketing Office)
2%	7 (Karachi Office)

In 2021, we paid Rs. 10,276 million as workforce salaries and benefits compared to Rs. 9,773 million in 2020, which makes our workforce an important investment and valuable asset. Competitive market-based remuneration is paid to our workforce exceeding the minimum wages threshold at all of our operational sites. Where work is performed through contractors' workers, payment of minimum wages to the contractors' workers is ensured through direct transfer into the accounts of the workers which is duly verified by the bank. During the year, the ratio of standard entry-level wages to local minimum wages was 1:1 across all significant locations of operations.

Separately funded pension and gratuity schemes are maintained where all obligations of funds are financed by FFC. All eligible employees who complete the qualifying period of service and age are benefited from these schemes. The trustees administer these funds.

The annual contributions to gratuity and management staff pension funds are based on actuarial valuation. The defined contributory provident fund is for all eligible employees for which FFC contributions are charged at the rate of 10% of basic salary. The employees also contribute 10% of the basic salary to the provident fund. The provident fund may be reimbursed after an employee leaves the organisation or may be transferred, as per the convenience of an employee. We spent an amount of Rs. 378 million on defined benefit plan obligations in 2021 compared to Rs. 483 million in 2020. The benefits are provided to full-time employees including management and staff and not offered to contractual employees.

Workforce Salaries & Benefits (PKR) Million



2019	2020	2021
9,574	9,773	10,276

Defined benefit plan obligations (PKR) Million



2019	2020	2021
343	483	378

Benefits	Management	Staff
Life insurance	Yes	Yes
Health care*	100%	100%
Disability/Invalidity coverage	Yes	Yes
Parental leave	Only females	Only females
Retirement provision	Yes	Yes
Stock ownership	No	No

*Subject to company policy.

Providing Equal Opportunity

We do not discriminate basic salary or remuneration based on gender as benefits are provided according to the type of employment contract, performance, and role in the advancement of company objectives. The ratio of basic salary and remuneration of women to men is one to one at FFC. All FFC employees received performance appraisals in 2021. Benefit plan obligations are regularly monitored for relevance, compliance, costs, and stability to ensure that the benefits are in line with the operating environment.

Only female employees are eligible for maternity leave. A total of 58 female employees were eligible for parental leave, out of which 4 female employees availed maternity leave in 2021 compared to 8 female employees who availed maternity leave in 2020. 3 female employees returned to work in 2021 when their parental leave ended as compared to 6 female employees who returned to work in 2020. The return-to-work and retention rate of employees, after availing parental leave was, 100%. Moreover, the female employees who took parental leave and returned to work remained employed for more than 12 months after their return to work.

A decent And Productive Place to Work

FFC provides a decent and productive workplace for our workforce to showcase their talent. Consistent health and safety programs and checkups are conducted for employees. These programs include initiatives to reduce stress and injuries at workplace and plant sites. Regular engagement is carried out with collective bargaining agents, works councils, and other employees' bodies on employees' concerns related to working conditions, and improvements are made based on stakeholders' input. We support rights of freedom of association and all entitled employees are free to join unions and to be represented by a representative of these unions internally and externally under the applicable laws. All staff employees excluding management employees are covered by collective bargaining agreements. The total employees covered under agreements constitute 72.52% of the total workforce. Fifteen days' notice period is served on relocation within plants and three days of joining period is also given on relocation. This information is not specified in CBA agreements. FFC complies with all local statutory and operational requirements concerning the provision of information to employees' representatives and employees.

We believe diversity strengthens the company, brings in new perspectives, helps drive innovation, and ultimately leads to better decision-making. Our employment policy strives for a diverse workforce and aims to find the candidates best suited for an open position. The recruitment of employees is based only on their qualification, skills, suitability for the open position, and their potential for a successful future at FFC in line with the corporate strategy and objectives. However, as a common practice, while hiring junior-level staff/ apprentices at plants, relaxation is given to the local population to encourage the locals. Likewise, in the marketing group, preference to post locals, from among the selected ones, is also given to resolve communication issues/language problems. No senior management employee at locations of significant operation is hired based on location or domicile and no specific quotas for women, specific nationalities, ethnic minorities, or special age groups exist for senior management and Executive Committee. All the candidates are evaluated and selected based on the same list of criteria. However, to promote the economic independence of people with disabilities, FFC extends employment opportunities to such persons along with special health care and ancillary facilities.

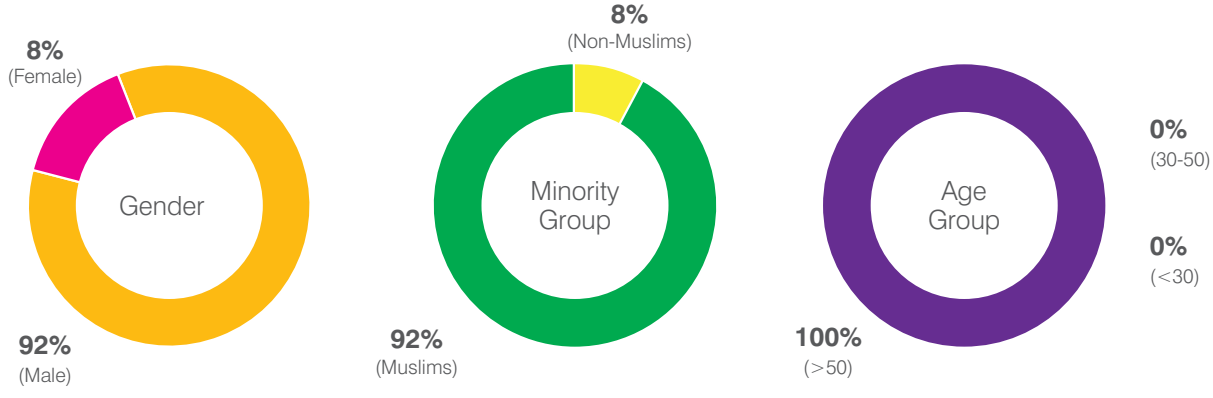
PROMOTING DECENT EMPLOYMENT

Employees by gender, age, and minority group

	Minority Group		Age Group		
	Muslim	Non-Muslim	<30	30-50	>50
Male	98.55%	1.45%	16.72%	61.28%	22 %
Female	94%	6 %	22.3%	70%	7.7%

Individuals in governance bodies by gender, age, and minority group

	Gender		Minority Group		Age Group		
	Male	Female	Muslim	Non-Muslim	<30	30-50	>50
Board of Directors	85%	15%	92%	8%	0%	0%	100%



Employees by employment category, gender, age, and minority group

	Gender		Minority Group		Age Group		
	Male	Female	Muslim	Non-Muslim	<30	30-50	>50
Management	94%	6%	98.64%	1.36%	12.60%	65.27%	22.13%
Staff	98%	2%	98.25%	1.75%	12.10%	64.92%	22.98%

NURTURING TALENT

Why it matters?

Nurturing and developing the talent of our workers is the key to our long-term success. Training and development of workers' skills create a positive impact on culture, growth, and value creation ability. An engaged, committed, and skilled workforce with the latest knowledge and techniques helps us to meet our objectives and is critical to maintaining market leadership.

Contribution to SDGs

Our work on nurturing talent contributes to the following SDGs:



Our actions and performance

We are committed to playing an active role in supporting the existing workforce through reskilling and upskilling. FFC believes that people learn every day, through experiential, social, or formal avenues. We consider it important that employees have the opportunity to realize their potential and develop a successful career. The internally and externally conducted specialist and interdisciplinary training and qualification measures are offered to all employees to nurture their talent and knowledge base. HR development framework focuses on training and education of employees, which consists of a three-step process by first assessing employees' competencies, training them for their job, and then encouraging the development of employees through education. This helps to identify skill gaps within the organisation and looks to address those gaps ensuring that the right people are in the right jobs for safeguarding the long-term sustainability of the company.

FFC also provides career development opportunities to employees. A formal talent management program exists which helps us map employees' skills and match them to new opportunities. This also supports effective succession planning, particularly for senior and other strategic positions within the company. The employees enhance their skillset and get lifelong learning through a management skill development program throughout the career, provision of long-term leave for improving professional qualifications, offshore technical services, and deputation to diversified businesses. During the year, training programs focusing on productivity and process improvement (Six Sigma) and Business Acumen (Corporate Strategy) were conducted.

Investment in Developing Skills and Talent (Million PKR)

2019	80.4
2020	54.7
2021	69.9



NURTURING TALENT

2021

Average Training Hours Per Employee

17,536	Total Training Hours
3,272	Total Employees
5.4	Average Training Hours Per Employee

Average Training Hours Per Male Employee

17,232	Total Training Hours
3,168	Total Employees
5.4	Average Training Hours Per Employee

Average Training Hours Per Female Employee

304	Total Training Hours
104	Total Employees
2.9	Average Training Hours Per Employee

Average Training Hours Per Management Employee

10,368	Total Training Hours
795	Total Employees
13.0	Average Training Hours Per Employee

Average Training Hours Per Staff Employee

7,168	Total Training Hours
2,373	Total Employees
3.0	Average Training Hours Per Employee

2020

Average Training Hours Per Employee

12,960	Total Training Hours
3,512	Total Employees
3.7	Average Training Hours Per Employee

Average Training Hours Per Male Employee

12,672	Total Training Hours
3,415	Total Employees
3.7	Average Training Hours Per Employee

Average Training Hours Per Female Employee

288	Total Training Hours
97	Total Employees
3.0	Average Training Hours Per Employee

Average Training Hours Per Management Employee

6,240	Total Training Hours
874	Total Employees
7.1	Average Training Hours Per Employee

Average Training Hours Per Staff Employee

6,720	Total Training Hours
2,638	Total Employees
2.5	Average Training Hours Per Employee

2019

Average Training Hours Per Employee

35,632	Total Training Hours
3,414	Total Employees
10	Average Training Hours Per Employee

Average Training Hours Per Male Employee

34,800	Total Training Hours
3,322	Total Employees
10	Average Training Hours Per Employee

Average Training Hours Per Female Employee

832	Total Training Hours
92	Total Employees
9	Average Training Hours Per Employee

Average Training Hours Per Management Employee

20,112	Total Training Hours
849	Total Employees
24	Average Training Hours Per Employee

Average Training Hours Per Staff Employee

15,520	Total Training Hours
2,565	Total Employees
6	Average Training Hours Per Employee

ENSURING HEALTH AND SAFETY

Why it matters?

Healthy and safe working conditions are vital for the health of the workforce, productivity, and ensuring compliance with applicable laws and regulations. Ensuring the health and safety of our workers is of utmost priority of our HSE system and continuing our operations to create value for all of our stakeholders.

Contribution to SDGs

Our work on ensuring health and safety contributes to the following SDGs:



Our actions and performance

Workers' health safety and wellbeing are the major objectives of our health and safety policies and procedures. Our safety systems are improved continuously and new industrial safety standards are adopted to eliminate or minimize the potential harm. Health and safety aspects are monitored and reviewed at corporate as well as manufacturing locations on an ongoing basis. The operational aspect of health and safety practices in manufacturing units is governed by the GM M&O of the manufacturing units. HR head at the plant site is responsible for fair labor practices, implementation of policies concerning regulations and laws as well as other activities for the benefit of the employees. FFC has an occupational health and safety management system in place for risk assessment of operations and is committed to preserving its employees' health by avoiding accidents. The health and safety management systems are implemented to meet the requirement of the Environmental Protection Act (EPA), Industrial Relations Act (IRA), National Environmental Quality Standard (NEQS), and OHSA Guidelines for Noise/Ammonia in air and OHSA guidelines for health and safety. All workers, activities, and workplaces are covered by the management system. The contractors' workers are required to follow the health and safety management system requirements while working in the plant premises. However, the contractors are responsible for the health and safety of their workers and all the contract workers are insured by the contractor.

Workers' participation in health and safety system

A Works Council Committee under the Industrial Relation Act exists and operates at the facility level in which workers' representation is 50%. The functions of the committee include promotion of security of employment for workers, monitoring health and safety conditions, and job satisfaction levels. Meetings of the Works Council Committee are organized as per law. To promote health and safety at the plant site and in addition to the minimum legal requirement, we have established different forums and committees to discuss and take action on health and safety issues. All the workers get representation in these committees through their supervisors and line managers. Workers' participation is ensured through hearing conservation programs, heat stress prevention, health & hygiene audits, ergonomics program, workplace lighting, and prevention from exposure to hazardous chemicals.

The formal agreements with CBA cover health and safety-related provisions. The extent of coverage of health and safety topics in the agreements is almost 80%. Moreover, all the employees of the company come under the umbrella of an extensive medical policy that has been formulated in light of the health and safety requirements of The Factories Act, 1934.

Hazards identification, risk assessment, and investigations

A long-standing safety culture along with a detailed reporting of process and plant safety exists for the prevention and mitigation of occupational health and safety impacts. We identify work-related hazards and assess risks on a routine and non-routine basis and apply the hierarchy of controls, HIRADC, HAZOP, Job Safety Analysis, Safety Committee Meetings, and HORC, to eliminate hazards and minimize risks. The system provides control measures to minimize risks involved and to determine improvements needed in the health and safety management system. HIRADC of the individual unit includes the past incidents related to a certain hazard and the resultant injuries if any. All units maintain and update their HIRADC at least annually. All hazards are addressed through control measures, HSE recommendations, and the follow-up is done in SOC. Safety observations and traffic violations are filled on STOP cards and traffic violation cards and recommendations are sent to concerned units anonymously. An extensive work permit procedure system is followed which forbids workers to work in a harmful environment. No reprisal is made against workers for reporting safety

ENSURING HEALTH AND SAFETY

risks and incidents rather they are encouraged to report risks and incidents. The incident reporting mechanism is defined in the work procedures of HSE and is followed religiously. We carefully track incidents; complaints received from stakeholders and take prompt action for resolution in justified cases. During the year, no process safety incidents or transport incidents occurred. Moreover, no complaints relating to labor practices were filed.

Safety talks and awareness sessions are organized throughout the year to ensure the quality of process and competence of the persons involved. Work permit tests and management safety audits also ensure the competence of the individuals. Related KPIs for safety and occupational health are reviewed quarterly in SOC meetings. Efforts to prevent accidents at work are an essential part of our production activities and require constant motivation of employees by line managers. As a result of a high commitment to health and safety, the incidents concerning health and safety issues have decreased and our plants are producing records of safe man-hours over the years. 26.90 million man-hours of safe operations for employees and 18.52 million man-hours of safe operations for contractors' employees were achieved as of December 31, 2021, at our plants.

Promotion of workers' health

Urea manufacturing is a clean, safe, and closed process. Workers only come in contact with the finished product when it is ready for shipment and there is no major risk of occupational diseases nor did any such known disease occur related to the process. Our occupational health and industrial hygiene services aim to protect the health of our employees through early identification, evaluation, and control of possible health risks associated with working environments. The Occupational Health Physician at the plant is responsible for the overall development, implementation, and monitoring of the occupational health program for FFC employees. The areas of fitness to work, reporting of occupational illness, and first aid management at the workplace are strictly monitored. Moreover, regular technical controls and measurements are carried out at the workplace to ensure safe working conditions, as well as regular health checks, are conducted for production employees. Line managers are responsible for training employees on safety and identifying the extent to which employees are familiar with safety procedures at processes. FFC offers discounted health programs and attaches great importance to protecting employees from workplace accidents. Medical Centers at townships provide a wide range of health services and offer several health promotion services and programs including lectures and awareness campaigns for non-work-related health issues.

Training on health and safety

In line with our objective to ensure workplace safety, regular training is organized on various safety topics. Workers are equipped with knowledge and skill to act more safely and prevent accidents through targeted training courses. The line managers' participation in the process reinforces the emphasis placed on this important aspect. During the year, training was provided to workers on CPR, first aid, rescue, and firefighting in addition to work-related hazard-specific training which is included in HSE's schedule throughout the year.



Number and rate of fatality as a result of work-related injury

	2021		2020	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	Nil	Nil	Nil
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number and rate of high-consequence work-related injuries

	2021		2020	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	Nil	Nil	02
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number and rate of recordable work-related injuries

	2021		2020	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	01	Nil	Nil	Nil
Goth Machhi plant	Nil	02	02	02
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number of fatalities as a result of work-related ill health

	2021		2020	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	Nil	Nil	Nil
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number of cases of recordable work-related ill health

	2021		2020	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	Nil	Nil	Nil
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

FFC accounts for first aid injury in the injury rate. The fatality and injury rates for company and contractor are calculated by taking into consideration the number of recordable injuries multiplied by 200,000 and divided by man-hours worked. In the calculation, 200,000 are the hours worked by 100 employees, averaging 40 hours per week over 50 weeks.

RESPECTING AND PROMOTING HUMAN RIGHTS

Why it matters?

As a leading fertilizer manufacturing company, we use our position and influence to respect human rights and protect people all along our value chain. Compliance with applicable laws and international conventions on human rights, to which we abide, requires us to develop and deploy best practices and cultivate partnerships to make lasting changes.

Contribution to SDGs

Our work on respecting and promoting human rights contributes to the following SDGs:



Our actions and performance

FFC respects supports and abides by international charters on human rights in its sphere of influence. We have in place policies to safeguard basic human rights as defined in the legislation and international charters. The policies, concerning human rights management, are non-discrimination policy, forced and compulsory labor policy, child labor policy, and anti-sexual harassment policy. The code of conduct for employees provides basic guidance on human rights.

The most senior officer responsible for managing human rights issues and implementation of various policies related to human rights is the Senior Manager (SM)-HR. A notification and reporting system is in place for taking action on complaints concerning human rights violations. Complaints are received via line managers or works councils within the relevant statutory framework. Beyond this, if the aforementioned procedure does not achieve the desired outcome, complaints can also be made through the HR department. The legal department reviews the complaints filed for an amicable solution and possible legal impacts. A varied workforce is of great value to us, consequently, we do not tolerate any discrimination based on the race, ethnicity, religion, views, disability, age, or sexual identity of employees. In 2021, no complaints concerning violations of human rights were received.

FFC respects the freedom of association as a right of entitled employees. There were no cases in which freedom of association or the right-to-collective-bargaining were seriously endangered or breached. However, we are not aware of a breach of the right of collective bargaining at suppliers due to the non-availability of reliable data. We reject any form of child labor, forced labor, or slavery, and strictly comply with local regulations concerning legal minimum age requirements for work permits. There were no cases of child labor or forced labor in the Company. However, we are not aware of cases of child labor or forced labor with our suppliers due to the non-availability of reliable data. We are aware of the fact that the non-compliance with minimum human rights regulations by the supply chain partners may have material impacts and we support and encourage our supply chain partner to obey the human rights laws and adopt the best available practices in this area. Keeping in view the level of compliance, we have not carried out any evaluation of our approach towards managing and respecting human rights.

Refer to page 196 to read our work for promoting sustainable practices in the supply chain and ensuring the reliability of data.

Investment agreements include human rights clauses and undergo human rights screening. The Board of Directors approves all major investments. The Board Committees recommend the investments proposal after detailed working and review which is based on financial, strategic, and sustainability criteria, the last of which also includes human rights aspects. During the year, all significant investment agreements have been scanned for human rights issues while carrying out due diligence for that specific agreement. Significant investment agreements include all investment agreements which require approval from the Board of Directors and shareholders in Annual General Meetings. FFC is a member of UNGC and strictly adheres to the human rights charter and applicable laws. FFC carries out regular reviews of the operations for human rights impacts and in the year 2021, FFC carried out a review of 100% of operations for human rights impact assessments. During the year, no training on human rights policies and procedures was carried out for employees.

ENHANCING COMMUNITY DEVELOPMENT AND LIVELIHOODS

Why it matters?

Communities are an important stakeholder for our growth, provide opportunities as well as resources to support our business. Our operations have significant direct and indirect impacts on communities. Managing our impacts on local communities augments our value creation ability and results in uplifting the lives of underprivileged communities.

Contribution to SDGs

Our work on enhancing community development and livelihoods contributes to the following SDGs:



Our actions and performance

Our work in communities is guided by the Sustainable Development Goals for making contributions to the socio-economic development of communities. We support local communities through payment of taxes, donations, investments in the field of education, health, community welfare, and infrastructure developments as well as indirectly through our presence and procurement from local suppliers. We are raising the living standards of the population in areas of our operations, both directly and indirectly, by creating added value. The major direct impacts are infrastructure developments, use of shared resources, and socio-economic development while indirect impacts are enhancing skills and knowledge, jobs in the supply chain, and new businesses resulting in the economic development of the area.

Our approach is driven by the needs of the targeted community, carried out through surveys, focal groups, and meetings with the local community. Based on these guidelines, the interventions are devised to deliver maximum benefit and impact. We regularly engage with local communities to identify any negative effect of our operations on local communities and modify our policy accordingly. As a result of these engagements, we identified that there were no significant negative effects on local communities during the year. We have carried out local community engagement, impact assessment, and development programs at all (100%) operational locations. As a result of these engagements and assessments, the activities in defined areas are planned and implemented. Our work in communities is implemented through the Sona Welfare Foundation (SWF), which is a fully dedicated entity formed by FFC to carry out interventions in the fields of healthcare, education, community welfare, and rural development.

We have a well-defined CSR policy in place which serves as a guiding document and encompasses commitments, targets, and responsibilities for effective management of our activities. The most senior officer responsible for implementation and monitoring of social activities is Senior Manager CSR who also reviews and analyzes monthly progress. To monitor and follow-up performance and commitments to society, various tools, including independent monitors as well as in-house reviews, are used. Progress is reported to the senior management continuously and the management approach is adjusted accordingly.

Healthcare

FFC believes that healthcare is the fundamental right of every person. Our healthcare programs provide quality healthcare facilities to the local communities around plant sites as well as nationally through different collaborations. In line with SDG 3 “Good Health and Well-being”, our CSR program has chalked a comprehensive health plan to cater to the health needs of the targeted communities. Our health facilities at Hazrat Bilal Trust Hospital at Goth Machhi and Sona Welfare Hospital at Mirpur Mathelo provide treatment to approximately 150,000 patients of the surrounding community on an annual basis. To keep delivering quality healthcare services, Rs. 14 million were donated to Sona Welfare Hospital and Rs. 4 million were donated to Hazrat Bilal Trust Hospital during 2021.

Financial Assistance was extended for the construction of the Hospital Waiting Shed for THQ Hospital, Sadiqabad. The THQ Hospital extends medical services to the 1.17 million population of Sadiqabad and surrounding areas besides facilitating patients coming from other two provinces (Sindh and Balochistan). The construction of this shed has provided a suitable and comfortable place for the patients waiting for their turn in all kinds of weather.

The alarming mortality and morbidity related to breast cancer are becoming a major health issue for women. FFC, every year, celebrates breast cancer awareness month in October to show solidarity with women across Pakistan. During the year, FFC has sponsored the treatment of patients at Shaukat Khanum Memorial Hospital, Lahore. Besides, FFC illuminated Sona Tower, Head Office building, and arranged awareness sessions at all FFC locations to create awareness amongst the society in general and women in particular against the disease.

ENHANCING COMMUNITY DEVELOPMENT AND LIVELIHOODS

Education

Economic prosperity, in the longer run, depends upon an educated population. The improved education level not only results in increased livelihood opportunities but also raises the living standards. Our interventions focused on uplifting education level and socio-economic development of surrounding communities, support our work on SDG 4 “Quality Education”.

Sona Public School & College was established to provide quality education to the poor and needy children of Mirpur Mathelo and surrounding areas of District Ghotki. It has a current strength of 1021 students out of which 500 are being provided free-of-cost education while the rest are paying a subsidized fee. To meet the needs of increasing students’ strength, the planned expansion was carried out during the year. To encourage students to avail better education facilities, awareness sessions are organized every year where a team of faculty members from Lahore University of Management Sciences (LUMS) visits and interacts with students of SPS&C to counsel and guide them for better study opportunities with LUMS.

FFC supports adopted government schools in the Goth Machhi area by meeting their administrative and training needs to contribute positively towards the daily education and learning requirements of the respective students. FFC provides scholarships to low landholding farmers’ children and deserving students. FFC, Sona Ward of Farmer Scholarship Program, is currently looking after 191 students belonging to small land-holding farmers’ communities all over Pakistan along with 20 students through Al-Mujtaba Trust. Scholarships are also provided to deserving students of District Sadiqabad and other parts of Pakistan.

Community uplift programs

Community uplift and rural development programs create opportunities for reducing poverty, increasing income levels, and contributing towards socio-economic development.

Community Uplift Program - Partnering with Akhuwat Foundation

FFC, through its implementing partner, Sona Welfare Foundation, signed MOU with Akhuwat Foundation to support and empower the marginalized community through financial inclusion. FFC donated Rs. 18 million for the five-year program which is targeted at extending interest-free loans to the marginalized community to make them self-reliant by starting or expanding small-scale businesses and developing Sona Model Village in Mirpur Mathelo by focusing on social mobilization and development interventions. A total of 898 loans have been disbursed in Mirpur Mathelo and the surrounding area with a 99.97% return rate. The expansion of the program is planned with a focus on the development of surrounding villages into modern and developed towns by supporting, mobilizing, and ensuring community participation.

Tree plantation in communities

FFC Plant sites, in collaboration with local administration and Govt / Private schools, launched a well-planned tree plantation campaign. During the drive, thousands of trees have been planted in schools and on both sides of the road leading to plant sites.



05

Prosperity

Increasing Farm Productivity 190
Food Security and Sustainable Agriculture 193
Working for Sustainable Supply Chain 196
Delivering Sustained Economic Returns 197

"True prosperity lies in graditude!

INCREASING FARM PRODUCTIVITY

Why it matters?

The farming community produces food that feeds us. Yet, small, and medium landowners struggle to earn healthy returns and are forced to make difficult sacrifices. This includes compromising fertilizer use, unable to afford nutritionally balanced foods, health problems, and supporting children's education. Stagnant farm's productivity coupled with poverty and associated challenges is hindering the young population to pursue farming bringing food systems under strain and resulting in food insecurity. As a leading fertilizer company, we can help farmers through our farm advisory services to increase farm productivity, support national food security, enhance rural income, and build a promising future.

Contribution to SDGs

Our work on increasing farm productivity contributes to the following SDGs:



Our actions and performance

Farmers are the main users of our product and a key driver for our long-term success. We have a loyal customer base throughout the country through our continuous commitment and investment in farm advisory which promotes the brand in the marketplace and creates value for FFC and the farmers. The objective of our work is to ensure food security and self-sufficiency with the maximum production of grains in the country. Farm Advisory Services follows an integrated approach of agronomic, extension, and soil testing activities. Our agronomic activities include laying out crop demonstration plots and conducting fertilizer trials in farmers' fields while extension activities include agricultural seminars, farmer meetings, group discussions, field days, training programs, and farm visits. Our soil testing service is a valuable tool to identify soil problems and to propagate an appropriate and balanced use of fertilizers. We operate 5 Farm Advisory Centers (FAC) and 21 Agri. Services Offices (ASO). A Farm Advisory Center comprises a team of professionals fully equipped with modern and sophisticated computerized soil and water testing laboratory and a demonstration van with high-tech audio-visual equipment. It operates for 4-5 years in an area guiding in line with area crops and socio-economic position of the farmers.

We maintain close liaisons with research organisations to transfer the latest findings to the farming community through our Farm Advisory Services. The experts and professionals from agricultural institutions and government departments are invited to deliberate upon problems of the farming community. We are collaborating with various national and international companies and academia on R&D activities. We are operating a Fertilizer Research Centre at Faisalabad as a testing and evaluation platform for newly developed products. Our R&D activities are focused on the development of value-added fertilizer products i.e., slow-release fertilizers, biologically enhanced fertilizers, micronutrients impregnated fertilizers, and N-inhibitor fertilizers to improve farm economics for the farmers. The R&D activities also take into account the environmental impact of the use of products and are focused on controlling nitrogen release from granules in a manner that matches crop growth requirements thus directly addressing the issue of Planetary Boundaries. The concept of planetary boundaries presents a set of nine planetary boundaries within which humanity can continue to develop and thrive for generations to come. Crossing these boundaries could generate abrupt or irreversible environmental changes. Respecting the boundaries reduces the risks to human society in crossing these thresholds.

Turning challenges into opportunities, the Agri-services team generated new ideas and initiatives during a pandemic to complete all field activities by observing SOPs and enhancing farmer-connect through distant advisory means along with field activities. Different farmer capacity-building programs were organized to uplift rural economies through the dissemination of the latest / recommended crop production technology information including best management practices, 4R nutrients stewardship, and promotion of balanced fertilizer use with the aim of better farm output and farmers' income.

Number of farmers reached by Agri-services field activities

	2021	2020
Farmer Meetings	428	344
Crop Seminars	40	48
Farm Visits	4,939	4,876
Training Programs	47	44
Crop Demonstrations	124	122
NPK Supervisory Plots	30	-
Field Days	104	99
Group discussions	709	756
Soil & Water Samples Tested	16,843	16,433
Total outreach through above mentioned Agri-service activities	**54,976**	**47,019**

Number of farmers reached by Agri-services field activities

	Farme rs' outreach
Agri-booklets including Zarai reports distributed	26,000
Flyers, short text messages and crop advisory messages	137,799
Soil analysis facility and advisory on crops through Kashtkar Desk	470
Toll-Free FFC Helpline Service for guidance about agriculture/crop-related issues	500

Crop literature and crop documentaries

Crop literature (in the national language) covering complete production technology, fertilizer dosage, timing, and method of application for all major crops, vegetables, and fruits grown in the country, are developed, and updated regularly. The Agri-services department has developed 23 booklets/flyers especially the "Fertilizer Guide Book" and "Fertilizer Recommendation Book". Agriculture newsletters are published quarterly in the Urdu language to refresh farmers' knowledge regarding seasonal/ ongoing crop operations and are distributed among the farmers during various Agri-services activities. New topics like SDGs, the role of micronutrients and their use, and 4R nutrient stewardship were included in these newsletters. Moreover, Short Messages Service (SMS) about different agriculture-related issues and recommended practices are also sent to farmers on the mailing list. A dedicated helpline service (0800-00332) is established to further strengthen FFC's contact with the farming community, prompt interaction regarding their emergent field issues, and suggest solutions within the shortest possible time.

Crop production documentaries (sugarcane, cotton, rice, maize, and wheat) are developed to educate farmers on different farming techniques. A new documentary on efficiently using the fertilizer was developed and all documentaries were telecasted before crop seasons to apprise farmers on the balanced use of fertilizer and farming techniques. Agri-services team regularly participates in various talk shows organized by Radio and TV stations and various activities are organized by different institutions to discuss production technology and balanced use of fertilizer for major crops.

Mobile App on Fertilizer Recommendations for Farmers

To facilitate the farmers for promotion of balanced use of fertilizer, Agri. Services Mobile App "Kashtkar Rahnuma" was launched with availability on Google Play Store. The app is designed to help predict recommendations for fertilizer for those farmers who could not avail soil analysis facility. Moreover, farmers can access the helpline, Kashtkar Desk, meteorological data, crop brochures, fertilizer dealers, and markets.

Case in Point

Bizifed Project - Agriculture Linked To Human Nutrition

Zinc is an important source for human health and its deficiency compromises health and wellbeing. In Pakistan, a large proportion of the population

INCREASING FARM PRODUCTIVITY

is deficient in Zinc minerals. The research studies have proven that Zinc deficiency is preventable at a country scale by the use of Zinc fertilizers, coating of Zinc on widely used urea fertilizer, or through the development of crop varieties that accumulate the higher amount of Zinc in eatable portions, e.g., grains. FFC joined as a partner in the BiZiFED2 Project (Biofortified Zinc and Iron Flour to Eliminate Deficiency) funded by the Global Challenges Research Funds UK to understand the complex relationship between soil, crop, and human for transfer of essential minerals like Zinc and Iron. FFC facilitated the research activity through its FAC Sheikhupura lab for soil analysis after crop harvest from 728 locations across Punjab. These activities directly contribute to SDG2 "Zero Hunger" by achieving food security and SDG 3 "Good Health and Well Being" through improved nutrition and promoting sustainable agriculture.

Case in Point

NPK Trials to Promote Balanced Use of Fertilizer

With the objective of optimization of balanced fertilizer use in line with farmers' budget for wheat crop and soil analysis results, the FFC Agri-services department laid out wheat supervisory demonstrations at twenty-two (22) small to medium level surveyed farmers from 21 Agri. Territories. Balanced fertilizer recommendations were developed by adjusting fertilizer dose keeping in view farmers' fertilizer budget allocation for the current wheat crop. A new study on wheat and potato crops during Rabi 2021-22 is also underway to revalidate the previous data. Twenty-two (22) wheat plots and eight (8) potato plots have been sown for study on balancing NPK.

Case in Point

Promotion of Bio-fortified Wheat Variety

FFC is an official promotional partner of HarvestPlus to propagate the nutrient (Zinc) fortified Wheat Variety Zincol in the country. The program objectives are to disseminate micronutrient-rich varieties of staple food crops to reduce hidden hunger, offer improved food security and higher income. Agri. services promote bio-fortified wheat seed variety Zincol and Akbar varieties and create awareness on the subject for multiplication of the seed at farmers' level.

Case in Point

Promotion of newly Emerging High-Value Crops

FFC is promoting high-value emerging crops in different ecological zones and has developed one-pager literature on groundnut and Olive for the guidance of the farmers along with a display of crop/orchard demonstrations in Pothohar valley to devise optimum and balanced fertilizer plan. Strawberry fruit demonstration was also laid out in the Sheikhupura area of Punjab province.

Impact of the use of our products, activities of Agri-services and the resultant value addition is measured through economic analysis/Value Cost Ratio (VCR) for major and minor crops which elaborate production cost and net income of the produce at our crop demonstration plots which are laid in the entire marketing area.

Value Cost Ratio (VCR)

	2021	2020	2019
Major crops (Wheat, Rice, Maize, Cotton, Sugarcane)	2.3 – 3.0	2.0 – 3.1	2.6 – 3.0
Minor crops (Sunflower, Tobacco, Potato, Citrus)	2.6 - 4.5	2.5 – 3.7	2.0 – 3.1

Value Cost Ratio (VCR)

	January 2021	January 2020	June 2021	June 2020
Customers' overall satisfaction	9.26	9.59	9.58	9.60

Customers' satisfaction survey

Customers' satisfaction surveys are conducted on a biannual basis. The surveys contain questions to measure the level of customers' satisfaction on aspects of quality, operations, and products offered by focusing on the entire product portfolio across the marketing area network of Pakistan. During the year, two customers satisfaction surveys were carried out in January and June 2021 respectively. The surveys were conducted by selecting dealers as a sample size from the entire marketing area across Pakistan, covering all 13 FFC regions.

96% satisfaction level with respect to dealers' complaint handing and timely resolution.

More than **88%** growers followed FFC's Agri. Services experts' advice and **90%** of those who followed the advice witnessed increased yields.

More than **95%** farmers' satisfaction level over crop documentaries to share latest information about crop cultivation methods and maximizing yield.

FOOD SECURITY AND SUSTAINABLE AGRICULTURE

Pakistan's agriculture sector is facing overarching challenges that have not only reduced its share in national GDP but also pose a significant threat to food security with 40% of the population food insecure. These challenges include low per acre yield, climate change, lack of quality inputs, obsolete technology, outdated farming practices, and lack of access to financial capital for farmers. Fauji Fertilizer Company (FFC), in line with its vision, call of going beyond the business and firm commitment of nation-building, initiated its flagship project called Food Security and Agriculture Center of Excellence (FACE) in 2019, with the dream of achieving national food security and zero hunger. FACE is striving for the aforementioned vision, through an innovative model under which FACE has brought national and international partner organizations under one roof for the provision of all-encompassing solutions to the farming community. FACE, through its successful operations, aims to serve as a model for agriculture uplift and tackling food insecurity for the developing countries in the world.

Under the program, a comprehensive, all-encompassing program for the Food Security Cycle is devised to address the issues of food security and sustainable agriculture. The program includes provision of services to the farmers for land preparation, soil and water analysis, and crop plan though Agri-Service with support for low-cost loans, hi-tech agriculture practices, and market linkage for fetching better price for their crops.

The social welfare elements of the program for the farmer, the household and populace at large include quality education, healthcare, vocational and training programs, women empowerment programs, livestock management and dairy processing. The food security services, along with social welfare elements, will add value to the wellbeing and prosperity of the farmers through provision of these services at the center. Sustainable agriculture and economic empowerment services directly contribute to SDG 1, 2, 3, 4, 5 and 13.

Agriculture

Support to small and medium scale farmers over latest technologies, market economy, value, chain and climate change.

Health

Catering medical issues of farmers through provision of well equiped dispensaries, capacity building on health and hygiene and awareness campaign.

Education

Bridging gaps and constraints to provide free and quality education to farmer children.

Financial Assistance

Extending financial support to farmers through:

- Internet free loans
- Agri finance facility
- Awareness to Govt.
- Financial packages

Women Empowerment

Empowering women to contribute in sustaining livelihood of the household through vocational training, micro entrepreneurship and establishing market linkages for domestic produce.

Human Resource Development

Capacity building of farmers on:

- Modern Agriculture Technologies
- Farm Machinery Management
- Climate change
- Disaster risk management
- Smart use of farm inputs

Veterinary Assistance

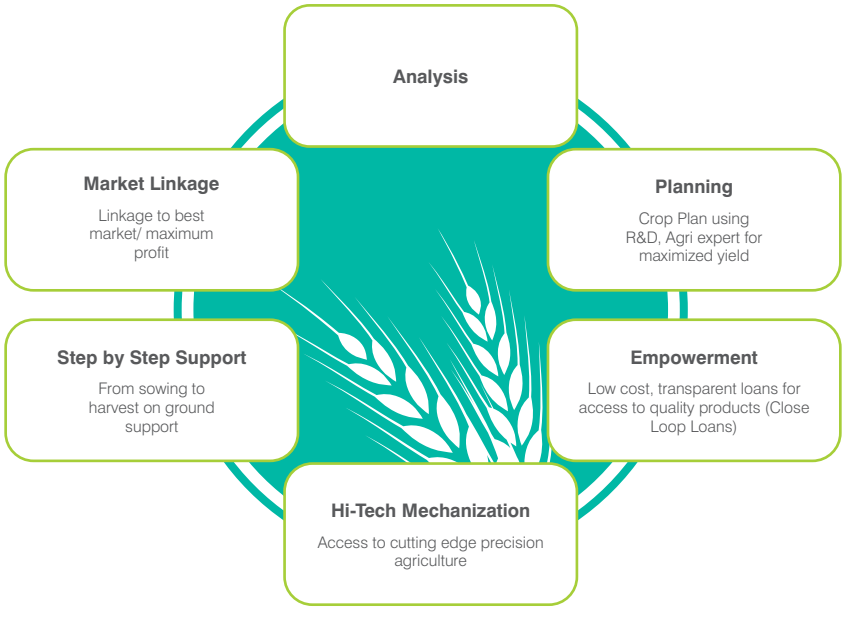
- Assistance farmers in maximum utilization of animals.
- Providing anmial healthcare services.
- Establishing linkages to market animal produce.

Youth Developmen

- Providing farmer children with unique opportunities to acquire sustainable skill development knowledge and generate icome based livelihoods.

Food Security Cycle

Land Preparation, Soil, Water, Micro Nutrition Testing



FOOD SECURITY AND SUSTAINABLE AGRICULTURE

The first Food Security and Agriculture Center of Excellence (FACE) is operational in Southern Punjab (Ahmedpur Lamma, Rahim Yar Khan) region. The construction of the FACE Center at Ahmedpur Lamma was completed this year, which aims to Zero Carbon Footprint using its renewable energy setup. The program has been recognized locally and internationally as a milestone initiative addressing to a wide spectrum of needs pertaining to social, economic, agricultural, and environmental issues.

Partnerships with different organisations were established by FACE under our vision of promoting FACE as a central hub for activities for all stakeholders.

Case in Point

Training

- 273 participants, in collaboration with partner organisations, have been trained on advanced farming practices and climate-resilient agriculture to increase yield per acre, improve crop quality, balanced use of natural resources, and N-management.
- Women-led training programs (1500 participants) were organized on market skills, livestock management, kitchen gardening, health and hygiene, social harmony, mother and child care.

Provision of low-interest rate loans

FACE, enabling access of farmers for hassle-free, low-cost loans, has processed in 2021, an amount of Rs. 34 million for agriculture and livestock loans to registered farmers through the closed-loop model. The loans come with crop and livestock insurance features for the 1st time in Pakistan. With no exchange of cash, efficacy is increased many times with farmers' access to quality inputs, mechanization, precision farming, renewable energy, Agri implements with complete end-to-end support by FACE agriculture experts.

Promotion of precision farming

Pakistan's first complete solution is provided to farmers for precision farming through a state-of-the-art fleet of 13 hexacopters, which is being upscaled with 50 new hexacopters to extend outreach to other regions. In 2021, a total area of 6,500 acres was serviced which included precision spraying and crop monitoring. The hexacopters are equipped with leading AI (Artificial Intelligence) applications including plant health monitoring, nutrient deficiency, plant biomass, yield forecasting amongst other capabilities. FACE also added an Unmanned Ground Vehicle to its fleet in 2021, to undertake weedicide and pesticide spraying operations.

Face Partners

FFC · ALIGHT · askaribank LIMITED · RAVI AGRIC · SAPPHIRE · BAYER · ALKHIDMAT · PAK ZAR ZAMEEN · GHAZALI EDUCATION TRUST · CIMMYT



COVID-19 relief measures

1,600 households were vaccinated under the FACE healthcare program.

Promoting health and education in communities

Quality education is being provided to the Out of School Children (OOSC) through the establishment of non-formal schools (NFS). At present 2x FACE NFS, catering for 60 OOSC are operating. A children's library with 700 books have been established in 2021. 6 medical and health camps for the unprivileged community on mother & child care, TB diagnosis, and treatment, population control, etc. were arranged at FACE, which overall benefitted 2700 patients including a sizable percentage of women.

Tree Plantation and Agro-Forestry Session

The Tree Plantation and Agro Forestry session trained 2430 farmers with plantation of 2,000 saplings. Moreover, 5,000 Neem saplings were planted at Jhimpir.

syngenta

INDUS HOSPITAL & HEALTH NETWORK

Pakistan Atomic Energy Commission PAEC

German Missions in Pakistan

Agriculture Department

PUNJAB SEED CORPORATION
Government of The Punjab

WORKING FOR SUSTAINABLE SUPPLY CHAIN

Why it matters?

The impact of our operational activities and business relationships is not only limited to our operational boundaries but also involves our supply chain partners. Our supply chain partners require knowledge and resources to understand and manage the impacts of their activities on the environment, labor, human rights, and communities. We can help our partners by building their capacity and sharing best practices to reduce negative impacts in the supply chain.

Contribution to SDGs

Our work on a sustainable supply chain contributes to the following SDGs:



Our actions and performance

Procuring locally

Our procurement practices lead to value creation for our local partners and result in the economic development of the country. The ultimate governance of strategy, in relation to procurement practices and supplier management, lies at the highest level of the management. The procurement department at head office and plant sites deal with suppliers and the Senior Manager Procurement is responsible for smooth implementation of procurement processes as per procurement manual and suppliers' selection criteria. FFC evaluates the effectiveness of its management approach through feedback from various stakeholders and surveys and updates are carried out on a need basis.

FFC procures most of the requirements from the locations where respective operating facilities are located as far as qualitatively compatible, technically feasible, and economically justifiable. In this way, FFC's activities support the economic development of the surrounding areas. Our suppliers consist of local as well as foreign suppliers. The major raw material and other components which can be easily purchased from Pakistan are procured locally while the materials and components which are not available in Pakistan are purchased from abroad. During the year, 52% of our purchases were from local suppliers and 48% from foreign suppliers as compared to 78% of our purchases were from local suppliers and 22% from foreign suppliers in 2020. There were no significant changes in our supply chain during the year.

Promoting sustainability in supply chain

Our relationships with our suppliers go beyond the purely commercial sphere and include a mutual understanding of what it takes to promote good practices and pursue responsible and sustainable development. To manage our impacts coupled with impacts of the supply chain, our sustainability management approach extends beyond our traditional operational boundaries and includes our supply chain partners. Our approach to incorporate sustainability criteria, in the selection and working with suppliers, is expected to help limit exposure to unexpected events, negative environmental and social impacts, and supply disruption, while building long-term core competence and effective management of the supply chain. Our negative environmental and social impacts in the supply chain include greenhouse gas emissions of transporting products, labor and human rights violations and health and safety of supply chain workers.

Sustainability criteria serve as a guide while working with our suppliers, outsourcing partners, and service providers. The selection criteria take into account conditions relating to sustainability factors such as environmental management, working conditions, labor-management practices respect for human rights, safety standards, impacts on society, and financial creditworthiness. In order to monitor how suppliers, deploy FFC's sustainability criteria, FFC will require major suppliers to produce third-party verification with respect to FFC's sustainability criteria and may also carry out on-site audits in the future, if deemed necessary. The suppliers' sustainability criteria will strengthen the efforts and will provide a reference framework for social and environmental protection in the supply chain. As part of its supplier relationship management and to strengthen its vision and approach of a sustainable supply chain, FFC regularly hosts training for its haulage contractors as well as dealers.

This year, we have updated our supplier registration conditions by inquiring suppliers about the existence of policies relating to human rights and uploading these policies on the FFC's procurement portal. We are also in the process of updating our supplier code of conduct to include a commitment from our supply chain partners to follow applicable labor and human rights laws.

Regular procurement takes into account the sustainability criteria to screen the new suppliers. 196 suppliers (100%), who applied and were registered during the year, were screened against sustainability criteria. FFC does not collect data of environmental and social impacts in the supply chain due to the non-availability of reliable information thus FFC is not aware of any negative impacts of supplier's operations during the year. However, we are confident that implementation of sustainability criteria will help us to collect the information about supply chain impacts in the future.



DELIVERING SUSTAINED ECONOMIC RETURNS

Why it matters?

Our economic success in the marketplace is critical to pursuing our long-term strategic goals, sustainability agenda and delivering value to our stakeholders. Acting fairly in all of our business transactions and relationships is vital for maintaining trust of our stakeholders and promoting equitable economic development. Product marketing and labeling provides necessary information to our customers for making informed decisions and help in abiding with the applicable laws and regulations. By utilizing our value creation potential, we are in a position to continue delivering healthy returns to our investors while acting fairly in all of our business relations and communications.

Contribution to SDGs

Our work on delivering sustained economic returns contributes to the following SDGs:



Our actions and performance

Producing quality fertilizer

Quality fertilizer enhances the productive potential of farms, helps in food security, and results in economic development. Our business activities of producing, marketing, and distributing quality fertilizers result in value for our stakeholders and economy. There are negative environmental impacts associated with the production and use of the product, which are being managed carefully in the production and use phase. Our purpose is to protect and enhance 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. Constant monitoring and regular reviews are carried out on all business aspects and processes in order to ensure that they continue to conform to our commitment to producing environmentally friendly quality products. The monitoring of quality and performance is an integral part of our business processes and strategic planning. External certifications of health and safety of production systems are performed regularly. The results are used in the evaluation of our approach and related adjustments in processes are carried out, where required. Product responsibility lies with the manufacturing department and the Managing Director & Chief Executive Officer overviews all functions of the company so as to deliver quality products to our customers and create value for our shareholders.

FFC makes sure that employees, customers, the general public, and the environment can rely on the safety of its products throughout the entire product lifecycle. Regular training is conducted covering aspects related to the health & safety of production processes and product quality. The standard weight of fertilizer bags is ensured and regular quality analysis of product samples is performed in respect of average prill size, biuret, moisture, crushing strength, and total fitness. FFC made an assessment of the health and safety impacts of all products during the year in order to identify improvements and support its commitment to producing environment-friendly quality products. During the year, our products were in compliance with regulations and voluntary codes concerning the health and safety impact of products.

Providing returns to our investors

Our value creation potential and aspirations to follow sustainability strategically depend upon economic strength and ability to provide sustainable healthy financial returns to our shareholders and providers of debt capital. FFC has well-defined goals for revenue, costs, production, sales, and profit along with policies, procedures, and resources. The state-of-the-art business management systems support our operational management in delivering exceptional results. The Managing Director & Chief Executive Officer is responsible for operational management and economic performance of the Company. The Board reviews the performance on quarterly basis and evaluates the management approach for economic management against set targets. The changes, if required, are decided by the Board and MD & CEO is responsible for the smooth implementation. The results of the evaluation are shared through Directors' Report.

Refer to pages 52-83 to read the Directors' Report and overview of our financial performance.

Sustainable value creation means sustainable operations independent of any subsidy or other public funding. In 2021, FFC did not receive any direct or indirect financial assistance from

DELIVERING SUSTAINED ECONOMIC RETURNS

the government except the reduced gas tariff provided to fertilizer industry, subsidy, and tax credits as per applicable laws.

Refer to page 224 for detailed financial results.

Acting fairly in business transactions and relationships

FFC is strict in combating corruption in all business areas including dealings with supply chain partners. FFC has a strict code of conduct containing organisational policy on anti-corruption supported by an effective risk management system to identify corruption risks. Corruption risks are investigated through ongoing internal auditing activity. Risk assessment for corruption risk covering all of our operations was carried out during the year according to our risk management system. No significant risks related to corruption or incidents of corruption were identified and reported. Therefore, no specific training on anti-corruption policies and procedures was conducted during the year. The anti-corruption policies and procedures are communicated to all directors and employees at all locations of our operations. The new employees receive orientation at the time of joining which includes a briefing about anti-corruption policies and procedures. Moreover, the anti-corruption policies and procedures are also communicated to all business partners at the time of engagement. We have an official slogan "Say no to corruption" in all our official correspondence reinforcing our commitment towards zero tolerance of corruption. During the year, there was no violation of laws, regulations, and voluntary codes of practice in the economic or social areas. Moreover, no fines were paid and no non-monetary penalties for failure to comply with legal regulations were levied.

FFC attaches particular importance to fair interaction with competitors, suppliers, and customers. FFC has developed a formal procedure for dealing with complaints, if any, at each location of operation, where interest groups may contact the resident managers of the relevant location at any time to lodge complaints. Bodies also exist to deal with specific issues. During the year, there was no complaint by interest groups or institutions at the relevant locations regarding issues of public or social concern.

Responsibly marketing products

We market our products through distribution channels to make it convenient for our customers to buy our products. We have in place standard marketing procedures according to the applicable laws and enable our customers to make informed purchase decisions. We facilitate dealers and customers through SMS service and ASKSONA Card, which gives information about pricing and shipments and online placement of order and payment processing.

FFC produces and markets quality products that correspond to the international standards and are accompanied by the required labeling information. Security labels ('Pehchan' Sticker) and special colored stitching thread are used which get changed after a specific time to control dumping, malpractices, and pilferage of product. The Provincial Fertilizer Control Order and Fertilizer Act requires printing of information about the net weight of the bag, chemical name of the fertilizer inside the bag, the chemical composition of the fertilizer, manufacturer, and marketer, and price. Dedicated staff trained on labeling as per applicable laws and regulations ensure compliance with the requirements. FFC adheres to laws, standards, and voluntary codes related to advertising, promotion, and sponsorship. The voluntary codes include but are not limited to fair competition, ethics, social norms, cultural values, and honest disclosure of benefits/features of the product.

The product marketing responsibility lies with the marketing department and the Managing Director & Chief Executive Officer is responsible for the impacts and marketing of products. FFC constantly monitors and carries out regular reviews of all business aspects and processes in order to ensure that they continue to confirm the required objectives and our commitment to sustainability. The company reviews its management approach and compliance with the laws, standards, and voluntary codes on a regular basis which is dependent on the nature of the activity. Based on the review, the management approach is modified, if required.

There were no incidents - either offenses or criminal investigations – on account of breaches against applicable laws and voluntary codes of practice in relation to information about the labeling of products and services. Similarly, there were no infringements of laws/regulations in terms of the procurement, use, or supply of products and services. During the year, all products were in compliance with labeling requirements specified by the laws and regulations.

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Forward Looking Statement 200

Always have something to look forward to!

FORWARD LOOKING STATEMENT

Holistic management of our capitals is critical to keep creating and sharing value with our stakeholders. We are committed to consolidating our value creation ability by adjusting our strategies to capitalize on the opportunities and manage risks posed in the external environment. Efficient utilization of our available stock of capitals, reducing impairment, preserving, and enhancing capital stocks through our value-creating activities will be critical for long-term success. Our work to embed SDGs into our corporate strategy and policies will result in more focused efforts to reduce our environmental impacts, explore growth opportunities, and contribute towards sustainable development.

Disruptive economic conditions, dwindling agricultural growth, and declining natural gas reserves are major hurdles in the coming years. Low farm productivity, increasing agricultural input costs, increasing poverty among the rural population, and rising food prices are resulting in risks and opportunities for our sector. However, with the promotion of crop insurance, agricultural finance, and consistent gas supply to the fertilizer industry, we are confident to achieve our future targets. We are also exploring alternative raw materials for fertilizer manufacturing and pursuing diversification strategies to advance our value creation potential and deliver value to all of our stakeholders.

The existence of human life and the growth of our business is subject to the availability of natural resources. Rising issues of climate change, water scarcity, and increasing waste especially plastic waste require urgent action to preserve and restore natural capital. We understand our responsibility and take actions to reduce our environmental impact through continuous upgrades at our plants and the adoption of cleaner technologies. Our environmental targets, which are redefined this year, guide our efforts for better management of our environmental footprint. We are also exploring the science-based targets for reducing GHG emissions in line with climate science. Science-based targets are GHG reduction targets which are in line with climate science to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

Our continuous success in the marketplace is supported by the knowledge and skills of our people. They drive value creation through the integration of different capitals in our value creation activities. We are committed to getting on board a highly qualified, motivated, and diversified workforce, nurturing their talent, providing a decent and productive workplace to showcase their abilities and reward them with competitive benefits.

Rising food prices and low farm productivity are causing non-availability of food, malnutrition, and poverty in society. Increasing farm productivity through supportive agricultural policies and provision of an advisory on balanced use of fertilizer is required to fight hunger, poverty, and inequalities. We are committed to playing our part through our farm advisory program to build farmers' capacity, introduce new farming methods and advise on balanced fertilizer use. We realize the support of our plant site communities and are committed to continuing our community development programs in defined fields to support socio-economic development around plant sites as well as for larger society.

A strong governance structure and transparent reporting practices are advancing our role in society and help us to win our stakeholders' confidence. We are committed to continuing to embrace best-in-class governance practices, acting as a role model for the corporate sector in Pakistan, engaging with our stakeholders on issues of interest, and playing a leading role to inspire peer companies for playing their part towards sustainable development.



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"Compliance is a responsibility!

ABOUT OUR REPORT

This report is prepared in accordance with the Integrated Reporting (IR) Framework of International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI) Standards: comprehensive option, the Chemical Industry Standard of the Sustainability Accounting Standard Board (SASB), and the requirements of the United Nations Global Compact (UNGC) "Ten Principles" to provide stakeholders a concise and transparent assessment of our value creation ability and our contribution towards the SDGs.

Scope and boundary

Reporting Period

The report is prepared and published annually. The 2021 report covers the period 1 January to 31 December 2021. The last year's report was published on February 22, 2021.

Operating businesses

The report covers the activities of FFC and does not include information about subsidiaries and associated companies. The economic and social data presented in the report includes data of FFC's manufacturing plants, marketing offices, and head office, while the environmental data relates to plant sites and does not include the environmental impact of other locations except for the environmental impacts of fuel and electricity used at head office, marketing offices, and warehouses. The information about the impact of our activities – while creating value - beyond FFC operations is not discussed due to the non-availability of reliable and verifiable data.

Financial and non-financial reporting

The report includes both financial and non-financial performance, risks and opportunities, and outcomes attributable to our activities and key stakeholders that have a significant influence on our value creation ability. Extensive details about financial position and performance are available on pages 52-87 of the report.

Target readers

The report is primarily intended to address the needs of investors and to provide them a holistic view of our value creation potential taking into account financial and non-financial risks and opportunities. The information is also presented for other key stakeholders including our employees, suppliers, regulators, and society.

Report content and methodology

Report content

The contents are based on the results of our engagement with stakeholders, requirements of IIRC Framework, GRI Sustainability Reporting Standards, SASB Chemical Industry Standard, and UNGC "Ten Principles".

Report methodology

The compilation of data has been done on the basic scientific measurement and mathematical calculus methods on an actual basis, but in some cases where actual data is unavailable due to some reasons, different logical methodologies are used for calculations. The usage of any such method is mentioned at the respective places in the report. The data measurement techniques are the same as used for the previous year. There are no changes in the reporting period, scope, and boundary of the report. Moreover, there are no changes that can significantly affect the comparability of data from period to period. Previous years' figures have been regrouped/rearranged wherever found necessary to conform to this year's classification.

The report is part of the annual reporting process subject to independent review and approval by the CSR Committee, the highest decision-making body headed by MD & CEO. FFC makes every effort to ensure the accuracy of the sustainability information. From time to time, however, figures may be updated. 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, as well as the HTML version, can be accessed at http://www.ffc.com.pk/investors-relations/annual-reports/



Independent external review

The report was externally reviewed by BSD Consulting, an independent reviewer, in order to check compliance with IR Framework, GRI Standards, SASB Chemical Industry Standard, ISAE 3000 (Revised), and AA 1000AS Principles of Inclusively, Materiality, Responsiveness, and Impact. The senior executives were involved in the review process through involvement in the selection of the reviewer, discussing and responding to the reviewer's observations, and providing management representation.

Key concepts

Our value creation process

Value creation is the result of how we use our capitals to deliver sustainable performance over different time horizons and optimize value for all stakeholders.

Materiality and material matters

We apply the principle of materiality to determine which information should be included in the report. This report focuses on issues, opportunities, and challenges that have a material impact on FFC, its ability to consistently create and share value to stakeholders and matters, which are of interest to different stakeholders and which reflect significant impact of FFC activities on the economy, environment, and society. Our material matters influence the strategy and content of this report. The material matters are assessed persistently to ensure that our strategy remains relevant in an evolving operating environment.

Our Capitals

Our significance as a leading fertilizer company today and in the future and our ability to create value over different time horizons primarily depends on the capital available to us (inputs), how we utilize these capitals (value creation activities), our impacts on these capitals and the ultimate value we deliver (outputs and outcomes).

Financial

Our shareholders' equity and funding from banks are used to support our business and operational activities.

Intellectual

Our brand and reputation, research, and development, Agri services innovation capacity, and partnerships.

Manufactured

Our manufacturing plants, our business structure, and operational processes provide the basis and procedure of how we do business and create value.

Social and relationship

Our strong stakeholder relationships with communities, farmers, and other key actors. We recognize the role fertilizers play in increasing soil fertility and ensuring food security.

Human

Our people, our culture, and investment in the development of skills and collective knowledge of our workforce.

Natural

Our dependency and impact on natural resources and ecosystems through the use of raw material, water, energy, and discharge of emissions, wastewater, and effluents.

Responsibility for an integrated report

The management acknowledges the responsibility to ensure the integrity of this report, which in its opinion addresses all material issues and presents FFC's integrated performance in accordance with Regulatory Framework, Sustainability Reporting Standards, and Integrated Reporting Framework.

Feedback

We value your feedback. Please connect with the sustainability team for questions or suggestions.

Ms. Sadaf Khan

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INDEPENDENT EXTERNAL REVIEW 2021

BSD Consulting – an ELEVATE Company performed an independent review of the Fauji Fertilizer Company Limited (FFC) Sustainability Report 2021 (the report). The report was prepared in accordance with Global Reporting Initiative's (GRI) Standards´ Comprehensive option and was also guided by the Integrated Reporting (<IR>) framework. Furthermore, the report applied the Sustainability Accounting Standard Board´s (SASB) Chemical Industry Standard, Sustainable Development Goals (SDGs), and the Global Compact Principles (GC). The objective of the critical review is to provide FFC's stakeholders with an independent opinion about the quality of the report and the adherence to the AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact, as well as an evaluation against principles and elements of the Integrated Reporting (<IR>) framework and the associated multi-capital concept.

Independence

We work independently and ensure that none of the BSD staff members maintained or maintain business ties with FFC.

Our Qualification

BSD Consultant is part of ELEVATE, a global firm specialized in sustainability advisory and assurance and a licensed as assurance provider by AccountAbility under license number 000-103. The review process was conducted by a professional with experience in independent assurance and sustainability reporting.

Responsibilities of FFC and BSD

The management of FFC has prepared the Sustainability Report and is responsible for all its content. BSD was responsible for the independent review and expressed an independent conclusion on the Sustainability Report. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance placed on the report by any third party is entirely at its own risk.

Scope of Assurance

The scope of our work covers all information included in the FFC 2021 Sustainability Report, referring to the period from January 1st, 2021, through December 31st, 2021, and considered the requirements of the International Standard on Assurance Engagement (ISAE) 3000-(Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information', being co-reviewed by Nadeem Safdar and Co., Chartered Accountants.

BSD was asked to express an opinion in relation to the review scope, which includes the following aspects:

- Review of qualitative and quantitative information reported and referenced in the report.
- Evaluation of the disclosed information in the report to check adherence to the GRI's 2016 Universal and Topic Specific Standards.
- Evaluation against principles and elements of the Integrated Reporting (<IR>) framework and the associated multi-capital concept.
- Adherence to the AA1000APS-principles of Inclusivity, Materiality and Responsiveness and Impact.
- Adherence of the review process to the International Standard on Assurance Engagement (ISAE) 3000 (Revised), "Assurance Engagements other than audits or reviews of historical financial statements" to provide limited assurance on performance data within the Sustainability Report.
- Review of the Sustainable Development Goals (SDGs) linkage with GRI Standards General and Topic Specific Disclosures reported in the SDG Index.

Methodology

The methodology applied was a desk review of several drafts as well as the final report. The following approach and procedures were developed during the review process:

- A critical review of the FFC Sustainability Report 2021 initial and final draft version and the respective Content Index to check consistency and adherence to GRI´s Universal and Topic-Specific Standards.

- Evaluation of report's adherence to GRI's in accordance: Comprehensive option.
- Analysis against the Integrated Reporting principles, content elements, and the concept of the six capitals.
- Elaboration of two adjustment reports and review of adjustments made.
- Final review of the report content in the final edition.
- Analysis of the report content against AccountAbility's Principles of Inclusivity, Materiality, Responsiveness, and Impact.
- Elaboration of the Independent Review Statement.

The work was planned and carried out to provide limited, rather than reasonable assurance and we believe that the desk review of the FFC Sustainability Report completed by BSD provides an appropriate basis for our conclusions.

Opinion

GRI Standards in accordance option

FFC declares the report to be in accordance with the GRI Standard: Comprehensive option. BSD evaluated the application of the GRI Standards Universal and Topic-Specific Standards. Based on the analysis, recommendations to complete the content or to adjust the disclosure level in the Content Index have been made. The company has integrated our recommendations and we can confirm that the report is attending the above mentioned in accordance option.

Analysis against <IR> framework Principles and Capitals

BSD has evaluated the application of IIRC Guiding Principles, Content Elements, and Capitals in FFC's report. For this report, the main considerations of this analysis were the following:

- The report can be considered in line with the provisions of the IIRC Guiding Principles and Content Elements, offering insight into how the company creates and shares value through its business activities and delivering a business model that includes the flow of inputs and outputs the IR-frameworks expects companies to present.
- Outputs by capitals are disclosed but there is an opportunity to explore in more depth the value created by the company showing the entirety of its manufactured capital, providing a deeper overview of the network and facilities which are properties of the company.
- Regarding the principle of conciseness, we expect FFC to edit further reports in a more concise manner, referring to management and permanent program elements on the website or other channels and concentrating the report text on major new achievements and progress in material matters.

Main Conclusions on Adherence to AccountAbility Principles

BSD reviewed the report to analyze adherence to the AccountAbility's Principles of Inclusivity, Materiality, Responsiveness and Impact. For this report, the main considerations of this analysis were the following:

- As a GRI and IR based report, FFC´s Sustainability Report 2021 is considering all four AA1000APS-principles in the report content and elaboration.
- The current material topics are addressed in different sections of the report and supported with relevant information on the management systems and data sets which provide an accurate and balanced view of this year´s performance of the company in relation to the topics.
- The company has integrated the recommendations of former reviews made by BSD and improved specifically the reporting of progress against goals. FFC also delivered appropriate reasons to adequate corporative goals during the reporting cycle.

INDEPENDENT EXTERNAL REVIEW 2021

- While, in general, the principles are addressed in a satisfactory manner, we can appoint areas of improvement for the next reporting cycle:
  - The goals for emissions need further analysis as there are still opportunities to advance with the carbon intensity of the production of FFC. A commitment to use the guidance of the Science-Based Target-model has been made but reviews of the goals are still subject to analysis.
  - The company announced a new materiality determination for 2021 but due to different contextual reasons used the same list of issues as in 2020. For the next cycle, we recommend implementing a revision of the materiality determination considering the new global context and changes in materiality approach of the reporting standards of GRI issued in 2021 and the IR guidance (as part of the Value Reporting Foundation in conjunction with SASB).

Limitation and exclusions

The verification of financial figures and sustainability performance data was not the object of BSD´s work and the review of the Annual Report, which integrates the Sustainability Report 2021, was not in the scope of the engagement.

Final Conclusion

Compliance with GRI Standards has been disclosed in more detail in the attached GRI Content Index which provides an overview of which standards have been fully or partially responded. The disclosure items have been assessed by the reviewer and considered being accurately rated in the Content Index. Based on the scope of our work and the assurance procedures we performed using the ISAE 3000 (Revised) 'Assurance Engagements Other than Audits or Reviews of Historical Financial Statements, we conclude that nothing has come to our attention that causes us to believe that the information in FFC's Sustainability Report 2021 is not fairly stated in all material aspects.

São Paulo, February 9th, 2022



Beat Grüninger,

Senior Director, ELEVATE

BSD
an ELEVATE company

Islamabad: February 9th, 2022



Nadeem Safdar

CEO/Managing Partner
Nadeem Safdar & Co. Chartered Accountants
ICAP Membership No: 2396

GRI CONTENT INDEX

The following table has been provided to help the reader in locating content within the document, and specifies each of the GRI Standards used and lists all disclosures included in the report. Each disclosure is followed by reference to the appropriate pages in the 2021 Sustainability Report or other publicly available sources.

Key

	Fully disclosed
	Partially disclosed
	Not disclosed

GRI Standard	Disclosure	Page Number (s)	Fully, Partially, Not Disclosed
GRI 101: FOUNDATION 2016	GRI 101 contains no disclosures.		
General Disclosures			
GRI 102: General Disclosures 2016	**Organizational Profile**		
	102-1 Name of the organisation	150	
	102-2 Activities, brands, products, and services	150	
	102-3 Location of headquarters	150	
	102-4 Location of operations	150	
	102-5 Ownership and legal form	150	
	102-6 Markets served	151	
	102-7 Scale of the organisation	73, 150	
	102-8 Information on employees and other workers	176	
	102-9 Supply chain	196	
	102-10 Significant changes to the organisation and its supply chain	150, 196	
	102-11 Precautionary Principle or approach	164	
	102-12 External initiatives	151	
	102-13 Membership of associations	151	
	Strategy		
	102-14 Statement from senior decision-maker	51	
	102-15 Key impacts, risks, and opportunities	156-159	
	Ethics and Integrity		
	102-16 Values, principles, standards, and norms of behavior	02, 14-16	
	102-17 Mechanisms for advice and concerns about ethics	154	
	Governance		
	102-18 Governance structure	32-36,152	
	102-19 Delegating authority	152	
	102-20 Executive-level responsibility for economic, environmental, and social topics	153	
	102-21 Consulting stakeholders on economic, environmental, and social topics	153,160	
	102-22 Composition of the highest governance body and its committees	37-43, 152	
	102-23 Chair of the highest governance body	152	
	102-24 Nominating and selecting the highest governance body	152	

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GRI Standard	Disclosure	Page Number (s)	Fully, Partially, Not Disclosed
	102-25 Conflicts of interest	14,152	
	102-26 Role of highest governance body in setting purpose, values, and strategy	152	
	102-27 Collective knowledge of highest governance body	152-153	
	102-28 Evaluating the highest governance body's performance	154	
	102-29 Identifying and managing economic, environmental, and social impacts	153	
	102-30 Effectiveness of risk management processes	153	
	102-31 Review of economic, environmental, and social topics	153	
	102-32 Highest governance body's role in sustainability reporting	153	
	102-33 Communicating critical concerns	154	
	102-34 Nature and total number of critical concerns	154	
	102-35 Remuneration policies	154	
	102-36 Process for determining remuneration	154	
	102-37 Stakeholders' involvement in remuneration	154	
	102-38 Annual total compensation ratio		Sensitive and proprietary information
	102-39 Percentage increase in annual total compensation ratio		Sensitive and proprietary information
	Stakeholder Engagement		
	102-40 List of stakeholders' groups	160-161	
	102-41 Collective bargaining agreements	179	
	102-42 Identifying and selecting stakeholder	160	
	102-43 Approach to stakeholders' engagement	160-161	
	102-44 Key topics and concerns raised	160-161	
	Reporting Practice		
	102-45 Entities included in the consolidated financial statements	18-19	
	102-46 Defining report content and topic boundaries	161, 202	
	102-47 List of material topics	156-157	
	102-48 Restatements of information	202	
	102-49 Changes in reporting	202	
	102-50 Reporting period	202	
	102-51 Date of most recent report	202	
	102-52 Reporting cycle	202	
	102-53 Contact point for questions regarding the report	203	
	102-54 Claims of reporting in accordance with the GRI Standards	202	
	102-55 GRI content index	207	
	102-56 External assurance	203, 204	

GRI Standard	Disclosure	Page Number (s)	Fully, Partially, Not Disclosed
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 197	
	103-2 The management approach and its components	197	
	103-3 Evaluation of the management approach	52,57,197	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	127	
	201-2 Financial implications and other risks and opportunities due to climate change	164	
	201-3 Defined benefit plan obligations and other retirement plans	178	
	201-4 Financial assistance received from government	197	
Market Presence			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 175	
	103-2 The management approach and its components	174	
	103-3 Evaluation of the management approach	174	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	178	
	202-2 Proportion of senior management hired from the local community	179	
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 187	
	103-2 The management approach and its components	187	
	103-3 Evaluation of the management approach	187	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	187-188	
	203-2 Significant indirect economic impacts	187-188	
Procurement Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 196	
	103-2 The management approach and its components	196	
	103-3 Evaluation of the management approach	196	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	196	
Anti-Corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 197	
	103-2 The management approach and its components	198	
	103-3 Evaluation of the management approach	198	

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GRI Standard	Disclosure	Page Number (s)	Fully, Partially, Not Disclosed
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	198	
	205-2 Communication and training about anti-corruption policies and procedures	198	
	205-3 Confirmed incidents of corruption and actions taken	198	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 190	
	103-2 The management approach and its components	190-192	
	103-3 Evaluation of the management approach	190-192	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 168	
	103-2 The management approach and its components	164	
	103-3 Evaluation of the management approach	164	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	168	
	301-2 Recycled input materials used	168	
	301-3 Reclaimed products and their packaging materials	168	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 165	
	103-2 The management approach and its components	164	
	103-3 Evaluation of the management approach	164	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	166	
	302-2 Energy consumption outside of the organisation	166	
	302-3 Energy intensity	166	
	302-4 Reduction of energy consumption	166	
	302-5 Reduction in energy requirements of products and services	166	Not Applicable
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 169	
	103-2 The management approach and its components	164, 169	
	103-3 Evaluation of the management approach	164	
GRI 303: Water And Effluents 2018	303-1 Interactions with water as a shared resource	164, 169	
	303-2 Management of water discharge-related impacts	164, 169	
	303-3 Water withdrawal	169	
	303-4 Water discharge	169	
	303-5 Water consumption	169	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 165	
	103-2 The management approach and its components	164	
	103-3 Evaluation of the management approach	164	

GRI Standard	Disclosure	Page Number (s)	Fully, Partially, Not Disclosed
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	167	
	305-2 Energy indirect (Scope 2) GHG emissions	167	
	305-3 Other indirect (Scope 3) GHG emissions	167	
	305-4 GHG emissions intensity	167	
	305-5 Reduction of GHG emissions	167	
	305-6 Emissions of ozone-depleting substances (ODS)	167	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	167	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 170	
	103-2 The management approach and its components	164, 170	
	103-3 Evaluation of the management approach	164	
GRI 306: Effluents and Waste 2016	306-1 Waste generation and significant waste-related impacts	170	
	306-2 Management of significant waste-related impacts	170	
	306-3 Waste generated	172	
	306-4 Waste diverted from disposal	172	
	306-5 Waste directed to disposal	172	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157 ,196	
	103-2 The management approach and its components	196	
	103-3 Evaluation of the management approach	196	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	196	
	308-2 Negative environmental impacts in the supply chain and actions taken	196	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	196	
	414-2 Negative social impacts in the supply chain and actions taken	196	
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	103-2 The management approach and its components	174, 179	
	103-3 Evaluation of the management approach	174, 179	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	177	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	178-179	
	401-3 Parental leave	179	
GRI 402: Labor / Management Relations 2016	402-1 Minimum notice periods regarding operational changes	179	

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GRI Standard	Disclosure	Page Number (s)	Fully, Partially, Not Disclosed
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	180	
	405-2 Ratio of basic salary and remuneration of women to men	179	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	186	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	186	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 183	
	103-2 The management approach and its components	174, 183	
	103-3 Evaluation of the management approach	174, 183	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	183	
	403-2 Hazard identification, risk assessment, and incident investigation	183	
	403-3 Occupational health services	184	
	403-4 Worker participation, consultation, and communication on occupational health and safety	183	
	403-5 Worker training on occupational health and safety	184	
	403-6 Promotion of worker health	184	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	183-184	
	403-8 Workers covered by an occupational health and safety	183	
	management system	185	
	403-9 Work-related injuries	185	
GRI 416: Customer Health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	197	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	197	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 181	
	103-2 The management approach and its components	174, 181	
	103-3 Evaluation of the management approach	174	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	182	
	404-2 Programs for upgrading employee skills and transition assistance programs	181	
	404-3 Percentage of employees receiving regular performance and career development reviews	179	
Respect for Human Rights			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 186	
	103-2 The management approach and its components	186	
	103-3 Evaluation of the management approach	186	

GRI Standard	Disclosure	Page Number (s)	Fully, Partially, Not Disclosed
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	186	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	186	
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	186	
	412-2 Employee training on human rights policies or procedures	186	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	186	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 187	
	103-2 The management approach and its components	187	
	103-3 Evaluation of the management approach	187	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	187-188	
	413-2 Operations with significant actual and potential negative impacts on local communities	187	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 198	
	103-2 The management approach and its components	198	
	103-3 Evaluation of the management approach	198	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	198	
	417-2 Incidents of non-compliance concerning product and service information and labeling	198	
	417-3 Incidents of non-compliance concerning marketing communications	198	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	156-157, 164, 186	
	103-2 The management approach and its components	164, 186	
	103-3 Evaluation of the management approach	164, 186	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	164	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	186, 197	

UNGC - COP

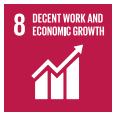
United Nations Global Compact

Principle	Statement	Page No.	Gri Standards Disclosure
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	186-188	412-1, 412-2, 413-1, 413-2
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	187-188, 196	413-1, 414-1, 414-2
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	179, 186	102-41, 402-1, 407-1
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	186	409-1
Principle 5	Businesses should uphold the effective abolition of child labor.	186	408-1
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	176 -179, 182, 186	102-8, 202-1, 202-2, 401-1, 401-3, 404-1, 404-3, 405-2, 406-1,
Principle 7	Businesses should support a precautionary approach to environmental challenges.	164, 166- 169	201-2, 301-1, 302-1, 303-3, 305-1, 305-2, 305-3, 305-6, 305-7
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	164, 166-170, 172, 196	301-1, 301-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5, 307-1, 308-1, 308-2
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	166-167	302-4, 302-5, 305-5
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	02, 14-16, 154, 198	102-16, 102-17, 205-1, 205-2

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Topic	Disclosure	Page No.
Chemical Industry Standard		
Greenhouse Gas Emissions	RT-CH-110a.1. Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	167
	RT-CH-110a.2. Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	165-167
Air Quality	RT-CH-120a.1. Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	167
Energy Management	RT-CH-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	166
Water Management	RT-CH-140a.1. (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	169
	RT-CH-140a.2. Number of incidents of non-compliance associated with water quality permits, standards, and regulations	169
	RT-CH-140a.3. Description of water management risks and discussion of strategies and practices to mitigate those risks	169
Hazardous Waste Management	RT-CH-150a.1. Amount of hazardous waste generated; percentage recycled	172
Community Relations	RT-CH-210a.1. Discussion of engagement processes to manage risks and opportunities associated with community interests	187-188
Workforce Health & Safety	RT-CH-320a.1. (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	185
	RT-CH-320a.2. Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	183-184
Management of the Legal & Regulatory Environment	RT-CH-530a.1. Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	152-154
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1. Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	183-184
	RT-CH-540a.2. Number of transport incidents	183-184

SUSTAINABLE DEVELOPMENT GOALS

SDGs		Page No.	GRI Standards Disclosure
	End poverty in all its forms everywhere	178, 187-188	202-1, 203-2, 413-2
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	127, 187-188	201-1, 203-1, 203-2, 413-2
	Ensure healthy lives and promote well-being for all at all ages	167, 170, 172, 183, 185, 187-188,	203-2, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 403-8, 403-9
	Ensure inclusive and quality education for all and promote lifelong learning	152-153, 182	102-27, 404-1
	Achieve gender equality and empower all women and girls	37-43, 127, 152, 177- 180, 182, 186-188, 196	102-22, 102-24, 201-1, 202-1, 203-1, 401-1, 401-3, 404-1, 404-3, 405-1, 405-2, 406-1, 414-1, 414-2
	Ensure access to water and sanitation for all	169- 170, 172	303-3, 303-4, 303-5, 306-1, 306-2, 306-3, 306-4, 306-5
	Ensure access to affordable, reliable, sustainable, and modern energy for all	127, 166, 187-188,	201-1, 203-1, 302-1, 302-2, 302-3, 302-4, 302-5
	Promote inclusive and sustainable economic growth, employment, and decent work for all	127, 166, 168-169, 176 -183, 185-188, 196	102-8, 102-41, 201-1, 202-1, 202-2, 203-2, 301-1, 301-2, 301-3 302-1, 302-2, 302-3, 302-4, 302-5, 303-5, 401-1, 401-2, 401-3, 402-1, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 405-1, 405-2, 407-1, 408-1, 409-1, 414-1, 414-2
	Build resilient infrastructure, promote sustainable industrialization, and foster innovation	127, 187-188	201-1, 203-1

SDGs		Page No.	GRI Standards Disclosure
	Reduce inequality within and among countries	179, 187-188	203-2, 405-2
	Make cities inclusive, safe, resilient, and sustainable	187-188	203-1
	Ensure sustainable consumption and production patterns	166-168, 170, 172, 196, 198	204-1, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 417-1
	Take urgent action to combat climate change and its impacts	164, 166-167	201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4
	Conserve and sustainably use the oceans, seas, and marine resources	167, 170, 172	305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-3, 306-5
	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	167, 172	305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-3, 306-5
	Promote just, peaceful, and inclusive societies	02, 14-16, 37-43, 152-154, 160, 164, 186, 196 -198	102-16, 102-17, 102-21, 102-22, 102-23, 102-24, 102-25, 102-29, 102-37, 205-1, 205-2, 205-3, 307-1, 414-1, 414-2, 406-1, 408-1, 416-2, 417-2, 417-3, 419-1
	Strengthen the means of implementation and revitalize the global partnership for sustainable development	148	Not applicable

PSX SDGs

Our performance on PSX defined minimum SDGs and indicators for listed companies covers all SDGs required by PSX. However, we don't have in place targets against all PSX SDGs. The targets shall be defined once our work on embedding SDGs into our corporate strategy and polices is accomplished.

Refer to page 146-148 for our work on embedding SDGs.

Governance and Strategy

Our governance and strategy related to SDGs is discussed in "Our Governance and Strategy and Resource Allocation" sections of the report which contain as to how our governance systems support SDGs and how we consider SDGs while devising our strategies and allocating resources.

Refer to page 152-154 for our governance approach and page 162 for our strategy and resource allocation.

Management Approach

Our approach to manage our impacts on SDGs and make meaningful contributions is discussed at relevant sections of the report which contains details of our policies, procedures, responsibilities, reviewing of management approach for effectiveness and making necessary adjustment where required.

Refer to page 164-198 for our management approach to manage our impacts on SDGs.

Performance

Our performance is discussed in different sections of the report and linked to different SDGs where we think we are making an impact either through managing our negative impacts or making contribution towards SDGs. However, for conciseness and relevance, we are presenting our performance against the minimum SDGs and indicators defined by PSX for listed companies. In case, detailed performance information is required for complete context, reference to the report section or page is mentioned at relevant places.

SDG and Target	Company Performance Target	Performance Indicator	Status (2021)	Status (2020)	Status (2019)	Business Action	Future Business Action
Target 5.1 End all forms of discrimination against women and girls everywhere	–	Existence of policies to promote, enforce and monitor equality and non-discrimination on the basis of gender	Policies exist to promote, enforce, and monitor equality and non-discrimination on the basis of gender	Policies exist to promote, enforce, and monitor equality and non-discrimination on the basis of gender	Policies exist to promote, enforce, and monitor equality and non-discrimination on the basis of gender	Promote, enforce, and monitor equality and non-discrimination	Promote, enforce, and monitor equality and non-discrimination
			Refer to page 174 and page 179 to read details about management approach and performance				
Target 5.2 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	–	Existence of sexual harassment, physical harassment, psychological harassment policies and grievances solving mechanism relevant to sexual, physical, and psychological violence	Sexual harassment, physical harassment, psychological harassment policies and grievances solving mechanism relevant to sexual, physical, and psychological violence exist	Sexual harassment, physical harassment, psychological harassment policies and grievances solving mechanism relevant to sexual, physical, and psychological violence exist	Sexual harassment, physical harassment, psychological harassment policies and grievances solving mechanism relevant to sexual, physical, and psychological violence exist	Enforce policies and grievances solving mechanism relevant to prevent sexual, physical, and psychological violence	Enforce policies and grievances solving mechanism relevant to prevent sexual, physical, and psychological violence
		Proportion of female employees at your company aged 15 years and older subjected to physical, sexual, or psychological violence	FFC does not employee young female workers aged 15 years. No complaint of physical, sexual, or psychological violence filed.	FFC does not employee young female workers aged 15 years. No complaint of physical, sexual, or psychological violence filed.	FFC does not employee young female workers aged 15 years. No complaint of physical, sexual, or psychological violence filed.	Enforce policies and grievances solving mechanism relevant to prevent sexual, physical, and psychological violence	Enforce policies and grievances solving mechanism relevant to prevent sexual, physical, and psychological violence
			Refer to page 179, 186 to read details about management approach and performance				

SDG and Target	Company Performance Target	Performance Indicator	Status (2021)	Status (2020)	Status (2019)	Business Action	Future Business Action
 **Target 6.4** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Target 2021 Limit increase in water intake to 5% from 2018 level	Total water withdrawal by source	Overall ~2.0% reduction in fresh water intake achieved from 2018 level	3.8% reduction in fresh water intake has been achieved till 2020 compared to 2018 level.	4.5% reduction in fresh water intake has been achieved in year 2019 compared to 2018 level	Increased water efficiency and recycling	Promote water efficiency and water recycling to limit increase in water intake to 3% of 2018 level.
			Fresh water consumption per ton	Fresh water consumption per ton	Fresh water consumption per ton		
			5.30 liter per ton	6.22 liter per ton	5.86 liter per ton		
 **Target 7.2** By 2030, increase substantially the share of renewable energy in the global energy mix	-	Renewable energy share in the total final energy consumption	-	-	-	FFC is exploring different renewable energy options to include renewable energy in total energy mix	Promotion of renewable energy to decrease environmental footprint
Target 7.b 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	-	Value of investment to enhance energy efficiency at your company in PKR	PKR 90.2 million	PKR 919 million	PKR 6 million	Continuous investment in new technologies to enhance energy efficiency	Continuous investment in new technologies to enhance energy efficiency to cut costs and decrease environmental footprint
 **Target 8.3** 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	-	Proportion of informal (contract, casual and daily wage) employment in non-agriculture areas at your company	FFC strictly complies with applicable laws governing employment practices and adheres to the international conventions. No informal employment practices exist at FFC. Refer to page 174 to read details about management approach and performance			Compliance with applicable laws and adherence to international charters	Compliance with applicable laws and adherence to international charters

PSX SDGs

SDG and Target	Company Performance Target	Performance Indicator	Status (2021)	Status (2020)	Status (2019)	Business Action	Future Business Action
Target 8.5 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	-	Average hourly earnings of managerial and non-managerial employees, by gender (Based on Average Basic Pay Scale) M = Manager S = Staff	2021 Male / Female M: 1,045 / 1,045 S: 132 / 132	2020 Male / Female M: 950 / 950 S: 119 / 119	2019 Male / Female M: 897 / 897 S: 111 / 111	Compliance with applicable laws	Compliance with applicable laws
		Average hourly earnings of your managerial and non-managerial employees with disabilities, by gender M = Manager S = Staff	2021 Same as above	2020	2019	Compliance with applicable laws	Compliance with applicable laws
		Minimum wage of employees	2021 28,877	2020 27,577	2019 27,577	Compliance with applicable laws	Compliance with applicable laws
		Number of net new jobs created at your company, by gender and persons with disabilities	2021 We are an equal opportunity company. Jobs are created as per company requirements and not by gender and disability. All qualified persons can apply for them and be selected regardless of gender or disability. Refer to page 177-178 to read details about hiring and attrition details.	2020	2019	-	-
		Proportion of your employees with disabilities					
Target 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	-	Frequency rates of fatal and non-fatal occupational injuries at your company, by gender and migrant status	Refer to page 185 to read details about performance			Promote culture of safety to prevent fatal and non-fatal occupational injuries	Promote culture of safety to prevent fatal and non-fatal occupational injuries
		Compliance with labor rights based on national and provincial legislation	FFC is compliant with labor rights based on national and provincial legislation as well as international charters			Ensure compliance of applicable laws and charters	Ensure compliance of applicable laws and charters
Target 9.4 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		CO_2 emissions per ton of urea	2021 0.76	2020 0.76	2019 0.75	Continuous investment in cleaner technologies to reduce environmental footprint	Maintain emissions intensity at 2020 level

SDG and Target	Company Performance Target	Performance Indicator	Status (2021)	Status (2020)	Status (2019)	Business Action	Future Business Action
 **Target 12.4** 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	-	Quantity of hazardous waste generated and treated Does FFC treat its hazardous waste in accordance with the international multilateral agreements signed by the Government of Pakistan?	Refer to page 170-172 to read details about our management approach and waste data.			Compliance with applicable laws for handling and treatment of hazardous waste	Compliance with applicable laws for handling and treatment of hazardous waste
Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	-	Quantity of waste material generated and recycled	Refer to page 172 to read details about waste data.			Promote waste prevention over recycling where possible. Explore recycling options	Promote waste prevention over recycling where possible. Explore recycling options
Target 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability reporting in their reporting cycle	-	1. Does FFC publish sustainability report? 2. Does FFC report on SDG?	FFC has been publishing an annual sustainability report since 2011. FFC also reports on its contributions and impacts on SDGs.			Adopt best sustainability practices and embed SDGs into operations for better managing impacts.	Adopt best sustainability practices and embed SDGs into operations for better managing impacts.

GLOSSARY AND ACRONYMS

AMCON	Annual Management Conference
CBA	Collective Bargaining Agent
CSR	Corporate Social Responsibility
DAP	Di-ammonium Phosphate, a chemical composition of Nitrogen (18%) and Phosphorus (46%) fertilizers
GIDC	Gas Infrastructure Development Cess
EEF	Enhanced Efficiency Fertilizers
FAC	Farmer Advisory Centre
FAS	Farmer Advisory Services
GRI	Global Reporting Initiative
GHG	Green House Gases
HIRADC	Hazard Identification Risk Assessment and Determining Control
HAZOP	Hazard and Operability
HORC	Hazard Observation and Review Committee
HSE	Health Safety and Environment
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost & Management Accountants of Pakistan
IFA	International Fertilizer Association
MMSCF	Million Standard Cubic Feet
M&O	Manufacturing and Operations
MW	Mega Watt
NIAB	Nuclear Institute for Agriculture and Biology
NCU	Neem Coated Urea
NEQS	National Environmental Quality Standards
NGO	Non-Government Organisation
OHSAS	Occupational Health and Safety Management System
PSX	Pakistan Stock Exchange
SIGNIFICANT LOCATION	Significant location of operations means locations where offices and plants are located
SOC	Safe Operation
SOP	Sulphate of Potash. Primarily a Potassic fertilizer
TCFD	Task Force on Climate-Related Financial Disclosures
UNGC	United Nations Global Compact

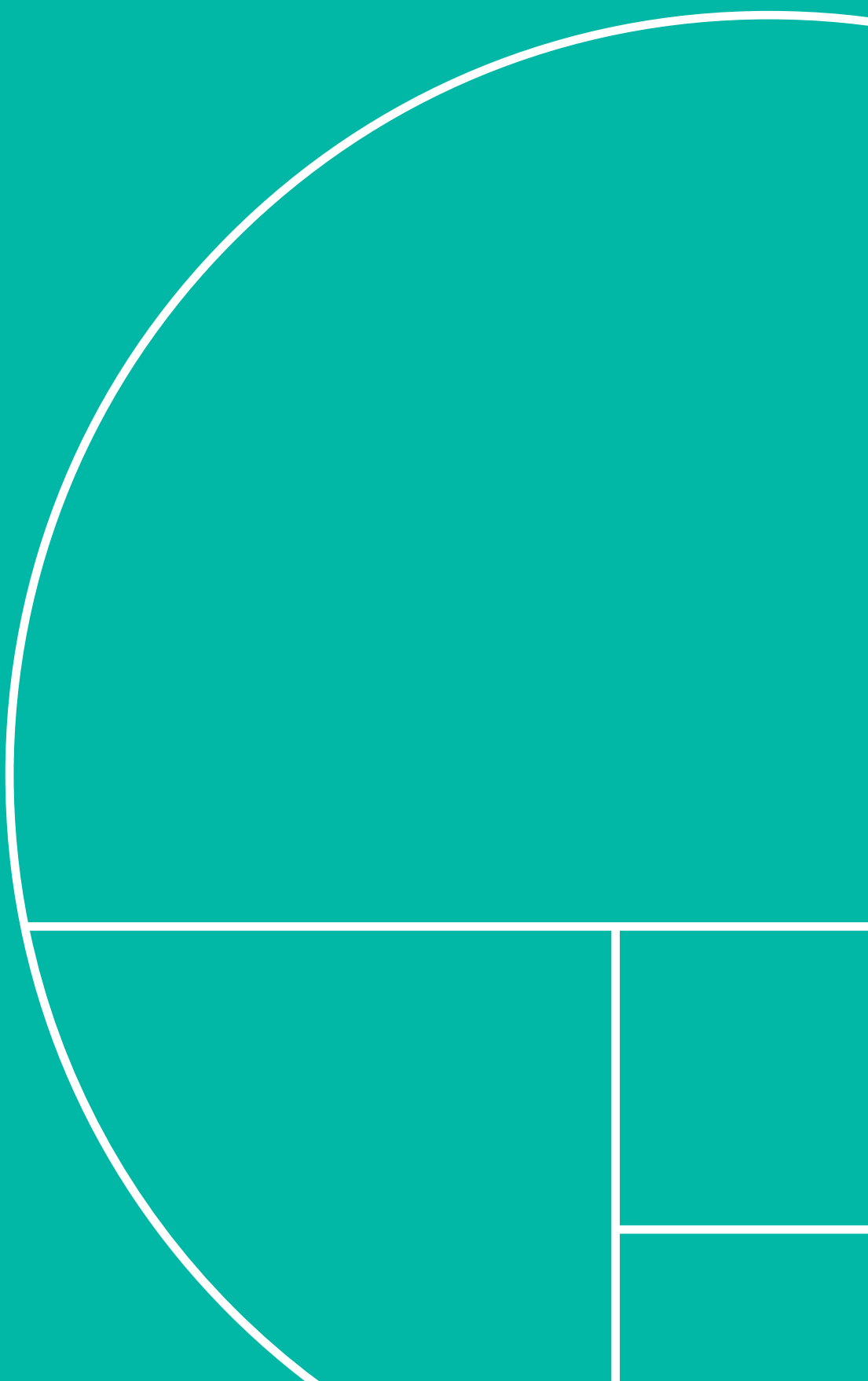




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04

Financial Statements

Financial Statements of the Company along with Reports by the Audit Committee and Independent External Auditors

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REPORT OF THE AUDIT COMMITTEE

on Listed Companies (Code of Corporate Governance) Regulations, 2019

Composition of The Audit Committee

Audit Committee of the FFC Board of Directors comprises of four directors. Two members of the Committee including the Chairman are independent non-executive directors, whereas the other two members are non-executive directors.

Mr Saad Amanullah Khan was reappointed as Chairman of the Committee after the composition of new Board. All the Committee members are financially literate, who possess significant acumen related to finance, economics and business management.

The names and profiles of the Audit Committee members are given from Page 32 to 36 of the Report.

Chief Financial Officer of the Company attends the meeting of Audit Committee on invitation; internal auditors are present in all the Committee meetings whereas External Auditors attend the meetings on requirement basis.

Financial Statements

The Committee has concluded its annual review of the Company's performance, financial position and cash flows during 2021, and reports that:

- The separate and consolidated financial statements of FFC for the year ended December 31, 2021 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 state of affairs of the Company, results of operations, profits, cash flows and changes in equity of the Company and its subsidiaries for the year under review.
- 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.
- Appropriate accounting policies have been consistently applied, which have been appropriately disclosed in the financial statements.
- 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.
- Statement of Compliance with the Code of Corporate Governance 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 Shareholding. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.

- 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 mechanism for identification of risks and 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 function is responsible for providing assurance on the effectiveness and adequacy of internal control and risk management framework in managing risks within acceptable levels throughout the Company.
- The Company's approach towards risk management has been disclosed in the Risk and Opportunity section of this Report.

Internal Audit

- The Company's system of internal controls is sound in design and is continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders' wealth, through assurances provided by internal audit function.
- The Internal Audit function has carried out its assignments in accordance with annual audit plan approved by the Audit Committee. The Committee has reviewed material Internal Audit findings, taken appropriate actions where necessary or brought the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman 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.

External Auditors

- The statutory Auditors of the Company, A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignment of the Company's Financial Statements, the Consolidated Financial Statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended December 31, 2021 and shall retire on the conclusion of the 44th Annual General Meeting of the Company.

REPORT OF THE AUDIT COMMITTEE

on Listed Companies (Code of Corporate Governance) Regulations, 2019

- The Audit Committee has discussed the audit process and the observations, if any, of the auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.
- The Auditors either attended or were available for discussions, during the audit committee meetings where their reports were discussed. The Auditors confirmed their attendance of the 44th Annual General Meeting scheduled for March 25, 2022.
- A. F. Ferguson & Co., Chartered Accountants also provide taxation services to the Company. The firm has no financial or other relationship of any kind with the Company except that of External Auditor and Taxation Consultant.
- Being eligible, A. F. Ferguson & Co., Chartered Accountants have offered themselves to be reappointed as auditors for the financial year 2022. They have requested a 10% increase in audit fee to Rs 2,890 million.
- The Committee is satisfied with the performance of the External Auditors. The engagement partner on the audit was Mr Asim Masood Iqbal. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of A. F. Ferguson & Co., Chartered Accountants as External Auditors of the Company for the year ending December 31, 2022 at an increased fee of Rs 2,890 million.

Annual Integrated Report 2021

- The Company has issued a comprehensive Annual Integrated Report 2021, which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses information and explanation relating to the Capitals, much in excess of the regulatory requirements to offer an in depth understanding about the management style, governance, the policies set in place by the Company, overview of its value creating business model, discloses matters related to long term sustainability and presents fairly the integrated performance during the year, and future prospects to various stakeholders 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 Integrated Report 2021 has been prepared on the basis and guidelines of International Integrated Reporting Framework.

The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with Terms of Reference approved by the Board, which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board's performance, which also included members of the Audit Committee was carried out separately and is detailed in this Report.



Saad Amanullah Khan
Chairman – Audit Committee
Rawalpindi
January 31, 2022

STATEMENT OF COMPLIANCE

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

Name of Company: **Fauji Fertilizer Company Limited**

Year ended: **December 31, 2021**

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

1) The total number of Directors are 13 as per the following:

a.	Male:	11
b.	Female:	02

2) The composition of the Board is as follows:

i)	Independent Directors* (excluding Female Directors)	Mr. Saad Amanullah Khan Mr. Jehangir Shah
ii)	Non-Executive Directors	Mr. Waqar Ahmed Malik Dr. Nadeem Inayat Maj Gen Naseer Ali Khan, HI(M) (Retired) Mr. Peter Bruun Jensen Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired) Syed Bakhtiyar Kazmi Mr. Shoaib Javed Hussain Dr. Hamid Ateeq Sarwar
iii)	Executive Director	Mr. Sarfaraz Ahmed Rehman
iv)	Female Directors (Independent Directors)*	Ms. Maryam Aziz Dr. Ayesha Khan

*Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company (13) adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contributions. Therefore, the fraction (4.33) for independent directors has not been rounded up.

3) The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;

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

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

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

STATEMENT OF COMPLIANCE

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

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

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

9) The Board had arranged Directors' Training program as follows;

During prior years:

- Mr Waqar Ahmed Malik
- Dr Nadeem Inayat
- Mr Saad Amanullah Khan
- Ms Maryam Aziz
- Maj Gen Naseer Ali Khan, HI(M) (Retired)
- Dr. Ayesha Khan
- Mr Sarfaraz Ahmed Rehman

During current year:

- Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)
- Syed Bakhtiyar Kazmi
- Mr Shoaib Javed Hussain

Further, Mr Jehangir Shah meets the exemption requirement of the Director's training program.

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

Mr Saad Amanullah Khan - Chairman (Independent Director)
Dr Nadeem Inayat - Member
Syed Bakhtiyar Kazmi - Member
Mr Jehangir Shah - Member (Independent Director)

b) HR and Remuneration Committee

Dr Ayesha Khan - Chairperson (Independent Director)
Maj Gen Naseer Ali Khan, HI(M) (Retired) - Member
Mr Saad Amanullah Khan - Member (Independent Director)
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired) - Member

c) System & Technology Committee

Mr Peter Bruun Jensen - Chairman
Dr Nadeem Inayat - Member
Maj Gen Naseer Ali Khan, HI(M) (Retired) - Member
Ms Maryam Aziz - Member (Independent Director)

d) Investment Committee

Dr Nadeem Inayat - Chairman
Ms Maryam Aziz - Member (Independent Director)
Syed Bakhtiyar Kazmi - Member
Dr Ayesha Khan - Member (Independent Director)
Mr Jehangir Shah - Member (Independent 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 (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee – Quarterly – 5 meetings held during the year

b) HR and Remuneration Committee - On required basis – 5 meetings held during the year

c) System & Technology Committee - On required basis – 4 meetings held during the year

d) Investment Committee – On required basis – 1 meeting held during the year

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

16) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the 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, 2019 have been complied with; and

19) Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

The broad functions of Nomination Committee and Risk Management Committee are already being performed by other committees. The BOD is therefore of the opinion that separate committees for Nomination and Risk Management are not required.

Waqar Ahmed Malik
Chairman

Sarfaraz Ahmed Rehman
Managing Director & Chief Executive Officer
Rawalpindi
January 31, 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fauji Fertilizer Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fauji Fertilizer Company Limited (the Company) for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2021.



Chartered Accountants
Islamabad
Date: March 2, 2022
UDIN: CR2021100533xmF0RQts

INDEPENDENT AUDITOR'S REPORT

To The Members of Fauji Fertilizer Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Fauji Fertilizer Company Limited (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss, the statement of profit or loss and other 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, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2021 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 for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Investment in Foundation Wind Energy - I Limited and Foundation Wind Energy - II Limited** (Refer note 16.7, note 16.8 and note 16.8.1 to the financial statements) During the year, the Company acquired 100% shareholding in Foundation Wind Energy - I Limited (FWEL – I) and 80% shareholding in Foundation Wind Energy - II Limited (FWEL – II) from previous shareholders i.e. Fauji Foundation (a related party) and Fauji Fertilizer Bin Qasim Limited (a related party) under Share Purchase Agreements dated August 13, 2021 with acquisition date of September 29, 2021 at a base payment amount of Rs 7,493 million and Rs 6,019 million, respectively, which was paid in full on September 29, 2021. We considered acquisition of FWEL – I and FWEL – II to be a key audit matter as this was a significant transaction of the year.	**Our procedures in relation to this matter included, amongst others:** - Inspected the Share Purchase Agreements to obtain an understanding of the transaction and the key terms; - Inspected minutes of the meeting of the Board of Directors and shareholders of the Company for the approval of the transaction; - Inspected approvals obtained by the Company from the relevant authorities in respect of the acquisition; - Inspected report of management valuation expert in support of the acquisition price; - Obtained latest audited financial statements and budget of FWEL – I and FWEL – II; and - Assessed the adequacy and appropriateness of the related disclosures in the separate financial statements for compliance with the requirement of the applicable financial reporting framework.

INDEPENDENT AUDITOR'S REPORT

To The Members of Fauji Fertilizer Company Limited

Report on the Audit of the Financial Statements

S. No.	Key audit matters	How the matter was addressed in our audit
2	**Revenue recognition** (Refer notes 3.19 and 27 to the financial statements) The Company is engaged in production and sale of fertilizers. The Company recognized revenue from the sale of fertilizers amounting to Rs 108,651 million for the year ended December 31, 2021. We identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions involving a large number of customers spread in various geographical locations. Further, revenue is one of the key performance indicator of the Company. Accordingly, it was considered as a key audit matter.	**Our procedures in relation to this matter included, amongst others:** - Obtained understanding of the process relating to recognition of revenue and checked the design, implementation and operating effectiveness of relevant internal controls over recording of revenue; - Performed verification of sample of revenue transactions with underlying documentation including delivery documents and sales invoices; - Performed cut-off procedures on sample basis to ensure revenue has been recorded in the correct period; - Verified that sales prices are approved by appropriate authority; and - Checked that revenue has been recognized in accordance with Company's accounting policy and the applicable accounting and financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other 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 Asim Masood Iqbal.



Chartered Accountants
Islamabad
Date: March 2, 2022
UDIN: AR202110053fKX7gEa35

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	2021	2020
		Rs '000	Rs '000
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves	5	160,000	160,000
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		25,779,498	20,659,023
		34,581,858	29,461,383
Surplus on re-measurement of investments to fair value - net		50,054	191,906
		47,514,294	42,535,671
NON - CURRENT LIABILITIES			
Long term borrowings - secured	6	16,740,000	10,627,321
Lease liabilities		24,250	59,161
Deferred government grant		–	24,633
Gas Infrastructure Development Cess (GIDC) payable	8	20,801,970	32,771,664
Deferred liabilities	9	3,757,259	5,259,415
		41,323,479	48,742,194
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	6	4,504,198	4,334,776
Current portion of lease liabilities		37,494	23,132
Current portion of deferred government grant	7	40,802	87,659
Trade and other payables	10	62,481,315	46,620,853
Mark-up and profit accrued	11	722,941	274,936
Short term borrowings - secured	12	38,954,272	25,257,980
Unclaimed dividend		471,891	467,812
Taxation		4,956,079	4,603,745
		112,168,992	81,670,893
TOTAL EQUITY AND LIABILITIES		201,006,765	172,948,758
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 44 form an integral part of these financial statements.

	Note	2021	2020
		Rs '000	Rs '000
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	14	23,987,286	22,840,989
Intangible assets	15	1,576,441	1,571,935
Long term investments	16	46,114,698	34,674,616
Long term loans and advances - secured	17	3,044,137	1,945,533
Long term deposits and prepayments	18	14,678	14,088
		74,737,240	61,047,161
CURRENT ASSETS			
Stores, spares and loose tools	19	4,557,509	4,433,760
Stock in trade	20	1,048,397	319,989
Trade debts	21	833,231	2,287,336
Loans and advances - secured	22	758,658	789,170
Deposits and prepayments	23	66,684	50,685
Other receivables	24	22,619,197	20,965,069
Short term investments	25	95,196,271	81,902,113
Cash and bank balances	26	1,189,578	1,153,475
		126,269,525	111,901,597
TOTAL ASSETS		201,006,765	172,948,758

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

STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2021

	Note	2021	2020
		Rs '000	Rs '000
Turnover - net	27	108,650,890	97,654,753
Cost of sales	28	(69,771,813)	(66,071,461)
GROSS PROFIT		38,879,077	31,583,292
Distribution cost	29	(8,409,132)	(7,848,004)
		30,469,945	23,735,288
Finance cost	30	(2,292,115)	(1,873,508)
Other gains / (losses)			
Gain on extinguishment of original GIDC liability		–	5,926,537
Unwinding of GIDC liability		(2,441,489)	–
Loss allowance on subsidy receivable from GoP		(370,000)	(987,000)
		(2,811,489)	4,939,537
Impairment loss on investment			
in Fauji Fresh n Freeze Limited		–	(1,000,000)
		(2,811,489)	3,939,537
Other expenses	31	(2,946,366)	(2,639,202)
Other income	32	7,919,166	6,429,344
PROFIT BEFORE TAXATION		30,339,141	29,591,459
Provision for taxation	33	(8,443,000)	(8,772,000)
PROFIT FOR THE YEAR		21,896,141	20,819,459
Earnings per share - basic and diluted (Rupees)	34	17.21	16.36

The annexed notes 1 to 44 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	2021	2020
	Rs '000	Rs '000
PROFIT FOR THE YEAR	21,896,141	20,819,459
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that may be reclassified to profit or loss		
(Deficit) / surplus on re-measurement of investments		
to fair value - net of tax	(141,852)	205,547
Items that will not be reclassified to profit or loss		
Gain on re-measurement of staff retirement		
benefit plans - net of tax	81,490	2,197
OTHER COMPREHENSIVE (LOSS) / INCOME - NET OF TAX	(60,362)	207,744
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	21,835,779	21,027,203

The annexed notes 1 to 44 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, 2021

	Note	2021	2020
		Rs '000	Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	33,141,001	48,130,592
Finance cost paid		(1,837,527)	(2,266,264)
Income taxes paid		(9,282,666)	(6,320,111)
		(11,120,193)	(8,586,375)
Net cash generated from operating activities		22,020,808	39,544,217
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,590,846)	(2,942,574)
Proceeds from disposal of property, plant and equipment		21,847	39,895
Investment in Fauji Fresh n Freeze Limited		–	(601,866)
Investment in Foundation Wind Energy I & II Limited		(13,512,339)	–
Advance against issue of shares to			
OLIVE Technical Services (Private) Limited		(20,000)	–
Thar Energy Limited		(376,707)	–
Fauji Fertilizer Bin Qasim Limited		–	(2,493,774)
Increase in other investments - net		424,812	355,639
Interest and profit received		718,441	891,347
Dividend received		2,150,266	1,151,177
Net cash used in investing activities		(14,184,526)	(3,600,156)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		10,469,601	8,409,538
Repayments		(4,187,500)	(4,631,191)
Repayment of lease liabilities		(30,913)	(31,317)
Grant received during the year		–	190,462
Dividend paid		(16,853,077)	(14,131,868)
Net cash used in financing activities		(10,601,889)	(10,194,376)
Net (decrease) / increase in cash and cash equivalents		(2,765,607)	25,749,685
Cash and cash equivalents at beginning of the year		57,709,240	31,886,368
Effect of exchange rate changes		234,784	73,187
Cash and cash equivalents at end of the year		55,178,417	57,709,240
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,189,578	1,153,475
Short term borrowings		(38,954,272)	(25,257,980)
Short term highly liquid investments		92,943,111	81,813,745
		55,178,417	57,709,240

The annexed notes 1 to 44 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, 2021

	Share capital	Capital reserves	Revenue reserves		Surplus / (deficit) on re-measurement of investments to fair value - net	Total
			General reserve	Unappropriated profit		
	Rs '000					
Balance as at January 1, 2020	12,722,382	160,000	8,802,360	13,895,600	(13,641)	35,566,701
Total comprehensive income for the year						
Profit for the year	–	–	–	20,819,459	–	20,819,459
Other comprehensive income - net of tax	–	–	–	2,197	205,547	207,744
	–	–	–	20,821,656	205,547	21,027,203
Transactions with owners of the Company						
Distributions:						
Final dividend 2019: Rs 3.25 per share	–	–	–	(4,134,774)	–	(4,134,774)
First interim dividend 2020: Rs 2.50 per share	–	–	–	(3,180,596)	–	(3,180,596)
Second interim dividend 2020: Rs 2.75 per share	–	–	–	(3,498,655)	–	(3,498,655)
Third interim dividend 2020: Rs 2.55 per share	–	–	–	(3,244,208)	–	(3,244,208)
	–	–	–	(14,058,233)	–	(14,058,233)
Balance as at January 1, 2021	12,722,382	160,000	8,802,360	20,659,023	191,906	42,535,671
Total comprehensive income for the year						
Profit for the year	–	–	–	21,896,141	–	21,896,141
Other comprehensive income / (loss) - net of tax	–	–	–	81,490	(141,852)	(60,362)
	–	–	–	21,977,631	(141,852)	21,835,779
Transactions with owners of the Company						
Distributions:						
Final dividend 2020: Rs 3.40 per share	–	–	–	(4,325,610)	–	(4,325,610)
First interim dividend 2021: Rs 3.50 per share	–	–	–	(4,452,834)	–	(4,452,834)
Second interim dividend 2021: Rs 2.60 per share	–	–	–	(3,307,819)	–	(3,307,819)
Third interim dividend 2021: Rs 3.75 per share	–	–	–	(4,770,893)	–	(4,770,893)
	–	–	–	(16,857,156)	–	(16,857,156)
Balance as at December 31, 2021	12,722,382	160,000	8,802,360	25,779,498	50,054	47,514,294

The annexed notes 1 to 44 form an integral part of these financial statements.

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

1. CORPORATE AND GENERAL INFORMATION

1.1 The Company and its operations

Fauji Fertilizer Company Limited (the Company) is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is domiciled in Rawalpindi. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical, cement, energy generation, food processing and banking operations.

The business units of the Company include the following:

Business unit	Graphical location
Registered office	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Production plants	
Goth Machhi	Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab
Mirpur Mathelo	Mirpur Mathelo (District: Ghotki), Sindh
Karachi Office	B-35, KDA Scheme No. 1, Karachi, Sindh
Marketing division	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Zonal marketing offices	
North zone	Lahore Trade Centre, 11 Sharah-e-Aiwan-e-Tijarat Lahore, Punjab
Central zone	Ali Maskan, District Jail Road, Multan, Punjab
South zone	B-35, KDA Scheme # 1, Karsaz, Karachi, Sindh
Regional marketing offices	
Faisalabad Region	House No. 786, Street No. 5, Zia Town, East Canal Road, Faisalabad, Punjab
Sahiwal Region	77-B, Canal Colony, Off Farid Town Road, Sahiwal, Punjab
Lahore Region	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Sarghodha Region	Regional Office, House No. 01, Muradabad Colony, Behind Bajwa City Centre, Sargodha, Punjab
Peshawar Region	9-B, Rafiqui Lane, Peshawar Cantt, Khyber Pakhtunkhwa
Bahawalpur Region	House No. 39-A Tipu Shaheed Road, Model Town A, Bahawalpur, Punjab
D. G. Khan Region	FFC Regional Office, House No. 46 - B ,Gulberg Colony, Multan Road, DG Khan, Punjab
Multan Region	Ali-Maskan, District Jail Road, Multan, Punjab
Rahim Yar Khan Region	37-A, Ali Block, Abbasia Town, Rahim Yar Khan, Punjab
Vehari Region	House No.48 Quaid e Azam Block Ludden Road, Tariq Bin Ziyad Colony, Vehari, Punjab
Hyderabad Region	Bungalow No. 208, DHA, Phase-2, Hyderabad, Sindh
Sukkur Region	FFC Regional Office, B-247,248 Awakhat Nagar, Airport Road Sukkur, Sindh
Nawabshah Region	House No. A-11, Housing Society, Near Thalassemia Hospital, Nawabshah, Sindh

The Company has district marketing offices and warehouses located across Pakistan, the region-wise details of which are listed below:

	No. of district offices	No. of warehouses
Faisalabad Region	5	13
Sahiwal Region	4	9
Lahore Region	6	14
Sarghodha Region	5	9
Peshawar Region	5	11
Bahawalpur Region	4	9
D. G. Khan Region	4	12
Multan Region	4	10
Rahim Yar Khan Region	4	7
Vehari Region	4	12
Hyderabad Region	6	13
Sukkur Region	7	19
Nawabshah Region	5	12
	63	150

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

2.2 Basis of measurement and preparation

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values and obligations for staff retirement benefits which are carried at present values of defined benefit obligation net of fair value of plan assets determined through actuarial valuation.

These financial statements are the separate financial statements of the Company in which investments in subsidiary companies, associate and jointly controlled entities are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency.

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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 are as follows:

i) Employee retirement benefits - note 3.8, note 9.2 and note 10.2
ii) Estimate of fair value of financial liabilities at initial recognition - note 3.26 and note 8
iii) Estimate of useful life of property, plant and equipment - note 3.10 and note 14
iv) Estimate of useful life of intangible assets - note 3.11 and note 15
v) Estimate of fair value of investments through other comprehensive income - note 3.26 and note 16
vi) Provisions and contingencies - note 3.6, note 3.7 and note 13
vii) Impairment of non-financial assets - note 3.13
viii) Estimate of recoverable amount of goodwill - note 3.11 and note 15
ix) Estimate of recoverable amount of investment in subsidiaries and associated companies - note 3.12 and note 16
x) Provision for taxation - note 3.9 and note 33
xi) Expected credit loss allowance - note 3.16, note 21 and note 24
xii) Provision for slow moving spares - note 3.14 and note 19
xiii) Right of use asset and corresponding lease liabilities - note 3.4

2.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transaction and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated in Pakistan Rupees at exchange rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in profit or loss for the year.

3.2 Share capital and dividend

Dividend is recognized as a liability in the period in which it is declared. Movement in reserves is recognized in the year in which it is approved.

3.3 Dividend distribution

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

3.4 Leases

3.4.1 Right of use asset

The Company assesses whether a contract is or contains a lease at inception of the contract. If the Company assesses contract contains a lease and meets requirements of IFRS 16, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

3.4.2 Lease liability

If applicable, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

a. fixed payments, including in-substance fixed payments;

b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c. amounts expected to be payable under a residual value guarantee; and

d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

Variable lease payments are recongnised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in profit or loss when incurred.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

3.5 Trade and other payables

Liabilities for trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.6 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.7 Contingent Liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.8 Employee retirement benefits

3.8.1 Defined benefit plans

Funded Gratuity and Pension Schemes

The Company operates defined benefit funded gratuity and pension schemes for all eligible employees who complete qualifying period of service and age.

These funds are administered by trustees. Annual contributions to the gratuity and management staff pension funds are based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 10.2 to the financial statements.

Charge for the year is recognized in profit or loss. Actuarial gain or losses arising on actuarial valuation are recorded directly in the other comprehensive income.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

3.8.2 Defined contribution plan

Provident Fund

Defined contribution provident fund for all eligible employees for which the Company's contributions are charged to profit or loss at the rate of 10% of basic salary.

3.8.3 Compensated absences

The Company grants compensated absences to all its employees who have completed one year's working service with the Company in accordance with the rules. Under this scheme, employees are entitled to a maximum of 30 days leaves for each completed year of service. From the current year, provisions are made in accordance with the actuarial recommendation. Actuarial valuation is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognised in the profit or loss in the year in which they arise.

3.9 Taxation

Income tax expense comprises current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

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 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.

Deferred tax

Deferred tax is recognized in respect of 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 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 on temporary differences arising from 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 arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. 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.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

3.10 Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, except freehold land and capital work in progress, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a straight-line basis 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 14 to the financial statements. Depreciation on addition in property, plant and equipment is charged from the date when the asset becomes available for use upto the date of its disposal.

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, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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 profit or loss.

The Company reviews the useful life 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 depreciation charge and impairment.

3.11 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries or businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense in profit or loss and is not subsequently reversed.

With finite useful life

Intangibles are stated at the cash price equivalent of the consideration given less accumulated amortization and impairment loss, if any. Intangibles with finite useful lives are amortized over the period of their useful lives. Rates for amortization are disclosed in note 15 in the financial statements. Amortization is charged on a straight line basis over the estimated useful life and is included in the profit or loss.

3.12 Investment in subsidiaries, associated and jointly controlled entities

In subsidiary entities

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. Investment in subsidiary is initially recognized at cost, which is the fair value of the consideration paid / payable on acquisition of the subsidiary. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as an expense in profit or loss. Where impairment loss subsequently reverses, the carrying amount of investment is increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries which are recognized in other income. Gains and losses on disposal of investment is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

In associated and jointly controlled entities

Associates are entities in which the Company has significant influence but not control over the financial and operating policies. Investments in associates and jointly controlled entities are initially recognized at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

The profits and losses of associates and jointly controlled entities are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the associates and jointly controlled entities which are recognized in other income. Gains and losses on disposal of investment is included in other income.

3.13 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories, 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 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 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.

3.14 Stores, spares and loose tools

Stores, spares and loose tools 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, spare parts and loose tools on a regular basis and provision is made for obsolescence.

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

The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and as appropriate, these are written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

3.15 Stock in trade

Stocks are valued at the lower of cost and net realizable value.

Cost is determined as follows:

Raw materials	at weighted average purchase cost
Work in process and finished goods	at weighted average cost of purchase, raw materials and applicable manufacturing expenses

Cost of raw material, work in process and finished goods comprises of direct materials, labor and appropriate manufacturing overheads. 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.

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

3.16 Trade debts

These are recognized and carried at the original invoice amounts, being the fair value, less loss allowance, if any. For measurement of loss allowance for trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses. IFRS 9 introduces the Expected Credit Loss (ECL) model which requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

3.17 Deposits and other receivables

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for advances, deposits and other receivables, the Company applies the IFRS 9 simplified approach to measure the expected credit losses.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, short term borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.19 Turnover

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

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

3.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed out in the year they occur.

3.21 Government Grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed.

Government grant includes any benefit earned on account of a government loan obtained at below-market rate of interest. The loan is recognised and measured in accordance with IFRS 9 “Financial Instruments”. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

Government grant that has been awarded for the purpose of giving immediate financial support to the Company is recognised in profit or loss of the period in which the entity qualifies to receive it.

3.22 Research and development costs

Research and development costs are charged to profit or loss as and when incurred.

3.23 Finance income and finance costs

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets, commission income and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the Company’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, changes in fair value of investment carried at fair value through profit or loss 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 effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.24 Basis of allocation of common expenses

Distribution cost is allocated to Fauji Fertilizer Bin Qasim Limited (FFBL), in proportion to the sales volume handled on its behalf under the Inter Company Services Agreement.

3.25 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.26 Financial instruments

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

(a) Financial assets

Classification

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

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

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

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

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

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

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

Recognition and derecognition

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

Measurement

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

Debt instruments

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as separate line item in the profit or loss.

Fair value through profit and loss (FVTPL)

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

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

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

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company recognises life time ECL for trade debts and other receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

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

(i) Fair value through profit or loss

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

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

3.27 New and amended standards and interpretations

3.27.1 The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2021 and considered not to be relevant for the Company's financial statements have not been detailed here.

3.27.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning from the dates specified below:

– Amendment to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after January 1, 2023). The amendments provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

– Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies(effective for annual reporting periods beginning on or after January 1, 2023). 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.

– Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'-Definition of Accounting Estimates (effective for annual reporting periods beginning on or after January 1, 2023). The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

– Amendments to IAS 12 'Income Taxes'-Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted). The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

– Amendment to IAS 16 'Property, plant and equipment' (effective for annual reporting periods beginning on or after January 1, 2022). The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

– Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts: Cost of Fulfilling a Contract (effective for annual reporting periods beginning on or after January 1, 2022). The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

– On May 14, 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020' (Amendments to IAS 41, IFRS 1, IFRS 9, and IFRS 16)'. The amendments are effective for annual periods beginning on or after 1 January 2022.

– Amendment to IFRS 3 'Business Combinations' (effective for annual reporting periods beginning on or after January 1, 2022). The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements.

– On June 25, 2020, the IASB issued Amendment to IFRS 4 'Insurance Contracts' The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now January 1, 2023.

– In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 1, 2022

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

3.27.3 Further, the following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

3.27.4 The following interpretation issued by the IASB has been waived off by SECP

IFRIC 12 Service concession arrangements

4. SHARE CAPITAL

Authorised share capital

This represents 1,500,000,000 (2020: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2020: Rs 15,000,000 thousand).

Issued, subscribed and paid up share capital

	2021	2020	2021	2020
	Numbers	Numbers	Rs '000	Rs '000
Fully paid in cash	256,495,902	256,495,902	2,564,959	2,564,959
Fully paid bonus shares	1,015,742,345	1,015,742,345	10,157,423	10,157,423
	1,272,238,247	1,272,238,247	12,722,382	12,722,382

4.1 Fauji Foundation (FF) holds 44.35% (2020: 44.35%) ordinary shares of the Company at the year end.

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

4.3 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 Company is required to comply with certain debt covenants related to long / short term borrowings.

	Note	2021	2020
		Rs '000	Rs '000
5. CAPITAL RESERVES			
Share premium	5.1	40,000	40,000
Capital redemption reserve	5.2	120,000	120,000
		160,000	160,000

5.1 Share premium

This represents premium of Rs 5 per share received on public issue of 8,000,000 ordinary shares of Rs 10 each in 1991.

5.2 Capital redemption reserve

This represents reserve set up on redemption of preference shares of Rs 120,000 thousand in 1996.

		Note	2021	2020
			Rs '000	Rs '000
6.	**LONG TERM BORROWINGS - SECURED**			
	Borrowings from banking companies	6.1		
	From conventional banks			
	The Bank of Punjab (BOP-1)		–	55,000
	The Bank of Punjab (BOP-2)		660,000	880,000
	The Bank of Punjab (BOP-3)		1,400,000	1,400,000
	Allied Bank Limited (ABL-1)		–	187,500
	Allied Bank Limited (ABL-2)		1,125,000	1,500,000
	Allied Bank Limited (ABL-3)		2,000,000	2,000,000
	Allied Bank Limited (ABL-4)		2,000,000	–
	Allied Bank Limited (ABL-5)		1,200,000	–
	United Bank Limited (UBL-1)		–	375,000
	United Bank Limited (UBL-2)		250,000	750,000
	Bank AL Habib Limited (BAH-1)		–	50,000
	Bank AL Habib Limited (BAH-2)		–	50,000
	Habib Bank Limited (HBL-1)		250,000	500,000
	Bank Alfalah Limited (BAFL-1)		–	125,000
	National Bank of Pakistan Limited (NBP-1)		500,000	1,000,000
	National Bank of Pakistan Limited (NBP-2)		500,000	1,000,000
	Industrial and Commercial Bank of China (ICBC-1)		1,200,000	1,200,000
	Industrial and Commercial Bank of China (ICBC-2)		1,200,000	–
	HBL - State Bank of Pakistan (SBP) Refinance Scheme	6.2	479,977	946,152
	BAFL - State Bank of Pakistan (SBP) Refinance Scheme	6.2	479,221	943,445
			13,244,198	12,962,097
	From Islamic banks			
	Meezan Bank Limited (MBL-1)		2,000,000	2,000,000
	Meezan Bank Limited (MBL-2)		3,000,000	–
	Meezan Bank Limited (MBL-3)		3,000,000	–
			8,000,000	2,000,000
			21,244,198	14,962,097
	Less: Current portion shown under current liabilities			
	From conventional banks		4,504,198	4,084,776
	From Islamic banks		–	250,000
			4,504,198	4,334,776
			16,740,000	10,627,321

6.1 Terms and conditions of these borrowings are as follows:

Lenders	Mark-up / profit rate p.a. (%)	No. of installments outstanding	Date of final repayment
From conventional banks			
BOP-1	6 months KIBOR+0.40	Paid on	April 7, 2021
BOP-2	6 months KIBOR+0.15	6 half yearly	December 18, 2024
BOP-3	6 months KIBOR+0.15	8 half yearly	August 31, 2025
ABL-1	6 months KIBOR+0.25	Paid on	April 7, 2021
ABL-2	6 months KIBOR+0.15	6 half yearly	December 24, 2024
ABL-3	6 months KIBOR+0.08	8 half yearly	December 30, 2025
ABL-4	6 months KIBOR+0.08	8 half yearly	September 20, 2026
ABL-5	6 months KIBOR+0.08	8 half yearly	September 30, 2026
UBL-1	6 months KIBOR+0.40	Paid on	September 6, 2021
UBL-2	6 months KIBOR+0.20	1 half yearly	June 29, 2022
BAH-1	6 months KIBOR+0.20	Paid on	March 25, 2021
BAH-2	6 months KIBOR+0.20	Paid on	April 20, 2021
HBL-1	3 months KIBOR+0.15	4 quarterly	December 19, 2022
BAFL-1	6 months KIBOR+0.40	Paid on	September 8, 2021
NBP-1	6 months KIBOR+0.20	2 half yearly	June 30, 2022
NBP-2	6 months KIBOR+0.15	2 half yearly	December 29, 2022
ICBC-1	6 months KIBOR+0.08	4 half yearly	December 15, 2023
ICBC-2	6 months KIBOR+0.05	4 half yearly	December 28, 2024
HBL-SBP Refinance Scheme	SBP refinance rate+0.50	4 quarterly	October 1, 2022
BAFL-SBP Refinance Scheme	SBP refinance rate+0.25	4 quarterly	October 1, 2022
From Islamic banks			
MBL-1	6 months KIBOR+0.10	8 half yearly	September 29, 2026
MBL-2	6 months KIBOR+0.30	8 half yearly	July 5, 2026
MBL-3	6 months KIBOR+0.10	8 half yearly	September 29, 2026

6.1.1 These borrowings are secured by way of hypothecation of Company assets including plant, machinery, tools & spares and other moveable properties, ranking pari passu with each other with 25% margin.

6.2 These represent long term financing obtained from conventional banks under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan. The effective interest rate was calculated at 7.33% p.a and the loan has been recognised at the present value. The loan is repayable in 8 equal quarterly installments commencing from January, 2021 discounted at the effective rate of interest. The differential markup has been recognised as deferred government grant, as mentioned in note 7 to the financial statements, which will be amortised to interest income over the period of the facilities.

7. DEFERRED GOVERNMENT GRANT

This represent deferred government grant in respect of term finance facility obtained under SBP Salary Refinance Scheme as disclosed in note 6.2 to the financial statements. There are no unfulfilled conditions or other contingencies attaching to this grant.

	Note	2021	2020
		Rs '000	Rs '000
Balance at the beginning		112,292	–
Government grant recognised		–	190,462
Less: Amortisation of deferred government grant		(71,490)	(78,170)
		40,802	112,292
Less: Current portion of deferred government grant		(40,802)	(87,659)
Long-term portion of deferred government grant		–	24,633

8. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

Balance at the beginning		56,716,885	61,064,027
Movement during the year		–	1,579,395
		56,716,885	62,643,422
Gain on extinguishment of original GIDC liability			
- credited to profit or loss		–	(5,926,537)
Unwinding of GIDC liability - charge to profit or loss		2,441,489	–
		59,158,374	56,716,885
Less: Current portion of GIDC payable	8.1	(38,356,404)	(23,945,221)
Long-term portion of GIDC payable		20,801,970	32,771,664

8.1 This amount is included in trade and other payables.

8.2 Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments.

GIDC was declared payable on the presumption that burden of same has been passed to the customers. In this regard, the Company, along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including the Company and stated that the Government of Pakistan (GoP) is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

The Company also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from the Company till the finalization of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

Pursuant to the above decisions of the SCP and without prejudice to the suit filed in Sindh High Court, the Company, on prudent basis had re-measured its GIDC liability payable to Mari Petroleum Company Limited (MPCL) (on behalf of the Government of Pakistan) in 48 monthly installments commencing from August 2020 in prior period. This modification in timing of settlement of GIDC liability reflected substantially different terms from the original liability recognized upto July 2020. The current and non-current portion of the GIDC liability has been segregated in the statement of financial position in accordance with the 48 months recovery of installments.

On September 9, 2021, Ministry of Energy (MoE), GoP has written a letter to gas suppliers including Mari Petroleum Company Limited (MPCL), the supplier of gas to the Company, stating that they have sought clarification in respect of 48 monthly installments which is currently pending adjudication in the Court. Therefore, pending stated clarification, the instructions earlier conveyed as in letter dated August 19, 2020 (i.e. 24 month installments) shall remain in the field. Based on legal opinion obtained by the management, the Company believes that there are strong grounds to support that recovery in 48 monthly installments remains applicable. Accordingly, no adjustments in this respect are required in the financial statements.

Effective August, 2020, the management applied the requirements of "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January 2021, for recognition, measurement and presentation of the GIDC liability in these financial statements and applied IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in developing and applying an accounting policy through drawing analogy from an IFRS dealing with similar and related matters. The new modified liability had been accounted for in prior period, under the measurement principles of IFRS – 9 "Financial Instruments" and the original liability had been extinguished and new modified liability recognized at fair value using effective interest rate method. The new modified liability had been measured initially at present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating i.e the Company's incremental borrowing rate. Gain on extinguishment of original GIDC liability had been credited to the profit or loss. Subsequently, such new modified liability would be carried at amortized cost. During the year, no payments were made by the Company on account of GIDC on account of stay granted by Sindh High Court. Further, the Company has also contested and not accounted for late payment surcharge in these financial statements, on GIDC payments against recovery stay granted by Sindh High Court.

		Note	2021	2020
			Rs '000	Rs '000
9.	**DEFERRED LIABILITIES**			
	Deferred tax liability - net	9.1	2,384,675	3,634,555
	Provision for compensated leave absences / retirement benefits	9.2	1,372,584	1,624,860
			3,757,259	5,259,415
9.1	**Deferred taxation - net**			
	The balance of deferred tax is in respect of the following temporary differences:			
	Accelerated depreciation / amortisation		3,236,000	3,262,000
	Provision for slow moving spares, loss allowance, and investments		(1,879,000)	(1,421,696)
	Re-measurement gain on GIDC		1,011,000	1,718,696
	Re-measurement of investments		16,675	75,555
			2,384,675	3,634,555
	The gross movement in the deferred tax liability during the year is as follows:			
	Balance at the beginning		3,634,555	2,609,599
	Tax credit recognized in profit or loss		(1,192,000)	941,000
	Tax credit recognised in other comprehensive income		(57,880)	83,956
	Balance at the end		2,384,675	3,634,555

		2021
9.2	**The main assumptions used for actuarial valuation are as follows:**	
	Discount rate - per annum	11.00%
	Expected rate of increase in salaries - per annum	11.00%
	Mortality table	SLIC (2001-05)
	Withdrawal factor	Moderate
	Number of employees	2,815

		Note	2021	2020
			Rs '000	Rs '000
10.	**TRADE AND OTHER PAYABLES**			
	Creditors			
	- GIDC payable - current portion	8	38,356,404	23,945,221
	- Others		3,160,805	3,348,522
			41,517,209	27,293,743
	Accrued liabilities		8,139,541	7,195,498
	Consignment account with Fauji Fertilizer			
	Bin Qasim Limited (related party) - unsecured		2,881,808	2,185,183
	Deposits	10.1	247,501	191,556
	Retention money		179,696	136,418
	Contract liabilities - advances from customers	10.4	6,362,171	6,443,961
	Workers' Welfare Fund		1,806,515	1,633,539
	Workers' Profit Participation Fund		–	158,998
	Payable to Fauji Foundation (related party) - current account		–	52,500
	Payable to gratuity fund (related party)	10.2	736,858	734,965
	Payable to pension fund (related party)	10.2	323,030	439,697
	Other liabilities		286,986	154,795
			62,481,315	46,620,853

10.1 These represent unutilizable amounts received as security deposits from dealers and suppliers of the Company, and are kept in separate bank accounts.

		Funded gratuity	Funded pension	2021 Total	2020 Total
		Rs '000	Rs '000	Rs '000	Rs '000
10.2	**RETIREMENT BENEFIT FUNDS**				
10.2.1	**The amounts recognized in the statement of financial position are as follows:**				
	Present value of defined benefit obligation	3,222,687	4,853,398	8,076,085	7,759,212
	Fair value of plan assets	(2,485,829)	(4,530,368)	(7,016,197)	(6,584,550)
	Liability	736,858	323,030	1,059,888	1,174,662
10.2.2	**Amount recognised in the profit or loss is as follows:**				
	Current service cost	167,311	112,086	279,397	274,673
	Net interest cost	62,321	35,881	98,202	138,771
		229,632	147,967	377,599	413,444

		Funded gratuity	Funded pension	2021 Total	2020 Total
		Rs '000	Rs '000	Rs '000	Rs '000
10.2.3	**The movements in the present value of defined benefit obligation is as follows:**				
	Present value of defined benefit obligation at beginning	3,124,870	4,634,342	7,759,212	7,212,884
	Current service cost	167,311	112,086	279,397	274,673
	Interest cost	256,211	383,416	639,627	849,497
	Benefits paid	(395,657)	(273,864)	(669,521)	(479,653)
	Re-measurement of defined benefit obligation	69,952	(2,582)	67,370	(98,189)
	Present value of defined benefit obligation at end	3,222,687	4,853,398	8,076,085	7,759,212
10.2.4	**The movement in fair value of plan assets:**				
	Fair value of plan assets at beginning	2,389,905	4,194,645	6,584,550	6,030,168
	Expected return on plan assets	193,890	347,535	541,425	710,726
	Contributions	229,632	147,967	377,599	483,444
	Benefits paid	(395,657)	(273,864)	(669,521)	(479,653)
	Re-measurement of plan assets	68,059	114,085	182,144	(160,135)
	Fair value of plan assets at end	2,485,829	4,530,368	7,016,197	6,584,550
10.2.5	**Actual return on plan assets**	261,949	461,620	723,569	550,591
10.2.6	**Contributions expected to be paid to the plan during the next year**	253,339	148,611	401,950	377,599
10.2.7	**Plan assets comprise of:**				
	Investment in debt securities	1,317,259	2,978,101	4,295,360	4,014,421
	Investment in equity securities	802,754	1,192,780	1,995,534	1,853,963
	Deposits with banks	73,755	78,470	152,225	227,451
	Mutual funds	292,061	281,017	573,078	488,715
		2,485,829	4,530,368	7,016,197	6,584,550

10.2.8 The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

		2021		2020	
		Funded gratuity	Funded pension	Funded gratuity	Funded pension
		Rs '000	Rs '000	Rs '000	Rs '000
10.2.9	**Movement in liability recognised in statement of financial position:**				
	Opening liability	734,965	439,697	739,538	443,178
	Cost for the year recognised in profit or loss	229,632	147,967	253,724	159,720
	Employer's contribution during the year	(229,632)	(147,967)	(253,724)	(229,720)
	Total amount of re-measurement recognised in Other Comprehensive Income (OCI) during the year	1,893	(116,667)	(4,573)	66,519
	Closing liability	736,858	323,030	734,965	439,697

		2021		2020	
		Funded gratuity	Funded pension	Funded gratuity	Funded pension
		Rs '000	Rs '000	Rs '000	Rs '000
10.2.10	**Re-measurements recognised in OCI during the year:**				
	Re-measurement loss / (gain) on obligation				
	Due to change in financial assumptions	24,375	79,742	(33,142)	(129,166)
	Due to change in experience adjustments	45,577	(82,324)	(38,587)	102,706
		69,952	(2,582)	(71,729)	(26,460)
	Re-measurement loss / (gain) on plan assets				
	Actual return on plan assets	(261,949)	(461,620)	(189,424)	(361,167)
	Interest income on plan assets	193,890	347,535	256,580	454,146
		(68,059)	(114,085)	67,156	92,979
	Re-measurement loss / (gain) recognised in OCI	1,893	(116,667)	(4,573)	66,519

		2021		2020	
		Funded gratuity	Funded pension	Funded gratuity	Funded pension
		%	%	%	%
10.2.11	**Principal actuarial assumptions used in the actuarial valuations are as follows:**				
	Discount rate	11.00	11.00	8.50	8.50
	Expected rate of salary growth - short term				
	Management	11.00	11.00	8.50	8.50
	Non-Management	11.00	–	8.50	–
	Expected rate of salary growth - long term				
	Management	11.00	11.00	8.50	8.50
	Non-Management	11.00	–	8.50	–
	Expected rate of return on plan assets	11.00	11.00	8.50	8.50
	Expected rate of increase in post retirement pension				
	Short term	–	5.25	–	3.00
	Long term	–	5.25	–	2.75
	Maximum pension limit increase rate	–	5.25	–	3.00
	Minimum pension limit increase rate	–	5.25	–	3.00
	Demographic assumptions				
	Mortality rates (for death in service)	SLIC	SLIC	SLIC	SLIC
		(2001-05)-1	(2001-05)-1	(2001-05)-1	(2001-05)-1
	Rates of employee turnover				
	Management	Moderate	Moderate	Moderate	Moderate
	Non-Management	Light	–	Light	–

10.2.12 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

	2021 Defined benefit obligation		2020 Defined benefit obligation	
	Effect of 1 percent increase	Effect of 1 percent decrease	Effect of 1 percent increase	Effect of 1 percent decrease
	Rs '000	Rs '000	Rs '000	Rs '000
Discount rate	(685,452)	812,367	(655,470)	779,517
Future salary growth	272,264	(250,307)	260,358	(239,763)
Future pension	377,963	(326,043)	364,655	(313,488)

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates.

10.2.13 The weighted average number of years of defined benefit obligation is given below:

	2021		2020	
	Funded gratuity	Funded pension	Funded gratuity	Funded pension
	Years	Years	Years	Years
Plan duration	7.22	9.62	7.07	9.69

	2021		2020	
	Funded gratuity	Funded pension	Funded gratuity	Funded pension
	Rs '000	Rs '000	Rs '000	Rs '000
10.2.14 Analysis of present value of defined benefit obligations:				
Vested / non - vested				
Vested	3,199,826	–	3,105,925	–
Non - vested	22,861	–	18,945	–
	3,222,687	–	3,124,870	–
Types of members				
Active	–	2,607,936	–	2,559,652
Retirees	–	2,245,462	–	2,074,690
	–	4,853,398	–	4,634,342
Types of benefits earned to date				
Accumulated benefit obligation	1,633,662	4,141,094	1,839,180	4,122,247
Amount attributed to future salary increases	1,589,025	712,304	1,285,690	512,095
Total	3,222,687	4,853,398	3,124,870	4,634,342

10.2.15 The Company contributes to the pension and gratuity funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday.

		2021		2020	
		Funded gratuity	Funded pension	Funded gratuity	Funded pension
		Rs '000	Rs '000	Rs '000	Rs '000
10.2.16	**Distribution of timing of benefit payments:**				
	1 year	294,191	338,322	393,166	364,374
	2 years	436,637	356,558	407,327	364,092
	3 years	306,937	356,613	280,543	313,411
	4 years	501,971	435,772	334,469	360,784
	5 years	475,464	451,462	432,532	389,538
	6-10 years	2,577,810	2,758,006	2,173,724	2,213,240

10.2.17 Retirement benefit plans are exposed to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/ age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal / mortality risk

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

10.2.18 Salaries, wages and benefits expense, stated in notes 28 and 29 include retirement benefits in respect of gratuity fund, provident fund, pension plan and compensated absences amounting to Rs 211,916 thousand, Rs 173,852 thousand, Rs 132,240 thousand and Rs 242,586 thousand respectively (2020: Rs 230,204 thousand, Rs 169,246 thousand, Rs 135,935 thousand and Rs 308,398 thousand respectively). These are reduced by the amount of charges debited to Fauji Fertilizer Bin Qasim Limited and FFC Energy Limited under Inter Company Services Agreements.

10.3 Defined contribution plan

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for the purpose.

Special post retirement benefit scheme for higher officials was discontinued during the year.

10.4 Contract liabilities - advances from customers

This represents payment received by the Company from its customers before the related goods are transferred.

		2021	2020
		Rs '000	Rs '000
11.	**MARK-UP AND PROFIT ACCRUED**		
	On long term borrowings		
	From conventional banks	323,918	104,892
	From Islamic banks	18,824	13,471
		342,742	118,363
	On short term borrowings		
	From conventional banks	343,452	110,313
	From Islamic bank	36,747	46,260
		380,199	156,573
		722,941	274,936

12. SHORT TERM BORROWINGS - SECURED

The Company has obtained short-term running finance facilities from various banks, under separate terms and agreements. The total amounts outstanding against each facility at the year end and the terms of each facility are given below:

	Note	2021	2020
		Rs '000	Rs '000
	Lending Institutions		
	From conventional banks	12.1	
	MCB Bank Limited	12,311,600	2,400,000
	Allied Bank Limited	6,449,127	1,980,790
	United Bank Limited	5,035,809	5,006,002
	Askari Bank Limited (related party)	4,212,743	2,303,598
	Bank Alfalah Limited	939,626	980,467
	Habib Bank Limited	122,932	768,200
	National Bank of Pakistan	–	1,194,773
	Habib Metropolitan Bank Limited	940,003	989,996
	JS Bank Limited	–	19,920
	Standard Chartered Bank (Pakistan) Limited	4,960,853	4,921,188
		34,972,693	20,564,934
	From Islamic bank		
	Meezan Bank Limited	12.2	3,981,579	4,693,046
		38,954,272	25,257,980

12.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 52,861,600 thousands (2020: Rs. 47,760,000 thousands) which represent the aggregate of all facility agreements between the Company and respective banks. The per annum rates of mark-up are 1 week KIBOR minus 2.37%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR + 0% to 0.35% (2020: 1 week KIBOR minus 0.05%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR minus 0.10% to 3 month KIBOR + 0.20%).

The facilities are secured by pari passu / ranking hypothecation charges on moveable assets of the Company besides lien on mutual fund investments and PIBs in certain cases. The facilities have various expiry dates upto December 29, 2023.

12.2 Shariah compliant short term borrowing is available from a banking company under profit arrangement against a facility amounting to Rs. 4,000,000 thousands (2020: Rs. 5,000,000 thousands) which represents the aggregate of all facility agreement between Company and respective bank. The per annum rate of profit is 3 month KIBOR + 0% (2020: 3 month KIBOR minus 0.05% to 3 month KIBOR + 0.05%).

The facility is secured by ranking hypothecation charge on current assets of the Company and lien over debt investments. The facility has a expiry date of May 31, 2022.

		2021	2020
		Rs '000	Rs '000
13.	**CONTINGENCIES AND COMMITMENTS**		
13.1	**Contingencies:**		
	i) Guarantees issued by banks on behalf of the Company	7,384,810	5,140,917
	ii) Claims against the Company and / or potential exposure not acknowledged as debt	50,696	50,696

iii) The Company has issued corporate bank guarantee in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs. 2,245,000 thousand (2020: Rs Nil thousand).

iv) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, during the year, CCP under the said Tribunal guidelines, resumed the proceedings and the Company, duly joined these proceedings through Counsel. The Company also filed writ petition before Islamabad High Court and has procured suspension order against proceedings before CCP, till date of next hearing. The Company remains confident of successfully defending these unreasonable claims.

		2021	2020
		Rs '000	Rs '000
13.2	**Commitments in respect of:**		
	i) Capital expenditure	2,565,416	1,613,024
	ii) Purchase of fertilizer, stores, spares and other operational items	9,973,763	2,060,554
	iii) Investment in Thar Energy Limited	2,283,042	2,307,192
	iv) Contracted out services	335,704	102,546

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Lease hold land	Building and structures on freehold land	Building and structures on leasehold land	Railway siding	Plant and machinery	Catalysts	Office and electrical equipment	Furniture and fixtures	Vehicles	Maintenance and other equipment	Library books	Right of use asset	Capital work in progress (note 14.4)	Total
								Rs '000							
As at January 1, 2020															
Cost	396,238	178,750	5,060,814	2,008,937	26,517	37,847,464	2,361,160	1,322,796	484,397	749,576	2,647,452	28,287	138,325	2,144,039	55,394,752
Accumulated depreciation	–	(178,750)	(2,919,955)	(706,717)	(26,517)	(23,010,756)	(2,170,426)	(985,600)	(294,460)	(581,374)	(2,231,128)	(26,618)	(50,352)	–	(33,182,653)
Net Book Value	396,238	–	2,140,859	1,302,220	–	14,836,708	190,734	337,196	189,937	168,202	416,324	1,669	87,973	2,144,039	22,212,099
Year ended December 31, 2020															
Opening net book value	396,238	–	2,140,859	1,302,220	–	14,836,708	190,734	337,196	189,937	168,202	416,324	1,669	87,973	2,144,039	22,212,099
Additions	–	–	65,033	–	–	3,543,010	137,455	133,700	76,166	84,995	139,836	271	8,050	133,961	4,322,477
Disposals															
Cost	(91)	–	–	–	–	–	–	(22,388)	(8,985)	(33,334)	(15,240)	–	–	–	(80,038)
Depreciation	–	–	–	–	–	–	–	22,388	8,096	33,334	15,240	–	–	–	79,058
	(91)	–	–	–	–	–	–	–	(889)	–	–	–	–	–	(980)
Transfers / Adjustments	–	–	–	–	–	–	–	–	–	–	91	–	–	(1,380,094)	(1,380,003)
Depreciation charge	–	–	(199,038)	(98,461)	–	(1,485,294)	(116,270)	(93,303)	(37,377)	(67,949)	(180,947)	(914)	(33,051)	–	(2,312,604)
Balance as at December 31, 2020	396,147	–	2,006,854	1,203,759	–	16,894,424	211,919	377,593	227,837	185,248	375,304	1,026	62,972	897,906	22,840,989
As at January 1, 2021															
Cost	396,147	178,750	5,125,847	2,008,937	26,517	41,390,474	2,498,615	1,434,108	551,578	801,237	2,772,139	28,558	146,375	897,906	58,257,188
Accumulated depreciation	–	(178,750)	(3,118,993)	(805,178)	(26,517)	(24,496,050)	(2,286,696)	(1,056,515)	(323,741)	(615,989)	(2,396,835)	(27,532)	(83,403)	–	(35,416,199)
Net Book Value	396,147	–	2,006,854	1,203,759	–	16,894,424	211,919	377,593	227,837	185,248	375,304	1,026	62,972	897,906	22,840,989
Year ended December 31, 2021															
Opening net book value	396,147	–	2,006,854	1,203,759	–	16,894,424	211,919	377,593	227,837	185,248	375,304	1,026	62,972	897,906	22,840,989
Additions	–	–	50,371	–	–	1,587,649	255,368	154,861	59,462	119,598	244,477	524	3,781	2,816,117	5,292,208
Disposals															
Cost	–	–	(77)	–	–	–	–	(42,088)	(6,275)	(22,882)	(11,121)	(284)	–	–	(82,727)
Depreciation	–	–	14	–	–	–	–	41,975	6,268	22,882	11,121	284	–	–	82,544
	–	–	(63)	–	–	–	–	(113)	(7)	–	–	–	–	–	(183)
Transfers / Adjustments	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,705,888)	(1,705,888)
Depreciation charge	–	–	(196,343)	(98,355)	–	(1,603,274)	(111,851)	(104,041)	(45,114)	(71,200)	(177,817)	(764)	(31,081)	–	(2,439,840)
Balance as at December 31, 2021	396,147	–	1,860,819	1,105,404	–	16,878,799	355,436	428,300	242,178	233,646	441,964	786	35,672	2,008,135	23,987,286
As at December 31, 2021															
Cost	396,147	178,750	5,176,141	2,008,937	26,517	42,978,123	2,753,983	1,546,881	604,765	897,953	3,005,495	28,798	150,156	2,008,135	61,760,781
Accumulated depreciation	–	(178,750)	(3,315,322)	(903,533)	(26,517)	(26,099,324)	(2,398,547)	(1,118,581)	(362,587)	(664,307)	(2,563,531)	(28,012)	(114,484)	–	(37,773,495)
Net Book Value	396,147	–	1,860,819	1,105,404	–	16,878,799	355,436	428,300	242,178	233,646	441,964	786	35,672	2,008,135	23,987,286
Rate of depreciation in %	–	6.25 to 9.25	5 to 10	5	5	5	20	15	10	20	15 to 33.33	30	20	–	

		Note	2021	2020
			Rs '000	Rs '000
14.1	**Depreciation charge has been allocated as follows:**			
	Cost of sales	28	2,355,726	2,243,501
	Distribution cost	29	73,360	59,731
	Other expenses		2,225	1,852
	Charged to FFBL under Inter Company Services Agreement		8,529	7,520
			2,439,840	2,312,604

14.2 No fixed assets having net book value in excess of Rs 5,000 thousand were disposed off during the year.

14.3 Details of immovable property (land and building) in the name of the Company:

Location	Usage	Area
Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab	Head office building	16 kanals and 7.5 marlas
Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab	Manufacturing plant including allied facilities	1,285 acres, 5 kanals and 7 marlas
Mirpur Mathelo (District: Ghotki), Sindh	Manufacturing plant including allied facilities	575 acres, 4 kanals and 16 marlas
FFC Warehouse, G T Road Adda Yousafwala, (District: Sahiwal), Punjab	Warehouse	3 acres, 2 kanals and 11 marlas
FFC Warehouse Opposite Chiniot Railway Station Bypass Road Chiniot (District Chiniot), Punjab	Warehouse	5 acres, 2 kanals and 3 marlas
FFC Warehouse Main Highway Road Dhabeji (District: Thatta), Sindh	Warehouse	16 marlas and 136 sqft
18 Khaira Gali (District: Abbotabad), Khyber Pakhtunkhwa	Guesthouse	1 kanal and 3 marlas

		2021	2020
		Rs '000	Rs '000
14.4	**Capital Work in Progress**		
	Civil works	262,425	65,082
	Plant and machinery (including-in-transit items)	1,745,710	832,824
		2,008,135	897,906

		Note	2021	2020
			Rs '000	Rs '000
15.	**INTANGIBLE ASSETS**			
	Computer software	15.1	7,207	2,701
	Goodwill	15.2	1,569,234	1,569,234
			1,576,441	1,571,935
15.1	**Computer software**			
	Balance at the beginning		2,701	7,562
	Additions during the year		8,307	100
	Amortisation charge for the year		(3,801)	(4,961)
	Balance at the end		7,207	2,701
	Amortisation rate		33.33%	33.33%
	Amortisation charge has been allocated as follows:			
	Cost of sales	28	2,767	3,709
	Distribution cost	29	1,034	1,252
			3,801	4,961

15.2 Goodwill

This represents excess of the amount paid over fair value of net assets of Pak Saudi Fertilizer Company Limited (PSFL) on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS-36 "Impairment of Assets". The value in use calculations are based on cash flow projections. These are then extrapolated for a period of 5 years using a steady long term expected demand growth of 2% and terminal value determined based on long term earning multiples. The cash flows are discounted using a discount rate of 14.07%. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

		Note	2021	2020
			Rs '000	Rs '000
16.	**LONG TERM INVESTMENTS**			
	Investments held at cost			
	In associated companies (Quoted)			
	Fauji Cement Company Limited (FCCL)	16.1	1,500,000	1,500,000
	Fauji Fertilizer Bin Qasim Limited (FFBL)	16.2	7,152,693	4,658,919
	Advance against issue of right shares		–	2,493,774
			7,152,693	7,152,693
	Askari Bank Limited (AKBL)	16.3	10,461,921	10,461,921
			19,114,614	19,114,614
	In associated company (Unquoted)			
	Thar Energy Limited (TEL)	16.4	3,206,251	3,206,251
	Advance against issue of shares		376,707	–
			3,582,958	3,206,251
	In joint venture (Unquoted)			
	Pakistan Maroc Phosphore S.A., Morocco (PMP)	16.5	705,925	705,925

	Note	2021	2020
		Rs '000	Rs '000
In subsidiary companies (Unquoted)			
FFC Energy Limited (FFCEL)	16.6	2,438,250	2,438,250
Foundation Wind Energy- I Limited (FWEL-I)	16.7	7,493,051	–
Foundation Wind Energy- II Limited (FWEL-II)	16.8	6,019,288	–
OLIVE Technical Services (Private) Limited	16.9	20,000	–
Fauji Fresh n Freeze Limited (FFF)			
Investment at cost	16.10	6,335,500	6,335,500
Less: Impairment loss		(2,100,000)	(2,100,000)
		4,235,500	4,235,500
		20,206,089	6,673,750
		43,609,586	29,700,540
Investments - fair value through other comprehensive income (FVTOCI)	16.11		
Term Deposit Receipts - from conventional bank		110,197	125,548
Bank Alfalah Term Finance Certificate		185,785	200,000
Pakistan Investment Bonds		4,462,282	4,736,896
		4,758,264	5,062,444
		48,367,850	34,762,984
Less: Current portion shown under - Short term investments - fair value through other comprehensive income (FVTOCI)			
Term Deposit Receipts - from conventional bank		40,052	21,516
Pakistan Investment Bonds		2,213,100	66,852
	25	2,253,152	88,368
		46,114,698	34,674,616

16.1 Investment in FCCL - at cost

Investment in FCCL represents 93,750 thousand fully paid ordinary shares of Rs 10 each representing 6.79% (2020: 6.79%) of its share capital as at December 31, 2021. Market value of the Company's investment as at December 31, 2021 was Rs 1,772,188 thousand (2020: Rs 2,031,563 thousand). FFCL is an associate due to common directorship.

16.2 Investment in FFBL - at cost

Investment in FFBL represents 465,892 thousand fully paid ordinary shares of Rs 10 each representing 49.88% (2020: 49.88%) of FFBL's share capital as at December 31, 2021. Market value of the Company's investment as at December 31, 2021 was Rs 15,958,791 thousand (2020: Rs 11,796,385 thousand). During the year, 178,127 thousand number of shares were issued to the Company.

Pursuant to an agreement dated October 16, 2014, the Company has agreed to issue to Fauji Foundation (FF), irrevocable proxies to allow FF to vote on behalf of the Company in all general meetings. Further, the Company has given an undertaking that representatives of FF to be elected or co-opted or appointed on the Board of FFBL, shall be nominated by FF.

16.3 Investment in AKBL - at cost

Investment in AKBL represents 543,768 thousand fully paid ordinary shares of Rs 10 each representing 43.15% (2020: 43.15%) of AKBL's share capital. Market value of the Company's investment as at December 31, 2021 was Rs 11,973,771 thousand (2020: Rs 12,718,734 thousand).

Pursuant to an agreement dated October 16, 2014, the Company has agreed to issue to Fauji Foundation (FF), irrecovable proxies to allow FF to vote on behalf of the Company in all general meetings. Further, the Company has given an undertaking that representatives of FF to be elected or co-opted or appointed on the Board of AKBL, shall be nominated by FF.

16.4 Investment in TEL - at cost

Investment in TEL represents 320,625 thousand (2020: 320,625 thousand) fully paid ordinary shares of Rs 10 each. The Company currently holds 30% shareholding interest in TEL. TEL is a public limited company. TEL is the subsidiary of the HUB Power Company Limited. The principal activities of TEL are to develop, own, operate and maintain a 1 x 330 MW mine-month coal fired power plant to be established at Thar Block II, Thar Coal Mine, Sindh.

16.5 Investment in PMP - at cost

Investment in PMP represents 12.5% (2020: 12.5%) equity participation in PMP, amounting to Moroccan Dirhams (MAD) 100,000 thousand equivalent to Rs 705,925 thousand. PMP is a joint venture between the Company, Fauji Foundation (FF), FFBL 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.

According to the Shareholders' agreement, if any legal restriction is laid on dividends by PMP, the investment will be converted to interest bearing loan. The Company has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

Following particulars relate to investment made in the foreign company:

Particulars	Pakistan Maroc Phoshore S.A., Morocco
Name and jurisdiction of associated company	Pakistan Maroc Phosphore S.A., Morocco
Name and address of beneficial owner	Fauji Fertilizer Company Limited located at 156, The Mall Rawalpindi Cantt, Pakistan Fauji Foundation located at 68 Tipu Road, Chaklala, Rawalpindi, Pakistan Fauji Fertilizer Bin Qasim Limited located at FFBL Tower Plot No C1/C2, Sector B, Jinnah Boulevard Phase II DHA Islamabad, Pakistan Office Cherifien Des Phosphates located at Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco
Amount of investment	Rs 705,925 thousand (MAD 100,000 thousand)
Terms and conditions of investment	Equity investment
Amount of return received	Dividend 2009 Rs 42,563 thousand Dividend 2015 Rs 50,911 thousand Dividend 2016 Rs 55,720 thousand Dividend 2017 Rs 262,551 thousand Dividend 2018 Rs 144,061 thousand Dividend 2019 Rs 371,638 thousand Dividend 2020 Rs 335,525 thousand Dividend 2021 Rs 518,962 thousand
Details of litigations	None
Details of default / breach relating to investment	None
Gain / loss on disposal of investment	Not applicable

16.6 Investment in FFCEL - at cost

Investment in FFCEL represents 243,825 thousand (2020: 243,825 thousand) fully paid ordinary shares of Rs 10 each. FFCEL has been incorporated for the purpose of implementing a project comprising establishment and operation of wind power generation facility and supply of electricity. The Company currently holds 100% shareholding interest in FFCEL, out of which 70,000 shares amounting to Rs 700,000 are held in the name of seven nominee directors of the Company.

16.7 Investment in FWEL - I - at cost

Investment in FWEL - I represents 350,249 thousand (2020: Nil thousand) fully paid ordinary shares of Rs 10 each. On September 29, 2021 (acquisition date), the Company acquired 100% of the issued share capital of Foundation Wind Energy-I Limited (FWEL - I) from Fauji Foundation (FF) (previously holding 65% interest) and Fauji Fertilizer Bin Qasim Limited (FFBL) (previously holding 35% interest) for which Share Purchase Agreement was signed on August 13, 2021. FWEL - I was incorporated in Pakistan on June 16, 2005 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered head office of the Company is located at Fauji Tower, 68 Tipu Road, Rawalpindi. The Company was established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) / Central Power Purchase Agency - Guarantee Limited (CPPA-G) on behalf of Ex-WAPDA DISCOs, under the Energy Purchase Agreement (EPA) dated December 20, 2012. This EPA is valid for a period of 20 years from the Commercial Operation Date (COD). The plant, 50 MW Wind Turbine Generators (WTGs), of the Company is located in Gharo Creek Area, District Thatta of Sindh province for which Alternative Energy Development Board (AEDB) has allocated 1,210 acres of land to the Company under a sublease agreement. The Company achieved COD on April 11, 2015. Shares of FWEL I have been pledged by the Company in favor of project lenders, till discharge of its debt obligations. Also refer note 16.8.1 to the financial statements.

16.8 Investment in FWEL - II - at cost

Investment in FWEL - II represents 282,215 thousand (2020: Nil thousand) fully paid ordinary shares of Rs 10 each. On September 29, 2021 (acquisition date), the Company acquired 80% of the issued share capital of Foundation Wind Energy-II Limited (FWEL-II) from Fauji Foundation (previously holding 45% interest) and Fauji Fertilizer Bin Qasim Limited (previously holding 35% interest) for which Share Purchase Agreement was signed on August 13, 2021. FWEL-II was incorporated in Pakistan on October 5, 2004 as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company applied for conversion into public limited company and the related certificate of conversion into public limited company was issued by Securities and Exchange Commission of Pakistan (SECP) with effect from September 4, 2018. The registered head office of the Company is located at Fauji Tower, 68 Tipu Road, Rawalpindi. The Company was established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) / Central Power Purchase Agency - Guarantee Limited (CPPA-G) on behalf of Ex-WAPDA DISCOs, under the Energy Purchase Agreement (EPA) dated December 20, 2012. This EPA is valid for a period of 20 years from the Commercial Operation Date (COD). The plant, 50 MW Wind Turbine Generators (WTGs) , of the Company is located in Gharo Creek Area, District Thatta of Sindh province for which Alternative Energy Development Board (AEDB) has allocated 1,656 acres of land to the Company under a sublease agreement. The Company achieved COD on December 10, 2014. Shares of FWEL II have been pledged by the Company in favor of project lenders, till discharge of its debt obligations. Also refer note 16.8.1 to the financial statements.

16.8.1 In accordance with the Share Purchase Agreement (SPA), the Company has paid base payment amount net of payment amount adjustments of Rs 7,493,051 thousand and Rs 6,019,288 thousand for acquisition of shares of FWEL - I and FWEL - II, respectively, to its previous owners i.e. FF and FFBL which was paid in full on September 29, 2021. Additionally, under the SPA, the Company has agreed to share 50% of the Delayed Payment Surcharge (DPS) arising subsequent to the date of acquisition (net of costs) with FF and FFBL once DPS has been received by FWEL - I and FWEL - II. However, considering the nature of DPS; inconsistent history of timings of receipts, uncertainty regarding the underlying factors required for computation, the Company considers that no reliable and reasonable estimate of the fair value of future DPS (contingent consideration) payable to FF and FFBL can be made and the current fair value amount of future DPS would be immaterial in overall context of the financial statements. Accordingly, no provision / liability in this regard has been recognised in these financial statements.

16.9 Investment in OLIVE - at cost

Investment in OLIVE Technical Services (Private) Limited represents 100% equity investment in a private limited company, incorporated in Pakistan under the Companies Act, 2017. The principal line of business of the Company is to provide technical services.

16.10 Investment in FFF - at cost

Investment in FFF represents 623,960 thousand (2020: 623,960 thousand) fully paid ordinary shares of Rs 10 each. The Company currently holds 100% shareholding interest in FFF, out of which 7,000 shares amounting to Rs 70,000 are held in the name of seven nominee directors of the Company.

The Company management has carried out an impairment analysis of this investment, based on future expected cashflows for the future years and technical values. The future cash flows has been discounted at weighted average cost of capital of 14.07% (2020: 12.87%) per annum and terminal growth rate of 4% (2020: 4%). Based on this analysis, management believes that this investment is carried at its recoverable amount in these financial statements.

16.11 Investments at fair value through other comprehensive income (FVTOCI)

Term Deposit Receipts (TDRs)

These represent placement in Term Deposit Receipts with financial institution having tenure from one to five years with returns ranging from 4.49% to 12.40% per annum (2020: 4.49% to 12.58% per annum).

Term Finance Certificate

This represents investment in Bank Alfalah Term Finance Certificate having tenure of 3 years and a fixed return of 9.03% per annum.

Pakistan Investment Bonds (PIBs)

Pakistan Investment Bonds with 3, 5 and 10 years tenure having aggregate face value of Rs. 4,665 thousand are due to mature within a period of 9 Years. Profit on fixed rate PIBs is payable on half yearly basis with coupon rates ranging from 8% to 12% per annum and floating rate PIB at weighted average 6-Months T-Bill yield + 0.7%. The Pakistan Investment Bonds are placed with banks as collateral to secure borrowing facilities.

		Note	2021	2020
			Rs '000	Rs '000
17.	**LONG TERM LOANS AND ADVANCES - SECURED**			
	Loans and advances - considered good, to:			
	Executives			
	Interest bearing		703,017	549,522
	Non-interest bearing		482,295	439,454
			1,185,312	988,976
	Other employees			
	Interest bearing		527,279	472,891
	Non-interest bearing		336,286	285,412
			863,565	758,303
			2,048,877	1,747,279
	Advances to suppliers	17.3	1,486,204	648,203
	Less: Amount due within twelve months, shown under current loans and advances	22		
	Interest bearing		214,077	191,832
	Non-interest bearing		276,867	258,117
			490,944	449,949
			3,044,137	1,945,533

17.1 Reconciliation of carrying amount of loans and advances:

	Executives	Other employees	2021 Total	2020 Total
	Rs '000	Rs '000	Rs '000	Rs '000
Balance at January 1	988,976	758,303	1,747,279	1,606,388
Adjustment	32,730	(32,730)	–	–
Disbursements	614,925	450,703	1,065,628	792,275
	1,636,631	1,176,276	2,812,907	2,398,663
Repayments	(451,319)	(312,711)	(764,030)	(651,384)
Balance at December 31	1,185,312	863,565	2,048,877	1,747,279

These subsidized and interest free loans and advances are granted to employees as per the Company's policy and are repayable within one to ten years. House building loans carry mark-up at 4% per annum and are secured against the underlying assets.

The maximum amount of loans and advances to executives outstanding at the end of any month during the year was Rs 1,203,956 thousand (2020: Rs 1,074,240 thousand).

Management considers that the impact of recognizing loans and advances at present value of future cash flows would be immaterial, in context of overall financial statements.

17.2 Loans and advances to employees exceeding Rs 1 million

Category	2021 No. of employees	2021 Amount	2020 No. of employees	2020 Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	226	346,573	230	331,535
Exceeding Rs 2 million upto Rs 3 million	114	279,821	117	282,815
Exceeding Rs 3 million upto Rs 5 million	77	281,761	81	306,961
Exceeding Rs 5 million upto Rs 10 million	84	618,734	67	502,782
Exceeding Rs 10 million upto Rs 25 million	25	293,881	10	108,715
	526	1,820,770	505	1,532,808

17.3 These represent advances to suppliers for procurements of capital expenditure items and will be transferred to property, plant and equipment on completion of related project.

		Note	2021	2020
			Rs '000	Rs '000
18.	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Non-interest bearing deposits		12,378	12,378
	Prepayments		2,300	1,710
			14,678	14,088
19.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		249,109	239,798
	Spares		4,465,344	4,233,223
	Provision for slow moving spares	19.1	(566,939)	(562,575)
			3,898,405	3,670,648
	Loose tools		4,098	47
	Items in transit		405,897	523,267
			4,557,509	4,433,760
19.1	**Movement of provision for slow moving spares**			
	Balance at the beginning		562,575	532,923
	Provision during the year	28.1	14,734	73,632
	Reversal during the year		(10,370)	(43,980)
	Balance at the end		566,939	562,575
20.	**STOCK IN TRADE**			
	Raw materials		176,852	178,325
	Work in process		107,865	82,842
	Finished goods			
	Manufactured urea		657,370	49,039
	Purchased fertilizer		93,048	9,783
			750,418	58,822
	Stock in transit		13,262	–
			1,048,397	319,989

		Note	2021	2020
			Rs '000	Rs '000
21.	**TRADE DEBTS**			
	Considered good - secured	21.1	833,231	2,287,336
	Considered doubtful		1,758	1,758
			834,989	2,289,094
	Loss allowance		(1,758)	(1,758)
			833,231	2,287,336

21.1 These debts are secured by way of bank guarantees.

		Note	2021	2020
			Rs '000	Rs '000
22.	**LOANS AND ADVANCES**			
	Current portion of long term loans and advances	17	490,944	449,949
	Loans and advances to employees - unsecured			
	- considered good, non-INTEREST bearing			
	Executives		80,763	101,863
	Others		16,888	40,161
	Advance to subsidiary company - interest bearing			
	FFC Energy Limited (FFCEL)	22.1	–	55,279
	Advances to suppliers - considered good		170,063	141,918
			758,658	789,170

22.1 Prior year amount represents aggregate unsecured advance to, FFC Energy Limited (FFCEL), subsidiary company under a revolving credit facility upto an amount of Rs 1,500,000 thousand to meet debt servicing obligations and other working capital requirements. This carried mark-up at 1 month KIBOR + 0.60%. The maximum outstanding amount at the end of any month during the year was Rs 55,279 thousand (2020: Rs 55,279 thousand).

22.2 Loans and advances to employees exceeding Rs 1 million

	2021		2020	
Category	No. of employees	Amount	No. of employees	Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	4	5,176	8	12,195
Exceeding Rs 2 million upto Rs 3 million	1	2,278	1	2,063
Exceeding Rs 3 million upto Rs 5 million	–	–	–	–
Exceeding Rs 10 million upto Rs 25 million	–	–	4	79,413
	5	7,454	13	93,671

		2021	2020
		Rs '000	Rs '000
23.	**DEPOSITS AND PREPAYMENTS**		
	Non-interest bearing deposits	1,414	914
	Prepayments	65,270	49,771
		66,684	50,685

		Note	2021	2020
			Rs '000	Rs '000
24.	**OTHER RECEIVABLES**			
	Accrued income on investments and bank deposits:			
	Pakistan Investment Bonds		144,388	146,320
	Conventional banks		24,251	4,910
	Islamic banks		26	38
	Subsidiaries - conventional		127,995	148,610
	Sales tax receivable		16,614,878	14,172,638
	Advance tax	24.1	322,368	322,368
	Subsidy receivable from Government agencies	24.2	6,961,878	6,961,878
	Dividend receivable		–	223,715
	Receivable from Workers' Profit Participation			
	Fund - unsecured		140,748	–
	Receivable from subsidiary companies	24.3		
	FFC Energy Limited - unsecured		34,618	169,514
	Fauji Fresh n Freeze Limited - unsecured		1,439	17
	OLIVE Technical Services (Private) Limited - unsecured		7,767	–
	Receivable from Fauji Fertilizer Bin Qasim			
	Limited - unsecured		359,344	360,188
	Receivable from Sona Welfare Foundation		30	–
	Other receivables		28,871	234,277
	Loss allowance		(2,149,404)	(1,779,404)
			22,619,197	20,965,069

24.1 This represents tax paid by PSFL in excess of admitted tax liabilities net of adjustments of determined refunds. The Company intends to adjust the remaining amount after finalization of pending re-assessments by the taxation authorities.

24.2 This represents subsidy receivable on sale of Di-Ammonium Phosphate (DAP) fertilizer under schemes announced on October 25, 2015 @ Rs 500 per 50 kg bag and on June 25, 2016 @ Rs 300 per 50 kg bag respectively and subsidy receivable on sale of Urea under scheme announced on June 25, 2016 @ Rs 156 per 50 kg bag under notifications issued by Ministry of National Food Security & Research, Government of Pakistan. Finance Act, 2017 revoked subsidy on sale of DAP and also reduced Urea subsidy to Rs 100 per 50 kg bag for the financial year 2017-18.

24.3 The maximum amount of receivable from FFCEL, FFF, OLIVE, FFBL and Sona Welfare Foundation (SWF) during the year was Rs 169,514 thousand (2020: Rs 221,862 thousand), Rs 1,439 thousand (2020: Rs 24 thousand), Rs 7,767 thousand (2020: Rs Nil), Rs 373,366 thousand (2020 : Rs 360,188 thousand) and Rs 30 thousand (2020: Rs Nil), respectively.

		Note	2021	2020
			Rs '000	Rs '000
25.	**SHORT TERM INVESTMENTS**			
	Amortised cost - conventional investments	25.1		
	Term deposits with banks and financial institutions			
	Local currency (net of provision for doubtful recovery			
	Rs 1,300 thousand (2020: Rs 2,600 thousand)		11,000,000	–
	Foreign currency		2,712,822	2,426,874
			13,712,822	2,426,874
	Investments at fair value through profit or loss	25.2		
	Conventional investments		76,825,517	74,767,100
	Shariah compliant investments		223,474	4,619,771
			77,048,991	79,386,871
	Investments at fair value through other comprehensive income (OCI)	25.2		
	Treasury Bills		2,181,306	–
	Current maturity of long term investments			
	Fair value through OCI	16	2,253,152	88,368
			95,196,271	81,902,113

25.1 These represent investments having maturities ranging between 1 to 3 months and are being carried at amortized cost.

25.2 Fair values of these investments are determined using quoted repurchase price. Treasury Bills carry interest yield of 8.30% to 10.75% per annum (2020: Nil) per annum.

		Note	2021	2020
			Rs '000	Rs '000
26.	**CASH AND BANK BALANCES**			
	At banks			
	Local Currency			
	Current account - Conventional banking		78,148	197,448
	Current account - Islamic banking		232,981	253,744
	Deposit account - Conventional banking	26.1	272,404	227,033
	Deposit account - Islamic banking	26.2	2,913	23,850
			586,446	702,075
	Foreign Currency			
	Deposit account (2021: US$ 67; 2020: US$ 65)		12	10
		26.3	586,458	702,085
	Cash in transit	26.4	603,070	451,340
	Cash in hand		50	50
			1,189,578	1,153,475

26.1 Balances with banks carry markup ranging from 7.25% to 7.80% (2020: 5.5% to 6.15%) per annum.

26.2 Balances with banks carry profit ranging from 2.87% to 3.05% (2020: 3.00% to 3.02%) per annum.

26.3 Balances with banks include Rs 247,501 thousand (2020: Rs 191,556 thousand) in respect of security deposits received.

26.4 These represent demand drafts held by the Company at year end.

		Note	2021	2020
			Rs '000	Rs '000
27.	**TURNOVER - NET**			
	Manufactured urea		83,474,865	81,497,037
	Purchased and packaged fertilizers		27,440,545	18,527,643
			110,915,410	100,024,680
	Sales tax		(2,264,520)	(2,027,425)
	Trade discount		–	(342,502)
			(2,264,520)	(2,369,927)
			108,650,890	97,654,753
28.	**COST OF SALES**			
	Raw materials consumed		20,398,648	21,696,817
	Fuel and power		12,369,177	13,033,357
	Chemicals and supplies		570,331	615,288
	Salaries, wages and benefits		8,066,551	7,729,032
	Training and employees welfare		1,040,991	887,688
	Rent, rates and taxes		38,559	39,267
	Insurance		312,887	262,777
	Travel and conveyance		417,687	267,629
	Repairs and maintenance (includes stores and spares consumed of Rs 848,310 thousand; 2020: Rs 597,266 thousand)		2,658,416	1,884,549
	Depreciation	14.1	2,355,726	2,243,501
	Amortisation	15.1	2,767	3,709
	Communication and other expenses	28.1	2,381,686	1,910,730
			50,613,426	50,574,344
	Opening stock - work in process		82,842	121,802
	Closing stock - work in process		(107,865)	(82,842)
			(25,023)	38,960
	Cost of goods manufactured		50,588,403	50,613,304
	Opening stock - manufactured urea		49,039	674,520
	Closing stock - manufactured urea		(657,370)	(49,039)
			(608,331)	625,481
	Cost of sales - manufactured urea		49,980,072	51,238,785
	Opening stock - purchased fertilizers		9,783	5,848,830
	Purchase of fertilizers for resale		19,875,006	8,993,629
	Closing stock - purchased fertilizers		(93,048)	(9,783)
	Cost of sales - purchased fertilizers		19,791,741	14,832,676
			69,771,813	66,071,461

28.1 This includes provision for slow moving spares amounting to Rs 14,734 thousand (2020: Rs 73,632 thousand).

		Note	2021	2020
			Rs '000	Rs '000
29.	**DISTRIBUTION COST**			
	Product transportation		4,832,725	4,627,513
	Salaries, wages and benefits		2,209,300	2,044,352
	Training and employees welfare		146,517	145,262
	Rent, rates and taxes		202,284	226,463
	Insurance		7,508	4,125
	Technical services to farmers		11,595	18,463
	Travel and conveyance		185,812	172,307
	Sale promotion and advertising		186,960	130,629
	Communication and other expenses		413,766	219,076
	Warehousing expenses		138,271	198,831
	Depreciation	14.1	73,360	59,731
	Amortisation	15.1	1,034	1,252
			8,409,132	7,848,004
30.	**FINANCE COST**			
	Mark-up / profit on long term borrowings			
	Conventional banking		903,723	1,105,967
	Islamic banking		327,814	106,700
			1,231,537	1,212,667
	Mark-up / profit on short term borrowings			
	Conventional banking		854,335	489,251
	Islamic banking		166,511	107,075
			1,020,846	596,326
	Bank and other charges		39,732	64,515
			2,292,115	1,873,508
31.	**OTHER EXPENSES**			
	Research and development		722,941	601,026
	Workers' Profit Participation Fund		1,626,823	1,580,206
	Workers' Welfare Fund		570,500	432,552
	Auditor's Remuneration			
	Audit fee		2,625	2,500
	Fee for half yearly review, audit of consolidated financial statements, audit of employee retirement benefit funds, review of Code of Corporate Governance and other certifications in the capacity of external auditors		5,260	1,632
	Taxation services		17,980	20,786
	Out of pocket expenses		237	500
			26,102	25,418
			2,946,366	2,639,202

		2021	2020
		Rs '000	Rs '000
32.	**OTHER INCOME**		
	Income from financial assets		
	Income on loans, deposits and investments in:		
	Pakistan Investment Bonds	442,900	436,063
	Conventional banks	228,719	231,518
	Islamic banks	834	413
	Gain on investments		
	Conventional mutual funds	1,709,625	476,402
	Shariah compliant mutual funds	–	5,053
	Gain on re-measurement of investments		
	classified as fair value through profit of loss on:		
	Conventional mutual funds	182,075	191,407
	Shariah compliant mutual funds	5,354	25,223
	Gain on maturity of Treasury Bills	19,651	–
	Dividend income on:		
	Conventional mutual fund	2,723,331	2,925,625
	Shariah compliant mutual fund	65,110	262,364
	Exchange gain on foreign currency balances	234,784	73,187
		5,612,383	4,627,255
	Income from associated companies		
	Dividend from AKBL	1,631,304	815,652
	Dividend from PMP	295,247	559,240
		1,926,551	1,374,892
	Income from non - financial assets		
	Gain on disposal of property, plant and equipment	21,664	38,915
	Commission on sale of FFBL products	25,827	29,712
		47,491	68,627
	Other income		
	Scrap sales	69,820	61,960
	Income on house building loan	42,770	38,432
	Others	220,151	258,178
		332,741	358,570
		7,919,166	6,429,344
33.	**PROVISION FOR TAXATION**		
	Current tax		
	Current year	9,635,000	7,605,000
	Prior year	–	226,000
		9,635,000	7,831,000
	Deferred tax	(1,192,000)	941,000
		8,443,000	8,772,000

		2021	2020
		Rs '000	Rs '000
33.1	**Reconciliation between tax expense and accounting profit**		
	Profit before tax	30,339,141	29,591,459

		2021	2020
		%	%
	Applicable tax rate	29.00	29.00
	Tax effect of income that is exempt or taxable at reduced rates	(3.06)	(2.13)
	Effect of permanent differences	1.94	2.37
	Prior year charge	–	0.76
	Others	(0.05)	(0.36)
	Average effective tax rate charged on income	27.83	29.64

		2021	2020
		Rs '000	Rs '000
33.2	**Tax impacts on items recognised in other comprehensive income**		
	Tax impact on:		
	(Deficit) / surplus on re-measurement of investments to fair value	(57,940)	83,956
	Gain on re-measurement of staff retirement benefit plans	33,285	897
		(24,655)	84,853

		2021	2020
34.	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit for the year (Rupees '000)	21,896,141	20,819,459
	Weighted average number of shares in issue (Number '000)	1,272,238	1,272,238
	Basic and diluted earnings per share (Rupees)	17.21	16.36

There is no dilutive effect on the basic earnings per share of the Company.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the chief executive, directors and executives of the Company are given below:

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	Rs '000	Rs '000	Rs '000	Rs '000
Managerial remuneration	17,162	1,745,774	8,590	1,658,905
Contribution to provident fund	1,227	109,584	618	104,218
Bonus and other awards	2,725	3,833	3,703	—
Good performance award	–	1,835,577	–	1,778,250
Allowances and contribution to retirement benefit plans	10,744	1,660,592	8,183	1,502,404
Total	31,858	5,355,360	21,094	5,043,777
No. of person(s)	2*	431	1	409

*Including those who worked part of the year

The above were provided with medical facilities; the chief executive and certain executives were also provided with some furnishing items and vehicles in accordance with the Company's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment while contributions for executives in respect of gratuity and pension are based on actuarial valuations. Leave encashment of Rs 3,611 thousand (2020: Rs Nil) and Rs 518,527 thousand (2020: Rs 28,600 thousand) were paid to chief executive and executives on separation, in accordance with the revised Company's policy.

Executive means an employee whose basic salary exceeds Rs 1,200 thousand (2020: Rs 1,200 thousand) during the year.

In addition, 15 (2020: 19) directors were paid aggregate fee of Rs 23,425 thousand (2020: Rs 10,500 thousand). Directors are not paid any remuneration except meeting fee.

36. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			Equity	
	Long term borrowings	Lease liabilities	Government grant	Unappropriated profit	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance at January 1, 2021	14,962,097	82,293	112,292	29,461,383	44,618,065
Changes from financing cash flows					
Draw-downs	10,469,601	–	–	–	10,469,601
Repayments	(4,187,500)	–	–	–	(4,187,500)
Repayment of lease liability - net	–	(24,330)	–	–	(24,330)
Dividend paid	–	–	–	(16,853,077)	(16,853,077)
Total changes from financing cash flows	6,282,101	(24,330)	–	(16,853,077)	(10,595,306)
Other changes					
Liability related	–	3,781	–	–	3,781
Equity related					
Total comprehensive income for the year	–	–	–	21,977,631	21,977,631
Change in unclaimed dividend	–	–	–	(4,079)	(4,079)
Amortisation of government grant	–	–	(71,490)	–	(71,490)
Total liability and equity related other changes	–	–	(71,490)	21,973,552	21,902,062
Balance at December 31, 2021	21,244,198	61,744	40,802	34,581,858	55,928,602

	Liabilities			Equity	
	Long term borrowings	Lease liabilities	Government grant	Unappropriated profit	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance at January 1, 2020	11,183,750	104,941	–	22,697,960	33,986,651
Changes from financing cash flows					
Draw-downs	8,409,538	–	–	–	8,409,538
Repayments	(4,631,191)	–	–	–	(4,631,191)
Repayment of lease liability - net	–	(30,698)	–	–	(30,698)
Dividend paid	–	–	–	(14,131,868)	(14,131,868)
Grant received	–	–	190,462	–	190,462
Total changes from financing cash flows	3,778,347	(30,698)	190,462	(14,131,868)	(10,193,757)
Other changes					
Liability related	–	8,050	–	–	8,050
Equity related					
Total comprehensive income for the year	–	–	–	20,821,656	20,821,656
Change in unclaimed dividend	–	–	–	73,635	73,635
Amortisation of government grant	–	–	(78,170)	–	(78,170)
Total liability and equity related other changes	–	–	(78,170)	20,895,291	20,817,121
Balance at December 31, 2020	14,962,097	82,293	112,292	29,461,383	44,618,065

		2021	2020
		Rs '000	Rs '000
37.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	30,339,141	29,591,459
	Adjustments for:		
	Gain on extinguishment of original GIDC liablity	–	(5,926,537)
	Unwinding of GIDC liability	2,441,489	–
	Impairment loss on investment in FFF	–	1,000,000
	Loss allowance on subsidy receivable	–	987,000
	Depreciation	2,431,311	2,305,084
	Amortization	3,801	4,961
	Provision for slow moving spares	14,734	73,632
	Finance cost	2,292,115	1,873,508
	Income on loans, deposits and investments	(715,223)	(667,994)
	Gain on re-measurement of investments at fair value through profit or loss	(187,429)	(698,085)
	Dividend income	(1,926,551)	(1,374,892)
	Amortization of government grant	(71,490)	(78,170)
	Exchange gain - net	(234,784)	(73,187)
	Gain on disposal of property, plant and equipment	(21,664)	(38,915)
		4,026,309	(2,613,595)
		34,365,450	26,977,864
	Changes in working capital:		
	(Increase) / decrease in current assets		
	Stores, spares and loose tools	(138,483)	(696,723)
	Stock in trade	(728,408)	6,475,385
	Trade debts	1,454,105	11,172,733
	Loans and advances	30,512	107,832
	Deposits and prepayments	(15,999)	(102)
	Other receivables	(1,872,532)	(4,290,956)
	Increase in current liabilities		
	Trade and other payables	1,449,279	9,309,751
		178,474	22,077,920
	Changes in long term loans and advances	(1,098,604)	(745,496)
	Changes in long term deposits and prepayments	(590)	(1,710)
	Changes in deferred liabilities	(303,729)	(177,986)
		33,141,001	48,130,592

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

38.1 Financial instruments by category

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2021				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	833,231	–	–	833,231
Loans and advances	588,595	–	–	588,595
Deposits	1,414	–	–	1,414
Other receivables	5,541,203	–	–	5,541,203
Short term investments	13,712,822	77,048,991	4,434,458	95,196,271
Cash and bank balances	1,189,578	–	–	1,189,578
Maturity after one year				
Long term investments	–	–	2,505,112	2,505,112
Long term loans and advances	1,557,932	–	–	1,557,932
Long term deposits	12,378	–	–	12,378
	23,437,153	77,048,991	6,939,570	107,425,714

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	4,504,198
Current portion of lease liabilities	37,494
Trade and other payables	60,674,800
Markup and profit accrued	722,941
Short term borrowings	38,954,272
Unclaimed dividend	471,891
Maturity after one year	
Long term borrowings	16,740,000
Lease liabilities	24,250
Provision for compensated leave absences	1,372,584
	123,502,430

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2020				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	2,287,336	–	–	2,287,336
Loans and advances	647,252	–	–	647,252
Deposits	914	–	–	914
Other receivables	6,470,064	–	–	6,470,064
Short term investments	2,426,874	79,386,871	88,368	81,902,113
Cash and bank balances	1,153,475	–	–	1,153,475
Maturity after one year				
Long term investments	–	–	4,974,076	4,974,076
Long term loans and advances	1,297,330	–	–	1,297,330
Long term deposits	12,378	–	–	12,378
	14,295,623	79,386,871	5,062,444	98,744,938

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	4,334,776
Current portion of lease liabilities	23,132
Trade and other payables	12,123,153
Markup and profit accrued	274,936
Short term borrowings	25,257,980
Unclaimed dividend	467,812
Maturity after one year	
Long term borrowings	10,627,321
Lease Liabilities	59,161
Provision for compensated leave absences	1,624,860
	54,793,131

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 VIS Credit Rating Company Limited (formely 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	2021	2020
		Rs '000	Rs '000
Trade Debts			
Counterparties without external credit ratings			
Existing customers with no default in the past		833,231	2,287,336
Loans and advances			
Counterparties without external credit ratings			
Loans and advances to employees		2,146,527	1,889,303
Loan to subsidiary company		-	55,279
		2,146,527	1,944,582
Deposits			
Counterparties without external credit ratings			
Others		1,414	914
Other receivables			
Counterparties with external credit ratings	A1+ / A1+		
	A1 / A1	168,665	151,268
Counterparties without external credit ratings			
Balances with related parties		523,396	678,329
Others		4,849,142	5,640,466
		5,541,203	6,470,063
Short term investments			
Counterparties with external credit ratings	A1+/A-1+	13,752,875	2,448,390
	AM1	37,500,111	22,235,851
	AM2++/AM2/AM2+	39,548,879	57,151,021
Counterparties without external credit ratings			
PIBs and T-Bills issued by the Government of Pakistan		4,394,406	66,851
		95,196,271	81,902,113
Bank balances			
Counterparties with external credit ratings	A-1+/A1+/P-1	1,189,466	1,153,357
	A1 / A1	51	57
	A-2	9	9
	A-3	2	2
		1,189,528	1,153,425
Long term investments			
Counterparties with external credit ratings	AA +	255,930	304,033
Counterparties without external credit ratings		2,249,182	4,670,043
		2,505,112	4,974,076
Long term loans and advances			
Counterparties without external credit ratings		1,557,932	1,297,330
Long term deposits			
Counterparties without external credit ratings		12,378	12,378

38.3 Financial risk management

The Company has exposures 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.

a) 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 investments, loans and advances, deposits, trade debts, 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:

	2021	2020
	Rs '000	Rs '000
Long term investments	2,505,112	4,974,076
Loans and advances	2,146,527	1,944,582
Deposits	12,378	12,378
Trade debts - net of provision	833,231	2,287,336
Other receivables - net of provision	5,541,203	6,470,063
Short term investments - net of provision	95,196,271	81,902,113
Bank balances	1,189,578	1,153,475
	107,424,300	98,744,023

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's most significant amount receivable is from an Asset Management Company which amounts to Rs 12,329,738 thousand (2020: Rs 12,382,405 thousand from an Asset Management Company). This is included in total carrying amount of investments as at reporting date.

Trade debts amounting to Rs 833,231 thousand (2020: Rs 2,287,336 thousand) 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.

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have high credit rating. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Impairment losses

The aging of trade debts at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	Rs '000		Rs '000	
Not yet due	754,744	–	2,070,789	–
Past due 1-30 days	58,658	–	216,547	–
Past due 31-60 days	19,829	–	–	–
Past due 61-90 days	–	–	–	–
Over 90 days	1,758	1,758	1,758	1,758
	834,989	1,758	2,289,094	1,758

The management believes that no impairment allowance is necessary in respect of trade debts since significant amount of past due debts are secured by way of bank guarantees.

b) 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 manage 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 Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet the cash flow requirements and maintaining the debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date, to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments.

	Carrying amount	Within 1 year	1 to 5 years	More than 5 years
			Contractual Amount	
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2021				
Long term borrowings and accrued interest	21,586,940	4,846,940	16,740,000	–
Lease liabilities	61,744	37,494	24,250	–
Trade and other payables	60,674,800	60,674,800	–	–
Unclaimed dividend	471,891	471,891	–	–
Short term borrowings and accrued interest	39,334,471	39,334,471	–	–
Provision for compensated leave absences	1,372,584	–	1,372,584	–
	123,502,430	105,365,596	18,136,834	–
December 31, 2020				
Long term borrowings and accrued interest	15,080,460	5,374,063	9,706,397	–
Lease liabilities	82,293	23,132	59,161	–
Trade and other payables	12,123,153	12,123,153	–	–
Unclaimed dividend	467,812	467,812	–	–
Short term borrowings and accrued interest	25,414,553	25,414,553	–	–
Provision for compensated leave absences	1,624,860	–	1,624,860	–
	54,793,131	43,402,713	11,390,418	–

The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates.

c) 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 interest rate risk, currency risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currencies.

Exposure to Currency Risk

The Company is exposed to currency risk on bank balance and investments which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2021		2020	
	Rs '000	USD '000	Rs '000	USD '000
Bank balance	12	0.07	10	0.06
Investments (Term deposit receipts)	2,712,822	15,328	2,426,874	15,187

The following significant exchange rates applied during the year:

	2021 Average rate	2020 Average rate	2021 Reporting date rate	2020 Reporting date rate
	Rs	Rs	Rs	Rs
US Dollars	163.36	162.03	176.98	159.80

Sensitivity analysis

A 10% strengthening of the functional currency against foreign currencies at December 31 would have decreased profit by Rs 271,283 thousand (2020: Rs 242,688 thousand). A 10% weakening of the functional currency against foreign currencies at December 31 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

ii) 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, long term borrowings, long term investments, loans and advances, short term investments and deposits with banks. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

	2021 Carrying amount	2020 Carrying amount
	Rs '000	Rs '000
Fixed rate instruments		
Financial assets	8,455,789	5,062,444
Financial liabilities	40,802	–
Variable rate instruments		
Financial assets	–	55,279
Financial liabilities	60,198,471	40,330,481

Fair value sensitivity analysis for fixed rate instruments

The Company is not exposed to variations in profit and loss on its fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit 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 2020.

	100 basis points increase	100 basis points decrease
	Rs '000	Rs '000
December 31, 2021		
Cash flow sensitivity - Variable rate instruments		
Financial assets	–	–
Financial liabilities	(427,409)	427,409
December 31, 2020		
Cash flow sensitivity - Variable rate instruments		
Financial assets	1,300	(1,300)
Financial liabilities	(286,346)	286,346

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis – price risk

For quoted investments classified as fair value through other comprehensive income, a 1 percent increase in market price at reporting date would have increased equity by Rs 48,488 thousand (2020: Rs 47,369 thousand); an equal change in the opposite direction would have decreased equity after tax by the same amount. For investments classified as fair value through profit or loss, the impact on profit would have been an increase or decrease by Rs 547,047 thousand (2020: Rs 793,869 thousand). The analysis is performed on the same basis for 2020 and assumes that all other variables remain the same.

38.4 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 market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

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:

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000		Rs '000	
Assets carried at amortised cost				
Long term loans and advances	1,557,932	1,557,932	1,297,330	1,297,330
Long term deposits	12,378	12,378	12,378	12,378
Trade debts	833,231	833,231	2,287,336	2,287,336
Loans and advances	588,595	588,595	647,252	647,252
Deposits	1,414	1,414	914	914
Other receivables	5,541,203	5,541,203	6,470,063	6,470,063
Short term investments	13,712,822	13,712,822	2,426,874	2,426,874
Cash and bank balances	1,189,578	1,189,578	1,153,475	1,153,475
	23,437,153	23,437,153	14,295,622	14,295,622
Assets carried at fair value				
Long term investments	2,505,112	2,505,112	5,062,444	5,062,444
Short term investments	81,483,449	81,483,449	79,475,239	79,475,239
	83,988,561	83,988,561	84,537,683	84,537,683

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000		Rs '000	
Liabilities carried at amortised cost				
Long term borrowings	21,244,198	21,244,198	14,962,097	14,962,097
Provision for compensated leave absences	1,372,584	1,372,584	1,624,860	1,624,860
Trade and other payables	60,674,800	60,674,800	12,123,153	12,123,153
Mark-up and profit accrued	722,941	722,941	274,936	274,936
Short term borrowings	38,954,272	38,954,272	25,257,980	25,257,980
Unclaimed dividend	471,891	471,891	467,812	467,812
Lease liabilities	61,744	61,744	82,293	82,293
	123,502,430	123,502,430	54,793,131	54,793,131

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 market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, 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	Level 3
	Rs '000	Rs '000	Rs '000
December 31, 2021			
Assets carried at fair value			
Long term investments - FVTOCI	–	4,686,418	–
Short term investments - FVTPL	81,483,449	–	–
	81,483,449	4,686,418	–
December 31, 2020			
Assets carried at fair value			
Long term investments - FVTOCI	–	5,062,444	–
Short term investments - FVTPL	79,475,239	–	–
	79,475,239	5,062,444	–

38.5.1 Determination of fair values

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 at fair value through profit and loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment at fair value through other comprehensive income

Investments at fair value through other comprehensive income are determined by reference to their quoted closing repurchase price at the reporting date and where applicable it is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Investment in associate and subsidiary

The fair value of investment in listed associate and subsidiary 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 as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value 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.

39. RELATED PARTY TRANSACTIONS

39.1 Following are the related parties with whom the Company had entered into transactions during the year:

Related party	Basis of relationship	Aggregate % age shareholding in the Company
Fauji Foundation	Holding company	44.35%
Mr. Waqar Ahmed Malik	Director	–
Mr. Sarfaraz Ahmed Rehman	Director	–
Dr. Nadeem Inyat	Director	–
Mr. Saad Amanullah Khan	Director	0.00004%
Ms. Maryam Aziz	Director	0.00001%
Maj Gen Naseer Ali Khan (Retd)	Director	–
Mr. Peter Bruun Jensen	Director	–
Maj Gen Ahmad Mahmood Hayat (Retd)	Director	–
Syed Bakhtiyar Kazmi	Director	–
Mr. Shoaib Javed Hussain	Director	–
Dr. Hamid Ateeq Sarwar	Director	–
Mr. Jehangir Shah	Director	–
Dr. Ayesha Khan	Director	0.00001%
FFC Energy Limited	Subsidiary company	100.00%

Related party	Basis of relationship	Aggregate % age shareholding in the Company
Fauji Fresh n Freeze Limited	Subsidiary company	100.00%
Foundation Wind Energy - I Limited	Subsidiary company	100.00%
Foundation Wind Energy - II Limited	Subsidiary company	80.00%
OLIVE Technical Services (Private) Limited	Subsidiary company	100.00%
Fauji Fertilizer Bin Qasim Limited	Associated company	49.88%
Askari Bank Limited	Associated company	43.15%
Thar Energy Limited	Associated company	30.00%
Pakistan Maroc Phosphore S.A., Morocco	Common directorship	12.50%
Fauji Cement Company Limited	Common directorship	6.79%
Mari Petroleum Company Limited	Common directorship	–
Sona Welfare Foundation	Associated undertaking	–
Provident Fund Trust	Contributory provident fund	–
Gratuity Fund Trust	Defined benefit fund	–
Pension Fund Trust	Defined benefit fund	–

39.2 Following particulars relate to associated companies incorporated outside Pakistan with whom the Company had entered into transactions during the year:

Particulars	Pakistan Maroc Phoshore S.A., Morocco
Name of associated company	Pakistan Maroc Phosphore S.A.
Basis of association	Joint Venture of OCP Group and Fauji Group
Aggregate %age of shareholding by the Company	12.5% Equity Investment by the Company

39.3 Fauji Foundation holds 44.35% (2020: 44.35%) shares of the Company at the year-end. Therefore all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and employees' funds. Material transactions with related parties and the balances outstanding at the year-end are given below. Loans and advances to executives and remuneration of chief executive, directors and executives are disclosed in notes 17, 22 and 35 to the financial statements respectively.

	2021	2020
	Rs '000	Rs '000
HOLDING COMPANY		
Transactions		
Dividend paid	7,476,149	6,234,826
Consideration paid for acquisition of subsidiaries - FWEL I & II	8,256,333	–
Services Received	249,292	115,000
Sale of fertilizer	1,255	1,190
Others	14,493	4,836
Balances		
Balance payable - unsecured	–	52,500

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
	Rs '000	Rs '000
SUBSIDIARY COMPANIES		
Transactions		
Guarantee against loan of subsidiary company	2,245,000	–
Equity investment	13,512,339	1,500,000
Advance against issue of shares	20,000	–
Interest Income	2,219	5,574
Rental income	11,040	8,817
Expense incurred on behalf of subsidiary companies	161,890	170,538
Receipt against expenses on behalf of subsidiary companies	298,867	148,590
Receipt of interest accrued on loans	22,834	216,227
Receipt of loan	55,279	–
Balances		
Balance receivable - unsecured	171,819	373,420
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	1,199,814	1,287,142
Commission on sale of products	25,827	29,712
Consideration paid for acquisition of subsidiaries - FWEL I & II	5,256,006	–
Payments under consignment account - net	114,718,306	94,455,997
Payment against purchase of gas as feed and fuel stock	32,763,354	32,959,985
Advance against issue of shares	376,707	2,493,774
Services and materials provided	17,011	24,676
Services and materials received	1,368	1,021
Donations	314,000	164,473
Interest expense	180,922	138,019
Interest income	9,319	60,881
Dividend income	1,926,551	1,374,892
Balances		
Dividend receivable	–	223,715
Long term investments	110,197	125,548
Short term investments	11,000,000	–
Short term borrowings	4,212,743	2,303,598
Running Finance	215,186	153,285
Balance receivable	360,858	362,345
Balance payable	67,052,323	66,368,028
STAFF RETIREMENT BENEFITS		
Contribution		
Employees' Provident Fund Trust	483,898	475,558
Employees' Gratuity Fund Trust	229,632	253,724
Employees' Pension Fund Trust	217,967	159,720
Employees' Funds as Dividend on equity holding of 0.22% (2020: 0.15%)	27,092	24,319
Balances		
Balance payable - Gratuity Fund Trust	736,858	734,965
Balance payable - Pension Fund Trust	323,030	439,697

40. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segement. Revenue from external customers for products of the Company is disclosed in note 27 to the financial statements.

41. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors in its meeting held on January 31, 2022 has proposed a final dividend of Rs 4.65 per share.

42. GENERAL

42.1 Production capacity - Urea

	Design capacity		Production	
	2021	2020	2021	2020
	(Tonnes '000)		(Tonnes '000)	
Goth Machhi - Plant I	695	695	864	878
Goth Machhi - Plant II	635	635	753	810
Mirpur Mathelo - Plant III	718	718	890	799
	2,048	2,048	2,507	2,487

42.2 Facilities of letters of guarantee and letters of credit

Facilities of letters of credit and letters of guarantee amounting to Rs 31,720,600 thousand and Rs 835,000 thousand (2020: Rs 18,600,000 thousand and Rs. 6,028,000 thousand) respectively are available to the Company against lien on shipping/title documents, US $ Term Deposit Receipts and charge on assets of the Company. Facilities against letter of credit include Rs 5,490,600 thousand and Rs 2,100,000 thousand limit assigned for issuance of Standby Letters of Credit in relation to the Company's investment in Thar Energy Limited and Foundation Wind Energy Limited I & II, respectively.

42.3 Donations

Cost of Sales and Distribution Cost include donations amounting to Rs 210,225 thousand (2020: Rs 114,442 thousand) and Rs 103,775 thousand (2020: Rs 50,031 thousand) respectively. These are disbursed through Sona Welfare Foundation, Sona Tower, 156, The Mall, Rawalpindi (associated undertaking).

	2021	2020
42.4 Number of employees		
Total number of employees at end of the year	3,272	3,512
Average number of employees for the year	3,275	3,403

42.5 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

42.6 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, to conform to current year basis and presentation.

43. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Company has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Company is continuously monitoring the situation to counter act the changed environment. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these financial statements.

44. DATE OF AUTHORIZATION

These Financial Statements have been authorized for issue by the Board of Directors of the Company on January 31, 2022.

Chairman	Chief Executive	Director	Chief Financial Officer

SAY NO TO CORRUPTION



Photo Credits: Usman Miski



05

Consolidated Financial Statements

Consolidated Financial Statements of the FFC Group along with Chairman's Review on the Group's performance

Chairman's Review on the Consolidated Investment Timeline 305

Financial Statements 306

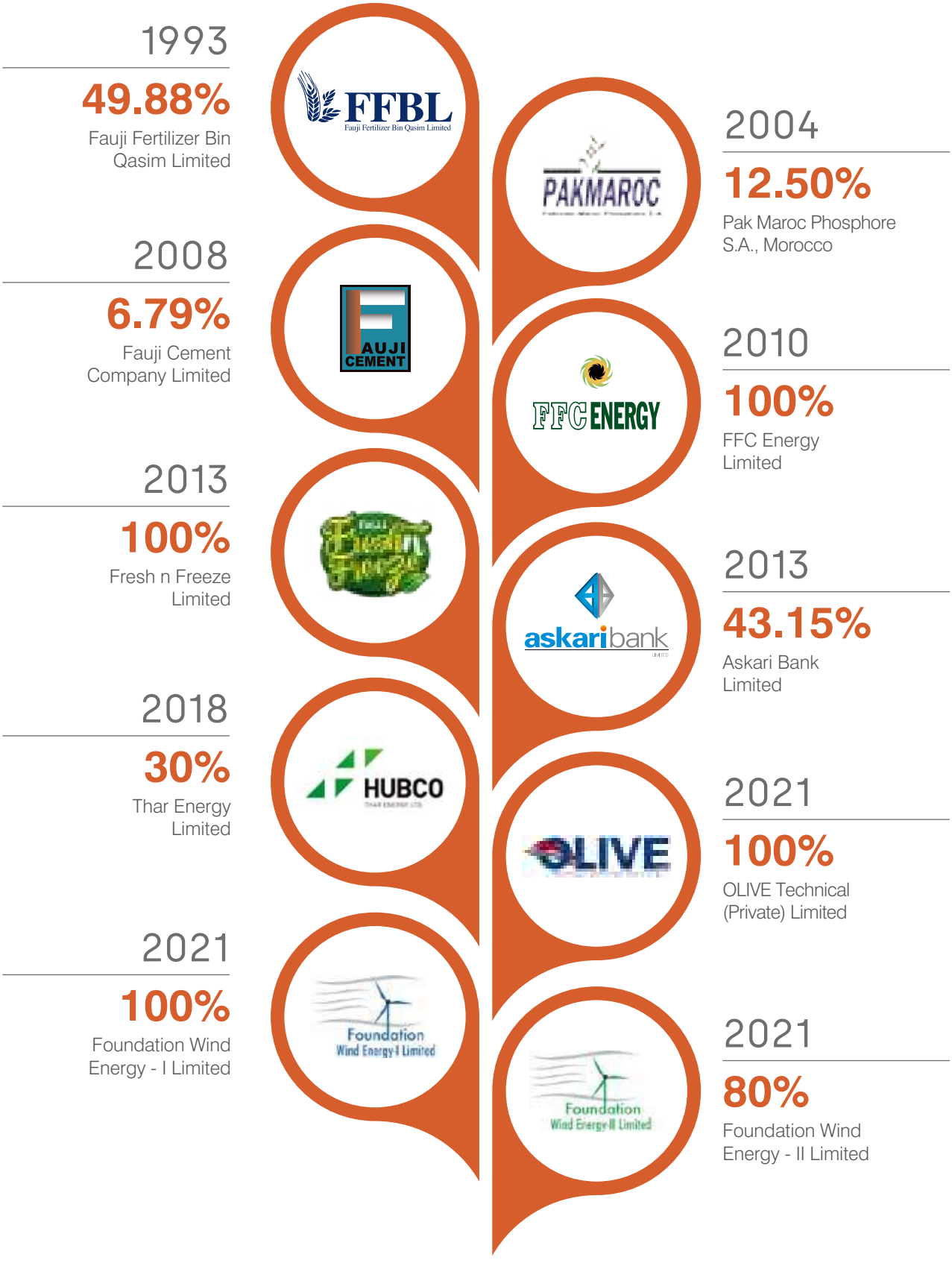
Directors' Report on the Consolidated Financial Statements 307

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Consolidated Financial Statements 334

SAY NO TO CORRUPTION

INVESTMENT TIMELINE



CHAIRMAN'S REVIEW

on the Consolidated Financial Statements

Dear Shareholders,

I am pleased to inform that the Group has achieved another successful year amid the challenges posed by the pandemic and a weak economic environment.

The shareholders would be pleased to know that the Group has achieved a new benchmark of highest turnover of Rs 114.35 billion, depicting an increase of 11% over the last year. This increase is attributable mainly to the turnover generated from the sales of imported fertilizers, as well as increase in revenue of our subsidiary. The acquisition of Foundation Wind Energy Limited – I (FWEL - I) and Foundation Wind Energy Limited – II (FWEL - II) in September 2021, further augmented the Group revenues.

Our wind energy project FFC Energy Limited (FFCEL) made a new benchmark of achieving 98% availability factor of the turbines, supplying 109 GWh to the National Grid, as compared to 102 GWh of last year. The reduction in ROE under the amended agreement with power purchaser however resulted in a minimal decline of 3% in net profitability, which stood at Rs 1.94 billion. The management is fully confident that FFCEL shall continue to perform successfully offering attractive returns to the shareholders.

Despite the unfavorable environment for food business owing to pandemic, Fauji Fresh n Freeze Limited (FFF) recorded a 40% growth in turnover. This growth was attributable to the increase in sales volume and better product pricing, which also resulted in an increased Gross Profit margin of 13% in the current year as compared to around 1% in 2020. Board is confident that FFF shall soon start contributing towards the income streams of the Group.

During the year, FFC acquired 100% shareholding in FWEL-I and 80% shareholding in FWEL-II. The acquisition was made at an aggregate consideration of Rs 13.51 billion for both companies. These newly acquired wind energy projects have already commenced contributing towards the income streams of FFC, by announcing a dividend of Rs 1.26 billion for FFC.

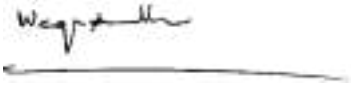
Our associated concern Askari Bank Limited (AKBL) posted a consolidated profit before provisions of Rs 15.12 billion, with an increase of 2% over last year. However, net profit declined by 17% to Rs 6.72 billion as of September 30, 2021, owing to the subjective provisioning of certain stressed advances during the subject period.

FFBL posted an improvement in its consolidated turnover by 31% to Rs 128.24 billion mainly due to high turnover of own manufactured DAP. The improved turnover, abolishment of GIDC on feed and fuel gas, and by employing cost controls, the operating profitability increased by Rs 9.31 billion to Rs 19.77 billion. Consequently, a consolidated net profit of Rs 9.22 billion was earned, 53% higher than last year.

Share of net profit from associated companies and joint venture stood at Rs 10.15 billion as compared to Rs 8.30 billion in 2020. The consolidated net profitability of Group thus stood at Rs 35.69 billion, with an increase of 20% from last year.

The Board of Directors of the parent company FFC have also proposed Rs 4.65 per share as final dividend, which is in addition to Rs 9.85 per share already declared as interim dividends.

The achievement of strong performance of the Group despite unfavorable market conditions are depictive of the strong leadership and vision of the respective Boards, who have inculcated core values of leadership, responsibility, integrity and good governance in the Group.



Waqar Ahmed Malik
Chairman

Rawalpindi
January 31, 2022

FINANCIAL PERFORMANCE OF THE GROUP

Group Composition

FFC Group comprises of the following companies:

Holding Company

Fauji Fertilizer Company Limited

Subsidiary Companies

FFC Energy Limited
Fauji Fresh n Freeze Limited
OLIVE Technical Services (Private) Limited
Foundation Wind Energy – I Limited
Foundation Wind Energy – II Limited

Associated Companies

Askari Bank Limited
Fauji Cement Company Limited
Fauji Fertilizer Bin Qasim Limited
Pak Maroc Phosphore S.A., Morocco
Thar Energy Limited

Profit or Loss Analysis

Turnover

The Group recorded benchmark turnover of Rs 114.35 billion, registering a growth of 11% compared to last year; primarily attributable to higher prices of imported fertilizer.

Cost of Sales

Cost of sales was recorded at Rs 72.99 billion, with an increase of 7% over 2020, mainly due to high cost of imported DAP and inflationary factors.

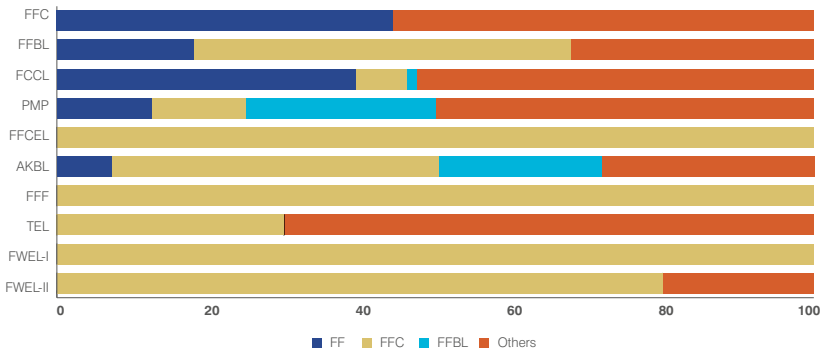
Gross Profit

Gross profitability of the Group thus stood at Rs 41.36 billion, improving by 20% compared to Rs 34.44 billion in 2020.

Administrative and Distribution Expenses

Administrative and distribution expenses of Rs 9.05 billion increased by 9% compared to last year mainly on account of higher fuel prices and general inflation.

Group Structure / Shareholding
(Percentage)



Finance Cost

The increase in interest rates besides higher financing requirements during 2021 resulted in finance cost of Rs 2.74 billion with an increase of 13% from the previous year.

Other Income

Efficient fund management coupled with high rates of return resulted in the highest ever income on investments amounting Rs 6.30 billion, 21% above 2020.

Other Gains / Losses

The Group's acquisition of two wind power companies namely FWEL – I and FWEL – II resulted in a Bargain Purchase Gain of Rs 5.48 billion. Whereas, unwinding of GIDC liability amounting Rs 2.44 billion and provision for expected credit loss of Rs 370 million on subsidy receivable from Government were also booked during the year.

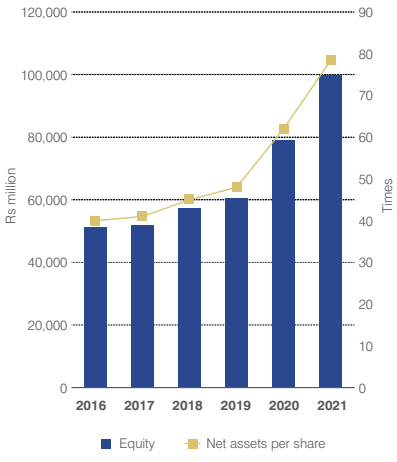
Other Expenses

Other expenses of the Group increased by 12% to Rs 2.96 billion, as the WPPF and WWF charges increased in line with improved profitability.

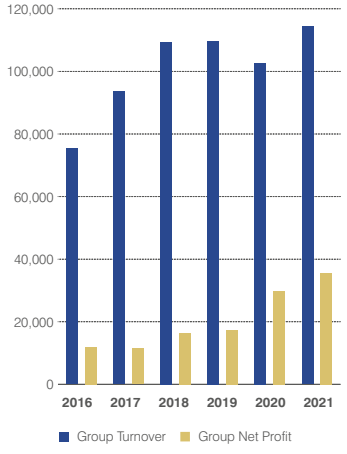
Share of Profit of Associates And Joint Venture

Share of profit of associates and joint venture was recorded at a gain of Rs 10.15 billion compared to Rs 8.30 billion last year, mainly due to increase in profitability of associated companies.

Group Equity &
Net Assets per Share



Group Revenue & Profit
(Rs million)



Provision For Taxation

Tax charge of Rs 10.04 billion was in line with Rs 9.82 billion of 2020, despite higher profitability mainly due to lower tax rate on income earned from investments.

FINANCIAL PERFORMANCE OF THE GROUP

Net Profit

Consequently, the Group achieved an increase of 20% in net profitability which was recorded at Rs 35.69 billion with an earnings per share of Rs 28.06.

Subsidiary Companies

FFC Energy Limited

FFC Energy Limited, the pioneer wind power company registered in Pakistan, is a wholly owned subsidiary of FFC. It is an unlisted public limited company established with the primary objective to undertake the business of power generation and sale. FFCEL started its commercial operations in May 2013 and has a power generation capacity of 49.5 MW. FFC currently has an equity investment of Rs 2.44 billion in the company.

FFCEL recorded ever highest (post O&M takeover) average availability factor of 98% of the turbines, supplying 109 GWh to the National grid.

Turnover of Rs 3.09 billion registered a decrease of 9% compared to last year mainly due to reduction in return on equity components pursuant to amendment agreements signed with power purchaser and lower interest component of tariff resulting from reduction in interest rates. Operating costs amounting Rs 1.06 billion recorded an increase of 9% compared to last year owing mainly to general inflation and time based repairs whereas reduced loan obligation and lower KIBOR saved Rs 236 million in finance cost. Consequently, net profitability was recorded at Rs 1.94 billion depicting a marginal decline of 3% against 2020, translating into earnings of Rs 7.96 per share.

FFCEL has been certified as full O&M services provider by Det Norske Veritas (DNV) Germany, world's leading wind power certification body. The company's Integrated Management System has been recertified by the external auditor M/s Bureau Veritas, Karachi.

The company has successfully finalized the sale of Carbon Credits accrued during years 2013 to 2021. Partial payment has been received while the verification of remainder is under process.

The Auditors of FFCEL have issued an unmodified opinion in their separate audit report on FFCEL's financial statements for the year ended December 31, 2021.

Composition of The Board

The following members remained on FFCEL's Board of Directors during the year:

- Mr Waqar Ahmed Malik
- Lt Gen Tariq Khan, HI(M) (Retired)
- Mr Sarfaraz Ahmed Rehman
- Syed Bakhtiyar Kazmi
- Maj Gen Ahmad Mahmood Hayat (Retired)
- Mr Qamar Haris Manzoor
- Mr Muhammad Aleem Khan
- Mr Khurram Shahzad Khan
- Mr Naveed Ahmed Khan
- Mr Jamil Akbar
- Mr Tassawor Ishaque

Casual Vacancies Filled during the Year

Appointed	Resigned	Date of Appointment
Mr Muhammad Aleem Khan	Mr Naveed Ahmed Khan	January 29, 2021
Syed Bakhtiyar Kazmi	Mr Jamil Akbar	June 08, 2021
Mr Khurram Shahzad Khan	Mr Tassawor Ishaque	June 08, 2021
Mr Sarfaraz Ahmed Rehman	Lt Gen Tariq Khan, HI(M) (Retired)	October 16, 2021

Foundation Wind Energy – I Limited

On September 29, 2021, FFC acquired 100% equity stake in Foundation Wind Energy – I Limited, which is an unlisted public limited company. FWEL – I is a 50 MW wind power project established with an objective to undertake the business of power generation and sale; that started commercial operations in April 2015. FFC has made an investment of Rs 7.49 billion in the project.

The Company generated and delivered 14.92 GWh of energy post acquisition on September 29, 2021, against a benchmark of 11.60 GWh to the national grid, while achieving average availability of 97.75%. Our subsidiary also declared a dividend of Rs 1.99 per share amounting to Rs 700 million in January 2022.

Auditors of FWEL – I have issued an unmodified opinion in their separate audit report on the company's financial statements for the three month period ended December 31, 2021.

Composition of The Board

The following members remained on FWEL – I's Board of Directors during the year:

- Mr Waqar Ahmed Malik
- Maj Gen Asif Ali, HI(M) (Retired)
- Maj Gen Khalid Mehmood, HI(M) (Retired)
- Mr Sarfaraz Ahmed Rehman
- Dr Nadeem Inayat
- Syed Bakhtiyar Kazmi
- Brig Hamad Qadir (Retired)
- Maj Gen Abid Rafique, HI(M) (Retired)
- Mr Aziz Ikram
- Mr Muhammad Iqbal Mir
- Mr Tassawor Ishaque
- Mr Mohammad Munir Malik

Casual Vacancies Filled During the Year

Appointed	Resigned	Date of Appointment
Mr Mohammad Munir Malik	Mr Aziz Ikram	October 11, 2021
	Mr Muhammad Iqbal Mir	October 11, 2021
	Mr Tassawor Ishaque	October 11, 2021
Maj Gen Abid Rafique, HI(M) (Retired)	Brig Hamad Qadir (Retired)	January 5, 2022
Maj Gen Asif Ali, HI(M) (Retired)	Maj Gen Khalid Mehmood, HI(M) (Retired)	January 10, 2022

Foundation Wind Energy – II Limited

On September 29, 2021, FFC acquired 80% equity stake in Foundation Wind Energy – II Limited, which is an unlisted public limited company. FWEL – II is a 50 MW wind power project established with an objective to undertake the business of power generation and sale; that started commercial operations in Dec 2014. FFC has made an investment of Rs 6.02 billion in the project.

FWEL – II generated and delivered 20.68 GWh of energy during the last quarter of 2021, against a benchmark of 11.5 GWh to the national grid. The Company achieved availability of 97.90%.

A dividend of Rs 1.98 per share of Rs 700 million was also declared by FWEL – II in January 2022, translating into 80% of FFC share to around Rs 560 million.

Auditors of FWEL – II have issued an unmodified opinion in their separate audit report on the company's financial statements for the three month period ended December 31, 2021.

Composition of The Board

The following members remained on FWEL – II's Board of Directors during the year:

- Mr Waqar Ahmed Malik
- Maj Gen Asif Ali, HI(M) (Retired)
- Maj Gen Khalid Mehmood, HI(M) (Retired)
- Mr Sarfaraz Ahmed Rehman
- Dr Nadeem Inayat
- Syed Bakhtiyar Kazmi
- Brig Hamad Qadir (Retired)
- Maj Gen Abid Rafique, HI(M) (Retired)
- Mr Aziz Ikram
- Mr Tassawor Ishaque
- Mr Mustafa Tapal
- Mr Adnaan Tapal

Casual Vacancies Filled During the Year

Appointed	Resigned	Date of Appointment
Maj Gen Abid Rafique, HI(M) (Retired)	Brig Hamad Qadir (Retired)	January 5, 2022
Maj Gen Asif Ali, HI(M) (Retired)	Maj Gen Khalid Mehmood, HI(M) (Retired)	January 10, 2022

FINANCIAL PERFORMANCE

Management objectives (FFCEL, FWEL-I & FWEL-II)

01 OBJECTIVE

02 OBJECTIVE

03 OBJECTIVE

	Maximized Energy Production	Cost Optimization	Self-reliance in Operations and Maintenance	
Strategy	• Effective Implementation of O&M plans • Effective supply chain management (SCM) • Reliability Improvement Measures • Performance monitoring	• Optimized resource utilization through proper planning • Improved technology • Need base expenditure • Cost monitoring at multiple levels	• Technical trainings • Certification from OEMs / Experts • Technical Audit of O&M Activities	
Nature	Medium term	Medium term	Medium to long term	
Priority	High	High	Medium	
Resources allocated	Financial capital, Human capital	Financial capital, Human capital, intellectual capital	Financial capital, Human capital	
KPI Monitored	Net Delivered Energy, Plant availability, WTG Power Curve	Gross Profit margin, Net Profit margin, O&M cost absorption	Plant availability, Training budget utilization, Contracted Out Services expenditure	
Status	Ongoing process	Ongoing process	Ongoing process	
Future relevance of KPI	KPI will remain relevant in future	The KPI will remain relevant in the future	Relevant for future as well	
Opportunities	• Increased revenue • Shareholder's satisfaction	Increased profitability	• O&M services to other wind farms • Efficient manpower utilization • Foreign exchange saving	
Threats	• Aging plant • Unscheduled maintenance • Unavailability of spare parts • Weather pattern changes	Reduced working efficiency	• Technical work load • Manpower attrition • Higher administrative work load	

Corporate Strategy

Maintaining our key position in the core business, we employ our unique organization culture, professional excellence and financial strength to maintain excellent business relationships with our stakeholders for development of renewable energy sector in Pakistan.

Key Risks and Opportunities



Capital

Associated objective: Social Life, Environment Sustenance and Community development, Self-Reliance in O&M

Opportunities: Cost Optimization,Create / enter new line of business

Mitigation Measures:

1. Discussions with GoP based on actual O&M costs and inputs received from Lenders.
2. Convince GoP that FFCEL has already reduced its O&M and Financing costs; therefore, no further reduction is possible

04 OBJECTIVE	05 OBJECTIVE
Create / enter new lines of business to augment profitability	**Social Life, Environment Sustenance and Community development**
• O&M Services to wind industry • Renewables Energy Trainings	• Assessment of neighbouring community needs • Provision of support in health, education and utility to community • Improvement in social life at Plant site • Environmental Protection & sustenance
Long term	Medium term
Medium	High
Human capital, Intellectual capital, Financial capital	Financial capital, Human capital
Revenue generated from services	CSR budget, feedback from community, employee feedback, monitoring of environmental aspects
Ongoing process	Ongoing process
The KPI will remain relevant in the future	The KPI will remain relevant in the future
Business diversification	• Community harmony • Employee motivation • Clean & safe environment
New business risks	• Increase in employee expectations • Demands from community • Increase in capital cost

Significant changes in objectives & strategies

There were no significant changes during the year which affected our course of action for achievement of these objectives.

Capital

Associated objective: Self-Reliance in Operation & Maintenance

Opportunities: Cost Optimization, Enter new line of Business to augment profitability

Mitigation Measures:

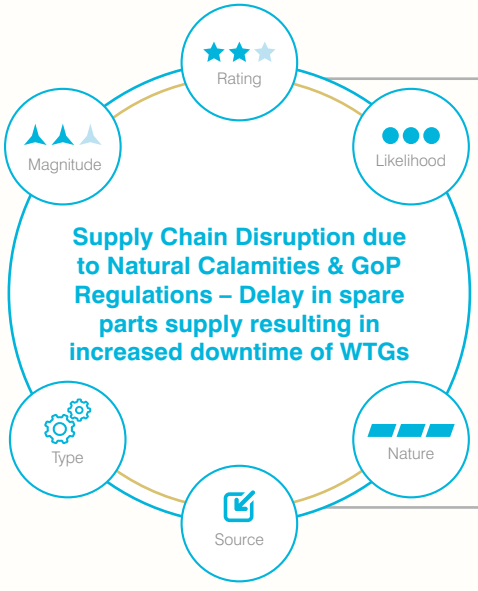
1. Seek exemption from GoP under EPA terms
2. In parallel, make preparations for participation in CTBCM



For legend, please refer Page No. 313

FINANCIAL PERFORMANCE

Key Risks and Opportunities



Supply Chain Disruption due to Natural Calamities & GoP Regulations – Delay in spare parts supply resulting in increased downtime of WTGs

Capital

Associated objective: Maximize Energy Production

Mitigation Measures:

1. Manage & enhance vendor database and parts supply mechanism alongwith engagement of O&M services experts as needed
2. Increase critical Spare Parts inventory level
3. Development of local vendors for parts and services
4. Close liaison with the foreign vendors

Capital

Associated objective: Maximize Energy Production, Cost Optimization
Opportunities: Increased self-reliance in O&M
Mitigation Measures:

1. Comply with OEM recommended scheduled maintenance plan with continuous monitoring and liaison with OEM for updating O&M practices
2. Keep recommended inventory of spares for unscheduled maintenance with appropriate changes in type/levels of parts based on experience
3. Development and updating of O&M manuals and maintenance SOPs, safety procedures and refresher trainings of O&M team
4. Development of in-house capabilities to repair / refurbish
5. Plant Performance monitoring & reliability studies for mitigation against aging impacts
6. Third party technical audit(s)
7. Appropriate insurance coverage



Operational Malfunctions, Maintenance issues, Plant ageing – that may result in reduced availability, production & reliability



Attrition of Expert / Experienced Manpower

Capital

Associated objective: Maximize Energy Production, Create / Enter new line of business, Increased Self Reliance in O&M

Opportunities: Increased self-reliance in O&M

Mitigation Measures:

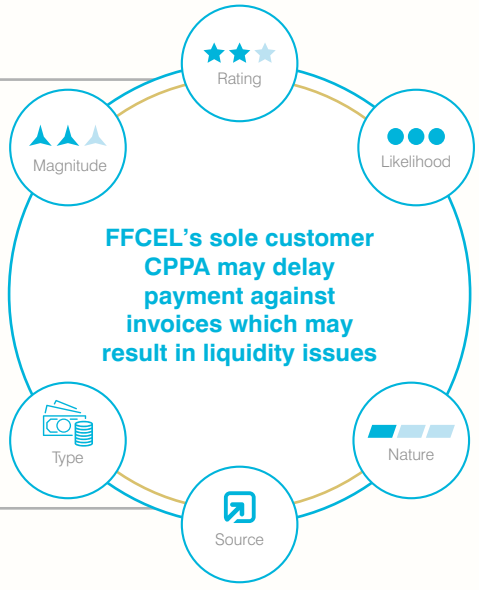
1. Multi-tasked team at FFCEL ensures backup for each manpower
2. In-house Technical Training Center ensures sufficient backup resource
3. Market has grown and experienced manpower of NDX/DPS and other IPPs is available
4. Expert Manpower can be sourced from China as well – established contact with experts of gearbox, converter, etc.
5. Introduction of market based lucrative manpower retention policies

Capital

Associated objective: Maximize Energy Production, Cost Optimization

Mitigation Measures:

1. Variables effecting CPPA's policy for disbursing payments to IPPs is outside management's control
2. CPPA receivables are backed up by the GOP's sovereign guarantee
3. Regular follow up with CPPA officials for disbursement of funds
4. Keep proactive treasury management system to ensure availability of adequate funds for any unforeseen requirement





Capital

Associated objective: Social Life, Environment Sustenance and Community development, Enter new line of Business to augment profitability and achieve sustained economic growth.

Mitigation Measures:

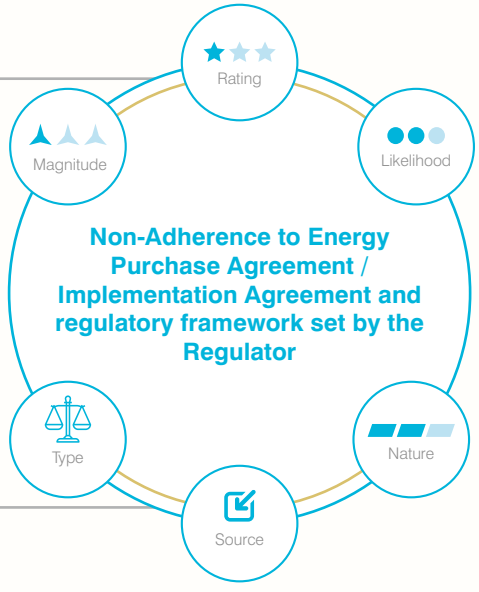
1. Services from specialized security firm in place with multi-layer security cover including CCTV coverage, patrolling, watch towers, etc.
2. Emergency safety / security drills at Plantsite
3. Collaboration with Government agencies deployed in the area including Police and Rangers
4. Appropriate insurance coverage

Capital

Associated objective: Maximize Energy Production, Create / Enter new line of business, Increased Self Reliance in O&M

Mitigation Measures:

Rigorous monitoring / checks are in place to prevent any non-compliance



Legend

Rating
Low · Medium · High

Magnitude
Low · Medium · High

Likelihood
Low · Medium · High

Source
External · Internal

Capital
Financial · Human · Intellectual · Manufactured · Natural · Relationship · Social

Type
Commercial · Political · Economic · Financial · Strategic · Operational · Compliance · Reputational

Nature
Short Term · Short / Medium Term · Medium Term · Long Term

FINANCIAL PERFORMANCE

Fauji Fresh n Freeze Limited

Fauji Fresh n Freeze Limited owns and operates Pakistan's first Individual Quick Frozen (IQF) food processing technology for processing of fresh and frozen fruits and vegetables. It is a public unlisted limited company which was acquired by FFC as a wholly owned subsidiary in 2013. To date, FFC has an aggregate investment of Rs 6.34 billion in the project.

FFF achieved turnover growth of 40% on the back of undisrupted supply chain together with distribution expansion and investment behind the brand. Further, improvement in Gross Profit margins by 12% from last year has been achieved through volumetric growth of 23% and pricing management. Consequently, the company was able to restrict its loss before tax to Rs 307 million, improving by 24% compared to 2020. Higher tax charge, in the absence of group tax relief availed in the previous three years, however resulted in net loss of Rs 333 million compared to a loss of Rs 149 million last year.

The Auditors of FFF have issued an unmodified opinion in their separate audit report on FFF's financial statements for the year ended December 31, 2021.

Management objectives

	01 OBJECTIVE	02 OBJECTIVE	03 OBJECTIVE	
	Retain market leadership in par fried french-fries and IQF F&V	**Technological excellence and backward Supply Chain integration of agriculture practices**	**To become top of mind brand**	
Strategy	Retain market share. Increase market penetration. Ensure availability of products at all potential outlets. Inundate all potential towns.	Stay abreast of technological developments and continuously upgrade production facilities to maximize efficiency viz-a-viz focused development on agri practices for backward Supply Chain integration	Appropriate and effective communication to the potential consumers through optimum marketing mix	
Nature	Long term	Long term	Medium term	
Priority	High	High	High	
Resources allocated	Financial capital, human capital, manufactured capital	Financial capital, human capital, manufactured capital, intellectual capital	Financial capital, human capital, intellectual capital	
KPI Monitored	Market share indexing	Monitoring Overall Equipment Effectiveness (OEE) & development of potato for premium quality french-fries	Market indexing, market research and insight, expert independent evaluation	
Status	Ongoing	Ongoing	Ongoing	
Future relevance of KPI	The current KPI is relevant for future as well	The current KPI is relevant for future as well	The current KPI is relevant for future as well	
Opportunities /Threats	Market entry of competitors. With appropriate measures we can change this threat into opportunity by market development and growth through combined advertisement of all the competitors .	Lagging in technology render the products of inferior and compromised quality and non-competitive on cost aspects thereby eroding market share. Premium quality french-fries can substitute imported competition.	In-case of lack of continued and appropriate communication the consumers switch to alternate products	

Composition of The Board

The following members remained on FFF's Board of Directors during the year:

- Mr Waqar Ahmed Malik
- Lt Gen Tariq Khan, HI(M), (Retired)
- Mr Sarfaraz Ahmed Rehman
- Dr Nadeem Inayat
- Mr Mohammad Munir Malik
- Mr Ali Asrar Hossain Aga
- Mr Naeem Iqbal Khokhar
- Syed Bakhtiyar Kazmi

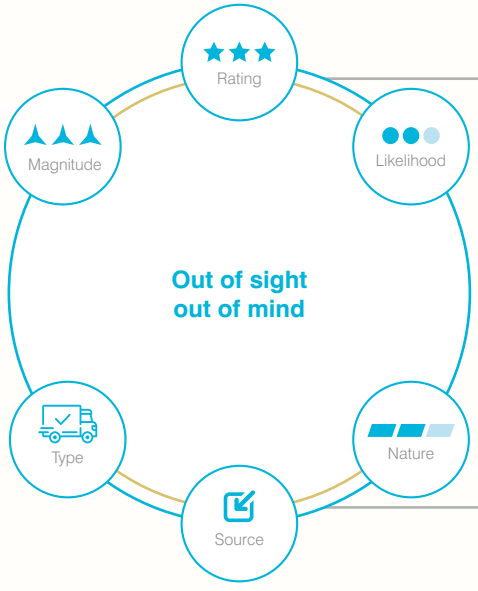
Casual Vacancies Filled During the Year

Appointed	Resigned	Date of Appointment
Mr Sarfaraz Ahmed Rehman	Lt Gen Tariq Khan, HI(M) (Retired)	October 16, 2021
Syed Bakhtiyar Kazmi		October 16, 2021

	04 OBJECTIVE	05 OBJECTIVE	06 OBJECTIVE
	To offer best quality products to the consumers, consumer centricity	**End to end cost effective operations**	**Financial health and sustainable operations**
	Empowered quality assurance function. Continuous efforts in improving product specifications. Agricultural research and development in appropriate varieties of potato giving longer profile french-fries with higher dry matter content.	Continuous effort on laying off extra fats from the operations. Market intelligence and continued focus on sourcing at optimal prices. Vigilance of all the business partners and distributors to ensure sustainable partnership. Controlling production losses and maximizing cost plough-back thereby reducing product cost. Controlling peeling wastes by improved technological solutions.	Availability of resources at optimal prices is the back-bone for sustained growth and attaining continued market leadership
	Medium term	Medium term	Short term
	High	High	High
	Financial capital, human capital, manufactured capital, intellectual capital	Intellectual capital	Intellectual capital, financial capital
	Monitoring of quality throughout supply chain Annual Renewal of food safety and quality certifications	Monthly cost accounts and management accounts	Monthly cost accounts, management accounts reporting, cash flow planning and monitoring
	Ongoing	Ongoing	Ongoing
	The KPI is relevant for future as well	The KPI is relevant for future as well	The KPI is relevant for future as well
	Product of inferior and compromised quality are non-competitive and eroding market share	Lack of cost control erode margins and render the products non-competitive	May face liquidity risk due to growth phase. Financial indicator may not be very attractive. The company may face difficulty in borrowing funds from the financial institutions. The financial muscle and the market repute of the parent company will support the company in pulling through the challenging situation.

FINANCIAL PERFORMANCE

Key Risks and Opportunities



Capital

Associated objective: To become top of mind brand

Mitigation Measures:

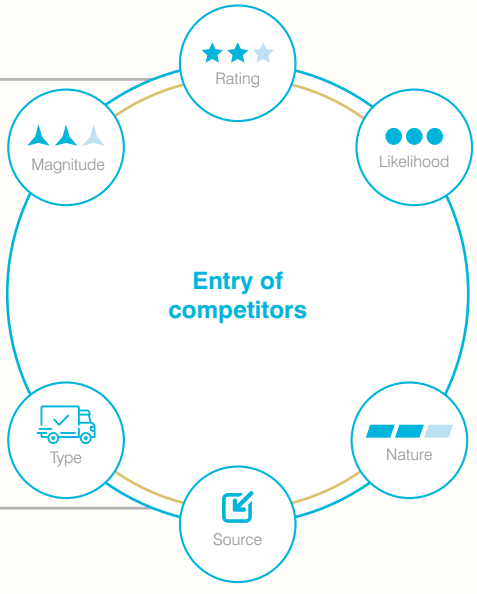
Appropriate and effective communication to the potential consumers through optimum marketing mix

Capital

Associated objective: Consolidate market leadership

Mitigation Measures:

Consolidate market share. Increase market penetration. Ensure availability of product at all potential outlets. Inundate all potential towns





Capital

Associated objective: End to end cost effective operations

Mitigation Measures:

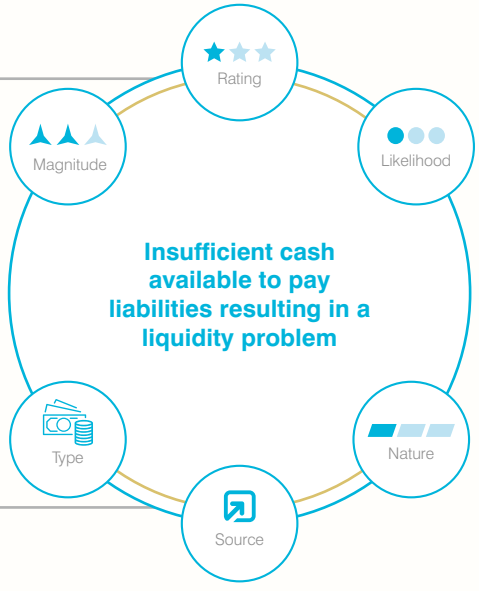
Continuous effort on laying off extra fats from the operations. Market intelligence and continued focus on sourcing at optimal prices. Vigilance of all the business partners and distributors to ensure sustainable partnership. Controlling production wastages and maximizing cost plough-back thereby reducing product cost. Controlling peeling wastes by improved technological solutions

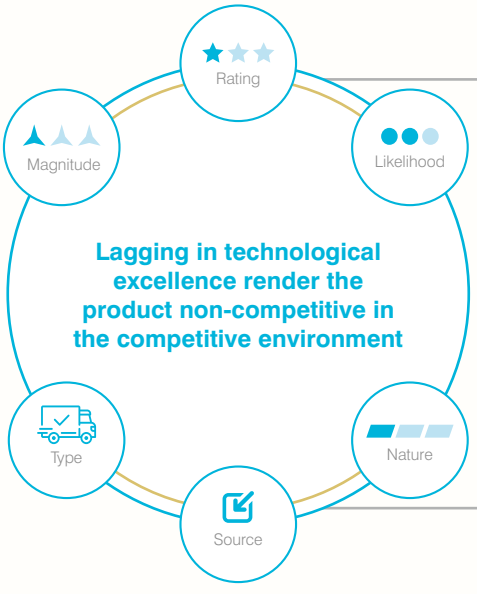
Capital

Associated objective: Financial health and sustainable operations

Mitigation Measures:

The financial muscle and the market repute of the parent company will support the company in pulling through the challenging situation





Capital

Associated objective: Technological excellence

Mitigation Measures:

The core technical team remain well aware of the technological advancements and the best practices of the global category leaders. The technology and best practices ensure highest quality product at competitive prices

Capital

Associated objective: To offer best quality products to the consumers, consumer centricity

Mitigation Measures:

Empowered quality assurance function. Continuous efforts in improving product specs. Agricultural research and development in developing appropriate varieties of potato giving longer profile french-fries with higher dry matter content



For legend, please refer Page No. 313

FINANCIAL PERFORMANCE

OLIVE Technical Services (Private) Limited

During the year FFC incorporated a wholly owned subsidiary, OLIVE Technical Services (Private) Limited. OLIVE's principal line of business is to provide technical services to local and international customers. Going forward, acquisition of large scale contracts for providing O&M services to power plants is expected among other projects.

The company's auditors have issued an unmodified opinion in their separate audit report on OLIVE's financial statements for the year ended December 31, 2021.

Composition of The Board

The following members remained on OLIVE's Board of Directors during the year:

- Mr Sarfaraz Ahmed Rehman
- Lt Gen Tariq Khan, HI(M) (Retired)
- Mr Rehan Ahmed
- Syed Bakhtiyar Kazmi
- Mr Muhammad Aleem Khan

Casual Vacancies Filled During the Year

Appointed	Mr Sarfaraz Ahmed Rehman
Resigned	Lt Gen Tariq Khan, HI(M) (Retired)
Date of Appointment	October 16, 2021

Associated Companies

Askari Bank Limited

FFC acquired 43.15% equity stake in AKBL against an investment of Rs 10.46 billion in 2013. The Bank was incorporated in 1991 as a public limited company and is principally engaged in banking business, operating through a branch network of 560 branches, including 101 Islamic banking branches, 56 sub-branches and a wholesale bank branch in the Kingdom of Bahrain.

The operating profit for the nine months ended September 30, 2021 amounted to Rs 15.22 billion, a year-on-year increase of 3%. Profit after taxation however, declined by 17% and is reported at Rs 6.79 billion mainly due to a increase in provisions

Management objectives

	01 OBJECTIVE	02 OBJECTIVE	03 OBJECTIVE	
	Pre-Qualification (PQ) with major companies in Pakistan	**Offer high quality Services to clients in line with parent company repute**	**Establish long term Services contracts**	
Strategy	Share OLIVE-TS capabilities by sending letters & brochures to potential clients. Get enlisted with clients for getting inquiries for Bidding purposes. Get PQ with FFC sister concerns.	Empowered quality assurance function. Continuous efforts in improving services. Client Satisfaction Feedback to ensure high standard of customer care.	Appropriate and effective communication to the potential consumers through optimum marketing mix	
Nature	Medium Term	Medium term	Long term	
Priority	High	High	High	
Resources allocated	Financial capital, human capital.	Financial capital, human capital, intellectual capital	Financial capital, human capital, intellectual capital	
KPI Monitored	Market share indexing	Monitoring of quality throughout services rendered to clients and quality checks.	Monitoring Overall services Effectiveness & Business development of value addition services.	
Status	Ongoing	Ongoing	Ongoing	
Future relevance of KPI	The current KPI is relevant for future as well	The current KPI is relevant for future as well	The current KPI is relevant for future as well	
Opportunities /Threats	Jump start with Sister concerns. Market entry in presence of strong competitors. Offering optimal solutions at competitive prices to compete with established players.	Services of inferior and compromised quality are non-competitive and can knock us out from the market as a new entrant.	Our old clients can give us foothold to acquire contracts at start to help us get established in the market.	

against non-performing loans. The earnings per share were thus recorded at Rs 5.39 for the current period compared to Rs 6.47 last year.

The Bank's entity rating was reaffirmed at 'AA+' for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable' whereas short-term rating was maintained at 'A1+'.

During the year, FFC received aggregate dividend of Rs 1.63 billion compared to Rs 816 million last year.

Fauji Cement Company Limited

Fauji Cement Company Limited was incorporated in 1992 and is registered on the Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of different types of cement with an installed capacity of 3.56 million tonnes. FFC holds 6.79% equity stake in the company with an investment of Rs 1.50 billion.

During the first quarter of FCCL's fiscal year, the company's turnover stood at Rs 6.94 billion registering an increase of 26% over 2020. Consequently, net profit was recorded at Rs 1.36 billion compared to Rs 696 million in the same period of 2020. FFC did not receive any dividend from FCCL during the year. During November 2021, The Board of Directors of FCCL have approved a scheme of amalgamation / merger with Askari Cement Limited and this scheme is under due process of relevant approvals.

Fauji Fertilizer Bin Qasim Limited

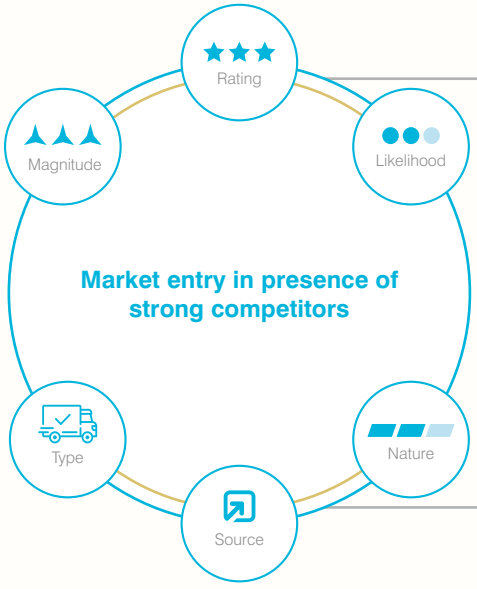
Fauji Fertilizer Bin Qasim Limited is a public listed company that was initially incorporated as FFC Jordan Fertilizer Company in 1993 and subsequently restructured as FFBL in 2003. FFC holds 49.88% stake in the company at an aggregate investment of Rs 7.15 billion to date.

FFBL is the sole manufacturer of Di-Ammonium Phosphate (DAP) and granular urea in Pakistan, having a design capacity of 650 thousand tonnes and 551 thousand tonnes respectively, with both facilities located in Bin Qasim.

	04 OBJECTIVE	05 OBJECTIVE	06 OBJECTIVE
	End-to-end cost effective operations	**Financial health and sustainability**	**Achieve break even in 2-3 years of Operation**
	Continued focus on price optimization. Market intelligence and vigilance about competitors to ensure sustainable growth.	Availability of resources at optimal prices is the back-bone for sustained growth and attaining continued market presence.	Availability of resources at optimal prices is the back-bone for sustained growth and attaining continued market leadership
	Medium term	Short term	Short term
	High	High	High
	Intellectual capital	Intellectual capital, financial capital	Intellectual capital, financial capital
	Monthly cost accounts and management accounts	Monthly cost accounts, management accounts reporting, cash flow planning and monitoring	Monthly cost accounts, management accounts reporting, cash flow planning and monitoring
	Ongoing	Ongoing	Ongoing
	The KPI is relevant for future as well	The KPI is relevant for future as well	The KPI is relevant for future as well
	Lack of cost control on services erode margins and render the services non-competitive.	May face liquidity risk during growth phase. The financial muscle and market repute of the parent company will support the company in pulling through the challenging situation.	Focus on clients who did business with parent company in past, good rating companies and FFC group of companies. Avoid low value addition services, and doing business with low rated companies having weak financial strength/bad repute.

FINANCIAL PERFORMANCE

Key Risks and Opportunities



Capital

Associated objective: Pre-Qualification (PQ) with major companies in Pakistan

Mitigation Measures:

Share OLIVE-TS capabilities by sending letters & brochures to potential clients & having follow up meetings. Get enlisted with clients for getting inquiries for Bidding purposes. Increase market penetration. PQ with sister concerns

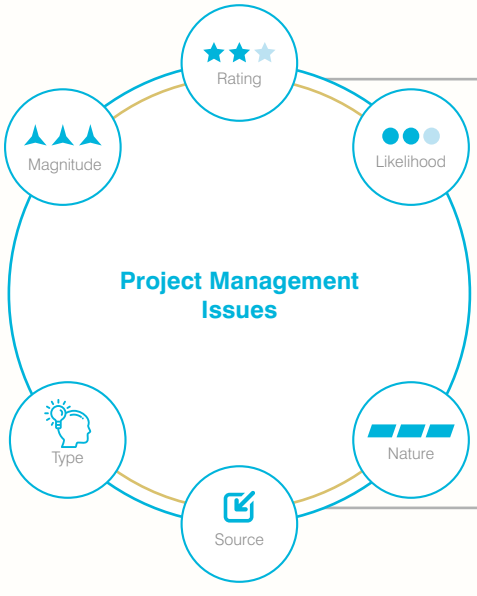


Capital

Associated objective: Offer high quality Services to clients in line with parent company repute

Mitigation Measures:

Empowered quality assurance function. Continuous efforts in improving services. Client Satisfaction Feedback to help us ensure that our standard of customer care exceeds wherever possible.



Capital

Associated objective: Offer high quality Services to clients in line with parent company repute

Mitigation Measures:

Timelines for each job shall be developed with assistance of relevant experienced personnel and followed.

For legend, please refer Page No. 313

FINANCIAL PERFORMANCE

During the year, the company recorded highest ever turnover of Rs 110.45 billion, which was 33% above 2020 mainly due to increased revenues of DAP. Net profit of the company stood at Rs 6.39 billion, an increase of 192% over last year, translating into earnings per share of Rs 4.96 compared to Rs 2.12 per share in last year.

Pak Maroc Phosphore S.A., Morocco

PMP was incorporated in 2004 as a private company in Morocco. It is a joint venture between FFC (shareholding of 12.5%), Fauji Foundation (12.5%), FFBL (25%) and the Moroccan state owned organization Officie Cherifien Des Phosphates (50%). The company began its activities in 2008 and is engaged in manufacturing and marketing of phosphoric acid, fertilizer and other related products.

The Plant is located in Jorf Lasfar, Morocco, having a production capacity of 375 thousand tonnes of industrial phosphoric acid, which is primarily supplied to FFBL as raw material for production of DAP fertilizer and any excess acid is sold in the international market.

FFC recorded dividend income amounting Rs 295 million during the year, increasing the aggregate return to-date to Rs 1.78 billion against an equity investment of Rs 706 million.

Thar Energy Limited

Thar Energy Limited, was incorporated as a public unlisted company in 2016. Its primary activities are to develop, own, operate and maintain a 330 MW coal based power project. This project is being developed under CPEC, in collaboration with HUB Power Company Limited and China Machinery Engineering Corporation. FFC holds an equity stake of 30% in the project.

During the year, the Company further invested an amount of Rs 377 million in TEL, increasing the aggregate investment to Rs 3.58 billion. The challenges posed by pandemic negatively impacted all under construction projects globally, and similarly TEL has faced its share of delays. Taking cognizance of the impediments, the Government has agreed to extend Required Commercial Operations date. Through the efforts of management and EPC contractor, the project is now on track to achieve commercial operations during 2022. TEL has also achieved a major milestone of Back Energization.

Adequacy of Internal Financial Controls

Respective Boards of all group 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, quarterly review the effectiveness and adequacy of the internal control frameworks and financial statements of the companies.

Profit Distribution and Reserve Analysis

Group's reserves at the beginning of the year stood at Rs 77,740 million, out of which Rs 4,326 million were approved by the shareholders as final dividend for 2020. Non-controlling interest consequent to acquisition of FWEL – II was recorded at Rs 2,093 million.

During 2021, the Group earned total comprehensive income of Rs 35,446 million and declared three interim dividends aggregating to Rs 12,532 million translating to Rs 9.85 per share, while no transfers were made to general reserves.

The aggregate reserves at the close of the year therefore stood at Rs 98,421 million, as detailed below:

Appropriations	Rs in million	Rs per share
Opening Reserves	77,740	
Non-controlling interest	2,093	
Final dividend – 2020	(4,326)	3.40
Net profit – 2021	35,693	28.06
Other comprehensive loss	(247)	
Available for appropriations	**110,953**	
Appropriations		
First interim dividend – 2021	(4,453)	3.50
Second interim dividend – 2021	(3,308)	2.60
Third interim dividend – 2021	(4,771)	3.75
Closing reserves	**98,421**	

FINANCIAL PERFORMANCE

Subsequent Events

FFC Board of Directors, in its meeting held on January 31, 2022 has recommended a final cash dividend of Rs 4.65 per share i.e. 46.50% for the year ended 2021, for shareholders' approval taking the total payout for the year to Rs 14.50 per share i.e. a payout of 84.25%. There were no other material changes affecting the financial position of the Group till the date of this Report.

Waqar Ahmed Mailk
Chairman

Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Rawalpindi
January 31, 2022



FFC Energy Limited is now Pakistan's first internationally certified company for O&M activities in Wind Power sector – achieving another milestone in line with company's vision of "Thriving for More".

The company has completed the certification audit process carried out by M/s DNV; world's leading certification body. Full scope O&M services, Inspections & Training are now being offered, in collaboration with M/s OLIVE TS, to various IPPs in Pakistan – a leap towards a future of Sustainability & Self-Reliance.



CONSOLIDATED FINANCIAL PERFORMANCE

		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross profit ratio	%	**36.17**	33.52	29.85	26.64	20.41	25.22
Gross profit ratio (Including subsidy)	%	**36.17**	33.52	29.85	28.21	25.66	31.56
Net profit ratio	%	**31.22**	28.96	15.78	15.02	12.28	15.94
Net profit ratio (Including subsidy)	%	**31.22**	28.96	15.78	14.70	11.47	14.59
EBITDA margin to turnover	%	**36.74**	35.89	27.73	23.46	20.82	27.95
EBITDA margin to turnover (Including subsidy)	%	**36.74**	35.89	27.73	22.96	19.45	25.58
Operating leverage ratio	Times	**(0.14)**	(3.64)	58.86	2.22	(0.38)	1.97
Return on equity (Profit after tax)	%	**37.02**	38.27	29.15	29.01	22.49	23.69
Return on equity (Profit before tax)	%	**47.43**	50.90	39.67	41.89	32.83	35.61
Return on capital employed	%	**33.15**	37.45	39.64	32.56	22.74	24.20
Earning before interest, depreciation and tax	Rs in million	**42,014**	36,873	30,455	25,674	19,483	21,066
Growth in turnover	%	**11.29**	(6.44)	0.35	16.94	24.15	(13.70)
Growth in turnover (Including subsidy)	%	**11.29**	(6.44)	(1.80)	11.63	21.65	(7.29)
Pre tax margin	%	**40.00**	38.51	21.48	21.69	17.93	23.96
Pre tax margin (Including subsidy)	%	**40.00**	38.51	21.48	21.22	16.75	21.93
Return on assets	%	**13.19**	13.76	9.35	9.18	8.17	9.63
Earnings growth	%	**19.97**	71.63	5.45	43.00	(4.34)	(38.17)
Liquidity Ratios							
Current ratio	Times	**1.22**	1.40	0.92	0.96	0.94	0.91
Quick / Acid test ratio	Times	**1.16**	1.34	0.82	0.79	0.87	0.73
Cash to current liabilities	Times	**0.48**	0.69	0.30	0.26	0.30	(0.14)
Long term liabilities / current liabilities	%	**43.33**	64.24	14.13	18.39	43.95	69.65
Activity / Turnover Ratios							
Inventory turnover ratio	Times	**79.90**	18.24	7.59	11.53	30.04	11.94
No. of days in inventory	Days	**5**	20	48	32	12	31
Debtors turnover ratio	Times	**13.22**	9.57	10.74	22.64	18.92	20.74
Debtors turnover ratio (Including subsidy)	Times	**8.14**	6.11	6.54	9.56	9.22	11.91
No. of days in receivables	Days	**28**	38	34	16	19	18
No. of days in receivables (Including subsidy)	Days	**45**	60	56	38	40	31
Creditors turnover ratio - with GIDC	Times	**2.11**	1.51	1.45	2.39	5.17	17.20
- without GIDC	Times	**21.26**	24.74	48.53	74.68	80.96	67.34
No. of days in payables - with GIDC	Days	**173**	242	252	153	71	21
- without GIDC	Days	**17**	15	8	5	5	5
Total assets turnover ratio	Times	**0.42**	0.48	0.59	0.61	0.66	0.60
Total assets turnover ratio (Including Subsidy)	Times	**0.42**	0.48	0.59	0.62	0.71	0.66
Fixed assets turnover ratio	Times	**2.27**	3.15	3.35	3.34	2.72	2.20
Fixed assets turnover ratio (Including Subsidy)	Times	**2.27**	3.15	3.35	3.41	2.92	2.40
Operating cycle - with GIDC	Days	**(140)**	(184)	(170)	(105)	(40)	28
- without GIDC	Days	**16**	43	74	43	26	44
Investment / Market Ratios							
Earnings per share (EPS)	Rs	**28.06**	23.38	13.62	12.92	9.04	9.44
Breakup value (net assets per share) - restated							
- Without revaluation reserves	Rs	**75.79**	61.10	46.74	44.54	40.18	39.86
- With revaluation reserves	Rs	**78.42**	62.20	47.68	45.13	40.78	40.37
Capital Structure Ratios							
Financial leverage ratio	Times	**0.68**	0.56	0.64	0.90	0.82	1.07
Debt to equity ratio	Ratio	**17:83**	29:71	14:86	18:82	29:71	32:68
Interest cover ratio	Times	**17.72**	17.40	8.12	11.58	6.26	6.38

Rs million	2021	2020	2019	2018	2017	2016
Summary - Statement of Financial Position						
Share capital	**12,722**	12,722	12,722	12,722	12,722	12,722
Reserves	**83,701**	65,017	46,744	43,942	38,396	37,995
Share in revaluation reserve of associates-net / NCI	**3,340**	1,393	1,199	754	760	649
Shareholders' funds / Equity	**99,763**	79,132	60,665	57,418	51,878	51,366
Long term borrowings	**19,172**	12,199	9,355	12,817	21,162	24,013
Capital employed	**118,935**	91,331	70,020	70,235	73,040	75,379
Deferred liabilities	**8,540**	8,541	5,997	6,072	5,974	6,097
Property, plant & equipment	**50,302**	32,596	32,758	32,775	34,352	34,295
Long term assets	**125,703**	99,019	85,190	80,897	82,965	85,271
Net current assets / Working capital	**25,647**	33,730	(9,086)	(4,581)	(3,943)	(3,787)
Liquid funds (net)	**133,250**	121,861	81,988	76,113	68,155	43,879
Summary - Statement of Profit or Loss						
Turnover	**114,345**	102,744	109,817	109,434	93,583	75,378
Turnover (including subsidy)	**114,345**	102,744	109,817	111,834	100,185	82,357
Cost of sales	**(72,986)**	(68,304)	(77,039)	(80,283)	(74,479)	(56,366)
Gross profit	**41,359**	34,440	32,778	29,151	19,104	19,012
Gross profit (including subsidy)	**41,359**	34,440	32,778	31,551	25,706	25,991
Distribution cost	**(9,047)**	(8,265)	(8,867)	(9,509)	(9,093)	(7,524)
Operating profit	**32,312**	26,175	23,911	19,642	10,011	11,488
Operating profit (including subsidy)	**32,312**	26,175	23,911	22,042	16,613	18,467
Finance cost	**(2,736)**	(2,413)	(3,312)	(2,244)	(3,192)	(3,360)
Other gains / (losses)	**2,667**	4,939	-	-	-	-
Other expenses	**(2,962)**	(2,648)	(2,381)	(2,111)	(1,632)	(1,763)
Other income	**6,302**	5,217	5,751	5,090	8,059	8,356
Other income (excluding subsidy)	**6,302**	5,217	5,751	2,690	1,457	1,377
Share of profit of associates and joint venture	**10,155**	8,297	(379)	3,357	3,535	3,340
Profit before tax	**45,738**	39,567	23,590	23,734	16,781	18,061
Provision for taxation	**(10,045)**	(9,816)	(6,256)	(7,296)	(5,286)	(6,045)
Profit for the year	**35,693**	29,751	17,334	16,438	11,495	12,016
EPS (Rs)	**28.06**	23.38	13.62	12.92	9.04	9.44

HORIZONTAL ANALYSIS

Consolidated Statement of Financial Position

	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Equity and Liabilities												
Equity												
Share capital	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-
Capital reserve	8,192	22	6,737	36	4,951	47	3,372	60	2,101	50	1,397	64
Revenue reserves	75,509	30	58,280	39	41,793	3	40,570	12	36,295	(1)	36,598	2
	96,423	24	77,739	31	59,466	5	56,664	11	51,118	1	50,717	3
Share in revaluation reserve of associates-net / NCI	3,340	140	1,393	16	1,199	59	754	(1)	760	17	649	
Non - Current Liabilities												
Long term borrowings - secured	19,172	57	12,199	30	9,355	(27)	12,817	(39)	21,162	(12)	24,013	(3)
Lease liabilities	2,940	3,669	78	(10)	87	867	9	13	8	-	8	60
Deferred government grant	175	548	27	-	-	-	-	-	-	-	-	-
Gas Infrastructure Development Cess (GIDC) payable	20,802	(37)	32,772	-	-	-	-	-	-	-	-	-
Deferred taxation	8,540	-	8,541	42	5,997	(1)	6,072	2	5,974	(2)	6,097	15
	51,629	(4)	53,617	247	15,439	(18)	18,898	(30)	27,144	(10)	30,118	-
Current Liabilities												
Current portion of long term borrowings - secured	6,954	20	5,782	(5)	6,085	(29)	8,623	-	8,633	8	7,965	37
Current portion of land lease liability	2,745	10,458	26	(50)	52	1,633	3	-	3	-		
Current portion of deferred government grant	79	-	93	-	-	-	-	-	-	-	-	-
Trade and other payables	64,183	37	46,928	(39)	76,309	25	61,098	56	39,289	261	10,869	37
Mark - up and profit accrued	743	166	279	(61)	712	114	333	54	216	(38)	351	(14)
Short term borrowings - secured	38,999	54	25,277	12	22,493	(23)	29,366	146	11,939	(47)	22,383	24
Unclaimed dividend	472	1	468	(13)	541	(15)	639	46	437	7	408	(34)
Taxation	4,974	8	4,608	49	3,092	17	2,647	115	1,231	(2)	1,254	(12)
	119,149	43	83,461	(24)	109,284	6	102,709	66	61,748	43	43,230	26
Total Equity And Liabilities	270,541	25	216,210	17	185,388	4	179,025	27	140,770	13	124,714	10
Assets												
Non - Current Assets												
Property, plant & equipment	50,302	54	32,596	-	32,758	-	32,775	(5)	34,352	-	34,295	(3)
Intangilbe assets	1,941	-	1,938	-	1,945	-	1,942	-	1,951	-	1,949	-
Log term investments	70,385	13	62,512	27	49,259	9	45,035	(1)	45,665	(5)	48,064	3
Long term Loans & advances - secured	3,044	56	1,946	62	1,200	8	1,114	15	966	3	934	15
Long term deposits & prepayments	31	15	27	(4)	28	(10)	31	-	31	7	29	16
	125,703	27	99,019	16	85,190	5	80,897	(2)	82,965	(3)	85,271	1
Current Assets												
Stores, spares and loose tools	4,735	4	4,563	18	3,864	11	3,489	(1)	3,512	2	3,441	1
Stock in trade	1,354	186	473	(93)	7,015	(47)	13,286	1,973	641	(85)	4,317	(16)
Trade debts	11,428	95	5,869	(62)	15,606	222	4,850	1	4,818	(5)	5,072	131
Loans and advances - secured	969	19	811	(6)	867	60	542	(7)	585	(3)	600	14
Deposits and prepayments	78	15	68	28	53	(36)	83	(1)	84	45	58	45
Other receivables	24,367	17	20,780	18	17,570	14	15,433	12	13,735	77	7,756	151
Short term investments	100,037	20	83,188	69	49,207	(12)	55,773	76	31,657	104	15,499	39
Cash and bank balances	1,827	27	1,438	(76)	6,015	29	4,671	69	2,772	3	2,699	(21)
	144,796	24	117,191	17	100,198	2	98,128	70	57,805	47	39,443	36
Asset classified as held for sale	42	100	-									
Total Assets	270,541	25	216,210	17	185,388	4	179,025	27	140,770	13	124,714	10

VERTICAL ANALYSIS

Consolidated Statement of Financial Position

	2021		2020		2019		2018		2017		2016	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Equity and Liabilities												
Equity												
Share capital	12,722	5	12,722	6	12,722	7	12,722	7	12,722	9	12,722	10
Capital reserve	8,192	3	6,737	3	4,951	3	3,372	2	2,101	1	1,397	1
Revenue reserves	75,509	28	58,280	27	41,793	23	40,570	23	36,295	26	36,598	29
	96,423	36	77,739	36	59,466	32	56,664	32	51,118	36	50,717	40
Share in revaluation reserve of associates-net / NCI	3,340	2	1,393	1	1,199	1	754	-	760	1	649	1
Non - Current Liabilities												
Long term borrowings - secured	19,172	7	12,199	5	9,355	5	12,817	7	21,162	15	24,013	19
Lease Liabilities	2,940	1	78	-	87	-	9	-	8	-	8	-
Deferred government grant	175	-	27	-	-	-						
Gas Infrastructure Development Cess (GIDC) payable	20,802	7	32,772	15	-	-						
Deferred liabilities	8,540	3	8,541	4	5,997	3	6,072	3	5,974	4	6,097	5
	51,629	18	53,617	24	15,439	8	18,898	11	27,144	19	30,118	24
Current Liabilities												
Current portion of long term borrowings - secured	6,954	3	5,782	3	6,085	3	8,623	5	8,633	6	7,965	6
Current portion of land lease liability	2,745	1	26	-	52	-	3	-	3	-	-	-
Current portion of deferred government grant	79	-	93	-								
Trade and other payables	64,183	24	46,928	22	76,309	41	61,098	34	39,289	28	10,869	9
Mark - up and profit accrued	743	-	279	-	712	-	333	-	216	-	351	-
Short term borrowings - secured	38,999	14	25,277	12	22,493	12	29,366	16	11,939	8	22,383	18
Unclaimed dividend	472	-	468	-	541	-	639	-	437	-	408	1
Taxation	4,974	2	4,608	2	3,092	2	2,647	1	1,231	1	1,254	1
	119,149	44	83,461	39	109,284	59	102,709	57	61,748	44	43,230	35
Total Equity And Liabilities	270,541	100	216,210	100	185,388	100	179,025	100	140,770	100	124,714	100
Assets												
Non - Current Assets												
Property, plant & equipment	50,302	19	32,596	15	32,758	18	32,775	18	34,352	24	34,295	28
Intangible assets	1,941	1	1,938	1	1,945	1	1,942	1	1,951	1	1,949	2
Log term investments	70,385	26	62,512	29	49,259	27	45,035	25	45,665	32	48,064	39
Long term loans & advances - secured	3,044	1	1,946	1	1,200	1	1,114	1	966	1	934	1
Long term deposits & prepayments	31	-	27	-	28	-	31	-	31	1	29	-
	125,703	46	99,019	46	85,190	46	80,897	45	82,965	59	85,271	70
Current Assets												
Stores, spares and loose tools	4,735	2	4,563	2	3,864	2	3,489	2	3,512	2	3,441	3
Stock in trade	1,354	1	473	-	7,015	4	13,286	7	641	1	4,317	3
Trade debts	11,428	4	5,869	3	15,606	8	4,850	3	4,818	3	5,072	4
Loans and advances - secured	969	-	811	-	867	-	542	-	585	1	600	-
Deposits and prepayments	78	-	68	-	53	-	83	-	84	-	58	-
Other receivables	24,367	9	20,780	10	17,570	9	15,433	9	13,735	10	7,756	6
Short term investments	100,037	37	83,188	38	49,207	27	55,773	31	31,657	22	15,499	12
Cash and bank balances	1,827	1	1,438	1	6,015	3	4,671	3	2,772	2	2,699	2
	144,796	54	117,191	54	100,198	54	98,128	55	57,805	41	39,443	30
Asset classified as held for sale	42	-										
Total Assets	270,541	100	216,210	100	185,388	100	179,025	100	140,770	100	124,714	100

HORIZONTAL ANALYSIS

Consolidated Statement of Profit or Loss

	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs. 17	2017	17 Vs. 16	2016	16 Vs. 15
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - net	114,345	11	102,744	(6)	109,817	-	109,434	17	93,583	24	75,378	(14)
Cost of sales	(72,986)	7	(68,304)	(11)	(77,039)	(4)	(80,283)	8	(74,479)	32	(56,366)	(1)
Gross profit	41,359	20	34,440	5	32,778	12	29,151	53	19,104	-	19,012	(38)
Distribution cost	(9,047)	9	(8,265)	(7)	(8,867)	(7)	(9,509)	5	(9,093)	21	(7,524)	8
Operating Profit	32,312	23	26,175	9	23,911	22	19,642	96	10,011	(13)	11,488	(51)
Finance cost	(2,736)	13	(2,413)	(27)	(3,312)	48	(2,244)	(30)	(3,192)	(5)	(3,360)	35
Other gains / (losses)	2,667	-	4,939	-								
Other expenses	(2,962)	12	(2,648)	11	(2,381)	13	(2,111)	29	(1,632)	(7)	(1,763)	(23)
	29,281	12	26,053	43	18,218	19	15,287	195	5,187	(19)	6,365	(66)
Other income	6,302	21	5,217	(9)	5,751	13	5,090	(37)	8,059	(4)	8,356	139
Share of profit of associates and joint venture	10,155	22	8,297	(2,289)	(379)	(111)	3,357	(5)	3,535	6	3,340	(38)
Profit before taxation	45,738	16	39,567	68	23,590	(1)	23,734	41	16,781	(7)	18,061	(35)
Provision for taxation	(10,045)	2	(9,816)	57	(6,256)	(14)	(7,296)	38	(5,286)	(13)	(6,045)	(26)
Profit for the year	35,693	20	29,751	72	17,334	5	16,438	43	11,495	(4)	12,016	(38)
EPS (Rs)	28.06	20	23.38	72	13.63	5	12.92	43	9.04	(4)	9.44	(38)

VERTICAL ANALYSIS

Consolidated Statement of Profit or Loss

	2021		2020		2019		2018		2017		2016	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - net	114,345	100	102,744	100	109,817	100	109,434	100	93,583	100	75,378	100
Cost of sales	(72,986)	(64)	(68,304)	(66)	(77,039)	(70)	(80,283)	(73)	(74,479)	(80)	(56,366)	(75)
Gross profit	41,359	38	34,440	31	32,778	30	29,151	27	19,104	20	19,012	25
Distribution cost	(9,047)	(8)	(8,265)	(8)	(8,867)	(8)	(9,509)	(9)	(9,093)	(10)	(7,524)	(10)
Operating Profit	32,312	29	26,175	24	23,911	22	19,642	18	10,011	11	11,488	15
Finance cost	(2,736)	(2)	(2,413)	(2)	(3,312)	(3)	(2,244)	(2)	(3,192)	(3)	(3,360)	(4)
Other gains / (losses)	2,667	2	4,939	5								
Other expenses	(2,962)	(3)	(2,648)	(3)	(2,381)	(2)	(2,111)	(2)	(1,632)	(2)	(1,763)	(2)
	29,281	26	26,053	25	18,218	17	15,287	14	5,187	6	6,365	8
Other income	6,302	6	5,217	5	5,751	5	5,090	5	8,059	9	8,356	11
Share of profit of associates and joint venture	10,155	9	8,297	8	(379)	-	3,357	3	3,535	4	3,340	4
Profit before taxation	45,738	40	39,567	39	23,590	21	23,734	22	16,781	18	18,061	24
Provision for taxation	(10,045)	(9)	(9,816)	(10)	(6,256)	(6)	(7,296)	(7)	(5,286)	(6)	(6,045)	(8)
Profit for the year	35,693	31	29,751	29	17,334	16	16,438	15	11,495	12	12,016	16
EPS (Rs)	28.06		23.38		13.63		12.92		9.04		9.45	

INDEPENDENT AUDITOR'S REPORT

To The Members of Fauji Fertilizer Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Fauji Fertilizer Company Limited (the Company), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 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 Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Acquisition of Foundation Wind Energy I Limited (FWEL – I) and Foundation Wind Energy II Limited (FWEL – II)** (Refer note 3.1.1 and note 4 to the consolidated financial statements) During the year, Fauji Fertilizer Company Limited (the Parent Company) acquired 100% shareholding in Foundation Wind Energy - I Limited (FWEL – I) and 80% shareholding in Foundation Wind Energy - II Limited (FWEL – II) from previous shareholders i.e. Fauji Foundation (a related party) and Fauji Fertilizer Bin Qasim Limited (a related party) under Share Purchase Agreements dated August 13, 2021 with acquisition date of September 29, 2021 at a base payment amount of Rs 7,493 million and Rs 6,019 million, respectively, which was paid in full on September 29, 2021.	**Our audit procedures in relation to this matter included, amongst others,:** - Inspected the agreements to obtain an understanding of the transaction and the key terms; - Assessed the value of the consideration paid and traced payment made for acquisition of shares; - Tested the identification and provisional fair valuation of the acquired assets and liabilities assumed and corroborated this identification based on our discussion with the management;

INDEPENDENT AUDITOR'S REPORT

To The Members of Fauji Fertilizer Company Limited

Report on the Audit of the Consolidated Financial Statements

S. No.	Key audit matters	How the matter was addressed in our audit
	The Parent Company has opted to account for this acquisition using acquisition method of accounting under IFRS 3 – 'Business Combinations'. For this purpose, management engaged experts to determine the fair values of identifiable assets and liabilities of FWEL – I and FWEL – II as at the acquisition date which exercise is currently in progress and provisional fair values have been allocated as of reporting date. The management will complete this exercise within the allowed measurement period of one year specified in IFRS – 3, and adjustments to fair values will be accounted for retrospectively. IFRS – 3 also requires the management to make adjustments (if any) to align accounting policies of FWEL – I and FWEL – II with those of the Parent Company. We considered acquisition of FWEL – I and FWEL – II to be a key audit matter as this was a significant transaction during the year and significant judgments and estimates are required to account for such acquisition.	- Assessed the competence and relevant experience of the experts engaged by the management; - Discussed the matter with our internal accounting and valuations experts; - Assessed whether the appropriate accounting treatment has been applied to the transaction; and - Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements for compliance with the requirement of the applicable financial reporting framework.
2	**Revenue recognition** (Refer notes 3.19 and 29 to the consolidated financial statements) The Group is engaged in production and sale of fertilizers and chemicals including investment in chemicals, food, energy, other manufacturing and banking operations. The Group recognized revenue from the sale of fertilizers, chemicals, power and food amounting to Rs 114,345 million for the year ended December 31, 2021. We identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions involving a large number of customers spread in various geographical locations. Further, revenue is one of the key performance indicator of the Group. Accordingly, it was considered as a key audit matter.	**Our procedures in relation to this matter included, amongst others:** • Obtained understanding of the process relating to recognition of revenue and checked the design, implementation and operating effectiveness of relevant internal controls over recording of revenue; • Performed verification of sample of revenue transactions with underlying documentation including delivery documents and sales invoices; • Performed cut-off procedures on sample basis to ensure revenue has been recorded in the correct period; • Verified that sales prices are approved by appropriate authority; • Verified discounts with supporting documentation on test basis; and • Checked that revenue has been recognized in accordance with Group's accounting policy and the applicable accounting and financial reporting framework.

S. No.	Key audit matters	How the matter was addressed in our audit
3	**Investment in associated companies** (Refer note 18 to the consolidated financial statements) The Group has significant investments in its associated companies which are accounted for in these consolidated financial statements under the equity method of accounting. As at December 31, 2021, the carrying amount of investments in above referred associated companies amounted to Rs 61,190 million. The Group's management carries out impairment assessment of the value of investment where there are indicators of impairment. The Group's management has assessed the recoverable amount of such investments based on the higher of the value-in-use and fair value. This recoverable amount is based on a valuation analysis performed by the Group's management using a discounted cash flow model which involves estimation of future cash flows. This estimation requires significant judgement on future cash flows, the discount rate applied to those future cash flows and long-term growth rate etc. We considered this as a key audit matter due to significant management judgement involved in the estimation of recoverable amounts.	**Our audit procedures in relation to this matter included, amongst others:** • Obtained understanding of management's process for identification of impairment indicators in, and testing impairment of investment in associated companies; • Checked the mathematical accuracy of management's valuation model and agreed relevant data to the underlying records; • Assessed the reasonableness of key assumptions used in the valuation model such as future revenue and costs, discount rate and long-term growth rates etc.; • Performed sensitivity analysis with respect to changes in key assumptions used in the valuation model; and • Checked the appropriateness of disclosures made in the annexed consolidated financial statements with respect to the requirements of the applicable accounting and reporting framework.

INDEPENDENT AUDITOR'S REPORT

To The Members of Fauji Fertilizer Company Limited

Report on the Audit of the Consolidated Financial Statements

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

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

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

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

Responsibilities of Management and 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 the 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 Asim Masood Iqbal.



Chartered Accountants
Islamabad
Date: March 2, 2022
UDIN: AR202110053J4iwWAPGM

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	2021	2020
		Rs '000	Rs '000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	5	12,722,382	12,722,382
Capital reserves	6	8,192,070	6,736,633
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		66,706,905	48,814,236
		75,509,265	57,616,596
(Deficit) / surplus on re-measurement of investments to fair value - net		(96,563)	663,884
Non-controlling interest		2,094,240	–
		98,421,394	77,739,495
Share in revaluation reserve of associates - net		1,342,486	1,392,593
NON - CURRENT LIABILITIES			
Long term borrowings - secured	7	19,171,909	12,199,452
Lease liabilities	8	2,939,474	78,355
Deferred government grant	9	175,326	27,363
Gas Infrastructure Development Cess (GIDC) payable	10	20,801,970	32,771,664
Deferred liabilities	11	8,540,489	8,541,348
		51,629,168	53,618,182
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	7	6,953,989	5,781,827
Current portion of lease liabilities	8	2,744,891	25,698
Current portion of deferred government grant	9	78,419	92,893
Trade and other payables	12	64,182,542	46,928,291
Mark-up and profit accrued	13	743,202	278,745
Short term borrowings - secured	14	38,999,470	25,277,286
Unclaimed dividend		471,891	467,812
Taxation		4,973,806	4,607,530
		119,148,210	83,460,082
TOTAL EQUITY AND LIABILITIES		270,541,258	216,210,352
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

	Note	2021	2020
		Rs '000	Rs '000
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	16	50,301,559	32,595,937
Intangible assets	17	1,940,793	1,937,957
Long term investments	18	70,385,095	62,512,198
Long term loans and advances - secured	19	3,044,137	1,945,533
Long term deposits and prepayments	20	31,249	27,320
		125,702,833	99,018,945
CURRENT ASSETS			
Stores, spares and loose tools	21	4,735,610	4,562,872
Stock in trade	22	1,353,901	473,371
Trade debts	23	11,428,346	5,869,244
Loans and advances - secured	24	968,842	810,995
Deposits and prepayments	25	78,361	68,265
Other receivables	26	24,366,825	20,780,294
Short term investments	27	100,036,963	83,188,113
Cash and bank balances	28	1,827,166	1,438,253
		144,796,014	117,191,407
Asset classified as held for sale		42,411	–
TOTAL ASSETS		270,541,258	216,210,352

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2021

	Note	2021	2020
		Rs '000	Rs '000
Turnover - net	29	114,345,150	102,744,223
Cost of sales	30	(72,985,477)	(68,303,906)
GROSS PROFIT		41,359,673	34,440,317
Administrative and distribution expenses	31	(9,046,904)	(8,265,375)
		32,312,769	26,174,942
Finance cost	32	(2,736,351)	(2,413,248)
Other gains / (losses)			
Gain on extinguishment of original GIDC liability	10	–	5,926,537
Gain on bargain purchase	4	5,478,477	–
Unwinding of GIDC liability	10	(2,441,489)	–
Loss allowance on subsidy receivable from GoP	26	(370,000)	(987,000)
		2,666,988	4,939,537
Other expenses	33	(2,962,135)	(2,647,528)
Other income	34	6,302,125	5,216,677
Share of profit of associates and joint venture		10,154,761	8,296,691
PROFIT BEFORE TAX		45,738,157	39,567,071
Provision for taxation	35	(10,044,662)	(9,816,265)
PROFIT FOR THE YEAR		35,693,495	29,750,806
ATTRIBUTABLE TO:			
Equity Holders of Fauji Fertilizer Company Limited		35,692,038	29,750,806
Non - Controlling Interest		1,457	–
		35,693,495	29,750,806
Earnings per share - basic and diluted (Rupees)	36	28.06	23.38

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	2021	2020
	Rs '000	Rs '000
PROFIT FOR THE YEAR	35,693,495	29,750,806
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss		
(Deficit) / surplus on re-measurement of investments to fair value		
- net of tax	(151,248)	205,547
Share of equity accounted investees - share of OCI,		
- net of tax	(173,939)	2,341,912
	(325,187)	2,547,459
Items that will not be reclassified to profit or loss		
Gain / (loss) on re-measurement of staff retirement		
benefit plans - net of tax	81,393	990
Equity accounted investees - share of OCI, net of tax	(3,505)	32,443
	77,888	33,433
Comprehensive income taken to equity	35,446,196	32,331,698
Comprehensive income not recognised in equity		
Items that may be subsequently reclassified to profit or loss		
Share in revaluation reserve of associates - net	(50,107)	193,767
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	35,396,089	32,525,465
ATTRIBUTABLE TO:		
Equity Holders of Fauji Fertilizer Company Limited	35,444,815	32,525,465
Non - Controlling Interest	1,381	–
	35,446,196	32,525,465

The annexed notes 1 to 46 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, 2021

	Note	2021	2020
		Rs '000	Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	35,924,401	46,853,150
Finance cost paid		(2,267,284)	(2,837,335)
Income tax paid		(9,377,239)	(6,115,190)
		(11,644,523)	(8,952,525)
Net cash generated from operating activities		24,279,878	37,900,625
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(4,734,163)	(3,041,144)
Proceeds from disposal of property, plant and equipment		40,557	46,744
Acquisition of subsidiaries - net of cash acquired		(12,624,155)	–
Advance against issue of shares to:			
Thar Energy Limited		(376,707)	–
Fauji Fertilizer Bin Qasim Limited		–	(2,493,774)
Increase in other investments - net		(763,277)	218,712
Interest and profit received		808,613	832,397
Dividend received		4,942,815	3,187,989
Net cash used in investing activities		(12,706,317)	(1,249,076)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings			
Draw-downs		12,226,512	8,524,330
Repayments		(6,329,381)	(5,983,656)
Repayment of lease liabilities		(1,334,887)	(43,681)
Grant received during the year		212,925	201,960
Dividends paid		(16,853,077)	(14,131,868)
Net cash used in financing activities		(12,077,908)	(11,432,915)
Net (decrease) / increase in cash and cash equivalents		(504,347)	25,218,634
Cash and cash equivalents at beginning of the year		57,974,712	32,683,531
Effect of exchange rate changes		234,450	72,547
Cash and cash equivalents at end of the year		57,704,815	57,974,712
CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	1,827,166	1,438,253
Short term borrowings	14	(38,999,470)	(25,277,286)
Short term highly liquid investments		94,877,119	81,813,745
		57,704,815	57,974,712

The annexed notes 1 to 46 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, 2021

	Share capital	Capital reserves				Revenue reserves		(Deficit) / surplus on re-measurement of investments to fair value - net	Non-Controlling Interest	Total
		Share premium reserve	Capital redemption	Translation reserve	Statutory reserve	General reserve	Unappropriated profit			
	(Rupees '000)									
Balance at January 1, 2020	12,722,382	40,000	120,000	2,158,938	2,631,780	8,802,360	34,247,091	(1,256,521)	–	59,466,030
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	29,750,806	–	–	29,750,806
Other comprehensive income - net of tax	–	–	–	627,054	–	–	33,433	1,920,405	–	2,580,892
	–	–	–	627,054	–	–	29,784,239	1,920,405	–	32,331,698
Transactions with owners of the Company										
Distributions:										
Final dividend 2019: Rs 3.25 per share	–	–	–	–	–	–	(4,134,774)	–	–	(4,134,774)
First interim dividend 2020: Rs 2.50 per share	–	–	–	–	–	–	(3,180,596)	–	–	(3,180,596)
Second interim dividend 2020: Rs 2.75 per share	–	–	–	–	–	–	(3,498,655)	–	–	(3,498,655)
Third interim dividend 2020: Rs 2.55 per share	–	–	–	–	–	–	(3,244,208)	–	–	(3,244,208)
	–	–	–	–	–	–	(14,058,233)	–	–	(14,058,233)
Other changes in equity										
Transfer to statutory reserve	–	–	–	–	1,158,861	–	(1,158,861)	–	–	–
Balance at January 1, 2021	12,722,382	40,000	120,000	2,785,992	3,790,641	8,802,360	48,814,236	663,884	–	77,739,495
Non - controlling interest at acquisition of subsidiary	–	–	–	–	–	–	–	–	2,092,859	2,092,859
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	35,692,038	–	1,457	35,693,495
Other comprehensive income - net of tax	–	–	–	435,260	–	–	77,964	(760,447)	(76)	(247,299)
	–	–	–	435,260	–	–	35,770,002	(760,447)	1,381	35,446,196
Transactions with owners of the Company										
Distributions:										
Final dividend 2020: Rs 3.40 per share	–	–	–	–	–	–	(4,325,610)	–	–	(4,325,610)
First interim dividend 2021: Rs 3.50 per share	–	–	–	–	–	–	(4,452,834)	–	–	(4,452,834)
Second interim dividend 2021: Rs 2.60 per share	–	–	–	–	–	–	(3,307,819)	–	–	(3,307,819)
Third interim dividend 2021: Rs 3.75 per share	–	–	–	–	–	–	(4,770,893)	–	–	(4,770,893)
	–	–	–	–	–	–	(16,857,156)	–	–	(16,857,156)
Other changes in equity										
Transfer to statutory reserve	–	–	–	–	1,020,177	–	(1,020,177)	–	–	–
Balance at December 31, 2021	12,722,382	40,000	120,000	3,221,252	4,810,818	8,802,360	66,706,905	(96,563)	2,094,240	98,421,394

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. CORPORATE AND GENERAL INFORMATION

1.1 The Group and its operations

Fauji Fertilizer Company Limited (the Group) comprises of Fauji Fertilizer Company Limited (FFC) and its subsidiaries, FFC Energy Limited (FFCEL), Fauji Fresh n Freeze Limited (FFF), Foundation Wind Energy - I Limited (FWEL-I) and Foundation Wind Energy - II Limited (FWEL-II) and OLIVE Technical Services (Private) Limited. The shares of FFC are quoted on Pakistan Stock Exchange. During the year, the Group acquired subsidiaries i.e. FWEL - I and FWEL - II as explained in note 4 to these consolidated financial statements.

The principal activity of FFC is manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical, other manufacturing and banking operations. FFCEL has setup a 49.5 MW wind energy power project. FFF is principally engaged in the business of processing fresh, frozen fruits, vegetables, fresh meat, frozen cooked and semi cooked food. FWEL-I and FWEL-II individually operate setups of 50MW wind energy power projects. OLIVE Technical Services (Private) Limited is engaged in provision of Technical, Operations, Maintenance, Inspection and IT Services.

The business units of the Group include the following:

Business unit	Graphical location
Registered office	
FFC, FFCEL and FFF	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
FWEL I & FWEL-II	Fauji Tower, 68 Tipu Road, Rawalpindi Cantt, Rawalpindi
Production plants - FFC	
Goth Machhi	Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab
Mirpur Mathelo	Mirpur Mathelo (District: Ghotki), Sindh
Production plant - FFCEL	Deh Kohistan, Taluka Jhampir (District: Thatta), Sindh
Production plant - FFF	16 km Sahiwal Pakpattan Road, Sahiwal (District: Sahiwal), Punjab
Production plant - FWEL-I	Gharo Creek Area, District Thatta, Sindh
Production plant - FWEL-II	Gharo Creek Area, District Thatta, Sindh
Karachi Office - FFC	B-35, KDA Scheme No. 1, Karachi, Sindh
Marketing division - FFC	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Zonal marketing offices - FFC	
North zone	Lahore Trade Centre, 11 Sharah-e-Aiwan-e-Tijarat Lahore, Punjab
Central zone	Ali Maskan, District Jail Road, Multan, Punjab
South zone	B-35, KDA Scheme # 1, Karsaz, Karachi, Sindh
Regional marketing offices - FFC	
Faisalabad Region	House No. 786, Street No. 5, Zia Town, East Canal Road, Faisalabad
Sahiwal Region	77-B, Canal Colony, Off Farid Town Road, Sahiwal, Punjab
Lahore Region	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Sargodha Region	Regional Office, House No. 1, Muradabad Colony, Behind Bajwa City Centre, Sargodha

Business unit	Graphical location
Peshawar Region	9-B, Rafiqui Lane, Peshawar Cantt, Khyber Pakhtunkhwa
Bahawalpur Region	House No. 39-A Tipu Shaheed Road, Model Town A, Bahawalpur, Punjab
D. G. Khan Region	FFC Regional Office, House No. 46-B, Gulberg Colony, Multan Road, DG Khan
Multan Region	Ali-Maskan, District Jail Road, Multan, Punjab
R.Y. Khan Region	37-A, Ali Block, Abbasia Town, Rahim Yar Khan, Punjab
Vehari Region	House No.48 Quaid e Azam Block Ludden Road, Tariq Bin Ziyad Colony, Vehari, Punjab
Hyderabad Region	Bungalow No. 208, DHA, Phase-2, Hyderabad, Sindh
Sukkur Region	FFC Regional Office, B-247, 248, Awakhat Nagar, Airport Road, Sukkur, Sindh
Nawabshah Region	House No. A-11, Housing Society, Near Thalassemia Hospital, Nawabshah, Sindh

FFC has district marketing offices and warehouses located across Pakistan, the region-wise details of which are listed below:

	No. of district offices	No. of warehouses
Faisalabad Region	5	13
Sahiwal Region	4	9
Lahore Region	6	14
Sarghodha Region	5	9
Peshawar Region	5	11
Bahawalpur Region	4	9
D. G. Khan Region	4	12
Multan Region	4	10
R.Y. Khan Region	4	7
Vehari Region	4	12
Hyderabad Region	6	13
Sukkur Region	7	19
Nawabshah Region	5	12
	63	150

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

The applicable financial reporting framework for an equity-accounted investee also include Banking Companies Ordinance, 1962 and underlying rules and directives.

2.2 Basis of measurement and preparation

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 obligations for staff retirement benefits which are carried at present values of defined benefit obligation net of fair value of plan assets determined through acturial valuation.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Employee retirement benefits - note 3.9 and note 12.2
ii) Estimate of fair value of financial liabilities at initial recognition - note 3.28, note 7 and note 10
iii) Estimate of useful life of property, plant and equipment - note 3.11 and note 16
iv) Estimate of useful life of intangible assets - note 3.12 and note 17
v) Estimate of fair value of investments through other comprehensive income - note 3.28 and note 18
vi) Provisions and contingencies - note 3.7, note 3.8 and note 15
vii) Impairment of non-financial assets - note 3.12
viii) Estimate of recoverable amount of goodwill - note 3.12 and note 17
ix) Estimate of recoverable amount of investment in associated companies - note 3.1.4 and note 18
x) Provision for taxation - note 3.1 and note 35
xi) Expected credit loss allowance - note 3.28 and note 26
xii) Provision for slow moving spares - note 3.14, note 3.15, note 21 and note 22
xiii) Right of use assets and corresponding lease liabilities - note 3.5, note 8 and note 16
xiv) Fair value of purchase consideration, assets acquired and liabilities assumed in a business combination and the resulting goodwill / gain on bargain purchase - note 3.28 and note 4

2.5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet

the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation

These consolidated financial statements include the financial statements of FFC and its subsidiary companies, FFCEL 100% owned (2020: 100% owned), FFF 100% owned (2020: 100% owned) FWEL-I 100% owned (2020: Nil), FWEL-II 80% owned (2020: Nil) and OLIVE 100% owned (2020: Nil).

3.1.1 Subsidiaries

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

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

The excess of the consideration transferred over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Acquisition - related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such measurement are recognized in consolidated profit or loss.

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

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

3.1.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.1.3 Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is premeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This means that amounts previously recognized in comprehensive income are reclassified to statement of profit or loss.

3.1.4 Investments in associated and jointly control entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, where by the Group has right to the net assets of the arrangement, rather than right to its assets and obligations for its liabilities, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the statement of profit or loss and comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

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.

3.2 Foreign currency transaction and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated in Pakistan Rupees at exchange rates ruling at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in profit or loss for the year.
Exchange differences on translation and repayment of foreign currency loans utilised for acquisition of fixed assets are capitalised and incorporated in the costs of assets. All other exchange differences are dealt with through profit or loss.

Investment in foreign joint venture

The results and financial position of joint venture that have a functional currency different from Pak Rupees are translated into Pak Rupees as follows:

– assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of the statement of financial position.

– income and expense are translated at the average exchange rates for the period.

– share capital is translated at historical exchange rate.

All resulting exchange differences are recognized in consolidated comprehensive income within consolidated statement of profit or loss and other comprehensive income. The Group has been recognizing such differences in translation reserve over the years. When a foreign investment is sold, in part or in full, the relevant amount in the translation reserve is transferred to consolidated profit or loss as part of the profit or loss on sale.

3.3 Share capital and dividend

Dividend is recognized as a liability in the period in which it is declared. Movement in reserves is recognized in the year in which it is approved.

3.4 Dividend distribution

Final dividend distributions to the Group's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Group's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

3.5 Leases

3.5.1 Right of use asset

The Group assesses whether a contract is or contains a lease at inception of the contract. If the Group assesses contract contains a lease and meets requirements of IFRS 16, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

3.5.2 Lease liability

If applicable, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.
Lease payments in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments;

b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c. amounts expected to be payable under a residual value guarantee; and

d. the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

The Group has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in profit or loss when incurred.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

3.6 Trade and other payables

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

3.7 Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.8 Contingent Liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.9 Employee retirement benefits

3.9.1 Defined benefit plans

Funded Gratuity and Pension Schemes

The Group operates defined benefit funded gratuity and pension schemes for all eligible employees who complete qualifying period of service and age.

These funds are administered by trustees. Annual contributions to the gratuity and management staff pension funds are based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 12.2 to these consolidated financial statements.

Charge for the year is recognized in consolidated profit or loss. Actuarial gain or losses arising on actuarial valuation are recorded directly in the consolidated profit or loss and other comprehensive income.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

3.9.2 Defined contribution plan

Provident fund

Defined contribution provident fund for all eligible employees for which the Group's contributions are charged to consolidated profit or loss at the rate of 10% of basic salary.

3.9.3 Compensated absences

The Group grants compensated absences to all its employees who have completed one year's working service in accordance with the rules. Under this scheme, employees are entitled to a maximum of 30 days leaves for each completed year of service. From the current year, provisions are made in accordance with the actuarial recommendation. Actuarial valuation is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognised in the profit or loss in the year in which they arise.

3.10 Taxation

Income tax expense comprises current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in consolidated profit or loss except to the extent that it relates to items recognized directly in equity or in consolidated profit or loss and other comprehensive income.

The Group companies take into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group companies view differ from the income tax department at the assessment stage and where the Group companies consider that their view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Deferred tax

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. 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.

Group's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

3.11 Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss, except for freehold land and capital work in progress, which are stated at cost less impairment, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on the straight-line basis and charged to consolidated profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 16 to the consolidated financial statements. Depreciation on addition in property, plant and equipment is charged from the date when the asset becomes available for use upto the date of its disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group companies and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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 consolidated profit or loss.

The Group companies review the useful life 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 impairment.

3.12 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries or businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired as in the case of a gain on bargain purchase, the difference is recognized directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

With finite useful life

Intangibles are stated at the cash price equivalent of the consideration given less accumulated amortization and impairment loss, if any. Intangibles with finite useful lives are amortized over the period of their useful lives. Rates for amortization are disclosed in Note 17.1 to these consolidated financial statements. Amortization is charged on a straight line basis over the estimated useful life and is included in the profit or loss.

3.13 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories, 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 recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in 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.

3.14 Stores, spares and loose tools

Stores, spares and loose tools 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 Group's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence.

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

The Group companies review the carrying amount of stores, spares and loose tools on a regular basis and as appropriate, these are written down to their net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

3.15 Stock in trade

Stocks are valued at the lower of cost and net realizable value.

Cost is determined as follows:

Raw materials	at weighted average purchase cost
Work in process and finished goods	at weighted average cost of purchase, raw materials and applicable manufacturing expenses

Cost of raw material, work in process and finished goods comprises of direct materials, labor and appropriate manufacturing overheads.

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.

The Group companies review the carrying amount of stock in trade on a regular basis and as appropriate, it is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory

3.16 Trade debts

These are recognized and carried at the original invoice amounts, being the fair value, less loss allowance, if any. For measurement of loss allowance for trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses. IFRS 9 introduces the Expected Credit Loss (ECL) model, which requires the Group to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

3.17 Deposits and other receivables

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for advances, deposits and other receivables, the Group applies the IFRS 9 simplified approach to measure the expected credit losses.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, short term borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.19 Turnover

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

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

For power companies of the Group, Turnover represents fair value of the consideration received or receivable for energy sale to NTDC / CPPA-G on behalf of Ex-WAPDA Distribution Companies (DISCOs), net of sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Turnover from generation of energy is recorded based upon the output delivered whereas on account of shortfall and bonus energy is recognized when due, on the basis of tariffs determined in accordance with Energy Purchase Agreement (EPA) by National Electric Power Regulatory Authority (NEPRA). Revenue from sale of electricity is recognized when or as the Group satisfy 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. The Group principally satisfies its performance obligation in respect of supply of electricity upon transmission of electricity to CPPA on behalf of DISCOs. Effect of adjustment, if any, arising from revision in sale price is reflected as and when the prices are approved by the Government. Late payment charges and interest income on bank deposits are accrued on effective interest rate method.

3.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed out in the year they occur.

3.21 Government Grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed.

Government grant includes any benefit earned on account of a government loan obtained at below-market rate of interest. The loan is recognised and measured in accordance with IFRS 9 “Financial Instruments”. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

Government grant that has been awarded for the purpose of giving immediate financial support to the Group is recognised in profit or loss of the period in which the entity qualifies to receive it.

3.22 Research and development costs

Research and development costs are charged to profit or loss as and when incurred.

3.23 Finance income and finance costs

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets, commission income and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the Group’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, changes in fair value of investment carried at fair value through profit or loss 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 effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.24 Basis of allocation of common expenses

Distribution cost is allocated to Fauji Fertilizer Bin Qasim Limited (FFBL), in proportion to the sales volume handled on its behalf under the Inter Company Services Agreement.

3.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of FFC by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.26 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 segment's operating results are reviewed regularly by the Chief Executive 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 include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are fertilizer, power, food and technical services.

3.27 Share in revaluation reserve of associates

This represents the Group's share in surplus on revaluation of non banking assets acquired in satisfaction of claims by the banking associate. The assets have been carried at revalued amounts pursuant to the requirements of "Regulations for Debt Property Swap" issued by the State Bank of Pakistan vide BPRD Circular No 1 of 2016 dated January 01, 2016.

3.28 Financial instruments

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

(a) Financial assets

Classification

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

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

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

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

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

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

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

Recognition and derecognition

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

Measurement

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

Debt instruments

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as separate line item in the profit or loss.

Fair value through profit and loss (FVTPL)

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

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

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

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group recognises life time ECL for trade debts and other receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

Financial liabilities

Classification, initial recognition and subsequent measurement

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

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

(i) Fair value through profit or loss

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

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in consolidated profit or loss.

Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

3.29 New and amended standards and interpretations

3.29.1 The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2021 and considered not to be relevant for the Group's financial statements have not been detailed here.

3.29.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning from the dates specified below:

– Amendment to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after January 1, 2023). The amendments provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

– Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies(effective for annual reporting periods beginning on or after January 1, 2023). 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.

– Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'-Definition of Accounting Estimates (effective for annual reporting periods beginning on or after January 1, 2023). The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Group develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Group applies the amendments.

– Amendments to IAS 12 'Income Taxes'-Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted). The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

– Amendment to IAS 16 'Property, plant and equipment' (effective for annual reporting periods beginning on or after January 1, 2022). The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

– Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts: Cost of Fulfilling a Contract (effective for annual reporting periods beginning on or after January 1, 2022). The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

– On May 14, 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020' (Amendments to IAS 41, IFRS 1, IFRS 9, and IFRS 16)'. The amendments are effective for annual periods beginning on or after January 1, 2022.

– Amendment to IFRS 3 'Business Combinations' (effective for annual reporting periods beginning on or after January 1, 2022). The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements.

– On June 25, 2020, the IASB issued Amendment to IFRS 4 'Insurance Contracts' The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now January 1, 2023.

– In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 1, 2022

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

3.29.3 Further, the following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

3.29.4 The following interpretation issued by the IASB has been waived off by SECP

IFRIC 12	Service concession arrangements

4. BUSINESS COMBINATION

4.1 Acquisition method of accounting - IFRS 3 "Business Combination"

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business; and
- equity interests issued by the Group

Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

4.2 Summary of acquisitions

Foundation Wind Energy I Limited (FWEL - I)

Investment in FWEL - I represents 350,249 thousand (2020: Nil thousand) fully paid ordinary shares of Rs 10 each. On September 29, 2021 (acquisition date), the Parent Company acquired 100% of the issued share capital of Foundation Wind Energy-I Limited (FWEL - I) from Fauji Foundation (FF) (previously holding 65% interest) and Fauji Fertilizer Bin Qasim Limited (FFBL) (previously holding 35% interest) for which Share Purchase Agreement was signed on August 13, 2021. FWEL - I was incorporated in Pakistan on June 16, 2005 as a public limited Group under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered head office of the FWEL - I is located at Fauji Tower, 68 Tipu Road, Rawalpindi. FWEL - I was established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Dispatch Group (NTDC) / Central Power Purchase Agency - Guarantee Limited (CPPA-G) on behalf of Ex-WAPDA DISCOs, under the Energy Purchase Agreement (EPA) dated December 20, 2012. This EPA is valid for a period of 20 years from the Commercial Operation Date (COD). The plant, 50 MW Wind Turbine Generators (WTGs), of FWEL - I is located in Gharo Creek Area, District Thatta of Sindh province for which Alternative Energy Development Board (AEDB) has allocated 1,210 acres of land to FWEL - I under a sublease agreement. FWEL - I achieved COD on April 11, 2015. Shares of FWEL - I have been pledged by Parent Company in favor of project lenders, till discharge of its debt obligations.

Foundation Wind Energy II Limited (FWEL - II)

Investment in FWEL - II represents 282,215 thousand (2020: Nil thousand) fully paid ordinary shares of Rs 10 each. On September 29, 2021 (acquisition date), the Parent Company acquired 80% of the issued share capital of Foundation Wind Energy-II Limited (FWEL-II) from Fauji Foundation (previously holding 45% interest) and Fauji Fertilizer Bin Qasim Limited (previously holding 35% interest) for which Share Purchase Agreement was signed on August 13, 2021. FWEL-II was incorporated in Pakistan on October 5, 2004 as a private limited Group under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). FWEL - II applied for conversion into public limited Group and the related certificate of conversion into public limited was issued by Securities and Exchange Commission of Pakistan (SECP) with effect from September 4, 2018. The registered head office of FWEL - II is located at Fauji Tower, 68 Tipu Road, Rawalpindi. FWEL - II was established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Dispatch Group (NTDC) / Central Power Purchase Agency - Guarantee Limited (CPPA-G) on behalf of Ex-WAPDA DISCOs, under the Energy Purchase Agreement (EPA) dated December 20, 2012. This EPA is valid for a period of 20 years from the Commercial Operation Date (COD). The plant, 50 MW Wind Turbine Generators (WTGs), FWEL - II is located in Gharo Creek Area, District Thatta of Sindh province for which Alternative Energy Development Board (AEDB) has allocated 1,656 acres of land to FWEL - II under a sublease agreement. FWEL - II achieved COD on December 10, 2014. Shares of FWEL - II have been pledged by Parent Company in favor of project lenders, till discharge of its debt obligations.

4.3 Consideration paid and contingent consideration

In accordance with the Share Purchase Agreements (SPA) entered into with FF and FFBL, the Parent Company has paid base payment amount net of payment amount adjustments of Rs 7,493,051 thousand and Rs 6,019,288 thousand for acquisition of shares of FWEL - I and FWEL - II, respectively, to its previous owners i.e. FF and FFBL which was paid in full on September 29, 2021. Additionally, under the SPA, the Company has agreed to share 50% of the Delayed Payment Surcharge (DPS) arising subsequent to the date of acquisition (net of costs) with FF and FFBL once DPS has been received by FWEL - I and FWEL - II. However, considering the nature of DPS, the management considers that the current fair value amount of future DPS would be immaterial in overall context of these consolidated financial statements. Accordingly, no provision / liability in this regard has been recognised in these consolidated financial statements.

4.4 Acquisition related costs

Acquisition-related costs amounting to Rs 120 million are charged to profit or loss for the year ended December 31, 2021.

4.5 Identifiable assets acquired and liabilities assumed

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognized and carried at fair values.

The acquisition has been accounted for by applying the purchase method in accordance with the requirements of IFRS - 3. IFRS - 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the determination of fair value of the assets and liabilities and to determine the value of any intangible asset separately identified. The fair value exercise of identifiable assets and liabilities is currently in progress and will be completed within the allowed measurement period of one year specified under IFRS - 3. The carrying value of the below balances may change as a result of the fair value exercise as required under IFRS - 3. Any adjustment arising at the time finalisation of this exercise will be incorporated with retrospective effect from the date of acquisition. Identified assets acquired, liabilities assumed or incurred have been currently carried at provisional fair values determined by the management's expert as at the acquisition date.

Details of the provisional fair values of the assets acquired, liabilities assumed and purchase consideration recognized are as follows:

Foundation Wind Energy I Limited

	Carrying values as at September 29, 2021 (based on audited financial statements)	Provisional fair value adjustment	Provisional fair values as at September 29, 2021
	Rs '000	Rs '000	Rs '000
Assets			
Property, plant and equipment	10,452,336	(2,089,579)	8,362,757
Trade Debts	5,008,450	–	5,008,450
Advances and other receivables	491,942	–	491,942
Due from government agencies - advance tax	192,037	–	192,037
Short term investments	1,379,288	–	1,379,288
Cash	451,974	–	451,974
	17,976,027	(2,089,579)	15,886,448
Liabilities			
Long term financing	1,169,847	–	1,169,847
Deferred employees' benefits	9,615	–	9,615
Lease liabilities	3,324,261	–	3,324,261
Trade and other payables	744,776	–	744,776
Accrued finance costs	2,893	–	2,893
Provision for taxation	15,678	–	15,678
	5,267,070	–	5,267,070
Fair value of net assets - provisional	12,708,957	(2,089,579)	10,619,378

Foundation Wind Energy II Limited

	Carrying values as at September 29, 2021 (based on audited financial statements)	Provisional fair value adjustment	Provisional fair values as at September 29, 2021
	Rs '000	Rs '000	Rs '000
Assets			
Property, plant and equipment	10,197,022	(2,094,780)	8,102,242
Trade Debts	5,005,650	–	5,005,650
Advances and other receivables	518,481	–	518,481
Due from government agencies - advance tax	221,017	–	221,017
Short term investments	1,326,900	–	1,326,900
Cash	436,210	–	436,210
	17,705,280	(2,094,780)	15,610,500
Liabilities			
Long term financing	1,077,642	–	1,077,642
Deferred employees' benefits	9,615	–	9,615
Lease liabilities	3,312,766	–	3,312,766
Trade and other payables	728,900	–	728,900
Accrued finance costs	2,893	–	2,893
Provision for taxation	14,387	–	14,387
	5,146,203	–	5,146,203
Fair value of net assets - provisional	12,559,077	(2,094,780)	10,464,297

4.6 Gain on bargain purchase

The management has currently determined that acquisition of FWEL-I and FWEL-II is a bargain purchase as the provisional fair value of net assets exceeds the fair value of purchase consideration paid by the Parent Company as at the acquisition date. Under IFRS - 3 a bargain purchase represents an economic gain, which should be immediately recognised by the acquirer in profit or loss. Details of the calculations are as follows:

	FWEL- I	FWEL-II
	Rs '000	Rs '000
Fair value of identifiable net assets - provisional	10,619,378	10,464,297
Percentage of identifiable net assets acquired	100%	80%
	10,619,378	10,464,297
Non- Controlling Interest	–	2,092,859
Purchase consideration paid in cash	7,493,051	6,019,288
Gain on bargain purchase	3,126,327	2,352,150

4.7 Non-Controlling Interest

As at the date of acquisition the purchase of non-controlling interest (NCI) is measured at the proportionate share of the NCI in the provisional fair value of net assets acquired by FWEL-II, as allowed under the requirements of IFRS 3.

5. SHARE CAPITAL

Authorised Share Capital

This represents 1,500,000,000 (2020: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2020: Rs 15,000,000 thousand).

Issued, subscribed and paid up share capital

	2021	2020	2021	2020
	Numbers	Numbers	Rs '000	Rs '000
Fully paid in cash	256,495,902	256,495,902	2,564,959	2,564,959
Fully paid bonus shares	1,015,742,345	1,015,742,345	10,157,423	10,157,423
	1,272,238,247	1,272,238,247	12,722,382	12,722,382

5.1 Fauji Foundation (FF) holds 44.35% (2020: 44.35%) ordinary shares of FFC at the year end.

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

5.3 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 for the year 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 Group is required to comply with certain debt covenants related to long / short term borrowings.

	Note	2021	2020
		Rs '000	Rs '000
6. CAPITAL RESERVES			
Share premium	6.1	40,000	40,000
Capital redemption reserve	6.2	120,000	120,000
Translation reserve		3,221,252	2,785,992
Statutory reserve		4,810,818	3,790,641
		8,192,070	6,736,633

6.1 Share premium

This represents premium of Rs 5 per share received on public issue of FFC's 8,000,000 ordinary shares of Rs 10 each in 1991.

6.2 Capital redemption reserve

This represents reserve setup on redemption of preference shares by FFC of Rs 120,000 thousand in 1996.

		Note	2021	2020
			Rs '000	Rs '000
7.	**LONG TERM BORROWINGS - SECURED**			
	Borrowings from banking companies - secured			
	From conventional banks			
	Fauji Fertilizer Company Limited (FFC)	7.1		
	The Bank of Punjab (BOP-1)		–	55,000
	The Bank of Punjab (BOP-2)		660,000	880,000
	The Bank of Punjab (BOP-3)		1,400,000	1,400,000
	Allied Bank Limited (ABL-1)		–	187,500
	Allied Bank Limited (ABL-2)		1,125,000	1,500,000
	Allied Bank Limited (ABL-3)		2,000,000	2,000,000
	Allied Bank Limited (ABL-4)		2,000,000	–
	Allied Bank Limited (ABL-5)		1,200,000	–
	United Bank Limited (UBL-1)		–	375,000
	United Bank Limited (UBL-2)		250,000	750,000
	Bank AL Habib Limited (BAH-1)		–	50,000
	Bank AL Habib Limited (BAH-2)		–	50,000
	Habib Bank Limited (HBL-1)		250,000	500,000
	Bank Alfalah Limited (BAFL-1)		–	125,000
	National Bank of Pakistan Limited (NBP-1)		500,000	1,000,000
	National Bank of Pakistan Limited (NBP-2)		500,000	1,000,000
	Industrial and Commercial Bank of China (ICBC-1)		1,200,000	1,200,000
	Industrial and Commercial Bank of China (ICBC-2)		1,200,000	–
	HBL - State Bank of Pakistan (SBP) Refinance Scheme	7.2	479,977	946,152
	BAFL - State Bank of Pakistan (SBP) Refinance Scheme	7.2	479,221	943,445
			13,244,198	12,962,097
	FFC Energy Limited (FFCEL)			
	Long term financing from financial institutions		1,540,537	2,918,361
	Less: Transaction cost			
	Initial transaction cost		(269,797)	(269,797)
	Accumulated amortisation		269,797	252,292
		7.3	1,540,537	2,900,856
	Fauji Fresh n Freeze Limited (FFF)			
	Askari Bank Limited - State Bank of Pakistan			
	(SBP) TERF facility		264,109	–
	Habib Metropolitan Bank - SBP TERF facility		231,647	–
	Bank Alfalah Limited - Term finance		300,000	–
	Habib Bank Limited - Term finance		750,000	–
	Bank Alfalah Limited - SBP Refinance Scheme		30,727	59,287
	Habib Bank Limited - SBP Refinance Scheme		30,629	59,039
		7.4	1,607,112	118,326

	Note	2021	2020
		Rs '000	Rs '000
Foundation Wind Energy - I Limited (FWEL - I)			
National Bank of Pakistan		302,570	–
Faysal Bank Limited		302,570	–
United Bank Limited		302,570	–
Less: Transaction cost			
Initial transaction cost		(5,627)	–
Accumulated amortisation		1,147	–
	7.5	903,230	–
Foundation Wind Energy - II Limited (FWEL - II)			
National Bank of Pakistan		277,837	–
Allied Bank Limited		277,837	–
Meezan Bank Limited		277,837	–
Less: Transaction cost			
Initial transaction cost		(3,376)	–
Accumulated amortisation		686	–
	7.6	830,821	–
From Islamic banks			
Fauji Fertilizer Company Limited (FFC)			
Meezan Bank Limited (MBL-1)		2,000,000	2,000,000
Meezan Bank Limited (MBL-2)		3,000,000	–
Meezan Bank Limited (MBL-3)		3,000,000	–
	7.1	8,000,000	2,000,000
		26,125,898	17,981,279
Less: Current portion shown under current liabilities			
From conventional banks		6,953,989	5,531,827
From Islamic banks		–	250,000
		6,953,989	5,781,827
		19,171,909	12,199,452

7.1 Terms and conditions of these borrowings are as follows:

Lenders	Mark-up / profit rate p.a. (%)	No. of installments outstanding	Date of final repayment
From conventional banks			
BOP-1	6 months KIBOR+0.40	Paid on	April 7, 2021
BOP-2	6 months KIBOR+0.15	6 half yearly	December 18, 2024
BOP-3	6 months KIBOR+0.15	8 half yearly	August 31, 2025
ABL-1	6 months KIBOR+0.25	Paid on	April 7, 2021
ABL-2	6 months KIBOR+0.15	6 half yearly	December 24, 2024
ABL-3	6 months KIBOR+0.08	8 half yearly	December 30, 2025
ABL-4	6 months KIBOR+0.08	8 half yearly	September 20, 2026
ABL-5	6 months KIBOR+0.08	8 half yearly	September 30, 2026
UBL-1	6 months KIBOR+0.40	Paid on	September 6, 2021
UBL-2	6 months KIBOR+0.20	1 half yearly	June 29, 2022
BAH-1	6 months KIBOR+0.20	Paid on	March 25, 2021
BAH-2	6 months KIBOR+0.20	Paid on	April 20, 2021
HBL-1	3 months KIBOR+0.15	4 quarterly	December 19, 2022
BAFL-1	6 months KIBOR+0.40	Paid on	September 8, 2021
NBP-1	6 months KIBOR+0.20	2 half yearly	June 30, 2022
NBP-2	6 months KIBOR+0.15	2 half yearly	December 29, 2022
ICBC-1	6 months KIBOR+0.08	4 half yearly	December 15, 2023
ICBC-2	6 months KIBOR+0.05	4 half yearly	December 28, 2024
HBL-SBP Refinance Scheme	SBP refinance rate+0.50	4 quarterly	October 1, 2022
BAFL-SBP Refinance Scheme	SBP refinance rate+0.25	4 quarterly	October 1, 2022
From Islamic banks			
MBL-1	6 months KIBOR+0.10	8 half yearly	September 29, 2026
MBL-2	6 months KIBOR+0.30	8 half yearly	July 5, 2026
MBL-3	6 months KIBOR+0.10	8 half yearly	September 29, 2026

7.1.1 These borrowings are secured by way of hypothecation of FFC assets including plant, machinery, tools & spares and other moveable properties, ranking pari passu with each other with 25% margin.

7.2 These represent long term financing obtained from conventional banks under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan. The effective interest rate was calculated at 7.33% p.a and the loan has been recognised at the present value. The loan is repayable in 8 equal quarterly installments commencing from January, 2021 discounted at the effective rate of interest. The differential markup has been recognised as deferred government grant, as mentioned in note 9 to the consolidated financial statements, which will be amortised to interest income over the period of the facilities.

7.3 This represents long term loan obtained from a consortium of eight financial institutions. This loan carries mark up at six months KIBOR plus 150 basis points payable six monthly in arrears. This loan is repayable on semi-annual installments ending in December 2022. This loan is secured against:

- First ranking exclusive assignment / mortgage over receivables under Energy Purchase Agreement.
- Lien over and set-off rights on project accounts.
- First ranking charge over all moveable assets of FFCEL.
- Exclusive mortgage over lease rights in immovable property on which project situate.
- Pledge of 51% share of FFCEL as an additional comfort, collateral value (Rs: Nil) and security margin (%: Nil).

The long term loan contains certain covenants under the Common Terms Agreement (CTA) dated February 11, 2011, including the maintenance of certain financial ratios, the breach of which will render the loan repayable on demand. Further, CTA contains covenants on the distribution of dividend from the project accounts.

First Amendment to the PF Facility Agreement ("the Amendment") was signed on November 30, 2017 between FFCEL and the Financial Institutions. Under the Amendment, the mark-up rate was reduced to six months KIBOR plus 150 basis points from six months KIBOR plus 295 basis points with effect from June 30, 2017.

7.4 Terms and conditions of these borrowings are as follows:

Bank Name	Facility	Mark-up as per agreement	Tenure and basis of principal
Askari Bank Limited	TERF Facility	SBP Rate (1%) + 1.5% per annum, payable quarterly.	The loan is payable on quarterly or biannual basis ending on September 30, 2031
Habib Metropolitan Bank Limited	TERF Facility	SBP Rate (1%) + 2.5% per annum, payable quarterly.	The loan is payable in 20 quarterly equal installments ending on December 31, 2027.
Bank Alfalah Limited	Term Finance	6 months KIBOR + 0.5% per annum, payable quarterly.	The loan is payable in 8 semi annual equal installments ending on December 31, 2026.
Habib Bank Limited	Term Finance	6 months KIBOR + 0.5% per annum, payable semi annually.	The loan is payable in 8 semi annual equal installments ending on December 31, 2026.
Bank Alfalah Limited	SBP Refinance Scheme	SBP Rate (0%) + 0.25% per annum, payable quarterly.	The loan is payable in 8 quarterly equal install ments ending on October 1, 2022.
Habib Bank Limited	SBP Refinance Scheme	SBP Rate (0%) + 0.5% per annum, payable quarterly.	The loan is payable in 8 quarterly equal install ments ending on October 1, 2022.

7.5 This represents the Musharka Finance Facility of Rs. 3,000 million which has been arranged from a consortium of three banks comprising of National Bank of Pakistan, Faysal Bank Limited and United Bank Limited with participation of Rs. 1,000 million each. This facility has been arranged to meet the remaining debt finance requirements for the project cost. The rate of markup is six months KIBOR plus 2.95%. The facility is repayable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

The facility is secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of FWEL - I (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and FWEL - I LC account (including the amounts deposited therein)) for an amount of Rs. 4,000 million in favour of United Bank Limited being the Security Trustee of FWEL - I, first exclusive assignment over receivable, pledge of share, lien on project accounts and all other secured obligations owed to local secured lenders. The charge is also registered against assets of Fauji Fertilizer Company Limited.

Subject to the certain exceptions permitted by written consent of the lenders, significant covenants of the Musharka Finance Facility and lease agreements are as follows:

- FWEL - I shall obtain and maintain ownership, leases, licences, or other rights to use all project assets free of all restrictions and the right to use the Site;
- Shares shall not be transferred other than in strict compliance with the terms of the Sponsor Support Agreement and the Implementation Agreement;
- Any Finance Document shall not be repudiated, suspended, cancelled, revoked, forfeited, surrendered or terminated (whether in whole or a part thereof);
- FWEL - I shall not abandon all or a material part of the Project.
- FWEL - I shall not suspend or cease operation of the Project except for scheduled maintenance or for reasons of emergency or circumstances described in section 5.13 of the EPA;
- FWEL - I shall not enter into any liquidation or dissolution or enter into any merger, amalgamation, reconstruction or consolidation with any other person.
- FWEL - I shall not sell, lease, transfer or otherwise dispose off all, or any part of, its assets or rights;
- FWEL - I shall not enter into any joint venture, profit sharing, royalties agreement, partnership or analogous arrangement in relation to the Project or otherwise, and shall not have or acquire any subsidiary; or own (legally or beneficially) or acquire any share or debt capital of any person, or make any other type of investment, except for Authorised Investments using cash balances in its bank accounts in accordance with the Accounts Agreement or investments using amounts in the Rupee Distribution Account; and
- FWEL - I shall not make any restricted payments as specified in the agreements.

7.6 This represents the Musharka Finance Facility of Rs. 3,000 million which has been arranged from a consortium of three banks comprising of National Bank of Pakistan, Allied Bank Limited and Meezan Bank Limited with participation of Rs. 1,000 million each. This facility has been arranged to meet the remaining debt finance requirements for the project cost. The rate of markup is six months KIBOR plus 2.95%. The facility is now repayable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

The facility is secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of FWEL - II (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and FWEL - II LC account (including the amounts deposited therein)) for an amount of Rs. 4,000 million in favour of Allied Bank Limited being the Security Trustee of FWEL - II, first exclusive assignment over receivable, pledge of share, lien on project accounts and all other secured obligations owed to local secured lenders. The charge is also registered against assets of Fauji Fertilizer Company Limited.

Subject to the certain exceptions permitted by written consent of the lenders, significant covenants of the Musharka Finance Facility and lease agreements are as follows:

- FWEL - II shall obtain and maintain ownership, leases, licences, or other rights to use all project assets free of all restrictions and the right to use the Site;
- Shares shall not be transferred other than in strict compliance with the terms of the Sponsor Support Agreement and the Implementation Agreement;
- Any Finance Document shall not be repudiated, suspended, cancelled, revoked, forfeited, surrendered or terminated (whether in whole or a part thereof);
- FWEL - II shall not abandon all or a material part of the Project.
- FWEL - II shall not suspend or cease operation of the Project except for scheduled maintenance or for reasons of emergency or circumstances described in the EPA;
- FWEL - II shall not enter into any liquidation or dissolution or enter into any merger, amalgamation, reconstruction or consolidation with any other person.
- FWEL - II shall not sell, lease, transfer or otherwise dispose off all, or any part of, its assets or rights; and
- FWEL - II shall not enter into any joint venture, profit sharing, royalties agreement, partnership or analogous arrangement in relation to the Project or otherwise, and shall not have or acquire any subsidiary; or own (legally or beneficially) or acquire any share or debt capital of any person, or make any other type of investment, except for Authorised Investments using cash balances in its bank accounts in accordance with the Accounts Agreement or investments using amounts in the Rupee Distribution Account.

		Note	2021	2020
			Rs '000	Rs '000
8.	**LEASE LIABILITIES**			
	Balance at beginning of year		104,053	139,065
	Additions during the year		43,589	–
	Additions due to acquisition of FWEL - I & FWEL - II	8.1	6,637,027	–
	Exchange loss for the year		224,187	–
	Unwinding of interest on lease liability		10,396	8,669
	Payments made during the year		(1,334,887)	(43,681)
	Balance at end of the year		5,684,365	104,053
	Less: Current portion shown under current liabilities		(2,744,891)	(25,698)
			2,939,474	78,355

8.1 These represents lease liabilities assumed upon acquisition of FWEL - I and FWEL - II by the Group. Details of these lease liabilities are as follows:

8.1.1 FWEL - I and FWEL - II entered into a lease agreements with Islamic Development Bank (IDB) for provision of financing facility of USD 66.860 million each in respect of its wind power facility. As per the lease agreements, the lease term commences from the Commercial Operation Date and ends on the earlier of final maturity date or the date on which the title of the assets is transferred in the full to FWEL - I and FWEL - II. At the end of lease term, FWEL - I and FWEL - II have right and intention to purchase the assets under this facility.

Effective August 14, 2014 and in furtherance to restructuring of the lease agreements, original facility amount was reduced to USD 64.937 million for FWEL - I and USD 63.786 million for FWEL - II. These carries mark-up @ LIBOR + 4.6% per annum. The lease rentals are payable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

The facilities are secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of FWEL - I and FWEL - II (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and FWEL - I and FWEL - II LC account (including the amounts deposited therein) for an amount of USD 91,456,667 for FWEL - I and USD 89,146,667 for FWEL - II and all other secured obligations owed to foreign secured lenders.

8.1.2 The plants of FWEL - I and FWEL - II are located in Gharo Creek Area, District Thatta of Sindh province for which AEDB has allocated 1,210 acres of land to FWEL - I and 1,656 acres of land to FWEL - II under sublease agreements dated January 23, 2013. Under the terms of the agreements, FWEL - I has paid lease rentals of Rs 6.05 million and FWEL - II has paid lease rentals of Rs 8.28 million upto January 2018. FWEL - I and FWEL - II are required to pay lease rentals at the rate of Rs 2,000 per acre per year from January 2018 to January 2027 and Rs 5,000 per acre per year from January 2028 to January 2035.

8.1.3 Lease liabilities as at year end amounted to Rs 2,787,442 thousand for FWEL - I and Rs 2,778,799 thousand for FWEL - II.

9. DEFERRED GOVERNMENT GRANT

These represent deferred government grant in respect of term finance facilities obtained under SBP Salary Refinance Scheme as disclosed in note 7.2 and 7.4 to the consolidated financial statements. There are no unfulfilled conditions or other contingencies attaching to these grants.

	2021	2020
	Rs '000	Rs '000
Balance at the beginning	120,256	–
Government grant recognised	212,925	201,960
Less: Amortisation of deferred government grant	(79,436)	(81,704)
Balance at the end	253,745	120,256
Less: Current portion of deferred government grant	(78,419)	(92,893)
Long-term portion of deferred government grant	175,326	27,363

		Note	2021	2020
			Rs '000	Rs '000
10.	**GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE**			
	Balance at the beginning		56,716,885	61,064,027
	Movement during the year		–	1,579,395
			56,716,885	62,643,422
	Gain on extinguishment of original GIDC liability - credit to profit or loss		–	(5,926,537)
	Unwinding of GIDC liability - charge to profit or loss		2,441,489	–
			59,158,374	56,716,885
	Less: Current portion of GIDC payable	10.1	(38,356,404)	(23,945,221)
	Long-term portion of GIDC payable		20,801,970	32,771,664

10.1 This amount is included in trade and other payables.

10.2 Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including FFC were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments.

GIDC was declared payable on the presumption that burden of same has been passed to the customers. In this regard, FFC, along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including FFC and stated that the Government of Pakistan (GoP) is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

FFC also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from FFC till the finalization of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

Pursuant to the above decisions of the SCP and without prejudice to the suit filed in Sindh High Court, FFC, on prudent basis had re-measured its GIDC liability payable to Mari Petroleum Company Limited (MPCL) (on behalf of the Government of Pakistan) in 48 monthly installments commencing from August 2020 in prior period. This modification in timing of settlement of GIDC liability reflected substantially different terms from the original liability recognized upto July 2020. The current and non-current portion of the GIDC liability has been segregated in the consolidated statement of financial position in accordance with the 48 months recovery of installments.

On September 9, 2021, Ministry of Energy (MoE), GoP has written a letter to gas suppliers including Mari Petroleum Company Limited (MPCL), the supplier of gas to FFC, stating that they have sought clarification in respect of 48 monthly installments which is currently pending adjudication in the Court. Therefore, pending stated clarification, the instructions earlier conveyed as in letter dated August 19, 2020 (i.e. 24 month installments) shall remain in the field. Based on legal opinion obtained by the management, FFC believes that there are strong grounds to support that recovery in 48 monthly installments remains applicable. Accordingly, no adjustments in this respect are required in the consolidated financial statements.

Effective August, 2020, the management of FFC applied the requirements of "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January 2021, for recognition, measurement and presentation of the GIDC liability in these consolidated financial statements and applied IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in developing and applying an accounting policy through drawing analogy from an IFRS dealing with similar and related matters. The new modified liability had been accounted for in prior period, under the measurement principles of IFRS – 9 "Financial Instruments" and the original liability had been extinguished and new modified liability recognized at fair value using effective interest rate method. The new modified liability had been measured initially at present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating i.e FFC's incremental borrowing rate. Gain on extinguishment of original GIDC liability had been credited to the consolidated profit or loss. Subsequently, such new modified liability would be carried at amortized cost. During the year, no payments were made by FFC on account of GIDC on account of stay granted by Sindh High Court. Further, FFC has also contested and not accounted for late payment surcharge in these consolidated financial statements, on GIDC payments against recovery stay granted by Sindh High Court.

		Note	2021	2020
			Rs '000	Rs '000
11.	**DEFERRED LIABILITIES**			
	Deferred tax liability - net	11.1	7,145,733	6,916,488
	Provision for compensated leave absences / retirement benefits	11.2	1,394,756	1,624,860
			8,540,489	8,541,348
11.1	**Deferred taxation**			
	The balance of deferred tax is in respect of the following temporary differences:			
	Accelerated depreciation / amortization		3,236,000	3,262,000
	Provision for slow moving spares, doubtful debts, other receivables and investments		(1,879,000)	(1,421,696)
	Re-measurement gain on GIDC		1,011,000	1,718,696
	Tax on equity accounted investment		4,764,990	3,281,933
	Re-measurement of investments		12,743	75,555
			7,145,733	6,916,488
	The gross movement in the deferred tax liability during the year is as follows:			
	Balance at the beginning		6,916,488	4,193,829
	Tax charge recognized in consolidated profit or loss		331,213	2,185,504
	Tax charge recognised in consolidated comprehensive income		(101,968)	537,155
	Balance at the end		7,145,733	6,916,488

11.2 The main assumptions used for actuarial valuation of compensated absences are as follows:

	2021
Discount rate - per annum	11.00%
Expected rate of increase in salaries - per annum	11.00%
Mortality table	SLIC (2001-05)
Withdrawal factor	Moderate
Number of employees	2,932

	Note	2021	2020
		Rs '000	Rs '000
12. TRADE AND OTHER PAYABLES			
Creditors			
- GIDC payable - current portion	10.1	38,356,404	23,945,221
- Others		3,427,764	3,438,406
		41,784,168	27,383,627
Accrued liabilities		8,343,464	7,108,282
Consignment account with Fauji Fertilizer Bin Qasim Limited - unsecured		2,881,808	2,185,183
Sales tax payable - net		72,907	63,385
Deposits	12.1	247,501	191,556
Retention money		180,846	137,568
Contract Liability - Advances from customers	12.4	6,387,731	6,443,961
Workers' Welfare Fund		1,806,515	1,633,539
Workers' Profit Participation Fund payable - FFC		–	179,025
Workers' Profit Participation Fund payable - FFCEL, FWEL - I & II		1,009,268	20,027
Payable to Fauji Foundation - current account		1,688	52,500
Payable to gratuity fund - a related party - FFC	12.2	736,858	734,965
Payable to gratuity fund - a related party - FFF, FWEL - I & II		43,379	–
Payable to pension fund - a related party	12.2	323,030	439,697
Payable to provident fund - a related party		11,028	–
Other liabilities		352,351	354,976
		64,182,542	46,928,291

12.1 These represent unutilizable amounts received as security deposits from dealers and suppliers of the Group, and are kept in separate bank accounts.

		Funded gratuity	Funded pension	2021 Total	2020 Total
		Rs '000	Rs '000	Rs '000	Rs '000
12.2	**RETIREMENT BENEFIT FUNDS**				
12.2.1	**The amounts recognized in the consolidated statement of financial position are as follows:**				
	Present value of defined benefit obligation	3,222,687	4,853,398	8,076,085	7,759,212
	Fair value of plan assets	(2,485,829)	(4,530,368)	(7,016,197)	(6,584,550)
	Liability	736,858	323,030	1,059,888	1,174,662
12.2.2	**Amount recognised in the consolidated profit or loss is as follows:**				
	Current service cost	167,311	112,086	279,397	274,673
	Net interest cost	62,321	35,881	98,202	138,771
		229,632	147,967	377,599	413,444
12.2.3	**The movements in the present value of defined benefit obligation is as follows:**				
	Present value of defined benefit obligation at beginning	3,124,870	4,634,342	7,759,212	7,212,884
	Current service cost	167,311	112,086	279,397	274,673
	Interest cost	256,211	383,416	639,627	849,497
	Benefits paid	(395,657)	(273,864)	(669,521)	(479,653)
	Re-measurement of defined benefit obligation	69,952	(2,582)	67,370	(98,189)
	Present value of defined benefit obligation at end	3,222,687	4,853,398	8,076,085	7,759,212
12.2.4	**The movement in fair value of plan assets:**				
	Fair value of plan assets at beginning	2,389,905	4,194,645	6,584,550	6,030,168
	Expected return on plan assets	193,890	347,535	541,425	710,726
	Contributions	229,632	147,967	377,599	483,444
	Benefits paid	(395,657)	(273,864)	(669,521)	(479,653)
	Re-measurement of plan assets	68,059	114,085	182,144	(160,135)
	Fair value of plan assets at end	2,485,829	4,530,368	7,016,197	6,584,550
12.2.5	**Actual return on plan assets**	261,949	461,620	723,569	550,591
12.2.6	**Contributions expected to be paid to the plan during the next year**	253,339	148,611	401,950	377,599
12.2.7	**Plan assets comprise of:**				
	Investment in debt securities	1,317,259	2,978,101	4,295,360	4,014,421
	Investment in equity securities	802,754	1,192,780	1,995,534	1,853,963
	Deposits with banks	73,755	78,470	152,225	227,451
	Mutual funds	292,061	281,017	573,078	488,715
		2,485,829	4,530,368	7,016,197	6,584,550

12.2.8 The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

		2021		2020	
		Funded gratuity	Funded pension	Funded gratuity	Funded pension
		Rs '000	Rs '000	Rs '000	Rs '000
12.2.9	**Movement in liability recognised in consolidated statement of financial position:**				
	Opening liability	734,965	439,697	739,538	443,178
	Cost for the year recognised in profit or loss	229,632	147,967	253,724	159,720
	Employer's contribution during the year	(229,632)	(147,967)	(253,724)	(229,720)
	Total amount of re-measurement recognised in Other Comprehensive Income (OCI) during the year	1,893	(116,667)	(4,573)	66,519
	Closing liability	736,858	323,030	734,965	439,697
12.2.10	**Re-measurements recognised in consolidated OCI during the year:**				
	Re-measurment loss / (gain) on obligation				
	Due to change in financial assumptions	24,375	79,742	(33,142)	(129,166)
	Due to change in experience adjustments	45,577	(82,324)	(38,587)	102,706
		69,952	(2,582)	(71,729)	(26,460)
	Re-measurment loss / (gain) on plan assets				
	Actual return on plan assets	(261,949)	(461,620)	(189,424)	(361,167)
	Interest income on plan assets	193,890	347,535	256,580	454,146
		(68,059)	(114,085)	67,156	92,979
	Re-measurement loss / (gain) recognised in consolidated OCI	1,893	(116,667)	(4,573)	66,519

		2021		2020	
		Funded gratuity	Funded pension	Funded gratuity	Funded pension
		%	%	%	%
12.2.11	**Principal actuarial assumptions used in the actuarial valuations are as follows:**				
	Discount rate	11.00	11.00	8.50	8.50
	Expected rate of salary growth - short term				
	Management	11.00	11.00	8.50	8.50
	Non-Management	11.00	–	8.50	–
	Expected rate of salary growth - long term				
	Management	11.00	11.00	8.50	8.50
	Non-Management	11.00	–	8.50	–
	Expected rate of return on plan assets	11.00	11.00	8.50	8.50
	Expected rate of increase in post retirement pension				
	Short term	–	5.25	–	3.00
	Long term	–	5.25	–	2.75
	Maximum pension limit increase rate	–	5.25	–	3.00
	Minimum pension limit increase rate	–	5.25	–	3.00
	Demographic assumptions				
	Mortality rates (for death in service)	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1
	Rates of employee turnover				
	Management	Moderate	Moderate	Moderate	Moderate
	Non-Management	Light	–	Light	–

12.2.12 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

	2021 Defined benefit obligation		2020 Defined benefit obligation	
	Effect of 1 percent increase	Effect of 1 percent decrease	Effect of 1 percent increase	Effect of 1 percent decrease
	Rs '000	Rs '000	Rs '000	Rs '000
Discount rate	(685,452)	812,367	(655,470)	779,517
Future salary growth	272,264	(250,307)	260,358	(239,763)
Future pension	377,963	(326,043)	364,655	(313,488)

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates.

12.2.13 The weighted average number of years of defined benefit obligation is given below:

	2021		2020	
	Funded gratuity	Funded pension	Funded gratuity	Funded pension
	Years	Years	Years	Years
Plan duration	7.22	9.62	7.07	9.69

	2021		2020	
	Funded gratuity	Funded pension	Funded gratuity	Funded pension
	Rs '000	Rs '000	Rs '000	Rs '000
12.2.14 Analysis of present value of defined benefit obligations:				
Vested / non - vested				
Vested	3,199,826	–	3,105,925	–
Non - vested	22,861	–	18,945	–
	3,222,687	–	3,124,870	–
Types of members				
Active	–	2,607,936	–	2,559,652
Retirees	–	2,245,462	–	2,074,690
	–	4,853,398	–	4,634,342
Types of benefits earned to date				
Accumulated benefit obligation	1,633,662	4,141,094	1,839,180	4,122,247
Amount attributed to future salary increases	1,589,025	712,304	1,285,690	512,095
Total	3,222,687	4,853,398	3,124,870	4,634,342

12.2.15 FFC contributes to the pension and gratuity funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, FFC takes a contribution holiday.

		2021		2020	
		Funded gratuity	Funded pension	Funded gratuity	Funded pension
		Rs '000	Rs '000	Rs '000	Rs '000
12.2.16	**Distribution of timing of benefit payments:**				
	1 year	294,191	338,322	393,166	364,374
	2 years	436,637	356,558	407,327	364,092
	3 years	306,937	356,613	280,543	313,411
	4 years	501,971	435,772	334,469	360,784
	5 years	475,464	451,462	432,532	389,538
	6-10 years	2,577,810	2,758,006	2,173,724	2,213,240

12.2.17 Retirement benefit plans are exposed to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal / mortality risk

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

12.2.18 Salaries, wages and benefits expense, stated in notes 29 and 30 to these consolidated financial statements include retirement benefits in respect of gratuity fund, provident fund, pension plan and compensated absences amounting to Rs 454,234 thousand, Rs 441,233 thousand, Rs 132,240 thousand and Rs 502,568 thousand respectively (2020: Rs 230,204 thousand, Rs 169,246 thousand, Rs 135,935 thousand and Rs 308,398 thousand respectively). These are reduced by the amount of charges debited to Fauji Fertilizer Bin Qasim Limited under Inter Company Services Agreements.

12.3 Defined contribution plan

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for the purpose.

12.4 Contract liabilities - advances from customers

This represents payment received by the Group from its customers before the related goods / services are transferred.

		2021	2020
		Rs '000	Rs '000
13.	**MARK-UP AND PROFIT ACCRUED**		
	On long term borrowings		
	From conventional banks	328,306	105,717
	From Islamic banks	18,824	13,471
		347,130	119,188
	On short term borrowings		
	From conventional banks	359,325	113,297
	From Islamic banks	36,747	46,260
		396,072	159,557
		743,202	278,745

14. SHORT TERM BORROWINGS - SECURED

The Group has obtained short term running finance facilities from various banks, under separate terms and agreements. The total amounts outstanding against each facility at the year end and the terms of each facility are given below:

	Note	2021	2020
		Rs '000	Rs '000
	Lending Institutions		
	From conventional banks	14.1	
	Fauji Fertilizer Company Limited (FFC)		
	MCB Bank Limited	12,311,600	2,400,000
	Allied Bank Limited	6,449,127	1,980,790
	United Bank Limited	5,035,809	5,006,002
	Askari Bank Limited	4,212,743	2,303,598
	Bank Alfalah Limited	939,626	980,467
	Habib Bank Limited	122,932	768,200
	National Bank of Pakistan	–	1,194,773
	Habib Metropolitan Bank Limited	940,003	989,996
	JS Bank Limited	–	19,920
	Standard Chartered Bank (Pakistan) Limited	4,960,853	4,921,188
	Fauji Fresh n Freeze Limited (FFF)		
	JS Bank Limited	14.2	45,198	19,306
		35,017,891	20,584,240
	From Islamic banks	14.3	
	Fauji Fertilizer Company Limited (FFC)		
	Meezan Bank Limited	3,981,579	4,693,046
		38,999,470	25,277,286

14.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 52,861,600 thousands (2020: Rs. 47,760,000 thousands) which represent the aggregate of all facility agreements between FFC and respective banks. The per annum rates of mark-up are 1 week KIBOR minus 2.37%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR + 0% to 0.35% (2020: 1 week KIBOR minus 0.05%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR minus 0.10% to 3 month KIBOR + 0.20%).

The facilities are secured by pari passu / ranking hypothecation charges on moveable assets of FFC besides lien on mutual fund investments and PIBs in certain cases. The facilities have various expiry dates upto December 29, 2023.

14.2 This represents running finance facility (interest/ markup based) availed by FFF from JS Bank Limited to meet working capital requirements with a sanctioned limit of Rs. 900 million (2020: Rs. 900 million) which carries mark up of 1 month KIBOR plus 100 bps per annum (2020: 1 month KIBOR plus 100 bps per annum). It is secured by first pari passu hypothecation charge of Rs. 1,200 million (2020: Rs. 1,200 million) over all present and future current assets (stocks and receivables) of FFF, including 25% margin and letter of comfort of FFC covering total exposure towards FFF.

14.3 Shariah compliant short term borrowing is available from a banking company under profit arrangement against a facility amounting to Rs. 4,000,000 thousands (2020: Rs. 5,000,000 thousands) which represents the aggregate of all facility agreement between FFC and respective bank. The per annum rate of profit is 3 month KIBOR + 0% (2020: 3 month KIBOR minus 0.05% to 3 month KIBOR + 0.05%). The facility is secured by ranking hypothecation charge on current assets of FFC and lien over debt investments. The facility has a expiry date of May 31, 2022.

		2021	2020
		Rs '000	Rs '000
15.	**CONTINGENCIES AND COMMITMENTS**		
15.1	**Contingencies:**		
	Fauji Fertilizer Company Limited (FFC)		
	i) Guarantees issued by banks on behalf of FFC	7,384,810	5,140,917
	ii) Claims against FFC and / or potential exposure not acknowledged as debt	50,696	50,696

iii) FFC has issued corporate bank guarantee in favour of Fauji Fresh n Freeze Limited (FFF) amounting to Rs 2,245,000 thousand (2020: Rs Nil thousand).

iv) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by FFC, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, during the year, CCP under the said Tribunal guidelines, resumed the proceedings and FFC, duly joined these proceedings through Counsel. FFC also filed writ petition before Islamabad High Court and has procured suspension order against proceedings before CCP, till date of next hearing. FFC remains confident of successfully defending these unreasonable claims.

Fauji Fertilizer Company Energy Limited (FFCEL)

There were no material contingencies as at December 31, 2021 (2020: Nil)

Fauji Fresh n Freeze Limited (FFF)

Proceedings under section 161/205 of Income Tax Ordinance, 2001 ("the Ordinance") were initiated against FFF in respect of Tax Year 2016. FFF, through its authorized representative, complied the said notice by submitting the requisite information/data. The Assistant Commissioner Inland Revenue (ACIR) passed an order under section 161/205 and issued a notice of demand under section 137 of the Ordinance for Rs 96.90 million. FFF filed an appeal against the said order before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A, through Appellate Order No. 34 dated August 24, 2020, remanded the case back to the assessing officer on various points and granted partial relief to FFF. No notice from the assessing officer regarding remand back proceedings has been received. Based on the opinion of the tax advisor handling the litigation, the management of FFF believes that FFF has strong legal grounds against the case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these consolidated financial statements.

Foundation Wind Energy I Limited (FWEL - I)

i) The Additional Commissioner Inland Revenue (AdCIR) issued a notice to the FWEL - I wherein it was alleged that FWEL - I has not paid Alternate Corporate Tax (ACT), for an amount of Rs 126 million for tax year 2016 and minimum tax amounting to Rs 3 million for tax year 2015. FWEL - I filled an appeal before Commisioner Inland Revenue Appeals (CIR- Appeals). CIR- Appeals partially accepted the Company's contention. FWEL - I preferred appeal before the ATIR against the aforesaid order. The ATIR remanded the case back to CIR- Appeals with certian directions. CIR- Appeals passed an appellate order dated April 16, 2018 wherein he again partially accepted FWEL - I's contention but held FWEL - I liable to payment of ACT and minimum tax respectively. FWEL-I preferred another appeal before the ATIR which was decided in favor of FWEL - I. However, the department has preferred an appeal before the Honourable High Court which is currently pending adjudication.

ii) Withholding tax audit under section 161/205 of Income tax ordinance, 2001 was conducted by the Assistant Commissioner Inland Revenue, (ACIR) and, passed an order for demand of Rs 165.47 million vide order dated December 21, 2016. An appeal was filed before the commissioner Inland revenue (Appeal-III) [commissioner (appeal)], who passed an order to reduce the demand to Rs 40.04 million. It has also been recovered by the tax authorities. FWEL-I is contesting the case and management is of the view that it can recover tax from vendor.

Foundation Wind Energy II Limited (FWEL - II)

i) The Additional Commissioner Inland Revenue (AdCIR) issued a notice to FWEL - II wherein it was alleged that FWEL - II has not paid Alternate Corporate Tax (ACT), for an amount of Rs 200 million for the tax year 2016 and minimum tax for an amount of Rs 7 million for tax year 2015. FWEL - II filed an appeal before Commissioner Inland Revenue Appeals (CIR- Appeals). CIR-Appeals partially accepted FWEL - II's contention. FWEL - II preferred appeal before the ATIR against the aforesaid order. The ATIR remanded the case back to CIR- Appeals with certain directions. CIR- Appeals passed an appellate order dated April 16, 2018 wherein he again partially accepted FWEL-II's contention but held FWEL - II liable to payment of ACT and minimum tax respectively. FWEL - II preferred another appeal before the ATIR which was decided in favor of FWEL - II. However, the department has preferred an appeal before the honorable High court which is currently pending adjudication.

ii) In June 2016, the Additional Commissioner, Punjab Revenue Authority (PRA) issued a show cause notice for non-withholding of Punjab sales tax amounting Rs 488 million on account of certain expenses incurred period July 2014 to June 2015. Management is of the view that the amount was on account of construction services for plant in Sindh. The notice was responded by FWEL - II along with related evidences that the expenses pertaining to construction of building was for wind farms located in Sindh, hence outside the jurisdiction of PRA. Additional Commissioner did not accept FWEL - II's stance and issue demand order

for Rs 488 million. Appeal before commissioner appeal has been filed. On parallel basis, like other industry competitors, FWEL-II has also filed writ before the Lahore High Court (LHC) to challenge the constitution of PRA and a stay application to stop PRA proceedings against FWEL-II. LHC disposed off FWEL-II's writ petition vide order dated September 12, 2019 with certain direction to Commissioner Appeals and PRA. The case was heard before the Commissioner Appeals, PRA and related decision is awaited in this respect.

		2021	2020
		Rs '000	Rs '000
	Group's share of contingencies of associated companies		
	i) Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited as at December 31, 2021 (2020: December 31, 2020)	28,453,209	23,691,595
	ii) Group's share of contingencies in Fauji Cement Company Limited as at September 30, 2021 (2020: September 30, 2020)	118,088	117,936
	iii) Group's share of contingencies in Askari Bank Limited as at September 30, 2021 (2020: September 30, 2020)	113,940,242	94,191,496
	iv) Group's share of contingencies in Thar Energy Limited as at September 30, 2021 (2020: September 30, 2020)	6,510	6,510
15.2	**Commitments in respect of:**		
	i) Capital expenditure	2,755,489	1,613,024
	ii) Purchase of fertilizer, stores, spares and other operational items	10,078,035	2,060,554
	iii) Investment in Thar Energy Limited	2,283,042	2,307,192
	iv) Contracted out services	335,704	102,546
	v) Group's share of commitments of PMP as at September 30, 2021 (2020: September 30, 2020)	76,859	6,232
	vi) Group's share of commitments of FCCL as at September 30, 2021 (2020: September 30, 2020)	2,832	9
	vii) Group's share of commitments of FFBL as at December 31, 2021 (2020: December 31, 2020)	1,469,348	2,376,135
	viii) Group's share of commitments of Askari Bank Limited as at September 30, 2021(2020: September 30, 2020)	228,915,759	232,537,819
	ix) Group's share of commitments of TEL as at September 30, 2021 (2020: September 30, 2020)	6,188,949	8,609,553

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Lease hold land	Building and structures on freehold land	Building and structures on leasehold land	Railway siding	Plant and machinery	Catalysts	Office and electrical equipment	Furniture and fixtures	Vehicles	Maintenance and other equipment	Library books	Right of use asset (note 16.4)	Capital work in progress (note 16.5)	Total
								Rs '000							
As at January 1, 2020															
Cost	469,263	178,750	6,340,303	2,202,083	26,517	51,537,115	2,361,160	1,437,232	513,428	877,562	2,679,350	5,211	188,444	2,258,030	71,074,448
Accumulated depreciation	–	(178,750)	(3,305,258)	(628,005)	(26,517)	(27,714,372)	(2,170,426)	(1,016,650)	(293,983)	(676,067)	(2,239,227)	(3,541)	(63,494)	–	(38,316,290)
Net Book Value	469,263	–	3,035,045	1,574,078	–	23,822,743	190,734	420,582	219,445	201,495	440,123	1,670	124,950	2,258,030	32,758,158
Year ended December 31, 2020															
Opening net book value	469,263	–	3,035,045	1,574,078	–	23,822,743	190,734	420,582	219,445	201,495	440,123	1,670	124,950	2,258,030	32,758,158
Additions / transfers	–	–	184,241	–	–	3,567,146	137,455	152,191	80,132	92,000	141,857	271	8,050	166,181	4,529,524
Disposals															
Cost	(91)	–	–	–	–	(7,664)	–	(22,401)	(9,156)	(36,223)	(15,606)	–	–	–	(91,141)
Depreciation	–	–	–	–	–	2,863	–	22,394	8,107	36,223	15,606	–	–	–	85,193
	(91)	–	–	–	–	(4,801)	–	(7)	(1,049)	–	–	–	–	–	(5,948)
Transfers	–	–	(43,073)	–	–	35,829	–	7,666	(420)	91	–	–	–	(1,488,573)	(1,488,480)
Depreciation charge	–	–	(274,640)	(98,461)	–	(2,246,303)	(116,270)	(107,360)	(41,392)	(82,009)	(183,973)	(914)	(45,995)	–	(3,197,317)
Balance as at December 31, 2020	469,172	–	2,901,573	1,475,617	–	25,174,614	211,919	473,072	256,716	211,577	398,007	1,027	87,005	935,638	32,595,937
As at January 1, 2021															
Cost	469,172	178,750	6,481,471	2,202,083	26,517	55,132,426	2,498,615	1,574,688	583,984	933,430	2,805,601	5,482	196,494	935,638	74,024,351
Accumulated depreciation	–	(178,750)	(3,579,898)	(726,466)	(26,517)	(29,957,812)	(2,286,696)	(1,101,616)	(327,268)	(721,853)	(2,407,594)	(4,455)	(109,489)	–	(41,428,414)
Net Book Value	469,172	–	2,901,573	1,475,617	–	25,174,614	211,919	473,072	256,716	211,577	398,007	1,027	87,005	935,638	32,595,937
Year ended December 31, 2021															
Opening net book value	469,172	–	2,901,573	1,475,617	–	25,174,614	211,919	473,072	256,716	211,577	398,007	1,027	87,005	935,638	32,595,937
Additions on acquisition															
of subsidiaries - FWEL - I & FWEL - II	–	–	4,089,977	–	–	3,237,635	–	1,737	8,181	32,527	–	–	9,094,940	–	16,464,997
Additions / transfers	–	–	53,355	2,666	–	1,661,340	255,368	181,950	62,025	127,385	244,477	524	43,589	3,844,010	6,476,689
Exchange loss - net	–	–	–	–	–	–	–	–	–	–	–	–	224,187	–	224,187
Disposals															
Cost	–	–	(77)	–	–	(9,359)	–	(43,275)	(6,275)	(30,434)	(11,121)	(284)	–	–	(100,825)
Depreciation	–	–	14	–	–	3,963	–	43,113	6,268	30,434	11,121	284	–	–	95,197
	–	–	(63)	–	–	(5,396)	–	(162)	(7)	–	–	–	–	–	(5,628)
Transfers	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,707,244)	(1,707,244)
Adjustments															
Cost	–	–	–	–	–	(105,514)	–	–	–	–	–	–	–	–	(105,514)
Accumulated depreciation	–	–	–	–	–	63,102	–	–	–	–	–	–	–	–	63,102
	–	–	–	–	–	(42,412)	–	–	–	–	–	–	–	–	(42,412)
Depreciation charge	–	–	(332,156)	(121,952)	–	(2,459,664)	(111,851)	(124,855)	(49,952)	(84,553)	(177,817)	(764)	(234,816)	–	(3,698,380)
Impairment charge	–	–	–	–	–	–	–	(6,587)	–	–	–	–	–	–	(6,587)
Balance as at December 31, 2021	469,172	–	6,712,686	1,356,331	–	27,566,117	355,436	525,155	276,963	286,936	464,667	787	9,214,905	3,072,404	50,301,559
As at December 31, 2021															
Cost	469,172	178,750	10,624,726	2,204,749	26,517	59,916,528	2,753,983	1,715,100	647,915	1,062,908	3,038,957	5,722	9,559,210	3,072,404	95,276,641
Accumulated depreciation and impairment	–	(178,750)	(3,912,040)	(848,418)	(26,517)	(32,350,411)	(2,398,547)	(1,189,945)	(370,952)	(775,972)	(2,574,290)	(4,935)	(344,305)	–	(44,975,082)
Net Book Value	469,172	–	6,712,686	1,356,331	–	27,566,117	355,436	525,155	276,963	286,936	464,667	787	9,214,905	3,072,404	50,301,559
Rate of depreciation in %	–	6.25 - 9.25	5 - 10	5	5	5 - 5.5	20	15	10	20	15 - 33.33	30	5 - 20	–	

		Note	2021	2020
			Rs '000	Rs '000
16.1	**Depreciation charge has been allocated as follows:**			
	Cost of sales	30	3,600,869	3,066,038
	Administrative and distribution expenses	31 & 31.1	86,757	121,907
	Other expenses		2,225	1,852
	Charged to FFBL under the Company Services Agreement		8,529	7,520
			3,698,380	3,197,317

16.2 No fixed assets having net book value in excess of Rs 5,000 thousand were sold during the year.

16.3 Details of immovable property (land and building) in the name of the Group companies:

Location	Usage	Area
FFC Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab	Head office building	16 kanals and 7.5 marlas
Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab	Manufacturing plant including allied facilities	1,285 acres, 5 kanals and 7 marlas
Mirpur Mathelo (District: Ghotki), Sindh	Manufacturing plant including allied facilities	575 acres, 4 kanals and 16 marlas
FFC Warehouse, G T Road Adda Yousafwala, (District: Sahiwal), Punjab	Warehouse	3 acres, 2 kanals and 11 marlas
FFC Warehouse Opposite Chiniot Railway Station Bypass Road Chiniot (District Chiniot), Punjab	Warehouse	5 acres, 2 kanals and 3 marlas
FFC Warehouse Main Highway Road Dhabeji (District: Thatta), Sindh	Warehouse	16 marlas and 136 sqft
18 Khaira Gali (District: Abbottabad), Khyber Pakhtunkhwa	Guesthouse	1 kanal and 3 marlas
FFCEL Deh Kohistan, Taluka Jhampir (District: Thatta), Sindh	Production plant including allied facilities	1,283 acres
FFF 16-Km Sahiwal Pakpattan Road, Sahiwal (District: Sahiwal), Punjab	Production plant including allied facilities	74 acres
FWEL - I Gharo Creek Area, District Thatta, Sindh Province	Production plant including allied facilities	1,210 acres
FWEL - II Gharo Creek Area, District Thatta, Sindh Province	Production plant including allied facilities	1,656 acres

		Note	2021	2020
			Rs '000	Rs '000
16.4	**Right of use assets as at year end comprises of:**			
	Plant and machinery		9,095,134	–
	Land and Building		84,099	24,033
	Vehicles		35,672	62,972
			9,214,905	87,005
16.5	**Capital Work in Progress**			
	Civil works		266,332	84,358
	Plant, machinery and others (including in transit items)		2,806,072	851,280
			3,072,404	935,638
17.	**INTANGIBLE ASSETS**			
	Computer software	17.1	8,232	5,396
	Goodwill	17.2	1,932,561	1,932,561
			1,940,793	1,937,957
17.1	**Computer Software**			
	Balance at the beginning		5,396	12,744
	Additions during the year		8,307	100
	Amortisation charged for the year	17.1.1	(5,471)	(7,448)
	Balance at the end		8,232	5,396
	Amortisation rate		33.33%	33.33%
17.1.1	**Amortisation charge has been allocated as follows:**			
	Cost of sales	30	2,767	3,709
	Administrative and distribution expenses	31 & 31.1	2,704	3,739
			5,471	7,448
17.2	**Goodwill**			
	Goodwill on acquisition of Pak Saudi Fertilizer Company Limited	17.2.1	1,569,234	1,569,234
	Goodwill on acquisition of Fauji Fresh n Freeze Limited	17.2.2	363,327	363,327
			1,932,561	1,932,561

17.2.1 This represents excess of the amount paid over fair value of net assets of Pak Saudi Fertilizer Company Limited (PSFL) on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS-36 "Impairment of Assets". The value in use calculations are based on cash flow projections. These are then extrapolated for a period of 5 years using a steady long term expected demand growth of 2% and terminal value determined based on long term earning multiples. The cash flows are discounted using a discount rate of 14.07% per annum. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

17.2.2 This represents excess of the amount paid by FFC over fair value of net assets of Fauji Fresh n Freeze Limited on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective cash generating unit on which it arose, based on value in use in accordance with IAS-36 "Impairment of Assets". The value in use calculations are based on cash flow projections. These are then extrapolated for a period of 5 years using a steady long term expected demand growth of 7.33% and terminal value determined based on long term earning multiples. The cash flows are discounted using a discount rate of 14.07%. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

		Note	2021	2020
			Rs '000	Rs '000
18.	**LONG TERM INVESTMENTS**			
	Equity accounted investments	18.1	65,651,617	57,538,122
	Other long term investments	18.2	4,733,478	4,974,076
			70,385,095	62,512,198
18.1	**Equity accounted investments**			
	Investment in associated companies - equity method			
	Fauji Cement Company Limited (FCCL)	18.2.1		
	Balance at the beginning		2,160,790	2,137,474
	Share of profit for the year		280,725	23,316
			2,441,515	2,160,790
	Fauji Fertilizer Bin Qasim Limited (FFBL)	18.2.2		
	Balance at the beginning		24,051,779	17,561,761
	Advance against issue of right shares		–	2,493,774
	Share of profit for the year		4,467,676	3,219,922
	Share of OCI for the year		(15,661)	776,322
			28,503,794	24,051,779
	Askari Bank Limited (AKBL)	18.2.3		
	Balance at the beginning		24,721,018	18,998,792
	Share of profit for the year		4,082,856	4,637,970
	Share of OCI for the year		(481,009)	1,899,908
	Dividend received		(1,631,304)	(815,652)
			26,691,561	24,721,018
	Thar Energy Limited (TEL)	18.2.4		
	Balance at the beginning		3,186,377	3,189,926
	Advance against issue of shares		376,707	–
	Share of (loss) for the year		(10,751)	(4,263)
	Share of OCI for the year		124	714
			3,552,457	3,186,377
	Investment in joint venture - equity method			
	Pakistan Maroc Phosphore S.A., Morocco (PMP)	18.2.5		
	Balance at the beginning		3,418,158	2,989,560
	Share of profit for the year		1,334,255	419,746
	Gain on translation of net assets		228,839	344,377
	Dividend received		(518,962)	(335,525)
			4,462,290	3,418,158
			65,651,617	57,538,122

		Note	2021	2020
			Rs '000	Rs '000
18.2	**Other long term investments**			
	Investments at fair value through other comprehensive income (FVTOCI)	18.3		
	Term Deposit Receipts - from conventional banks		110,197	125,548
	Bank Alfalah Term Finance Certificate		185,785	200,000
	Pakistan Investment Bonds		5,564,788	4,736,896
	GoP Ijarah Sukuk Bonds		1,125,860	–
			6,986,630	5,062,444
	Less: Current portion shown under short term investments at fair value through other comprehensive income (FVTOCI)			
	Term Deposit Receipts - from conventional banks		40,052	21,516
	Pakistan Investment Bonds		2,213,100	66,852
			2,253,152	88,368
			4,733,478	4,974,076

18.2.1 Investment in FCCL - at equity method

Investment in FCCL represents 93,750 thousand fully paid ordinary shares of Rs 10 each representing 6.79% (2020: 6.79%) of its share capital as at December 31, 2021. Market value of FFC's investment as at December 31, 2021 was Rs 1,772,188 thousand (2020: Rs 2,031,563 thousand). FFCL is an associate due to common directorship.

18.2.2 Investment in FFBL - at equity method

Investment in FFBL represents 465,892 thousand fully paid ordinary shares of Rs 10 each representing 49.88% (2020: 49.88%) of FFBL's share capital as at December 31, 2021. Market value of the FFC's investment as at December 31, 2021 was Rs 15,958,791 thousand (2020: Rs 11,796,385 thousand). During the year, 178,127 thousand number of shares were issued to FFC.

Pursuant to an agreement dated October 16, 2014, FFC has agreed to issue to Fauji Foundation (FF), irrevocable proxies to allow FF to vote on behalf of FFC in all general meetings. Further, FFC has given an undertaking that representatives of FF to be elected or co-opted or appointed on the Board of FFBL, shall be nominated by FF. Management of FFC has carried out an impairment analysis for this investment, based on future expected cash flows for the future years and terminal values. The future cash flows have been discounted at weighted average cost of capital of 14.07% (2020: 12.87%) and terminal growth rate of 3% (2020: 3%). Based on this analysis management believes that this investment is carried at its recoverable amount in the consolidated financial statements.

18.2.3 Investment in AKBL - at equity method

Investment in AKBL represents 543,768 thousand fully paid ordinary shares of Rs 10 each representing 43.15% (2020: 43.15%) of AKBL's share capital. Market value of the FFC's investment as at December 31, 2021 was Rs 11,973,771 thousand (2020: Rs 12,718,734 thousand).

Pursuant to an agreement dated October 16, 2014, FFC has agreed to issue to Fauji Foundation (FF), irrevocable proxies to allow FF to vote on behalf of FFC in all general meetings. Further, FFC has given an undertaking that representatives of FF to be elected or co-opted or appointed on the Board of AKBL, shall be nominated by FF. Management of FFC has carried out an impairment analysis for this investment, based

on future expected cash flows for the future years and terminal values. The future cash flows have been discounted at weighted average cost of capital of 17.29% (2020: 12.87%) and terminal growth rate of 3% (2020: 3%). Based on this analysis management believes that this investment is carried at its recoverable amount in the consolidated financial statements.

18.2.4 Investment in TEL - at equity method

Investment in TEL represents 320,625 thousand (2020: 320,625 thousand) fully paid ordinary shares of Rs 10 each. FFC currently holds 30% shareholding interest in TEL. TEL is a public limited company. TEL is the subsidiary of the HUB Power Company Limited. The principal activities of TEL are to develop, own, operate and maintain a 1 x 330 MW mine-month coal fired power plant to be established at Thar Block II, Thar Coal Mine, Sindh.

18.2.5 Investment in PMP - at equity method

Investment in PMP represents 12.5% (2020: 12.5%) equity participation in PMP, amounting to Moroccan Dirhams (MAD) 100,000 thousand equivalent to Rs 705,925 thousand. PMP is a joint venture between FFC, Fauji Foundation (FF), FFBL 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.

According to the Shareholders' agreement, if any legal restriction is laid on dividends by PMP, the investment will be converted to interest bearing loan. FFC has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

18.3 Investments at fair value through other comprehensive income (FVTOCI)

Term Deposits Receipts (TDRs)

These represent placement in Term Deposit Receipts with financial institution having tenure from one to five years with returns ranging from 4.49% to 12.40% per annum (2020: 4.49% to 12.58% per annum).

Term Finance Certificate

This represents investment in Bank Alfalah Term Finance Certificate having tenure of 3 years and a fixed return of 9.03% per annum.

Pakistan Investment Bonds (PIBs)

Fauji Fertilizer Company Limited (FFC)

Pakistan Investment Bonds with 3, 5 and 10 years tenure having aggregate face value of Rs. 4,665 thousand are due to mature within a period of 9 Years. Profit on fixed rate PIBs is payable on half yearly basis with coupon rates ranging from 8% to 12% per annum and floating rate PIB at weighted average 6-Months T-Bill yield + 0.7%. The Pakistan Investment Bonds are placed with banks as collateral to secure borrowing facilities.

Fauji Fertilizer Company Energy Limited (FFCEL)

This represents investment in tradeable 10 years floating rate Pakistan Investment Bonds (PIBs) amounting to Rs 1,110.7 million (2020: Rs Nil) representing the face value. PIBs of Rs 444.5 million were issued to FFCEL on June 4, 2021 in respect of first installment and Rs 666.2 million were issued on November 29, 2021 in respect of second installment for settlement of closing balance of trade debts as at November 30, 2020 under payment mechanism agreed with the Government of Pakistan (GoP) in Master Agreement. These were issued on June 18, 2020 for a period of 10 years maturing on June 18, 2030 with principal repayment at maturity and carry interest at annualized weighted average yield of 6-month T-Bills + 0.7% per annum.

GoP Ijarah Sukuk Bonds

This represents investment in tradeable 5 years floating rate GoP Ijara Sukuks amounting to Rs 1,130.9 million (2020: Rs Nil) representing the face value. Ijara Sukuks of Rs 445.2 million were issued to FFCEL on June 4, 2021 in respect of first installment and Rs 685.7 million were issued on November 29, 2021 in respect of second installment for settlement of closing balance of trade debts as at November 30, 2020 under payment mechanism agreed with the Government of Pakistan (GoP) in Master Agreement. GoP Ijara Sukuks of Rs 445.2 million were issued on December 9, 2020 for a period of 5 years maturing on December 9, 2025 and GoP Ijara Sukuks of Rs 685.7 million were issued on October 29, 2021 for a period of 5 years maturing on October 29, 2026, with principal repayment at maturity and carry interest at annualized weighted average yield of 6-month T-Bills - 0.10% per annum.

18.4 Summary financial information of equity accounted investees

Associates

The following table summarizes the financial information of associated companies as included in their own financial statements for the period ended December 31, 2021 and September 30, 2021, which have been used for accounting under equity method as these were the latest approved financial statements.

Reporting date of FFBL is December 31 and reporting date of AKBL, FCCL and TEL is September 30. Accordingly, results of operations of three quarters of financial year 2021 and last quarter of financial year 2020 have been considered for AKBL and results of first quarter operations of financial year 2021 and three quarters of financial year 2020 have been considered for FCCL. Results for twelve months from October 2020 to September 2021 have been considered for TEL. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in associate

	2021				
	FCCL	FFBL	AKBL	TEL	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Percentage of shareholding	6.79%	49.88%	43.15%	30.00%	
Non-current assets / Total assets (AKBL)	21,712,662	69,122,424	1,196,895,829	48,319,592	1,336,050,507
Current assets (including cash and cash equivalents)	13,243,211	91,580,301	–	3,266,819	108,090,331
Total assets	34,955,873	160,702,725	1,196,895,829	51,586,411	1,444,140,838
Non-current liabilities / Total liabilities (AKBL)	(4,514,781)	(46,341,510)	(1,140,995,004)	(38,326,461)	(1,230,177,756)
Current liabilities	(5,806,796)	(81,428,943)	–	(1,497,229)	(88,732,968)
Total liabilities	(10,321,577)	(127,770,453)	(1,140,995,004)	(39,823,690)	(1,318,910,724)
Net assets at fair value (100%)	24,634,296	32,932,272	55,900,825	11,762,721	125,230,114
Non-controlling interest of associate	–	(4,380,785)	–	–	(4,380,785)
Net assets attributable to Group (100%)	24,634,296	28,551,487	55,900,825	11,762,721	120,849,329
Groups share of net assets	1,672,669	14,241,482	24,121,206	3,528,816	43,564,173
Impact of fair value adjustment on retained interest in associates at loss of control	–	12,369,865	3,108,749	–	15,478,614
Goodwill	823,365	–	–	–	823,365
Other adjustments	(54,519)	1,892,447	(538,394)	23,641	1,323,175
Carrying amount of interest in associate	2,441,515	28,503,794	26,691,561	3,552,457	61,189,327
Revenue	25,706,026	128,235,849	71,758,930	–	225,700,805
Profit from continuing operations (100%)	4,134,392	8,956,848	9,462,008	(35,838)	22,517,410
Other comprehensive income (100%)	–	(31,398)	(1,114,736)	414	(1,145,720)
Total comprehensive income (100%)	4,134,392	8,925,450	8,347,272	(35,424)	21,371,690
Group share of profit	280,725	4,467,676	4,082,856	(10,751)	8,820,506
Group share of other comprehensive income/(loss)	–	(15,661)	(481,009)	124	(496,546)
Group's share of total comprehensive income/(loss)	280,725	4,452,015	3,601,847	(10,627)	8,323,960

	2020				
	FCCL	FFBL	AKBL	TEL	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Percentage of shareholding	6.79%	49.88%	43.15%	30.00%	
Non current assets / Total assets (AKBL)	21,886,860	74,317,202	970,609,065	32,811,477	1,099,624,604
Current assets (including cash and cash equivalents)	7,796,633	60,804,886	–	1,012,398	69,613,917
Total assets	29,683,493	135,122,088	970,609,065	33,823,875	1,169,238,521
Non-current liabilities / Total liabilities (AKBL)	(4,422,933)	(52,859,937)	(919,338,906)	(3,192,754)	(979,814,530)
Current liabilities	(4,760,656)	(59,814,080)	–	(19,948,239)	(84,522,975)
Total liabilities	(9,183,589)	(112,674,017)	(919,338,906)	(23,140,993)	(1,064,337,505)
Net assets at fair value (100%)	20,499,904	22,448,071	51,270,159	10,682,882	104,901,016
Non-controlling interest of asscociate	–	(2,361,285)	–	–	(2,361,285)
Net assets attributable to Group (100%)	20,499,904	20,086,786	51,270,159	10,682,882	102,539,731
Groups share of net assets	1,391,943	10,019,289	22,123,074	3,204,865	36,739,171
Impact of fair value adjustment on retained interest in associates at loss of control	–	12,369,865	3,108,749	–	15,478,614
Goodwill	823,365	–	–	–	823,365
Other adjustments	(54,518)	1,662,625	(510,805)	(18,488)	1,078,814
Carrying amount of interest in associate	2,160,790	24,051,779	24,721,018	3,186,377	54,119,964
Revenue	18,489,685	98,060,962	80,984,613	–	197,535,260
Profit / (loss) from continuing operations	343,383	6,455,337	10,748,481	(14,209)	17,532,992
Other comprehensive income (100%)	–	1,556,379	4,403,033	2,380	5,961,792
Total comprehensive income (100%)	343,383	8,011,716	15,151,514	(11,829)	23,494,784
Group share of profit	23,316	3,219,922	4,637,970	(4,263)	7,876,945
Group share of other comprehensive income/(loss)	–	776,322	1,899,908	714	2,676,944
Group's share of total comprehensive income/(loss)	23,316	3,996,244	6,537,878	(3,549)	10,553,889

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates.

	2021	2020
	Rs '000	Rs '000
Carrying amount of interests in associates	61,189,327	54,119,964
Share of:		
- Profit / (loss) from continuing operations	8,820,506	7,876,945
- Other Comprehensive Income	(496,546)	2,676,944

Joint venture

The following table summarizes the financial information of PMP as included in its own financial statements for the period ended September 30, 2021, which have been used for accounting under equity method as these were the latest approved financial statements. Further, results of operations of last quarter of 2020 have also been considered for equity accounting. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in PMP.

	2021	2020
	Rs '000	Rs '000
Percentage ownership interest	12.5%	12.5%
Non-current assets	10,877,404	11,255,250
Current assets	41,334,539	29,153,973
Non-current liabilities	(4,972)	(113,601)
Current liabilities	(16,508,648)	(12,950,358)
Net Assets (100%)	35,698,323	27,345,264
Group's share of net assets (12.5%)	4,462,290	3,418,158
Revenue	57,003,768	39,214,100
Depreciation and amortization	(1,718,391)	(1,687,457)
Interest expense	(11,737)	(142,785)
Income tax expense	(2,713,553)	(1,311,360)
Other expenses	(41,886,050)	(32,714,534)
Profit for the year (100%)	10,674,037	3,357,964
Other comprehensive income for the year (100%)	1,830,712	2,755,016
Total comprehensive income for the year (100%)	12,504,749	6,112,980
Group's share of profit for the year (12.5%)	1,334,255	419,746
Group's share of other comprehensive income for the year (12.5%)	228,839	344,377
Group's share of total comprehensive income (12.5%)	1,563,094	764,123

This represents FFC's share of translation reserve of PMP. This has arisen due to movement in exchange rate parity between the Moroccan and Pakistani Rupee.

Following particulars relate to investment made in the foreign company:

Particulars	Pakistan Maroc Phosphore S.A., Morocco
Name and jurisdiction of associated company	Pakistan Maroc Phosphore S.A., Morocco
Name and address of beneficial owner	Fauji Fertilizer Company Limited located at 156, The Mall Rawalpindi Cantt, Pakistan Fauji Foundation located at 68 Tipu Road, Chaklala, Rawalpindi Cantt, Pakistan Fauji Fertilizer Bin Qasim Limited located at FFBL Tower Plot No C1/C2, Sector B, Jinnah Boulevard Phase II DHA Islamabad, Pakistan Office Cherifien Des Phosphates located at Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco
Amount of investment	Rs 705,925 thousand (MAD 100,000 thousand)
Terms and conditions of investment	Equity investment
Amount of return received	Dividend 2009 Rs 42,563 thousand Dividend 2015 Rs 50,911 thousand Dividend 2016 Rs 55,720 thousand Dividend 2017 Rs 262,551 thousand Dividend 2018 Rs 144,061 thousand Dividend 2019 Rs 371,638 thousand Dividend 2020 Rs 335,525 thousand Dividend 2021 Rs 518,962 thousand
Details of litigations	None
Details of default / breach relating to investment	None
Gain / loss on disposal of investment	Not applicable

		Note	2021	2020
			Rs '000	Rs '000
19.	**LONG TERM LOANS AND ADVANCES - SECURED**			
	Loans and advances - considered good, to:	19.1		
	Executives			
	Interest bearing		703,017	549,522
	Non-interest bearing		482,295	439,454
			1,185,312	988,976
	Other employees			
	Interest bearing		527,279	472,891
	Non-interest bearing		336,286	285,412
			863,565	758,303
			2,048,877	1,747,279
	Advances to suppliers	19.3	1,486,204	648,203
	Less: Amount due within twelve months, shown under current loans and advances			
	Interest bearing		214,077	191,832
	Non-interest bearing		276,867	258,117
			490,944	449,949
			3,044,137	1,945,533

19.1 Reconciliation of carrying amount of loans and advances:

	Executives	Other employees	2021 Total	2020 Total
	Rs '000	Rs '000	Rs '000	Rs '000
Balance at January 1	988,976	758,303	1,747,279	1,606,388
Adjustment	32,730	(32,730)	–	–
Disbursements	614,925	450,703	1,065,628	792,275
	1,636,631	1,176,276	2,812,907	2,398,663
Repayments	(451,319)	(312,711)	(764,030)	(651,384)
Balance at December 31	1,185,312	863,565	2,048,877	1,747,279

These subsidized and interest free loans and advances are granted to employees as per Group's policy and are repayable within one to ten years. House building loans carry mark-up at 4% per annum and are secured against the underlying assets.

The maximum amount of loans and advances to executives outstanding at the end of any month during the year was Rs 1,203,956 thousand (2020: Rs 1,074,240 thousand).

Management considers that the impact of recognizing loans and advances at present value of future cash flows would be immaterial, in context of overall consolidated financial statements.

19.2 Loans and advances to employees exceeding Rs 1 million

Category	2021 No. of employees	2021 Amount	2020 No. of employees	2020 Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	226	346,573	230	331,535
Exceeding Rs 2 million upto Rs 3 million	114	279,821	117	282,815
Exceeding Rs 3 million upto Rs 5 million	77	281,761	81	306,961
Exceeding Rs 5 million upto Rs 10 million	84	618,734	67	502,782
Exceeding Rs 10 million upto Rs 25 million	25	293,881	10	108,715
	526	1,820,770	505	1,532,808

19.3 These represent advances to suppliers for procurements of capital expenditure items and will be transferred to property, plant and equipment on completion of related project.

		Note	2021	2020
			Rs '000	Rs '000
20.	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Non-interest bearing deposits		28,949	25,610
	Prepayments		2,300	1,710
			31,249	27,320
21.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		249,109	239,798
	Spares		4,643,445	4,362,335
	Provision for slow moving spares	21.1	(566,939)	(562,575)
			4,076,506	3,799,760
	Loose tools		4,098	47
	Items in transit		405,897	523,267
			4,735,610	4,562,872
21.1	**Movement of provision for slow moving spares**			
	Balance at the beginning		562,575	532,923
	Provision during the year		14,734	73,632
	Reversal during the year		(10,370)	(43,980)
	Balance at the end		566,939	562,575
22.	**STOCK IN TRADE**			
	Raw materials		207,047	186,377
	Work in process		107,865	101,533
	Finished goods - FFC			
	Manufactured urea		657,370	49,039
	Purchased fertilizer		93,048	9,783
	Finished goods - FFF		287,181	127,018
			1,037,599	185,840
	Stock in transit		13,262	–
	Provision for slow moving stock		(11,872)	(379)
			1,353,901	473,371
23.	**TRADE DEBTS**			
	Considered good:			
	Secured			
	- against bank guarantees		975,876	2,287,336
	- against guarantee issued by the Government of Pakistan	23.1	10,452,470	3,513,621
	Unsecured - local		–	72,226
	Considered doubtful			
	Unsecured - local		7,148	3,209
			11,435,494	5,876,392
	Loss allowance	23.2	(7,148)	(7,148)
			11,428,346	5,869,244

23.1 These trade debts are receivable from Central Power Purchase Agency (CPPA), on behalf of DISCOs and are secured by a guarantee from Government of Pakistan (GoP) under the Implementation Agreement entered into by FFCEL, FWEL - I and FWEL - II. Further, any delay on payments under Energy Purchase Agreements (EPA) carries mark-up at the rate of three month KIBOR plus 4.5% per annum and was reduced to KIBOR plus two percent (2%) per annum for the first sixty days of delay and KIBOR + 4.5% per annum for delay thereafter for FFCEL and KIBOR +4.5% per annum for FWEL - I & FWEL - II. The effective rate of delayed payment markup charged during the year on outstanding amounts ranges from 11.19 % to 17.99 % (2020: 12.75% to 18.41%) per annum for FFCEL, 11.992% to 15.25% per annum for FWEL - I and 12.40% to 14.05% per annum for FWEL - II.

		Note	2021	2020
			Rs '000	Rs '000
23.2	**Movement of loss allowance**			
	Balance at the beginning		7,148	3,210
	Provision during the year		–	3,938
	Balance at the end		7,148	7,148
24.	**LOANS AND ADVANCES - SECURED**			
	Current portion of long term loans and advances	19	490,944	449,949
	Loans and advances to employees - unsecured			
	- considered good, non-interest bearing			
	Executives		102,232	118,937
	Others		16,888	40,161
	Advances to suppliers - considered good		358,778	201,948
	Advances to suppliers - considered doubtful		19,856	19,856
	Loss allowance	24.1	(19,856)	(19,856)
			358,778	201,948
			968,842	810,995
24.1	**Movement in loss allowance**			
	Balance at the beginning		19,856	1,572
	Provision during the year		–	18,784
	Written off during the year		–	(500)
	Balance at the end		19,856	19,856

24.2 Loans and advances to employees exceeding Rs 1 million

Category	2021 No. of employees	2021 Amount	2020 No. of employees	2020 Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	4	5,176	8	12,195
Exceeding Rs 2 million upto Rs 3 million	1	2,278	1	2,063
Exceeding Rs 3 million upto Rs 5 million	–	–	–	–
Exceeding Rs 10 million upto Rs 25 million	–	–	4	79,413
	5	7,454	13	93,671

		Note	2021	2020
			Rs '000	Rs '000
25.	**DEPOSITS AND PREPAYMENTS**			
	Non-interest bearing deposits		1,853	3,753
	Prepayments		76,508	64,512
			78,361	68,265
26.	**OTHER RECEIVABLES**			
	Accrued income on investments and bank deposits			
	Pakistan Investment Bonds		158,532	146,574
	Conventional banks		24,251	4,910
	Islamic banks		26	38
	Sales tax receivable - net		16,688,314	14,196,402
	Advance tax	26.1	829,729	412,483
	Subsidy receivable from Government agencies	26.2	6,961,878	6,961,878
	Receivable from Workers' Profit Participation			
	Fund - unsecured		140,748	–
	Receivable from Fauji Fertilizer Bin Qasim			
	Limited - unsecured	26.3	359,344	360,188
	Receivable from Sona Welfare Foundation		30	–
	Receivable from NTDC / CPPA - G			
	against WPPF by FWEL - I & FWEL - II		1,196,497	–
	Other receivables		156,880	477,225
	Loss allowance		(2,149,404)	(1,779,404)
			24,366,825	20,780,294

26.1 This includes tax paid of Rs 322,368 thousand (2020: Rs 322,368 thousand) by PSFL in excess of admitted tax liabilities net of adjustments of determined refunds. FFC intends to adjust the remaining amount after finalisation of pending re-assessments by the taxation authorities.

26.2 This represents subsidy receivable on sale of Di-Ammonium Phosphate (DAP) fertilizer under schemes announced on October 25, 2015 @ Rs 500 per 50 kg bag and on June 25, 2016 @ Rs 300 per 50 kg bag respectively and subsidy receivable on sale of Urea under scheme announced on June 25, 2016 @ Rs 156 per 50 kg bag under notifications issued by Ministry of National Food Security & Research, Government of Pakistan. Finance Act, 2017 revoked subsidy on sale of DAP and also reduced Urea subsidy to Rs 100 per 50 kg bag for the financial year 2017-18.

26.3 The maximum amount of receivable from FFBL and Sona Welfare Foundation (SWF) during the year was Rs 373,366 thousand (2020 : Rs 360,188 thousand) and Rs 30 thousand (2020: Rs Nil), respectively.

		Note	2021	2020
			Rs '000	Rs '000
27.	**SHORT TERM INVESTMENTS**			
	Amortized cost - conventional instruments			
	Term deposits with banks and financial institutions	27.1		
	Local currency (Net of provision for doubtful recovery			
	Rs 1,300 thousand (2020: Rs 2,600 thousand)		12,934,000	1,286,000
	Foreign currency		2,712,822	2,426,874
			15,646,822	3,712,874
	Investments at fair value through profit or loss			
	Conventional investments		79,732,209	74,767,100
	Shariah compliant investments		223,474	4,619,771
		27.2	79,955,683	79,386,871
	Investments at fair value through other comprehensive income (OCI)			
	Treasury Bills	27.2	2,181,306	–
	Current maturity of long term investments			
	Fair value through OCI	18.2	2,253,152	88,368
			100,036,963	83,188,113

27.1 These represent investments having maturities ranging between 1 to 3 months and are being carried at amortized cost.

27.2 Fair values of these investments are determined using quoted repurchase price. Treasury Bills carry interest yield of 8.30% to 10.75% per annum (2020: Nil) per annum.

		Note	2021	2020
			Rs '000	Rs '000
28.	**CASH AND BANK BALANCES**			
	At banks			
	Local currency			
	Current account - Conventional banking		99,714	185,401
	Current account - Islamic banking		232,981	253,744
	Deposit account - Conventional banking	28.1	888,371	523,785
	Deposit account - Islamic banking	28.2	2,913	23,850
			1,223,979	986,780
	Foreign currency			
	Deposit account (2021: US$ 67; 2020: US$ 65)		12	10
		28.3	1,223,991	986,790
	Cash in transit	28.4	603,070	451,340
	Cash in hand		105	123
			1,827,166	1,438,253

28.1 Balances with banks carry markup ranging from 7.25% to 7.80% (2020: 5.5% to 6.15%) per annum.

28.2 Balances with banks carry profit ranging from 2.87% to 3.05% (2020: 3.00% to 3.02%) per annum.

28.3 Balances with banks include Rs 247,501 thousand (2020: Rs 191,556 thousand) in respect of security deposits received.

28.4 These represent demand drafts held by the Group at year end.

		Note	2021	2020
			Rs '000	Rs '000
29.	**TURNOVER - NET**			
	Manufactured urea		83,474,865	81,497,037
	Purchased and packaged fertilizers		27,440,545	18,527,643
	Sale of electricity		4,315,872	4,088,776
	Others		2,225,289	1,587,430
			117,456,571	105,700,886
	Sales tax		(2,986,313)	(2,534,492)
	Trade discount and others		(125,108)	(422,171)
			(3,111,421)	(2,956,663)
			114,345,150	102,744,223
30.	**COST OF SALES**			
	Raw materials consumed		21,220,389	22,234,232
	Fuel and power		12,703,671	13,131,896
	Chemicals and supplies		570,331	615,288
	Salaries, wages and benefits		8,486,348	8,062,363
	Training and employees welfare		1,040,991	887,688
	Rent, rates and taxes		118,585	68,570
	Insurance		396,659	323,043
	Travel and conveyance	30.1	452,141	289,937
	Repairs and maintenance (includes stores and spares consumed of Rs 848,310 thousand; (2020: Rs 597,226 thousand)		2,809,133	1,989,187
	Depreciation	16.1	3,600,869	3,066,038
	Amortization	17.1.1	2,767	3,709
	Communication and other expenses	30.1	2,542,850	2,063,138
			53,944,734	52,735,089
	Opening stock - work in process		101,533	142,402
	Closing stock - work in process		(107,865)	(101,533)
			(6,332)	40,869
	Cost of goods manufactured		53,938,402	52,775,958
	Opening stock - manufactured		176,057	871,329
	Closing stock - manufactured		(944,551)	(176,057)
			(768,494)	695,272
	Cost of sales - manufactured		53,169,908	53,471,230
	Opening stock - purchased		9,783	5,848,830
	Purchase for resale		19,898,834	8,993,629
	Closing stock - purchased		(93,048)	(9,783)
	Cost of sale - purchased		19,815,569	14,832,676
			72,985,477	68,303,906

30.1 This includes provision for slow moving spares amounting to Rs 14,734 thousand (2020: Rs 73,632 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

		Note	2021	2020
			Rs '000	Rs '000
31.	**ADMINISTRATIVE AND DISTRIBUTION EXPENSES**			
	Administrative expenses	31.1	264,422	116,124
	Product transportation		4,913,719	4,684,718
	Salaries, wages and benefits		2,263,437	2,044,352
	Training and employees welfare		146,517	145,262
	Rent, rates and taxes		248,468	265,867
	Technical services to farmers		11,595	18,463
	Travel and conveyance		197,424	181,522
	Sale promotion and advertising		365,830	272,722
	Communication and other expenses		428,060	228,947
	Warehousing expenses		138,271	198,831
	Depreciation	16.1	68,127	107,315
	Amortisation	17.1.1	1,034	1,252
			9,046,904	8,265,375
31.1	**Administrative expenses**			
	This represents administrative and general expenses of FFCEL, FWEL-I, FWEL-II, FFF and OLIVE:			
	Salaries, wages and benefits		91,386	54,541
	Travel and conveyance		21,114	4,836
	Utilities		7,125	2,677
	Printing and stationery		1,774	1,353
	Repairs and maintenance		1,497	2,148
	Communication, advertisement and other expenses		56,715	11,790
	Rent, rates and taxes		15,521	9,812
	Legal and professional		47,298	5,829
	Depreciation	16.1	18,630	14,592
	Amortisation	17.1.1	1,670	2,487
	Miscellaneous		1,692	6,059
			264,422	116,124
32.	**FINANCE COST**			
	Mark-up / profit on long term borrowings			
	Conventional banking		1,193,500	1,575,263
	Islamic banking		327,814	106,700
			1,521,314	1,681,963
	Mark-up / profit on short term borrowings			
	Conventional banking		900,762	537,157
	Islamic banking		166,511	107,075
			1,067,273	644,232
	Bank and other charges		147,764	87,053
			2,736,351	2,413,248

		2021	2020
		Rs '000	Rs '000
33.	**OTHER EXPENSES**		
	Research and development	722,941	601,026
	Workers' Profit Participation Fund	1,637,534	1,587,680
	Workers' Welfare Fund	570,500	432,552
	Auditors' remuneration		
	Audit fee	2,625	2,500
	Fee for half yearly review, audit of consolidated financial statements, audit of employee retirement benefit funds and review of Code of Corporate Governance and certifications	5,260	1,882
	Fee of subsidiary auditors	4,757	470
	Taxation services	17,980	20,786
	Out of pocket expenses	538	632
		31,160	26,270
		2,962,135	2,647,528
34.	**OTHER INCOME**		
	Income from financial assets		
	Income on loans, deposits and investments in:		
	Pakistan Investment Bonds	495,875	436,063
	Conventional banks	343,191	373,489
	Islamic banks	834	413
	Gain on investments		
	Conventional mutual funds	1,788,355	–
	Gain / (loss) on re-measurement of investments classified as fair value through profit or loss on;		
	Conventional mutual funds	182,075	667,810
	Shariah compliant mutual funds	5,354	30,275
	Gain on maturity of Treasury Bills	19,651	–
	Dividend income on:		
	Conventional mutual funds	2,727,439	2,925,625
	Shariah compliant mutual funds	65,110	262,364
	Exchange gain on foreign currency balances	234,450	72,547
		5,862,334	4,768,586
	Income from non-financial assets		
	Gain on disposal of property, plant and equipment	34,929	40,796
	Commission on sale of FFBL products	25,827	29,712
		60,756	70,508
	Other income		
	Scrap sales	69,820	68,444
	Others	309,215	309,139
		379,035	377,583
		6,302,125	5,216,677

		2021	2020
		Rs '000	Rs '000
35.	**PROVISION FOR TAXATION**		
	Current tax	9,713,449	7,404,677
	Prior tax	–	226,084
		9,713,449	7,630,761
	Deferred tax	331,213	2,185,504
		10,044,662	9,816,265
35.1	**Reconciliation between tax expense and accounting profit**		
	Profit before tax	45,738,157	39,567,071

	2021	2020
	%	%
Applicable tax rate	29.00	29.00
Tax effect of income that is exempt or taxable at reduced rates	(8.57)	(5.90)
Effect of permanent differences	1.94	2.07
Minimum tax	0.26	–
Prior year charge	–	0.61
Tax loss surrendered to the Parent Company	–	(0.70)
Others	(0.67)	(0.27)
Average effective tax rate charged on income	21.96	24.81

35.2 Tax impacts on items recognised in other comprehensive income

	2021	2020
	Rs '000	Rs '000
Tax impact on:		
(Deficit) / surplus on re-measurement of investments to fair value	(61,777)	83,956
Share of equity accounted investees - share of OCI,	(30,696)	413,279
Gain / (loss) on re-measurement of staff retirement benefit plans	33,245	404
Equity accounted investees - share of OCI	(619)	5,725
	(59,847)	503,364

35.3 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 ('the Ordinance'), the Company had adjusted the amount of tax payable for the tax year 2020 by acquiring the loss of its wholly owned subsidiary, Fauji Fresh n Freeze Limited (FFF) for the third and last year. Consequently an aggregate sum of Rs 898,240 thousand (2020: Rs 275,473 thousand) equivalent to the tax value of the loss acquired

		2021	2020
36.	**EARNING PER SHARE - BASIC AND DILUTED**		
	Profit for the year (Rupees '000)	35,693,495	29,750,806
	Weighted average number of shares in issue (Number '000)	1,272,238	1,272,238
	Basic and diluted earnings per share (Rupees)	28.06	23.38

There is no dilutive effect on the basic earnings per share of the Group.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements in respect of remuneration including benefits applicable to the chief executive, directors and executives of the Group are given below:

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	Rs '000	Rs '000	Rs '000	Rs '000
Managerial remuneration	18,650	1,781,396	8,590	1,742,395
Contribution to provident fund	1,365	111,663	618	105,881
Bonus and other awards	5,886	34,050	3,703	–
Good performance award	–	1,863,164	–	1,805,742
Allowances and contribution to retirement benefit plans	10,744	1,660,592	8,183	1,522,641
Total	36,645	5,450,865	21,094	5,176,659
No. of person(s)	2*	454	1	425

*including those who worked part of the year

The above were provided with medical facilities; the chief executive and certain executives were also provided with some furnishing items and vehicles in accordance with the Group's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment while contributions for executives in respect of gratuity and pension are based on actuarial valuations. Leave encashment of Rs 3,611 thousand (2020: Rs Nil) and Rs 518,527 thousand (2020: Rs 28,600 thousand) were paid to chief executive and executives on separation, in accordance with Group's policy.

Executive means an employee whose basic salary exceeds Rs 1,200 thousand (2020: Rs 1,200 thousand) during the year.

In addition, 33 (2020: 19) directors were paid aggregate fee of Rs 26,475 thousand (2020: Rs 11,495 thousand). Directors are not paid any remuneration except meeting fee.

38. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			Equity	
	Long term borrowings	Lease liabilities	Government grant	Reserves	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance at January 1, 2021	17,981,279	104,053	120,256	57,616,596	75,822,184
Changes from financing cash flows					
Draw-downs	12,226,512	–	–	–	12,226,512
Repayments	(6,329,381)	–	–	–	(6,329,381)
Repayment of lease liabilities	–	(1,334,887)	–	–	(1,334,887)
Dividend paid	–	–	–	(16,853,077)	(16,853,077)
Government grant recognized	–	–	212,925	–	212,925
Total changes from financing cash flows	5,897,131	(1,334,887)	212,925	(16,853,077)	(12,077,908)
Other changes					
Liability related	2,247,488	6,915,199	–	–	9,162,687
Equity related					
Total comprehensive income for the year	–	–	–	35,770,002	35,770,002
Transferred to statutory reserve	–	–	–	(1,020,177)	(1,020,177)
Change in unclaimed dividend	–	–	–	(4,079)	(4,079)
Amortisation of Government grant	–	–	(79,436)	–	(79,436)
Total liability and equity related other changes	–	–	(79,436)	34,745,746	34,666,310
Balance at December 31, 2021	26,125,898	5,684,365	253,745	75,509,265	107,573,273

	Liabilities			Equity	
	Long term borrowings	Lease liabilities	Government grant	Reserves profit	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance at January 1, 2020	15,440,605	139,065	–	43,049,451	58,629,121
Changes from financing cash flows					
Draw-downs	8,524,330	–	–	–	8,524,330
Repayments	(5,983,656)	–	–	–	(5,983,656)
Repayment of lease liabilities	–	(43,681)	–	–	(43,681)
Dividend paid	–	–	–	(14,131,868)	(14,131,868)
Total changes from financing cash flows	–	–	201,960	–	201,960
	2,540,674	(43,681)	201,960	(14,131,868)	(11,432,915)
Other changes					
Liability related	–	8,669	–	–	8,669
Equity related					
Total comprehensive income for the year	–	–	–	29,784,239	29,784,239
Transferred to statutory reserve	–	–	–	(1,158,861)	(1,158,861)
Change in unclaimed dividend	–	–	–	73,635	73,635
Ammortization of Government grant	–	–	(81,704)	–	(81,704)
Total liability and equity related other changes	–	–	(81,704)	28,699,013	28,617,309
Balance at December 31, 2020	17,981,279	104,053	120,256	57,616,596	75,822,184

		2021	2020
		Rs '000	Rs '000
39.	**CASH GENERATED FROM OPERATIONS**		
	Profit before tax	45,738,157	39,567,071
	Adjustments for:		
	Gain on extinguishment of original GIDC liability	–	(5,926,537)
	Gain on bargain purchase	(5,478,477)	–
	Unwinding of GIDC liability	2,441,489	–
	Loss allowance on subsidy receivable from GoP	370,000	987,000
	Depreciation and impairment	3,704,967	3,189,797
	Amortization	5,471	7,448
	Provision for slow moving spares	14,734	73,632
	(Write-off) / provision for slow moving stock - net	11,493	379
	Loss allowance	–	22,222
	Finance cost	2,736,351	2,413,248
	Income on loans, deposits and investments	(839,900)	(809,965)
	Share of profit / loss of associate and joint venture	(10,154,761)	(8,296,691)
	Gain on sale of property, plant and equipment	(34,929)	(40,796)
	Dividend Income	(2,792,549)	(3,187,989)
	Amortization of deferred government grant	(79,436)	(81,704)
	Exchange gain	(234,450)	(72,547)
	Gain on re-measurement of investments at fair value through profit or loss	(207,080)	(698,085)
		(10,537,077)	(12,420,588)
		35,201,080	27,146,483
	Changes in working capital		
	(Increase) / decrease in current assets:		
	Stores and spares	(187,472)	(772,102)
	Stock in trade	(892,023)	6,541,088
	Trade debts	4,454,998	9,732,710
	Loans and advances	(157,847)	37,455
	Deposits and prepayments	(10,096)	(15,372)
	Other receivables	(2,501,764)	(4,212,028)
	Increase in current liabilities:		
	Trade and other payables	1,369,392	9,317,369
		2,075,188	20,629,120
	Changes in long term loans and advances	(1,098,604)	(745,496)
	Changes in long term deposits and prepayments	(3,929)	1,029
	Changes in deferred liabilities	(249,334)	(177,986)
		35,924,401	46,853,150

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

40.1 Financial instruments by category

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2021				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	11,428,346	–	–	11,428,346
Loans and advances	610,064	–	–	610,064
Deposits	1,853	–	–	1,853
Other receivables	6,708,034	–	–	6,708,034
Short term investments	15,646,822	79,955,683	4,434,458	100,036,963
Cash and bank balances	1,827,166	–	–	1,827,166
Maturity after one year				
Long term investments	–	–	4,733,478	4,733,478
Long term loans and advances	1,557,932	–	–	1,557,932
Long term deposits	28,949	–	–	28,949
	37,809,166	79,955,683	9,167,936	126,932,785

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	6,953,989
Current portion of lease liabilities	2,744,891
Trade and other payables	54,906,121
Markup and profit accrued	743,202
Short term borrowings	38,999,470
Unclaimed dividend	471,891
Maturity after one year	
Long term borrowings	19,171,909
Lease liabilities	2,939,474
Provision for compensated leave absences	1,394,756
	128,325,703

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2020				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	5,869,244	–	–	5,869,244
Loans and advances	609,047	–	–	609,047
Deposits	3,753	–	–	3,753
Other receivables	6,171,409	–	–	6,171,409
Short term investments	3,712,874	79,386,871	88,368	83,188,113
Cash and bank balances	1,438,253	–	–	1,438,253
Maturity after one year				
Long term investments	–	–	4,974,076	4,974,076
Long term loans and advances	1,297,330	–	–	1,297,330
Long term deposits	25,610	–	–	25,610
	19,127,520	79,386,871	5,062,444	103,576,835

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	5,781,827
Current portion of lease liabilities	25,698
Trade and other payables	13,488,498
Markup and profit accrued	278,745
Short term borrowings	25,277,286
Unclaimed dividend	467,812
Maturity after one year	
Long term borrowings	12,199,452
Lease liabilities	78,355
Provision for compensated leave absences	1,624,860
	59,222,533

40.2 Credit quality of financial assets

The credit quality of the Group financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (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	2021	2020
		Rs '000	Rs '000
Trade Debts			
Counterparties without external credit ratings			
Existing customers with no default in the past		975,876	2,355,623
Exisiting customer (CPPA) on behalf of DISCOs			
with no default in past - GoP guarantee backed		10,452,470	3,513,621
		11,428,346	5,869,244
Loans and advances			
Loans and advances to employees			
Counterparties without external credit ratings		610,064	609,047
Deposits			
Counterparties without external credit ratings			
Others		1,853	3,753
Other receivables	A1+ / A1+		
Counterparties with external credit ratings	A1 / A1	182,809	151,522
Counterparties without external credit ratings			
Balances with related parties		359,374	360,188
Others		6,165,851	5,659,699
		6,708,034	6,171,409
Short term investments			
Counterparties with external credit ratings	A1+/A-1+	18,593,567	3,734,390
	AM1	37,500,111	22,235,851
	AM2++/AM2		
	/AM2+	39,548,879	57,151,021
Counterparties without external credit ratings			
PIBs and T-Bills issued by the Government of Pakistan		4,394,406	66,851
		100,036,963	83,188,113
Bank balances			
Counterparties with external credit ratings	A-1+/A1+/P-1	1,826,998	1,438,062
	A1 / A1	52	57
	A-2	9	9
	A-3	2	2
		1,827,061	1,438,130
Long term investments			
Counterparties with external credit ratings	AA+	255,930	304,032
Counterparties without external credit ratings			
PIBs and T-Bills issued by the Government of Pakistan		4,477,548	4,670,044
		4,733,478	4,974,076
Long term loans and advances			
Counterparties without external credit ratings		1,557,932	1,297,330
Long term deposits			
Counterparties without external credit ratings		28,949	25,610

40.3 Financial risk management

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 risk management policies are established to identify and analyze the risks faced by the companies, 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 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 oversees how management monitors compliance with the Group 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.

a) 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 investments, loans and advances, deposits, trade debts, other receivables, short term investments 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:

	2021	2020
	Rs '000	Rs '000
Long term investments	4,733,478	4,974,076
Loans and advances	2,167,996	1,906,377
Deposits	30,802	25,610
Trade debts - net of provision	11,428,346	5,869,244
Other receivables	6,708,034	6,171,409
Short term investments	100,036,963	83,188,113
Bank balances	1,827,061	1,438,130
	126,932,680	103,572,959

Geographically, there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with dealers / customers within the Country. A significant portion of trade debts is due from CPPA-G, on behalf of Ex-WAPDA DISCOs and is backed by sovereign guarantees of Government of Pakistan.

The Group's most significant amount receivable is from an Asset Management Company which amounts to Rs 12,329,738 thousand (2020: Rs 12,382,405 thousand from an Asset Management Company). This is included in total carrying amount of investments as at reporting date.

Trade debts amounting to Rs 833,231 thousand (2020: Rs 2,287,336 thousand) 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.

The Group limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have high credit rating. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Impairment losses

The aging of trade debts at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	Rs '000	Rs '000	Rs '000	Rs '000
Not yet due	2,304,098	–	2,456,779	–
Past due 1-30 days	462,941	–	355,608	–
Past due 31-60 days	2,256,619	–	551,289	–
Past due 61-90 days	–	–	551,289	–
Over 90 days	6,411,836	7,148	1,961,427	7,148
	11,435,494	7,148	5,876,392	7,148

The management believes that no impairment allowance is necessary in respect of trade debts since significant amount of past due debts are secured by way of bank guarantees and sovereign guarantees of Government of Pakistan.

b) 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 manage 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 Group ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet the cash flow requirements and maintaining the debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date, to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments.

	Carrying amount	Within 1 year	1 to 5 years	More than 5 years
			Contractual Amount	
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2021				
Long term borrowings and accrued interest	26,820,158	7,301,119	19,519,039	–
Trade and other payables	54,906,121	54,906,121	–	–
Unclaimed dividend	471,891	471,891	–	–
Short term borrowings and accrued interest	39,395,542	39,395,542	–	–
Provision for compensated leave absences	1,394,756	–	1,394,756	–
Lease liabilities	5,684,365	2,744,891	2,939,474	–
	128,672,833	104,819,564	23,853,269	–
December 31, 2020				
Long term borrowings and accrued interest	18,100,467	5,901,015	12,199,452	–
Trade and other payables	13,488,498	13,488,498	–	–
Unclaimed dividend	467,812	467,812	–	–
Short term borrowings and accrued interest	25,436,843	25,436,843	–	–
Provision for compensated leave absences	1,624,860	–	1,624,860	–
Lease liabilities	104,053	25,698	78,355	–
	59,222,533	45,319,866	13,902,667	–

The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates.

c) 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 their market risk. All such activities are carried out with the approval of the Board. The Group is exposed to interest currency risk, rate risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currency.

Exposure to Currency Risk

The Group is exposed to currency risk on bank balance and investments which are denominated in currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2021		2020	
	Rs '000	USD '000	Rs '000	USD '000
Bank balance	12	0.07	10	0.06
Investments (Term Deposit Receipts)	2,712,822	15,328	2,426,874	15,187

The following significant exchange rates applied during the year:

	2021 Average rate	2020 Average rate	2021 Reporting date rate	2020 Reporting date rate
	Rs '000	Rs '000	Rs '000	Rs '000
US Dollars	163.36	162.03	176.98	159.80

Sensitivity analysis

A 10% strengthening of the functional currency against foreign currencies at December 31 would have decreased profit by Rs 271,283 thousand (2020: Rs 242,688 thousand). A 10% weakening of the functional currency against foreign currencies at December 31 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

ii) 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 and long term borrowings, long term investments, loans and advances, short term deposits with banks. At the reporting date the interest rate risk profile of the Group interest bearing financial instruments is:

	2021 Carrying amount	2020 Carrying amount
	Rs '000	Rs '000
Fixed rate instruments		
Financial assets	11,908,146	9,762,108
Financial liabilities	253,745	–
Variable rate instruments		
Financial liabilities	65,125,368	43,258,565

Fair value sensitivity analysis for fixed rate instruments

The Group is not exposed to variations in profit or loss on its fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date 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 2020.

	100 basis points increase	100 basis points decrease
	Rs '000	Rs '000
December 31, 2021		
Cash flow sensitivity - Variable rate instruments		
Financial assets	–	–
Financial liabilities	(462,390)	462,390
December 31, 2020		
Cash flow sensitivity - Variable rate instruments		
Financial assets	1,300	(1,300)
Financial liabilities	(163,446)	163,446

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis – price risk

For quoted investments classified as fair value through other comprehensive income, a 1 percent increase in market price at reporting date would have increased equity by Rs 64,310 thousand (2020: Rs 47,369 thousand); an equal change in the opposite direction would have decreased equity after tax by the same amount. For investments classified as fair value through profit or loss, the impact on profit would have been an increase or decrease by Rs 547,047 thousand (2020: Rs 793,869 thousand). The analysis is performed on the same basis for 2020 and assumes that all other variables remain the same.

40.4 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 market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

40.5 Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000	Rs '000	Rs '000	Rs '000
Assets carried at amortised cost				
Long term loans and advances	1,557,932	1,557,932	1,297,330	1,297,330
Long term deposits	28,949	28,949	25,610	25,610
Trade debts	11,428,346	11,428,346	5,869,244	5,869,244
Loans and advances	610,064	610,064	609,047	609,047
Deposits	1,853	1,853	3,753	3,753
Other receivables	6,708,034	6,708,034	6,171,409	6,171,409
Short term investments	15,646,822	15,646,822	3,712,874	3,712,874
Cash and bank balances	1,827,166	1,827,166	1,438,253	1,438,253
	37,809,166	37,809,166	19,127,520	19,127,520
Assets carried at fair value				
Long term investments	4,733,478	4,733,478	4,974,076	4,974,076
Short term investments	84,390,141	84,390,141	79,475,239	79,475,239
	89,123,619	89,123,619	84,449,315	84,449,315

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000	Rs '000	Rs '000	Rs '000
Liabilities carried at amortised cost				
Long term borrowings	19,171,909	19,171,909	12,199,452	12,199,452
Provision for compensated leave absences	1,394,756	1,394,756	1,624,860	1,624,860
Trade and other payables	54,906,121	54,906,121	13,488,498	13,488,498
Mark-up and profit accrued	743,202	743,202	278,745	278,745
Short term borrowings	38,999,470	38,999,470	25,277,286	25,277,286
Unclaimed dividend	471,891	471,891	467,812	467,812
Current portion of long-term borrowings	6,953,989	6,953,989	5,781,827	5,781,827
Lease liabilities	5,684,365	5,684,365	104,053	104,053
	128,325,703	128,325,703	59,222,533	59,222,533

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 market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, 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	Level 3
	Rs '000	Rs '000	Rs '000
December 31, 2021			
Assets carried at fair value			
Long term investments - FVTOCI	–	4,733,478	–
Short term investments - FVTPL & FVTOCI	79,955,683	4,434,458	–
	79,955,683	9,167,936	–
December 31, 2020			
Assets carried at fair value			
Long term investments - FVTOCI	–	4,974,076	–
Short term investments - FVTPL & FVTOCI	79,386,871	88,368	–
	79,386,871	5,062,444	–

40.5.1 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 at fair value through profit and loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment at fair value through other comprehensive income

Investments at fair value through other comprehensive income are determined by reference to their quoted closing repurchase price at the reporting date and where applicable it is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Investment in associate

The fair value of investment in listed 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 as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This 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.

41. Operating Segments

Basis of segmentation

The Group has the following three (3) strategic divisions, 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 segments	Operations
Fertilizers	Buying, manufacturing and distributing fertilizer
Power	Producing and selling power
Food	Processing fresh and frozen fruits, vegetables, frozen cooked and semi cooked food
Technical Services	Provision of Technical, Maintenance, Operations, Inspection and IT Services

The Chief Executive and Board of Directors review the internal management reports of each division quarterly.

Information about reportable segments

Information related to each reportable segment is set 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 same industries.

	Fertilizers	Power	Food	Technical Services	Consolidated adjustments/ eliminations	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
2021						
Segment revenues	108,650,890	3,860,631	1,833,004	625	–	114,345,150
Segment profit / (loss) before tax	30,339,141	1,954,765	(306,612)	(8,130)	13,758,993	45,738,157
Interest income	672,453	165,161	4,026	479	(2,219)	839,900
Finance cost	2,292,115	404,942	41,513	–	(2,219)	2,736,351
Depreciation	2,439,840	1,011,747	298,971	127	(52,305)	3,698,380
Share of profit / loss of equity - accounted investees	–	–	–	–	10,154,761	10,154,761
Segment assets (total)	201,006,765	47,217,328	4,195,671	20,009	(47,550,132)	204,889,641
Equity accounted investees	–	–	–	–	65,651,617	65,651,617
	201,006,765	47,217,328	4,195,671	20,009	18,101,485	270,541,258
Segment liabilities (total)	153,492,471	10,405,018	2,278,742	8,232	4,592,915	170,777,378

	Fertilizers	Power	Food	Technical Services	Consolidated adjustments/ eliminations	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
2020						
Segment revenues	97,654,753	3,384,201	1,307,269	–	398,000	102,744,223
Segment profit / (loss) before tax	29,591,459	2,059,013	(403,615)	–	8,320,214	39,567,071
Interest income	667,994	143,603	3,942	–	(5,574)	809,965
Finance cost	1,873,508	491,905	53,409	–	(5,574)	2,413,248
Depreciation	2,312,604	585,982	298,731	–	–	3,197,317
Share of profit / loss of equity - accounted investees	–	–	–	–	8,296,691	8,296,691
Segment assets (total)	172,948,758	12,964,298	2,693,523	–	(29,934,349)	158,672,230
Equity accounted investees	–	–	–	–	57,538,122	57,538,122
	172,948,758	12,964,298	2,693,523	–	27,603,773	216,210,352
Segment liabilities (total)	130,413,087	3,312,619	444,299	–	2,908,259	137,078,264

Reconciliation of information on reportable segments to applicable financial reporting standards

		2021	2020
		Rs '000	Rs '000
i)	**Revenue for reportable segments**		
	Adjustment / elimination	114,345,150	102,346,223
	Consolidated Revenue	–	398,000
		114,345,150	102,744,223
ii)	**Profit before tax for reportable segments**	31,979,164	31,246,857
	Elimination of intra segment profit	3,551,927	(1,374,892)
	Other adjustments	10,207,066	9,695,106
	Consolidated profit before tax from continuing operations	45,738,157	39,567,071
iii)	**Total assets for reporting segments**	204,889,641	158,672,230
	Equity accounted investments	65,651,617	57,538,122
	Consolidated total assets	270,541,258	216,210,352
iv)	**Total liabilities for reporting segments**	166,184,463	134,170,005
	Deferred tax on equity accounted investments	4,592,915	2,908,259
	Consolidated total liabilities	170,777,378	137,078,264

42. RELATED PARTY TRANSACTIONS AND BALANCES

42.1 Following are the related parties with whom the Group had entered into transactions during the year:

Related party	Basis of relationship	Aggregate % age shareholding in FFC
Fauji Foundation	Holding company	44.35%
Mr. Waqar Ahmed Malik	Director	–
Mr. Sarfaraz Ahmed Rehman	Director	–
Dr. Nadeem Inayat	Director	–
Mr. Saad Amanullah Khan	Director	0.00004%
Ms. Maryam Aziz	Director	0.00001%
Maj Gen Naseer Ali Khan (Retd)	Director	–
Mr. Peter Bruun Jensen	Director	–
Maj Gen Ahmad Mahmood Hayat (Retd)	Director	–
Syed Bakhtiyar Kazmi	Director	–
Mr. Shoaib Javed Hussain	Director	–
Dr. Hamid Ateeq Sarwar	Director	–
Mr. Jehangir Shah	Director	–
Dr. Ayesha Khan	Director	0.00001%

Related party	Basis of relationship	Aggregate % age shareholding by FFC
Fauji Fertilizer Bin Qasim Limited	Associated company	49.88%
Askari Bank Limited	Associated company	43.15%
Thar Energy Limited	Associated company	30.00%
Pakistan Maroc Phosphore S.A., Morocco	Common directorship	12.50%
Fauji Cement Company Limited	Common directorship	6.79%
Mari Petroleum Company Limited	Common directorship	–
Sona Welfare Foundation	Associated undertaking	–
Provident Fund Trust	Contributory provident fund	–
Gratuity Fund Trust	Defined benefit fund	–
Pension Fund Trust	Defined benefit fund	–

42.2 Following particulars relate to associated companies incorporated outside Pakistan with whom the Group had entered into transactions during the year:

Particulars	Pakistan Maroc Phoshore S.A., Morocco
Name of associated company	Pakistan Maroc Phosphore S.A.
Registered address	Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco
Country of incorporation	Morocco
Basis of association	Joint Venture of OCP Group and Fauji Group
Aggregate %age of shareholding by the Company	12.5% Equity Investment by the Company

42.3 Fauji Foundation holds 44.35% (2020: 44.35%) shares of FFC at the year-end. Therefore, all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Group. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and employees' funds. Transactions with related parties and the balances outstanding at the year-end are given below. Loans and advances to executives and remuneration of chief executive, directors and executives are disclosed in notes 19, 24 and 37 to these consolidated financial statements respectively.

	2021	2020
	Rs '000	Rs '000
Transactions with holding company		
Dividend paid	7,476,149	6,234,826
Consideration paid for acquisition - FWEL I & II	8,256,333	–
Services received	251,554	115,000
Donation	35,920	–
Sale of fertilizers	1,255	1,190
Others	14,493	4,836
Balances		
Balance payable - unsecured	–	52,500
Transactions and balances with associated companies / undertakings due to common directorship		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	1,199,814	1,287,142
Commission on sale of products	25,827	29,712
Consideration paid for acquisition - FWEL I & II	5,256,006	–
Payment under consignment account	114,718,306	94,455,997
Purchase of gas as feed and fuel stock	32,763,354	32,959,985
Advance against issue of shares	376,707	2,493,774
Services and materials provided	17,011	24,676
Services and materials received	1,368	1,089
Donations	314,000	164,545
Interest expense	200,380	176,930
Interest income	19,698	73,341
Dividend income	1,926,551	1,374,892

	2021	2020
	Rs '000	Rs '000
Balances		
Dividend receivable	–	223,715
Long term investments	110,197	125,548
Short term investments	11,000,000	–
Short term borrowings	4,212,743	2,303,598
Long term borrowings	406,911	244,793
Running finance	215,186	153,285
Bank balance	12,019	141,265
Balance receivable	360,858	362,345
Balance payable	67,052,323	66,368,028
STAFF RETIREMENT FUNDS		
Contributions		
Employees' Provident Fund Trust	526,901	482,633
Employees' Gratuity Fund Trust	229,632	253,724
Employees' Pension Fund Trust	217,967	159,720
Employees' Funds as Dividend on equity holding of 0.22% (2020: 0.15%)	27,092	24,319
Balances		
Balance payable - Gratuity Fund Trust	780,237	734,965
Balance payable - Pension Fund Trust	323,030	439,697

43. NON ADJUSTING EVENTS AFTER REPORTING DATE

43.1 The Board of Directors in its meeting held on January 31, 2022 has proposed a final dividend of Rs 4.65 per share.

44. GENERAL

44.1 Production capacity

	Design capacity		Production	
	2021	2020	2021	2020
	(Tonnes '000)		(Tonnes '000)	
FFC				
Goth Machhi - Plant I	695	695	864	878
Goth Machhi - Plant II	635	635	753	810
Mirpur Mathelo - Plant III	718	718	890	799
	2,048	2,048	2,507	2,487

	Design capacity		Production	
	2021	2020	2021	2020
	(MWh)		(MWh)	
FFCEL	143,559	143,559	108,924	101,606
FWEL - I	11,600	–	14,927	–
FWEL - II	11,500	–	20,452	–

The shortfall in energy delivered during the year was mainly attributable to low wind speed.

FFF

The production capacity of FFF's plant cannot be determined, as it is a multi-product production facility of which the processing capacity substantially vary depending on the fruits / vegetables processed.

	Production		Capacity	
	2021	2020	2021	2020
	(Tonnes '000)		(Tonnes '000)	
Fries production line	5,912	4,060	6,500	6,500

44.2 Facilities of letters of guarantee and letters of credit

Facilities of letters of credit and letters of guarantee amounting to Rs. 31,720,600 thousand and Rs 835,000 thousand (2020: Rs 18,600,000 thousand and Rs 6,028,000 thousand) respectively are available to FFC against lien on shipping / title documents, US $ Term Deposit Receipts and charge on assets of FFC. Facilities against letter of credit include Rs 5,490,600 and 2,100,000 thousand (2020: Rs 4,780,558 thousand) limit assigned for issuance of SBLCs in relation to FFC's investment in Thar Energy Limited and Foundation Wind Energy I & II Limited, respectively.

44.3 Donations

Cost of Sales and Distribution Cost include donations amounting to Rs 210,225 thousand (2020: Rs 114,442 thousand) and Rs 103,775 thousand (2020: Rs 50,031 thousand) respectively. These are disbursed through Sona Welfare Foundation, Sona Tower, 156, The Mall, Rawalpindi (associated undertaking).

44.4 Exemption from applicability of IFRS 16 - "Leases"

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 986(I)/2019 dated September 2, 2019 has granted exemption from requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019 to the extent of Power Purchase Agreements executed before January 1, 2019. Accordingly, IFRS 16 is not applicable to the extent of the EPA of FFCEL, FWEL - I and FWEL - II, the power purchase agreement.

44.5 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 1177 (I)/2021 dated September 13, 2021 has made partial modification of its prior S.R.O 985(I)/2019 dated September 2, 2019 notifying that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of expected credit loss (ECL) model shall not be applicable till June 30, 2022, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Accordingly the requirements of stated SRO have been applied in the preparation of these consolidated financial statements, to the extent of FFCEL, FWEL - I and FWEL - II.

	2021	2020
44.6 Number of employees		
Total number of employees at end of the year	3,577	3,628
Average number of employees for the year	3,573	3,522

44.7 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

44.8 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, to conform to current year basis and presentation.

45. IMPACT OF COVID - 19 ON THE FINANCIAL STATEMENTS

The Group has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Group is continuously monitoring the situation to counter act the changed environment. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these consolidated financial statements.

46. DATE OF AUTHORIZATION

These consolidated financial statements have been authorized for issue by the Board of Directors of FFC on January 31, 2022.

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



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06

Shareholders' Information

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NOTICE OF 44TH ANNUAL GENERAL MEETING

Notice is hereby given that the 44th Annual General Meeting of the shareholders of Fauji Fertilizer Company Limited will be held at FFC Head Office, 156 The Mall, Rawalpindi on Friday, March 25, 2022 at 1000 hours to transact the following business:

Ordinary business

1. To confirm the minutes of Extraordinary General Meeting held on November 05, 2021.
2. To consider, approve and adopt separate and consolidated audited financial statements of FFC together with Directors' Reports on separate and consolidated financial statements and Auditors' Reports thereon for the year ended December 31, 2021.
3. To appoint Auditors for the year 2022 and fix their remuneration.
4. To consider and approve payment of Final Dividend for the year ended December 31, 2021 as recommended by the Board of Directors.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Brig Asrat Mahmood, SI(M) (Retd)
Company Secretary

Rawalpindi
March 03, 2022

E-Voting

E-Voting: Members can exercise their right to poll subject to meeting of requirement of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

Video Conference Facility

Pursuant to Section 132(2) of the Companies Act 2017, 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 7 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.

Notes

1. The share transfer books of the Company will remain closed from March 19, 2022 to March 25, 2022 (both days inclusive) and no request for transfer of shares will be accepted for registration. Transfers received at Company's Share Registrar namely CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal, Karachi-74400 by the close of business on March 18, 2022 will be considered in time for the purpose of payment of final dividend to the transferees.

2. A member of the Company entitled to attend and vote at the Meeting may appoint a person/ representative as proxy to attend and vote in place of the member. Proxies in order to be effective must be received at the Company's Registered Office, 156-The Mall, Rawalpindi, Pakistan not later than 48 hours before the time of holding the Meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

3. Any Individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For Attending the Meeting

i. In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

ii. Members registered on CDC are also requested to bring their particulars, I.D. Numbers and account numbers in CDS.

iii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

iv. The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. EMD/ MISC/82/2012 dated March 03, 2021, has directed the listed companies to arrange participation of shareholders in general meetings through videos link in addition to allowing physical attendance by the members to safeguard and protect the wellbeing of shareholders against the continuing threat posed by the COVID-19 pandemic.

v. The shareholder of the Company desirous of attending the meeting through video link etc may inform the Company and provide their details including name, CNIC scan (both sides), folio number, cell phone number and email address before close of business on March 22, 2022 at the email **shares@ffc.com.pk**.

vi. The video link of meeting shall be sent to the members on their registered email addresses.

B. For Appointing Proxies

i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by the person whose name, address and CNIC number 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 Meeting.

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

4. Consent for Video Conference Facility

As allowed by Section 132(2) of the Companies Act 2017 members can avail video conference facility for this Annual General Meeting, at Lahore and Karachi provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing at above mentioned locations, at least 7 days prior to date of the meeting.

NOTICE OF 44TH ANNUAL GENERAL MEETING

Subject to the fulfillment of the above conditions, members shall be informed of the venue, 5 days before the date of the General Meeting along with complete information necessary to access the facility.

In this regard please send a duly signed request as per following format at the registered address of the Company 7 days before holding of General Meeting.

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

_____
Signature of member

5. Withholding Tax on Dividends

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, provisions of Tenth schedule are applicable on withholding tax from dividends and the rates of deduction of income tax from dividend payments shall be as under:-

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

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

However, effectively July 1, 2020 the provisions of withholding additional tax from person not appearing on active taxpayers list are not applicable to the extent of dividend payment to non-resident persons (Finance Act 2020).

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not appearing on the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for approval of the cash dividend i.e. March 18, 2022; otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTNs) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal, Karachi-74400. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

Tax in Case of Joint Shareholders

The FBR vide its clarification letter No. I(54) Exp/2014-132872-R of 25 September, 2014 has clarified that holders of shares held in joint names or joint accounts will be treated individually as filers or non-filers and tax will be deducted according to the proportionate holding of each shareholder.

Joint shareholders should intimate the proportion of their respective joint holding to the share registrar latest by March 18, 2022, in the following form:-

CDC Account number	Folio #	Total Shares	Principle shareholder		Joint Shareholder	
			Name & CNIC	Shareholding proportion	Name & CNIC	Shareholding proportion

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

Electronic Mandate Form

Folio Number	
Name of Shareholder	
Title of the Bank Account	
International Bank Account Number (IBAN)	
Name of Bank	
Name of Bank Branch and Address	
Cellular & Landline Number of Shareholder	
CNIC / NTN number (attach copy)	
Signature of Shareholder	

7. SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, Auditors' Report and Directors' Report etc ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2021 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2021 may send a request using a Standard Request Form placed on Company website.

8. Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

In compliance with the above requirements, soft copies of the Annual Report 2021 are being emailed to the members having opted to receive such communication in electronic

format. Other members who wish to receive the Annual Report 2021 in electronic form may file an application as per the format provided on the Company's website in compliance with the subject SRO. The members who have provided consent to receive Annual Report 2021 through email can subsequently request a hard copy which shall be provided free of cost within seven days.

Members are also requested to intimate any change in their registered email addresses on a timely manner, to ensure effective communication by the Company.

9. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2021 have also been provided on the Company's website i.e. **www.ffc.com.pk**

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

FFC Shares Department

Telephone: 92-51-8453235
Email: shares@ffc.com.pk

CDC Share Registrar Services Limited

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

11. Provision of International Banking Account Number (IBAN Detail)

Under the provisions of Section 242 of the Companies Act, 2017 and SECP's Circular No. 421(I) 2018 dated March 19, 2021, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Further, vide its letter dated March 19, 2021, SECP has directed all the listed companies to pursue its shareholder to obtain International Bank Account Number (IBAN) details.

In this context, in order to receive dividends directly into their bank account, shareholders having shareholding in physical form are requested to provide their IBAN details duly signed along with a copy of CNIC to the Registrar of the Company CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400. Shareholder having shareholding in book entry form in CDS are advised to submit their IBAN details directly to relevant broker/ participant/CDC Investor Account Services."

12. Conversion of Physical Securities into Book Entry Form

As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Further, vide its letter dated March 26, 2021, SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry form.

In light of the aforementioned directives, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2021

Number Of Shareholders	Shareholding From		To	Shares Held
1813	1	to	100	98,995
2665	101	to	500	911,345
1849	501	to	1000	1,605,269
4459	1001	to	5000	12,136,004
1458	5001	to	10000	11,294,624
663	10001	to	15000	8,411,012
438	15001	to	20000	7,846,260
312	20001	to	25000	7,208,214
226	25001	to	30000	6,315,768
158	30001	to	35000	5,179,780
142	35001	to	40000	5,399,420
94	40001	to	45000	4,001,495
154	45001	to	50000	7,516,628
90	50001	to	55000	4,725,825
71	55001	to	60000	4,131,436
61	60001	to	65000	3,836,524
50	65001	to	70000	3,408,386
55	70001	to	75000	4,042,226
42	75001	to	80000	3,264,199
40	80001	to	85000	3,309,637
40	85001	to	90000	3,522,346
30	90001	to	95000	2,781,672
81	95001	to	100000	8,044,546
27	100001	to	105000	2,762,138
26	105001	to	110000	2,812,630
10	110001	to	115000	1,136,165
15	115001	to	120000	1,776,359
19	120001	to	125000	2,345,411
13	125001	to	130000	1,669,686
14	130001	to	135000	1,865,649
14	135001	to	140000	1,937,477
4	140001	to	145000	568,208
25	145001	to	150000	3,722,295
6	150001	to	155000	910,779
19	155001	to	160000	3,010,217
9	160001	to	165000	1,470,706
14	165001	to	170000	2,350,938
7	170001	to	175000	1,213,838
9	175001	to	180000	1,604,111
11	180001	to	185000	2,014,853

Number Of Shareholders	Shareholding From		To	Shares Held
4	185001	to	190000	754,824
5	190001	to	195000	957,408
22	195001	to	200000	4,389,993
10	200001	to	205000	2,020,708
3	205001	to	210000	624,404
7	210001	to	215000	1,487,072
2	215001	to	220000	434,300
2	220001	to	225000	445,654
10	225001	to	230000	2,284,228
10	230001	to	235000	2,325,549
2	235001	to	240000	477,077
2	240001	to	245000	480,875
9	245001	to	250000	2,246,520
3	250001	to	255000	753,439
4	255001	to	260000	1,030,868
5	260001	to	265000	1,313,647
3	265001	to	270000	805,809
3	270001	to	275000	811,192
3	285001	to	290000	866,000
6	295001	to	300000	1,789,875
2	300001	to	305000	607,110
1	305001	to	310000	308,860
3	310001	to	315000	944,072
2	320001	to	325000	648,000
3	325001	to	330000	986,067
2	330001	to	335000	663,858
1	335001	to	340000	338,733
2	340001	to	345000	688,395
8	345001	to	350000	2,790,491
4	350001	to	355000	1,410,963
3	355001	to	360000	1,075,725
4	360001	to	365000	1,457,295
3	365001	to	370000	1,105,088
1	370001	to	375000	375,000
2	375001	to	380000	753,550
3	380001	to	385000	1,148,000
6	385001	to	390000	2,329,549
2	390001	to	395000	783,250
1	395001	to	400000	395,137
1	400001	to	405000	405,000

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2021

Number Of Shareholders	Shareholding From		To	Shares Held
3	405001	to	410000	1,224,000
1	410001	to	415000	414,708
1	415001	to	420000	418,500
1	435001	to	440000	437,222
1	440001	to	445000	442,389
2	445001	to	450000	898,480
1	450001	to	455000	453,600
3	455001	to	460000	1,370,877
3	465001	to	470000	1,403,991
3	470001	to	475000	1,421,892
2	475001	to	480000	955,573
1	480001	to	485000	480,700
2	490001	to	495000	986,500
5	495001	to	500000	2,499,551
1	500001	to	505000	502,075
1	505001	to	510000	505,250
1	510001	to	515000	513,470
1	525001	to	530000	530,000
2	535001	to	540000	1,075,599
4	545001	to	550000	2,188,500
1	555001	to	560000	560,000
3	570001	to	575000	1,717,400
1	585001	to	590000	589,025
1	595001	to	600000	600,000
1	600001	to	605000	600,510
2	605001	to	610000	1,215,373
1	615001	to	620000	617,000
1	625001	to	630000	628,048
3	635001	to	640000	1,915,130
1	650001	to	655000	650,627
1	660001	to	665000	663,388
1	665001	to	670000	670,000
3	670001	to	675000	2,014,292
2	680001	to	685000	1,362,007
1	685001	to	690000	686,274
1	690001	to	695000	695,000
1	695001	to	700000	698,987
1	700001	to	705000	702,850
1	705001	to	710000	706,704
3	725001	to	730000	2,184,551

Number Of Shareholders	Shareholding From		To	Shares Held
1	760001	to	765000	762,717
2	765001	to	770000	1,536,597
2	780001	to	785000	1,566,871
1	785001	to	790000	790,000
1	795001	to	800000	797,000
1	815001	to	820000	818,500
1	820001	to	825000	820,646
1	825001	to	830000	826,797
1	830001	to	835000	832,518
1	835001	to	840000	835,934
1	855001	to	860000	858,000
1	875001	to	880000	879,090
1	895001	to	900000	900,000
2	900001	to	905000	1,808,947
1	915001	to	920000	918,750
1	940001	to	945000	942,500
1	965001	to	970000	965,887
1	975001	to	980000	980,000
2	995001	to	1000000	2,000,000
1	1005001	to	1010000	1,010,000
2	1015001	to	1020000	2,035,473
2	1025001	to	1030000	2,053,626
1	1045001	to	1050000	1,050,000
1	1065001	to	1070000	1,070,000
1	1085001	to	1090000	1,088,500
2	1090001	to	1095000	2,186,448
1	1095001	to	1100000	1,100,000
1	1100001	to	1105000	1,101,000
1	1110001	to	1115000	1,111,039
1	1125001	to	1130000	1,125,800
1	1145001	to	1150000	1,150,000
1	1170001	to	1175000	1,175,000
2	1205001	to	1210000	2,414,394
1	1220001	to	1225000	1,224,622
1	1230001	to	1235000	1,232,398
1	1245001	to	1250000	1,250,000
1	1255001	to	1260000	1,256,153
1	1265001	to	1270000	1,267,001
1	1275001	to	1280000	1,280,000
1	1295001	to	1300000	1,300,000

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2021

Number Of Shareholders	Shareholding From		To	Shares Held
1	1320001	to	1325000	1,320,509
1	1335001	to	1340000	1,335,475
1	1395001	to	1400000	1,400,000
2	1445001	to	1450000	2,899,630
1	1490001	to	1495000	1,494,000
1	1495001	to	1500000	1,500,000
1	1505001	to	1510000	1,509,868
1	1510001	to	1515000	1,514,100
1	1545001	to	1550000	1,545,995
1	1555001	to	1560000	1,557,000
1	1565001	to	1570000	1,569,000
1	1585001	to	1590000	1,588,383
1	1660001	to	1665000	1,661,643
1	1710001	to	1715000	1,713,800
1	1715001	to	1720000	1,718,519
1	1765001	to	1770000	1,769,407
1	1780001	to	1785000	1,784,878
4	1795001	to	1800000	7,200,000
5	1895001	to	1900000	9,492,339
1	1935001	to	1940000	1,939,287
1	1995001	to	2000000	2,000,000
1	2020001	to	2025000	2,023,036
1	2040001	to	2045000	2,043,671
1	2115001	to	2120000	2,120,000
2	2195001	to	2200000	4,400,000
1	2540001	to	2545000	2,543,289
1	2650001	to	2655000	2,654,044
1	2655001	to	2660000	2,658,602
1	2660001	to	2665000	2,661,496
1	2695001	to	2700000	2,695,575
1	2910001	to	2915000	2,912,090
1	2975001	to	2980000	2,979,601
1	3380001	to	3385000	3,381,728
1	3385001	to	3390000	3,386,133
1	3505001	to	3510000	3,510,000
1	3725001	to	3730000	3,727,011
1	3775001	to	3780000	3,776,700
1	3995001	to	4000000	4,000,000
1	4020001	to	4025000	4,023,963
1	4180001	to	4185000	4,184,258

Number Of Shareholders	Shareholding From		To	Shares Held
1	4255001	to	4260000	4,256,000
1	4295001	to	4300000	4,300,000
1	4375001	to	4380000	4,376,417
1	4465001	to	4470000	4,466,749
1	4875001	to	4880000	4,880,000
1	5090001	to	5095000	5,093,500
1	5405001	to	5410000	5,408,000
1	5495001	to	5500000	5,500,000
1	5530001	to	5535000	5,533,330
1	5750001	to	5755000	5,750,862
1	6885001	to	6890000	6,885,300
1	7195001	to	7200000	7,200,000
1	7220001	to	7225000	7,225,000
1	8000001	to	8005000	8,000,124
1	8945001	to	8950000	8,945,913
1	9995001	to	10000000	9,998,900
1	10500001	to	10505000	10,500,100
1	10840001	to	10845000	10,844,000
1	13745001	to	13750000	13,748,249
1	15325001	to	15330000	15,329,560
1	15480001	to	15485000	15,481,600
1	16185001	to	16190000	16,186,654
1	18885001	to	18890000	18,886,408
1	116840001	to	116845000	116,843,390
1	129515001	to	129520000	129,516,412
1	434685001	to	434690000	434,687,842
15,594				1,272,238,247

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
President of Pakistan			
PRESIDENT OF THE ISLAMIC REPUBIC OF PAK	1	8,945,913	0.70
Directors and their spouse(s) and minor children			
Saad Aman Ullah Khan	1	500	0.00
Maryam Aziz	1	100	0.00
Ayesha Khan	1	100	0.00
Jehangir Shah	1	1,000	0.00
Associated Companies, undertakings and related parties	2	564,204,254	44.35
Executives and Employees	14	267,838	0.02
Public sector companies and corporations	13	147,186,200	11.57
NIT and ICP	-	-	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	74	90,304,983	7.10
Mutual Funds			
TRUSTEE-RAHIM IQBAL RAFIQ & CO.EMPLOYEES PROVIDENT FUND	1	2,000	0.00
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	2,912,090	0.23
CDC - TRUSTEE FAYSAL STOCK FUND	1	191,542	0.02
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	98,400	0.01
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	174,450	0.01
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	4,376,417	0.34
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	2,043,671	0.16
CDC - TRUSTEE NBP STOCK FUND	1	3,386,133	0.27
CDC - TRUSTEE NBP BALANCED FUND	1	203,600	0.02
CDC - TRUSTEE APF-EQUITY SUB FUND	1	172,800	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	536,599	0.04
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	155,508	0.01
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,939,287	0.15
CDC - TRUSTEE ABL STOCK FUND	1	1,256,153	0.10
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	35,000	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	832,518	0.07
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	345,300	0.03
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	189,462	0.01
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	10,000	0.00
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	364,295	0.03
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND - EQUITY SUB FUND	1	473,642	0.04
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	835,934	0.07
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	18,886,408	1.48
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	65,500	0.01
CDC - TRUSTEE NITIPF EQUITY SUB - FUND	1	17,500	0.00
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	9,700	0.00
CDC - TRUSTEE LAKSON TACTICAL FUND	1	108,809	0.01
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	6,791	0.00
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	1	15,000	0.00
CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	1	38,868	0.00
CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	1	34,916	0.00

Categories of Shareholders	Shareholders	Shares Held	Percentage
General Public			
a. Local	14,837	305,190,504	23.99
b. Foreign	151	1,876,382	0.15
Foreign Companies	74	54,952,037	4.32
Others	393	59,590,143	4.68
Totals	15,594	1,272,238,247	100.00

Share holders holding 10% or more	Shares Held	Percentage
FAUJI FOUNDATION	129,516,412	10.18
COMMITTEE OF ADMIN. FAUJI FOUNDATION	434,687,842	34.17

Financial Calendar

The Company follows the period of January 01 to December 31 as the financial year.

Financial results will be announced as per the following tentative schedule:

Annual General Meeting	March 25, 2022
1st Quarter ending March 31, 2022	Last Week of April 2022
Half-Year ending June 30, 2022	Last Week of July 2022
3rd Quarter ending September 30, 2022	Last Week of October 2022
Year ending December 31, 2022	Last Week of January 2023

PATTERN OF SHAREHOLDING - FFCEL, FWEL-I, FWEL-II AND FFFL

As at December 31, 2021

FFC Energy Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	243,755,000	99.97
Directors	7	70,000	0.03
Totals	**8**	**243,825,000**	**100**

Foundation Wind Energy - I Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	350,249,489	99.99
Directors	6	6	0.00
Totals	**7**	**350,249,495**	**100**

Foundation Wind Energy - II Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	282,215,158	79.99
Mr. Danish Tapal	1	17,638,450	5.00
Director/Sponsor			
Mr. Mustafa Tapal	1	35,276,910	10.01
Mr. Adnan Tapal	1	17,638,450	5.00
Directors			
Waqar Ahmed Malik	1	10	0.00
Sarfaraz Ahmed Rehman	1	10	0.00
Nadeem Inayat	1	10	0.00
Maj Gen Abid Rafique, HI(M) (Retd)	1	10	0.00
Aziz Ikram	1	10	0.00
Syed Bakhtiyar Kazmi	1	1	0.00
Tassawor Ishque	1	1	0.00
Totals	**11**	**352,769,020**	**100**

Fauji Fresh n Freeze Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	623,953,000	99.99
Directors	7	7,000	0.01
Totals	**8**	**623,960,000**	**100**

OLIVE Technical Services (Private) Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	20,000,000	99.99
Directors	4	40	0.00
Totals	**5**	**20,000,040**	**100**

DEFINITIONS & GLOSSARY OF TERMS

Definitions

Profitability Ratios
Profitability Ratios are used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Liquidity Ratios
Liquidity ratios determine the Company's ability to meet its short-term financial obligations.

Activity / Turnover Ratios
Activity / Turnover ratios evaluate the operational efficiency of the Company to convert inventory & receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales.

Investment / Market Ratios
Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the company's ability to generate profits.

Capital Structure Ratios
Capital Structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits.

Glossary of terms

Term	Description
Agri. Services	Agriculture Services provided by FFC's Marketing Team to farmers
AKBL	Askari Bank Limited
AMCON	Annual Marketing Conference
ATL	Active Taxpayers List
BCP	Business Continuity Planning
BI&T	Banking Industries and Trading
CAER	Community Awareness and Emergency Response
CBA	Collective Bargaining Agent
CCG	Code of Corporate Governance
CCP	Competition Commission of Pakistan
CE&MD	Chief Executive & Managing Director
CFA	Certified Financial Analyst
CFO	Chief Financial Officer
CITA	Continuous Improvement in Technological Advancements
CNIC	Computerized National Identity Card
COD	Commercial Operation Date

DEFINITIONS & GLOSSARY OF TERMS

Term	Description
CPEC	China-Pakistan Economic Corridor
CSR	Corporate Social Responsibility
Current Ratio	A liquidity ratio that measures a company's ability to pay short-term and long-term obligations by considering the current total assets of a company (both liquid and illiquid) relative to that company's current total liabilities
DAP	Di-Ammonium Phosphate
DCS	Distribution Control System
De-Bottle Necking (DBN)	Process of optimizing existing plant and equipment to enhance overall capacity by improving specific areas that limit production
DPS	Dividend Per Share
DRS	Disaster Recovery Site
E-DOX	Software for document imaging and workflow management
EEF	Enhanced Efficiency Fertilizers
EPC	Engineering, Procurement and Construction
EPS	Earnings Per Share
FAC	Farm Advisory Centres
FACE	Food & Agriculture Center of Excellence
FCCL	Fauji Cement Company Limited; an associated company of FFC
FFBL	Fauji Fertilizer Bin Qasim Limited; an associated company of FFC
FFC	Fauji Fertilizer Company Limited
FFCEL	FFC Energy Limited; a wholly owned subsidiary of FFC
FFF	Fauji Fresh n Freeze Limited; a wholly owned subsidiary of FFC
FMPAC	Fertilizer Manufacturers of Pakistan Advisory Concil
FPCCI	Federation of Pakistan Chamber of Commerce and Industries
FWEL - I	Foundation Wind Energy - I Limited
FWEL - II	Foundation Wind Energy - II Limited
Gearing	The level of a company's debt related to its equity capital. It is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.
GHG	Green House Gases
GIDC	Gas Infrastructure Development Cess

Term	Description
GM	Goth Machhi
Going concern assumption	An accounting assumption that an entity will remain in business for the foreseeable future.
GRI	Global Reporting Initiative
GWh	Giga Watt hours
HACCP	Hazard Analysis and Critical Control Points-an internationally recognized system for reducing the risk of safety hazards in food
HI (M)	Hilal-e-Imtiaz (Military)
HAZOP	Hazard and Operability
HIRADC	Hazard Identification Risk Assessment and Determining Control
HORC	Hazard Observation and Review Committee
HR&R	Human Resource and Remuneration
HSE	Health Safety and Environment
IBAN	International Bank Account Number
ICAP	Institute of Chartered Accountants of Pakistan
ICAP / ICMAP BCR Award	Institute of Chartered Accountants of Pakistan/Institute of Cost and Management Accountants of Pakistan Best Corporate Report Award
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFA	International Fertilizer Industry Association
IFRSs	International Financial Reporting Standards
Interest Cover	A financial ratio that measures a company's ability to make interest payments on its debt in a timely manner.
IQF	Individually Quick Frozen; A food preservation technology that freezes each individual piece of food thus retaining its nutritional value while keeping pieces from clumping together
ISMS	Information System Security Management
ITIL	Information Technology Infrastructure Library
KIBOR	Karachi Inter-Bank Offer Rate, periodically announced by the State Bank of Pakistan
LNG	Liquified Natural Gas
Management Letter	Letter written by auditors to directors of the company, communicating material issues, concerns and suggestions noted during the audit.

DEFINITIONS & GLOSSARY OF TERMS

Term	Description
M&O	Manufacturing and Operations
MAP	Management Association of Pakistan
MMSCF	Million Standard Cubic Feet
MOIPI	Maintenance of Industrial Peace Initiatives
MOP	Muriate of Potash
MW	Mega Watt
NDMA	National Disaster Management Authority of Pakistan
NEQS	National Environmental Quality Standards
Net worth	Net worth is the amount by which assets exceed liabilities (Equity)
NFDC	National Fertilizer Development Centre, Pakistan
NGO	Non-Government Organization
NIT	National Investment Trust Limited
NTDC	National Transmission & Despatch Company, Pakistan
NTN	National Tax Number
NUST	National University of Science and Technology
OHSAS	Occupational Health and Safety Assessment Series, is an internationally applied British Standard for occupational health and safety management systems.
PIBs	Pakistan Investment Bonds
PIDE	Pakistan Institute of Development Economics
PMP	Pakistan Maroc Phosphore S.A, Morocco
PSFL	Ex-Pak Saudi Fertilizer Limited
PSX	Pakistan Stock Exchange
RCCI	Rawalpindi Chamber of Commerce and Industries
ROE	Return On Equity-It measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested
ROIC	Return on Invested Capital
SAARC	South Asian Association for Regional Cooperation
SAFA	South Asian Federation of Accountants
SAN	Storage Area Network
SAP-ERP	An enterprise resource planning software developed by the German company SAP SE and used by FFC to manage business, operations and customer relations.

Term	Description
SECP	Securities & Exchange Commission of Pakistan
SI (M)	Sitara-e-Imtiaz (Military)
SNG	Synthetic Natural Gas
SOC	Safe Operation
SOP	Sulphate of Potash
Super Tax	An originally one-time levy of tax imposed by Government in 2015, yet re-imposed in 2016 & 2017, on companies meeting certain income threshholds.
Tariff True-up	Adjustment by National Electric Power Regulatory Authority of reference tariff FFCEL can charge for delivery of electricity to NTDC after commencement of commercial operations
TCP	Trading Corporation of Pakistan
TEL	Thar Energy Limited
TPDC	Tanzania Petroleum Development Corporation
UK	United Kingdom
UNGC	United National Global Compact-The world's largest corporate sustainability initiative that asks companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals
USA	United States of America
VHT	Vapor Heat Treatment
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

SAY NO TO CORRUPTION

FORM OF PROXY

44th Annual General Meeting

I/We _____

of _____

being a member(s) of Fauji Fertilizer Company Limited hold _____

Ordinary Shares hereby appoint Mr / Mrs / Miss _____

of _____ or failing him / her _____

of _____ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held on Friday March 25, 2022 and /or any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ March 2022.

Signed by _____

in the presence of _____

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Five Rupees
Revenue Stamp

The Signature should agree with the specimen registered with the Company

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 156 The Mall, Rawalpindi not less than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders/Corporate Entities

   In addition to the above, the following requirements have to be met:

   (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

   (ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

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

AFFIX
CORRECT
POSTAGE

Company Secretary
FAUJI FERTILIZER COMPANY LIMITED
156 The Mall, Rawalpindi Cantt
Website: www.ffc.com.pk
Tel No. +92-51-111-332-111, 8450001

فوجی فرٹیلائزر کمپنی لمیٹڈ

پراکسی فارم

44 واں سالانہ عمومی اجلاس

میں/ہم ــ

بطور گواہ آج بتاریخ ــــ دن ــــ مارچ 2022 میرے/ہمارے دستخط ہوئے

دستخط ــ

ــ کی موجودگی میں

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

پانچ روپے کے رسیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس 156 ری مال راولپنڈی میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیے جائیں گے۔

3۔ **سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے**

مزید برآں درج ذیل شرائط کو پورا کیا جائے گا۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں گی۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

AFFIX
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Tel No. +92-51-111-332-111, 8450001

پیٹرن آف شیئر ہولڈنگ
FFCEL, FWEL-I, FWEL-II, FFF & OLIVE

۳۱دسمبر ۲۰۲۱

ایف ایف سی انرجی لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	243,755,000	99.97
ڈائریکٹرز	7	70,000	0.03
کل	**8**	**243,825,000**	**100**

فاؤنڈیشن وِنڈ انرجی لمیٹڈ-I

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	350,249,489	99.99
ڈائریکٹرز	6	6	0.00
کل	**7**	**350,249,495**	**100**

فاؤنڈیشن وِنڈ انرجی لمیٹڈ-II

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	282,215,158	79.99
رائل ڈچ شیل	1	17,638,450	5.00
ڈائریکٹرز/سپانسرز			
مصطفیٰ نیاز	1	35,276,910	10.01
عدنان نیاز	1	17,638,450	5.00
ڈائریکٹرز			
[illegible]	1	10	0.00
[illegible]	1	10	0.00
[illegible]	1	10	0.00
[illegible]	1	10	0.00
[illegible]	1	10	0.00
[illegible]	1	1	0.00
[illegible]	1	1	0.00
کل	**11**	**352,769,020**	**100**

فوجی فرٹیلائیزر بن قاسم لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	623,953,000	99.99
ڈائریکٹرز	7	7,000	0.01
کل	**8**	**623,960,000**	**100**

اولیو ٹیکنیکل سروسز (پرائیویٹ) لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	20,000,000	99.99
ڈائریکٹرز	4	40	0.00
کل	**5**	**20,000,040**	**100**

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
سی ڈی سی۔ ٹرسٹی اے پی ایل (سیکٹر) فنڈ، اکاؤنٹی سب فنڈ	1	65,500	0.01
سی ڈی سی۔ ٹرسٹی این آئی ٹی آئی پی ایف ایکوٹی سب۔فنڈ	1	17,500	0.00
سی ڈی سی۔ ٹرسٹی الائنس اسلامک ڈیڈیکیٹڈ اکاؤنٹی فنڈ	1	9,700	0.00
سی ڈی سی۔ ٹرسٹی گیمن ٹیکنیکل فنڈ	1	108,809	0.01
سی ڈی سی۔ ٹرسٹی پی ایل ڈیڈیکیٹڈ اکاؤنٹی فنڈ	1	6,791	0.00
سی ڈی سی۔ ٹرسٹی این آئی ٹی ایسٹ ایلوکیشن فنڈ	1	15,000	0.00
سی ڈی سی۔ ٹرسٹی این آئی ٹی پاکستان گیٹ وے ایکسچینج ٹریڈڈ فنڈ	1	38,868	0.00
سی ڈی سی۔ ٹرسٹی این بی پی پاکستان گرتھ ایکسچینج ٹریڈڈ فنڈ	1	34,916	0.00
عوام الناس			
مقامی	14,837	305,190,504	23.99
غیر ملکی	151	1,876,382	0.15
غیر ملکی کمپنیاں	74	54,952,037	4.32
دیگر	393	59,590,143	4.68
کل	**15,594**	**1,272,238,247**	**100.00**

10 فیصد یا اس سے زیادہ کے حصص یافتگان		تعداد حصص	فیصد
فوجی فاؤنڈیشن		129,516,412	10.18
کمپنی آف ایسوسی ایٹ۔ فوجی فاؤنڈیشن		434,687,842	34.17

مالیاتی کیلنڈر

کمپنی کے مالیاتی سال کی مدت یکم جنوری سے 31 دسمبر تک ہے۔

کمپنی کے مالیاتی نتائج کا اعلان متصدہ ذیل عارضی جدول کے مطابق کیا جائے گا۔

سالانہ عام اجلاس	25 مارچ 2022
31 مارچ 2022 کو ختم ہونے والی پہلی سہ ماہی:	آخری ہفتہ اپریل 2022
30 جون 2022 کو ختم ہونے والی دوسری سہ ماہی:	آخری ہفتہ جولائی 2022
30 ستمبر 2022 کو ختم ہونے والی تیسری سہ ماہی:	آخری ہفتہ اکتوبر 2022
سالانہ نتائج 31 دسمبر 2022	آخری ہفتہ فروری 2023

پیٹرن آف شیئر ہولڈنگ - FFC

۳۱دسمبر ۲۰۲۱

شیئر ہولڈنگ کی اقسام	شیئر ہولڈنگ	تعداد شیئر	فیصد
حصہ یا کستان			
حصہ حکومتی تحویل پاکستان	1	8,945,913	0.70
ڈائریکٹرز، ان کی شریک حیات اور چھوٹے بچے			
سبحان اللہ خان	1	500	0.00
مریم عزیز	1	100	0.00
ماکو سان	1	100	0.00
جہانگیر شاہ	1	1,000	0.00
اسٹاک کمپنیاں، قرارداد اور حفاظتی کمپنیاں	2	564,204,254	44.35
ایگزیکٹو ڈیولپمنٹ پراویڈنٹ	14	267,638	0.02
سرکاری محکمہ کی کمپنیاں، کارپوریشنز	13	147,186,200	11.57
این آئی بی ایف آئی سی پی	-	-	0.00
بینک، ڈیولپمنٹ فنانس انسٹیٹیوشنز، نان بینکنگ فنانس کمپنیاں، انشورنس کمپنیاں، مضاربہ اور پنشن فنڈز	74	90,304,983	7.10
شیئر ہولڈرز			
ٹرسٹی۔ راحم اقبال۔ ٹرسٹی ایچ بی ایل ایمپلائیز پراویڈنٹ فنڈ	1	2,000	0.00
سی ڈی سی۔ ٹرسٹی ایکویٹی ٹریڈنگ فنڈ	1	2,912,090	0.23
سی ڈی سی۔ ٹرسٹی ایکویٹی مارکیٹ فنڈ	1	191,542	0.02
سی ڈی سی۔ ٹرسٹی ایکویٹی فنڈ	1	98,400	0.01
سی ڈی سی۔ ٹرسٹی اے ڈی ایم جی ایکویٹی فنڈ	1	174,450	0.01
سی ڈی سی۔ ٹرسٹی یو بی ایل۔ ایکویٹی فنڈ	1	4,376,417	0.34
سی ڈی سی۔ ٹرسٹی الائیڈ شریعہ۔ فنڈ	1	2,043,671	0.16
سی ڈی سی۔ ٹرسٹی این بی پی۔ فنڈ	1	3,386,133	0.27
سی ڈی سی۔ ٹرسٹی این بی پی اکیوٹی فنڈ	1	203,600	0.02
سی ڈی سی۔ ٹرسٹی اے پی ایف ایکویٹی سب فنڈ	1	172,800	0.01
سی ڈی سی۔ ٹرسٹی الفلاح جی ایچ پی۔ فنڈ	1	536,599	0.04
سی ڈی سی۔ ٹرسٹی الفلاح جی ایچ پی ویلیو فنڈ	1	155,508	0.01
سی ڈی سی۔ ٹرسٹی این آئی ٹی۔ ایکویٹی مارکیٹ اوپن فنڈ	1	1,939,287	0.15
سی ڈی سی۔ ٹرسٹی اے پی ایل۔ فنڈ	1	1,256,153	0.10
سی ڈی سی۔ ٹرسٹی فرسٹ حبیب۔ فنڈ	1	35,000	0.00
سی ڈی سی۔ ٹرسٹی ایکس ایکویٹی	1	832,518	0.07
سی ڈی سی۔ ٹرسٹی این بی پی سرمایہ فنڈ	1	345,300	0.03
سی ڈی سی۔ ٹرسٹی یو بی ایل ایسٹ ایلوکیشن	1	189,462	0.01
سی ڈی سی۔ ٹرسٹی فرسٹ کیپیٹل میچل	1	10,000	0.00
سی ڈی سی۔ ٹرسٹی الائیڈ اسٹاک ایسٹ ایلوکیشن	1	364,290	0.03
سی ڈی سی۔ ٹرسٹی الائیڈ اسٹاک ریٹیل سیکٹر ایکویٹی سب	1	473,842	0.04
سی ڈی سی۔ ٹرسٹی یو بی ایل ریسورس سیونگز ایکویٹی سب	1	935,934	0.07
سی ڈی سی۔ ٹرسٹی نیشنل انویسٹمنٹ (یونٹ) لمیٹڈ	1	18,886,408	1.48

متعدد یا تمام حصص کی تفصیل میں سالانہ رپورٹ 2021 کی ساخت کا پہلا ان نمبران کو ای میل کی جارہی ہیں جنہوں نے الیکٹرانک ترسیل میں اس طرح کی مواصلت حاصل کرنے کا انتخاب کیا ہے۔ دیگر ممبران جو سالانہ رپورٹ 2021 الیکٹرانک فارم میں حاصل کرنا چاہتے ہیں وہ کمپنی کی ویب سائٹ پر فراہم کردہ ترسیل کے مطابق اس آرڈر کے مضمون کے مطابق درخواست دائر کرسکتے ہیں۔ جن ارکین نے ای میل کے ذریعے سالانہ رپورٹ 2021 حاصل کرنے کے لیے رضامندی فراہم کی ہے وہ جلد ہی ہارڈ کاپی کی درخواست کرسکتے ہیں جو سات دنوں کے اندر مفت فراہم کی جائے گی۔

ممبران سے یہ بھی درخواست کی جاتی ہے کہ وہ اپنے رجسٹرڈ ای میل پتوں میں کسی بھی قسم کی تبدیلی کو بروقت آگاہ کریں، تاکہ کمپنی کی طرف سے موثر مواصلت کو یقینی بنایا جاسکے۔

9۔ 31 دسمبر 2021 کو ختم ہونے والے مالی سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالیات بھی کمپنی کی ویب سائٹ یعنی www.ffc.com.pk پر فراہم کیے گئے ہیں۔

10۔ جو کسی بھی مدد کے لیے، اراکین کمپنی یا شیئر رجسٹرار سے درج ذیل فون نمبرز، ای میل پتوں پر رابطہ کرسکتے ہیں:

ایف ایف سی شیئر رجسٹرار پرائیویٹ لمیٹڈ

ٹیلی فون: +92-051-8453235

ای میل: shares@ffc.com.pk

سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ

سی ڈی سی ہاؤس، 99-بی، بلاک بی،

ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400

ٹیلی فون: 0800-23275

ای میل: info@cdcpak.com

11۔ بینک اکاؤنٹ/ای بینکنگ اکاؤنٹ/برانچ کی تفصیلات (IBAN)

کمپنیز ایکٹ، 2017 کے سیکشن 242 اور ایس ای سی پی کے سرکلر نمبر 18(1)2021 مورخہ 19 مارچ 2021ء کے تحت ایک اہم کمپنی کے لیے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کا منافع ڈیویڈنڈ صرف الیکٹرانک موڈ کے ذریعے براہ راست بینک میں ادا کرے۔ مذکورہ شیئر ہولڈرز کے ذریعہ جمع کردہ اکاؤنٹ تفصیلات 19 مارچ 2021ء کے اپنے خط کے ذریعے، ایس ای سی پی نے تمام لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ اپنے شیئر ہولڈرز سے الیکٹرانک بینک اکاؤنٹ نمبر (IBAN) کی تفصیلات حاصل کرنے کے لیے آگے بڑھیں۔

اس ناکامی میں، براہ راست اپنے بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کے لیے فزیکل شکل میں شیئر ہولڈنگ رکھنے والے حصص یافتگان سے درخواست کی جاتی ہے کہ وہ CNIC کی ایک کاپی کے ساتھ اپنے دستخط شدہ IBAN تفصیلات کمپنی کے رجسٹرار CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، 99-بی، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل کراچی-74400۔ سی ڈی سی ہاؤس میں بک انٹری فارم میں شیئر ہولڈنگ رکھنے والے شیئر ہولڈر کو مشورہ دیا جاتا ہے کہ وہ اپنی IBAN تفصیلات براہ راست متعلقہ بروکر/شرکت کنندہ/CDC اکاؤنٹ سروسز کو فراہم کریں۔

12۔ فزیکل سیکیورٹیز کو بک انٹری فارم میں تبدیل کرنا

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق ہر لسٹڈ کمپنی پر لازم ہے کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرنے جیسا کہ بیان کیا گیا ہے اور کمپنیز کی طرف سے مطلع کردہ ٹائم لائن سے اس مدت کے اندر جو چار سال سے زیادہ نہ ہو، بک کا آغاز یکم جون 30 تک 2017ء۔ مزید، 26 مارچ 2021ء کے اپنے خط کے ذریعے، ایس ای سی پی نے تمام لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ اپنے شیئر ہولڈرز کو اپنی فزیکل سیکیورٹیز کو بک انٹری فارم میں تبدیل کرنے کے لیے آگے بڑھیں۔

مذکورہ بالا ہدایات کی روشنی میں فزیکل شیئر ہولڈنگ رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ CDS شرکت کنندہ/CDC انوسٹر اکاؤنٹ سروسز کے ساتھ CDC اکاؤنٹ کھولیں اور اپنی موجودہ فزیکل سیکیورٹیز کو بک انٹری فارم میں تبدیل کریں۔

نوٹس برائے 44 واں سالانہ اجلاس عام

پراکسیوں کی تقرری کے لیے

(i) اگر اجلاس میں شرکت کے موقع پر، اکاؤنٹ ہولڈر، یا تو انفرادی اکاؤنٹ ہولڈر، یا وہ شخص جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں، ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، مقررہ یا ضرورت کے مطابق پراکسی فارم جمع کرائیں گے

(ii) پراکسی فارم کی تصدیق دو شخص کریں گے جن کا نام، پتہ اور CNIC نمبر پراکسی فارم پر درج ہوگا۔

(iii) اصل اکاؤنٹ ہولڈر یا پراکسی کے CNIC کی تصدیق شدہ کاپیاں یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ منسلک کریں۔

(iv) پراکسی میٹنگ کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرے گا۔

(v) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کو نمونہ دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ جمع کرایا جائے گا۔ (اگر یہ پہلے سے فراہم نہیں کیا گیا)۔

۴۔ ویڈیو کانفرنس کی سہولت کے لیے درخواستیں

جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن 132(2) کی طرف سے اجازت دی گئی ہے، ممبران اس سالانہ جنرل میٹنگ کے لیے اسلام آباد، کراچی میں ویڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں بشرطیکہ کمپنی کو مذکورہ بالا جگہ پر رہائشی پتے پر 10% یا اس سے زیادہ شیئر ہولڈنگ رکھنے والے ممبران سے رضامندی حاصل ہو، میٹنگ کی تاریخ سے کم از کم 7 دن پہلے۔

مندرجہ بالا فرائض کی تکمیل سے مشروط، کمپنی کو عام اجلاس کی تاریخ سے 5 دن پہلے مقام کے بارے میں مطلع کیا جائے گا اور اس سہولت تک رسائی کے لیے ضروری مکمل معلومات کے ساتھ۔

اس سلسلے میں براہ کرم جنرل میٹنگ کے انعقاد سے 7 دن پہلے کمپنی کے رجسٹرڈ پتے پر درج ذیل فارمیٹ کے مطابق ایک باقاعدہ دستخط شدہ درخواست بھیجیں۔

میں/ہم، _____ کا _____ فولیو/سی ڈی سی اکاؤنٹ نمبر _____ کمپنی کا ممبر ہونے کے ناطے، رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر _____ کے مطابق _____ عام حصص کا حامل _____ ویڈیو کانفرنس کی سہولت کا انتخاب کرتا/کرتی ہوں۔

ممبر کے دستخط _____

۵۔ ویڈیو لنک پر رجسٹرڈ حصص

1 جولائی 2019 سے نافذ ہونے والے فنانس ایکٹ 2019 کی دفعات کے مطابق، درج ذیل شیئر داران کی دفعات ویڈیو لنک پر ہونے والی میٹنگ میں شامل ہوں گے اور ویڈیو لنک کی سہولیات سے اگر ان کی کوئی تعریف کی جائے گی جو حسب ذیل ہوں گی:-

(i) نمائندگی رکھنے والوں کی فہرست میں شامل افراد کے لیے: 15%

(ب) نمائندگی رکھنے والوں کی فہرست میں شامل نہ ہونے والے افراد کے لیے: 30%

تاہم مؤثر طور پر 1 جولائی 2020 سے نمائندگی رکھنے والوں کی فہرست میں شامل نہ ہونے والے حصص سے متعلق نمائندگی رکھنے کی دفعات غیر رہائشی افراد کو ویڈیو لنک کی ادائیگی کی صنف کو نہیں ہوتی ہیں (فنانس ایکٹ 2020)۔

کمپنی کو 30% کی بجائے 15% کیش ویڈیو لنک کی رقم نہیں کٹوتی کرنے کے قابل بنانے کے لیے، وہ تمام شیئر ہولڈرز جن کے نام ایف بی آر کی ویب سائٹ پر فراہم کردہ ایکٹو ٹیکس پیئرز لسٹ (ATL) میں ظاہر نہیں ہوتے ہیں، کہ وہ Filers ہیں، ان کو مشورہ دیا جاتا ہے کہ وہ اس بات کو یقینی بنائیں کہ متعلقہ ویڈیو لنک کی حاضری کی تاریخ یعنی 18 مارچ 2022 سے پہلے ان کے نام اے ٹی ایل میں درج کیے گئے ہیں۔ بصورت دیگر ان کے کیش ویڈیو لنک پر 15% کی بجائے 30% نہیں کاٹا جائے گا۔

سی ڈی سی اکاؤنٹس رکھنے والے کارپوریٹ شیئر ہولڈرز کو اپنے متعلقہ شرکاء کے ساتھ اپنے نیشنل ٹیکس نمبرز (NTNs) کو اپ ٹو ڈیٹ کرنا ہوگا، جب کہ کارپوریٹ فزیکل شیئر ہولڈرز کو اپنے NTN سرٹیفکیٹ کی ایک کاپی کمپنی یا اس کے شیئر رجسٹرار یعنی CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC کو بھیجنی چاہیے۔ مکان 99-بی، بلاک "بی"، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400۔ شیئر ہولڈرز کو NTN یا NTN سرٹیفکیٹ بھیجتے وقت، جیسا کہ معاملہ ہو، کمپنی کا نام اور ان کے متعلقہ فولیو نمبر کا حوالہ دینا چاہیے۔

شیئر رجسٹرار سروسز کے ساتھ حصص

ایف بی آر نے 25 ستمبر 2014 کے اپنے وضاحتی خط نمبر (54) R-132872-2014/Exp کے ذریعے واضح کیا ہے کہ شیئر کے ناموں پر جو اکاؤنٹس میں حصص رکھنے والوں کو انفرادی طور پر Non-Filers یا Filers سمجھا جائے گا اور فنانس ایکٹ کے مطابق کٹوتی کی جائے گی۔ ہر شیئر ہولڈر کی ہولڈنگ کے تناسب کے مطابق کٹوتی کی جائے گی۔

شیئر کے حصص رکھنے والوں کو اپنے متعلقہ شیئر ہولڈنگ کے تناسب سے 18 مارچ 2022 تک شیئر رجسٹرار کو درج ذیل شکل میں آگاہ کرنا چاہیے:

CDC اکاؤنٹ نمبر	فولیو	شیئرز	شیئر ہولڈنگ	حاضر شیئر ہولڈنگ	
			ATL/CNIC	ATL/CNIC	حاضر شیئر ہولڈنگ کا تناسب

۶۔ کمپنیز ایکٹ، 2017 کے سیکشن 242 کی دفعات کے تحت ایک لسٹڈ کمپنی کے لیے لازمی ہے کہ وہ اپنے شیئر ہولڈرز کو نقد ڈیویڈنڈ صرف الیکٹرانک موڈ کے ذریعے ادا کرے، بشرطیکہ شیئر ہولڈر کے ہاتھ میں ڈیویڈنڈ کے اعلان میں ڈیویڈنڈ حاصل کرنے کے لیے شیئر ہولڈر سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم کو پُر کریں اور اسے CNIC کی ایک کاپی کے ساتھ کمپنی کے شیئر رجسٹرار کو بھیجیں، سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس 99-بی، بلاک "بی"، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400 فونیکل شیئرز کی صورت میں، اگر حصص CDC میں رکھے گئے ہیں تو الیکٹرانک کریڈٹ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکر/شرکت کنندہ/CDC اکاؤنٹ کی ضمانت میں جمع کرانا ضروری ہے۔

الیکٹرانک مینڈیٹ فارم

فولیو نمبر	
شیئر ہولڈر کا نام	
بینک اکاؤنٹ کا عنوان	
بین الاقوامی بینک اکاؤنٹ نمبر (IBAN)	
بینک کا نام	
بینک برانچ کا نام اور پتہ	
شیئر ہولڈر کا سیلولر اور لینڈ لائن نمبر	
CNIC/NTN نمبر (کاپی منسلک کریں)	
شیئر ہولڈر کے دستخط	

۷۔ ایس ای سی پی نے اپنے SRO 470(1)/2016 کے ذریعے، مورخہ 31 مئی 2016، کمپنیوں کو سالانہ بیلنس شیٹ، منافع اور نقصان کے اکاؤنٹ، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ ("سالانہ آڈٹ شدہ اکاؤنٹس") اپنے ممبران کو USB/DVD/CD کے ذریعے ان کے رجسٹرڈ پتے پر ترسیل کرنے کی اجازت دی ہے، بشرطیکہ وہ ایسا کرنے کا فیصلہ کریں۔ کمپنی نے اپنی سالانہ رپورٹ 2021 اپنے شیئر ہولڈرز کو ای سی ڈی کی شکل میں بھیج دی ہے۔ کوئی بھی ممبر جسے سالانہ رپورٹ 2021 کی پرنٹ شدہ کاپی درکار ہو تو کمپنی کی ویب سائٹ پر رکھے گئے معیاری درخواست فارم کا استعمال کرتے ہوئے درخواست بھیج سکتا ہے۔

۸۔ ممبران کو مطلع کیا جاتا ہے کہ SRO SECP/2014/(1)787 مورخہ 8 ستمبر 2014 کے مطابق اور کمپنیز ایکٹ 2017 کے سیکشن 223(6) کے تحت آڈٹ شدہ مالیاتی گوشواروں اور سالانہ عام اجلاس کے نوٹس کی گردش کی اجازت دی گئی ہے۔ ای میل کے ذریعے الیکٹرانک فارمیٹ میں۔

نوٹس برائے 44 واں سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ فوجی فرٹیلائزر کمپنی لمیٹڈ کے شیئر ہولڈرز کا 44 واں سالانہ اجلاس عام FFC ہیڈ آفس، 156 دی ایم، راولپنڈی میں 25 مارچ 2022 بروز جمعہ 10:00 بجے منعقد ہوگا جس میں درج ذیل امور زیر غور لائے جائیں گے۔

عمومی معاملات

1. 05 نومبر 2021 کو منعقد غیر معمولی جنرل میٹنگ کے منٹس کی تصدیق۔
2. 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے ملحوظہ اور مشترکہ مالیاتی اسٹیٹمنٹس کو ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ ساتھ FFC کے ملحوظہ اور مشترکہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس پر غور، منظوری اور اختیار آ۔
3. سال 2022 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کو طے کرنا۔
4. بورڈ آف ڈائریکٹرز کی تجویز کے مطابق 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے حتمی ڈیویڈنڈ کی منظوری۔
5. سربراہ کی اجازت سے دیگر کاروباری امور پر غور کرنا۔

حکم بورڈ

برگیڈیئر (ر) عمر محمود عباد، ستارہ امتیاز (ملٹری) (ریٹائرڈ)
کمپنی سیکرٹری

راولپنڈی
03 مارچ 2022ء

ای ووٹنگ

کمپنیز ایکٹ 2017 کے سیکشن 143-145 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 (پوسٹل بیلٹ) کی دفعات کے ساتھ ممبران مشروط طور پر اپنا حق رائے دہی استعمال کر سکتے ہیں۔

ویڈیو کانفرنس کی سہولت

کمپنیز ایکٹ 2017 کے سیکشن 132(2) کے مطابق، اگر کمپنی کو کسی ایک جغرافیائی محل وقوع پر رہائش پذیر 10% یا اس سے زیادہ شیئر ہولڈنگ رکھنے والے ممبران کی جانب سے اجلاس میں ویڈیو کانفرنس کے ذریعے شرکت کی درخواست اجلاس سے کم از کم 7 دن پہلے تک موصول ہو جاتی ہے۔ تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا انتظام کرے گی، اگر اس شہر میں اس طرح کی سہولت موجود ہو۔

نوٹس:

1. کمپنی کی حصص کی منتقلی کی کتابیں 19 مارچ 2022ء سے 25 مارچ 2022 تک بند رہیں گی (دونوں دن شامل ہیں) اور ٹرانزیکشن کے لیے حصص کی منتقلی کی کوئی درخواست قبول نہیں کی جائے گی۔ کمپنی کے شیئر رجسٹرار کنٹی ای ای سی شیئر رجسٹرار سروسز لمیٹڈ کی ڈی سی ایس 99-بی، بلاک بی، ایس ایم سی ایچ ایس میں شاہراہ فیصل، کراچی-74400 پر 18 مارچ 2022 کو کاروبار کے اختتام تک موصول ہونے والی منتقلی کو بروقت تصور کیا جائے گا۔
3. میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار کمپنی کا ممبر کسی شخص کو اپنے کوئی کے طور پر ممبر کی جگہ پر شرکت اور ووٹ دینے کے لیے مقرر کر سکتا ہے۔ بشرطیکہ کسی موجودہ ڈائریکٹر کے لیے یا کمپنی کو کمپنی کے رجسٹرڈ آفس 158- دی ایم، راولپنڈی، پاکستان میں میٹنگ کے انعقاد کے وقت سے 48 گھنٹے پہلے موصول ہوا ہے اور تصدیق کا ان شمار نہیں کیا جائے گا۔ ایک ممبر ایک سے زیادہ کو کوئی مقرر کرنے کا حقدار نہیں ہوگا۔
4. CDC کا اکاؤنٹ ہولڈرز جو کہ اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اپنے عہدے اور پر کسی کی صورت میں شیئر ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل پراکسی فارم کے ساتھ لازمی منسلک کریں۔ کارپوریٹ ممبرز کے نمائندے اس موقع پر مطلوبہ قومی دستاویزات اپنے ہمراہ لائیں۔

CDC کا اکاؤنٹ ہولڈرز کو بھی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں دی گئی ہدایات کے تحت درج ذیل ہدایات اور طریقہ کار کو مدنظر رکھنا ہوگا۔

میٹنگ میں شرکت کے لیے

(i) افراد اجلاس میں شرکت کے موقع پر اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور یا وہ شخص جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں، ان کی رجسٹریشن کی تصدیقات شرائط و ضوابط کے مطابق اپ لوڈ کی گئی ہیں، کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(ii) سی ڈی سی پراکسز (ممبران سے بھی درخواست کی جاتی ہے کہ وہ اپنی تصدیقات، شناختی کارڈ، CDS نمبر اور اکاؤنٹ نمبر ساتھ لائیں۔

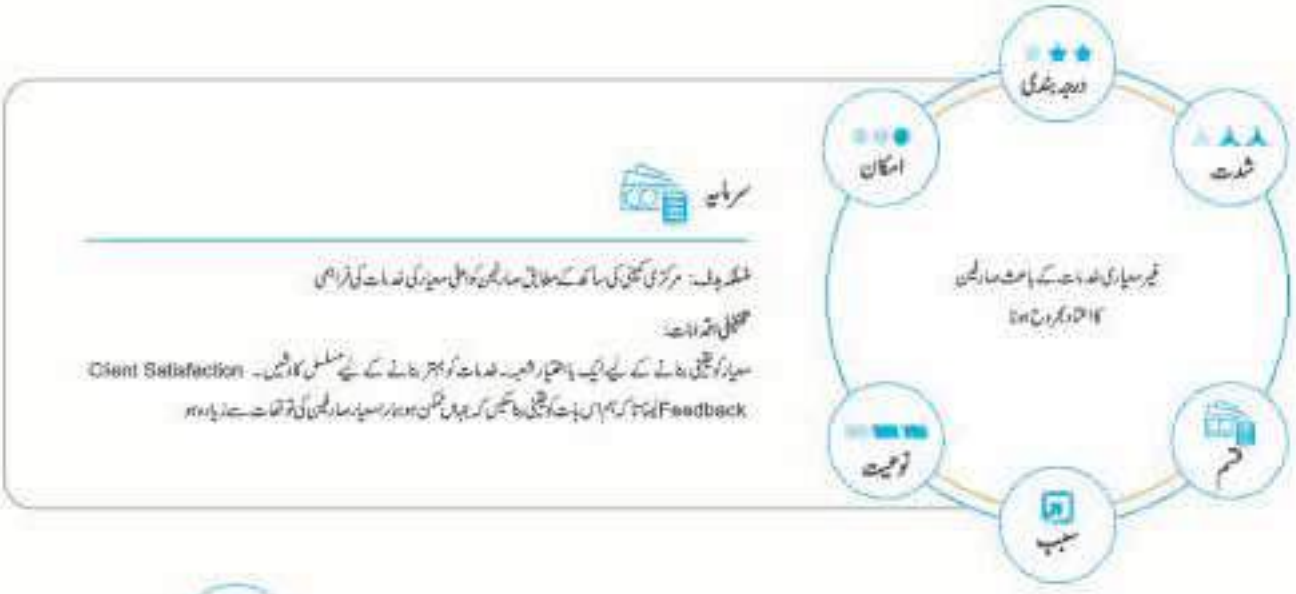
(iii) کارپوریٹ ادارے کی صورت میں میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/اور نی عہدہ شخص کے دستخط کے ساتھ پیش کیا جائے گا (جب تک کہ اسے پہلے فراہم نہ کیا گیا ہو)۔

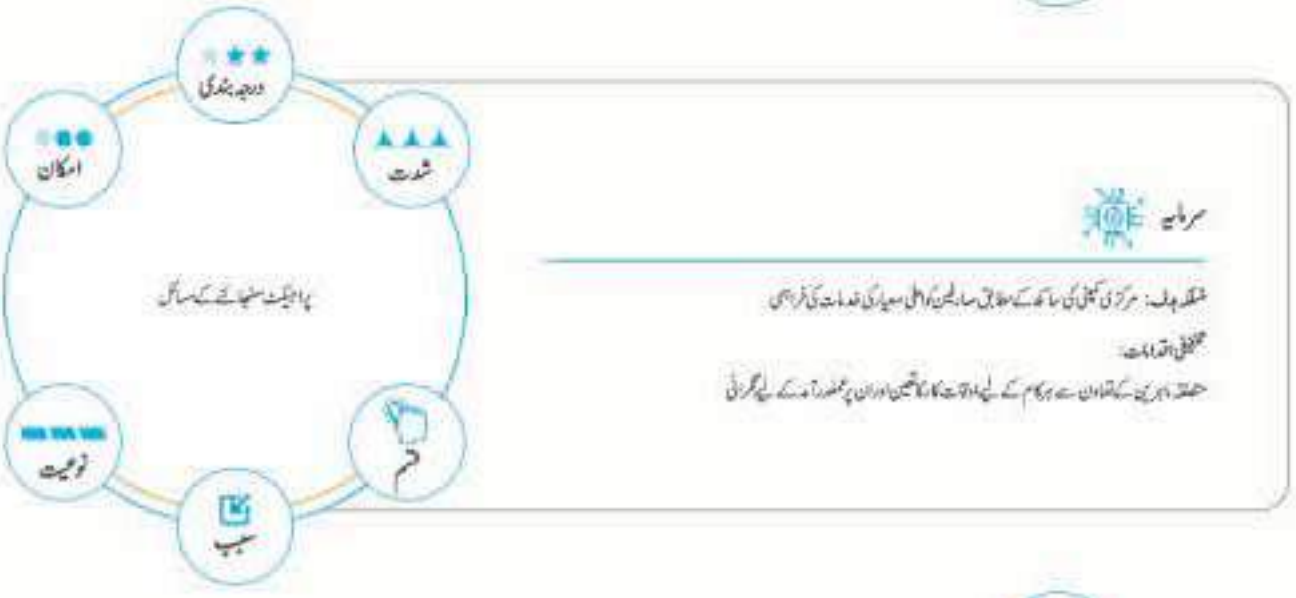
(iv) سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے سرکلر نمبر CDC/SD/MISC/2012/82 مورخہ 03 مارچ 2021ء کے ذریعے لسٹ میں درج کمپنیوں کو ہدایت کی ہے کہ وہ ویڈیو لنک کے ذریعے شیئر ہولڈرز کی عام اجلاسوں میں شرکت کا انتظام کریں اور اس کے علاوہ فیزیکل حاضری کی اجازت دیں۔ یہ ہدایات کورونا-19 وبائی مرض سے لاحق مسلسل خطرے کے خلاف حصص یافتگان کی فلاح و بہبود کی حفاظت اور اگلی صف کے مدنظر دی گئی ہے۔

(v) ویڈیو لنک وغیرہ کے ذریعے میٹنگ میں شرکت کے خواہشمند کمپنی کے شیئر ہولڈرز 22 مارچ 2022ء کو کاروبار بند ہونے سے پہلے کمپنی کو مطلع کر سکتے ہیں اور اپنی تصدیقات بشمول نام، CNIC نمبر (دونوں طرف)، اکاؤنٹ نمبر، سیل فون نمبر اور ای میل ایڈریس فراہم کر سکتے ہیں۔ ای میل cshares@ffc.com.pk۔

(vi) میٹنگ کا ویڈیو لنک ممبران کو ان کے رجسٹرڈ ای میل ایڈریس پر بھیجا جائے گا۔

نمایاں خطرات اور مواقع OLIVE







اشارہ کیلئے صفحہ نمبر 450 دیکھئے

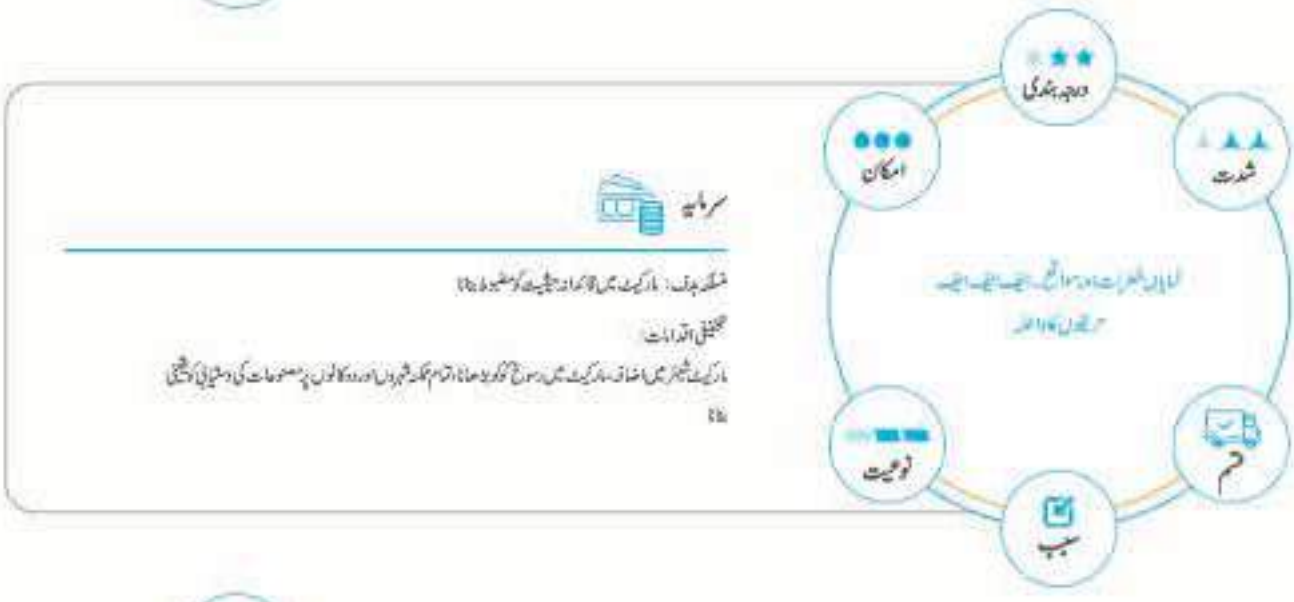


سرمایہ

شعبہ ہدف: پائیدار ترین برانڈنگ

تخلیقی اقدامات:

معلومات کے بہترین امتزاج کے ذریعے کمپنی مارکیٹ سے مناسب اور مؤثر روابط



سرمایہ

شعبہ ہدف: مارکیٹ میں کاروباری پوزیشن کو مضبوط بنانا

تخلیقی اقدامات:

مارکیٹ شیئر میں اضافہ، مارکیٹ میں رسوخ کو بڑھانا، تمام مکمل شہروں اور دکانوں پر معلومات کی دستیابی کو یقینی بنانا



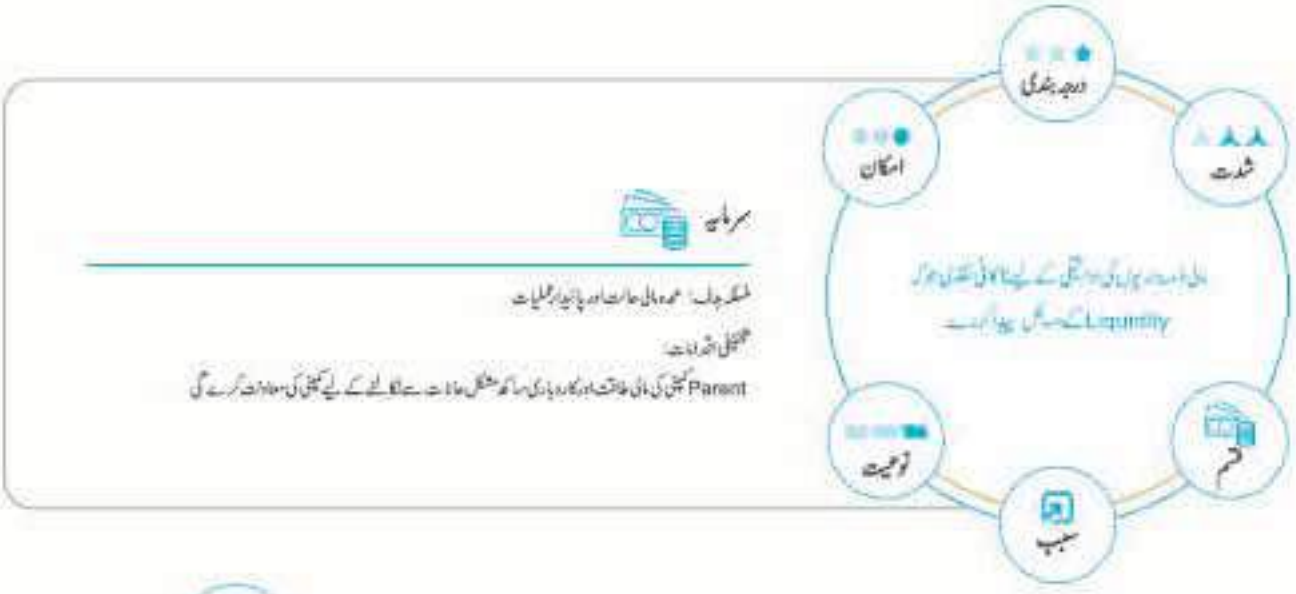
سرمایہ

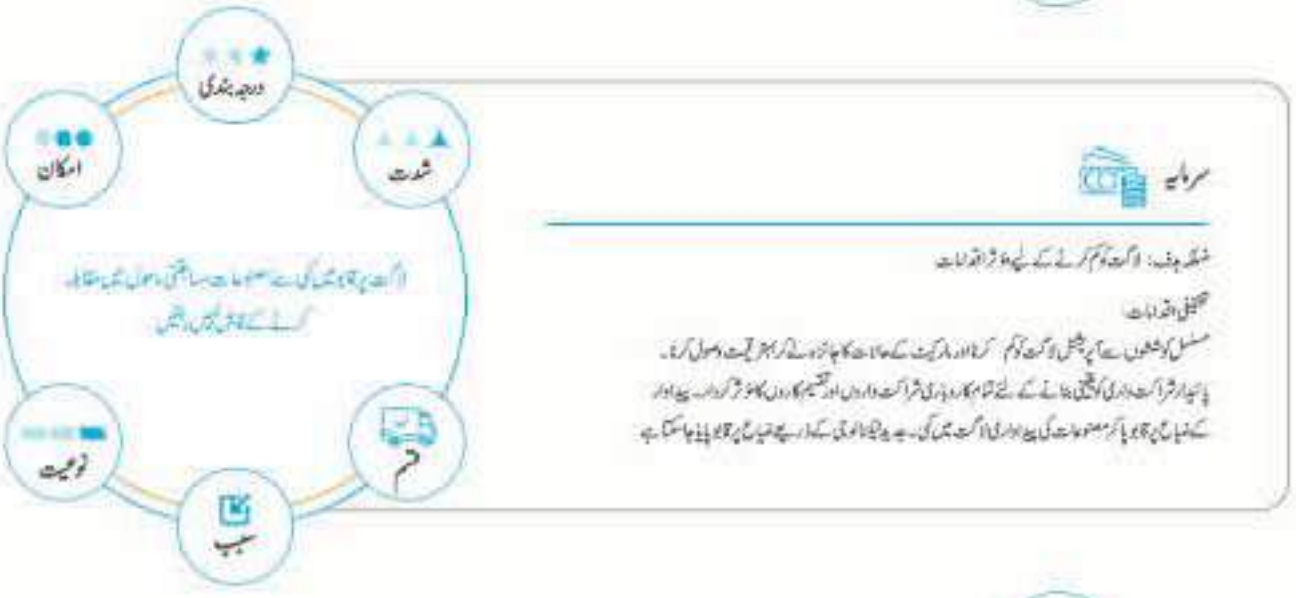
شعبہ ہدف: بہترین ٹیکنالوجی

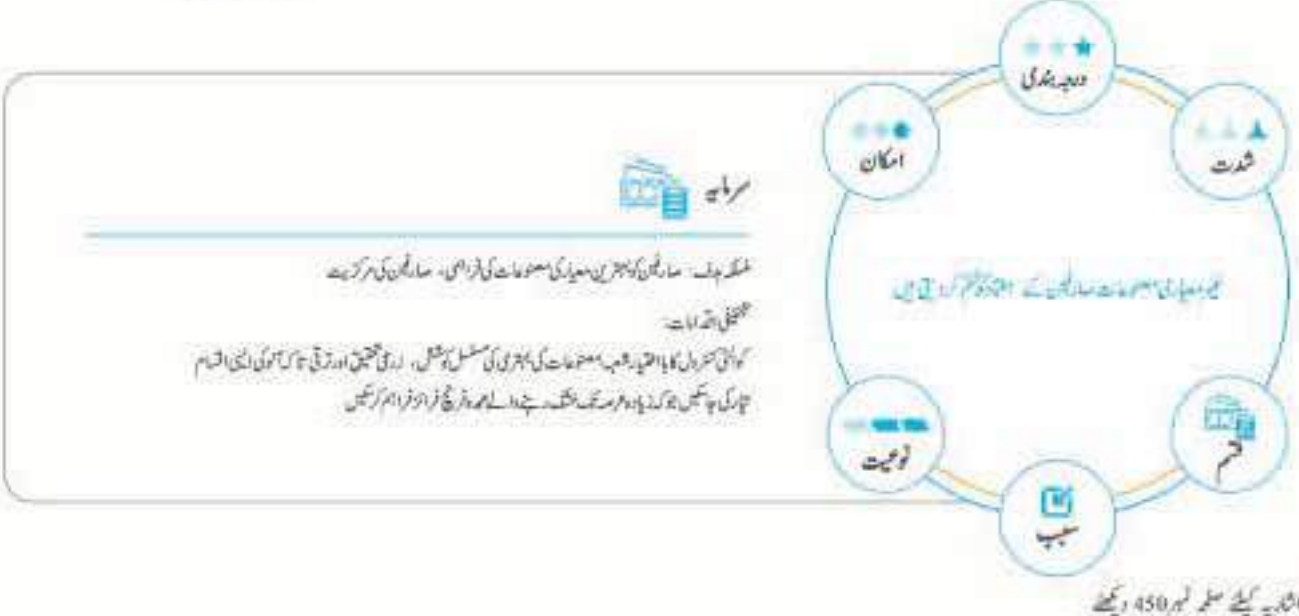
تخلیقی اقدامات:

تخلیقی ٹیم ٹیکنالوجی کی جدید اور دنیا کے بہترین اداروں کے طریقہ کار سے اچھی طرح آگاہ رہتی ہے۔ ٹیکنالوجی اور بہترین طریقوں سے اعلیٰ معیار کی معلومات کو مسابقتی قیمتوں پر بیچا جا سکتا ہے

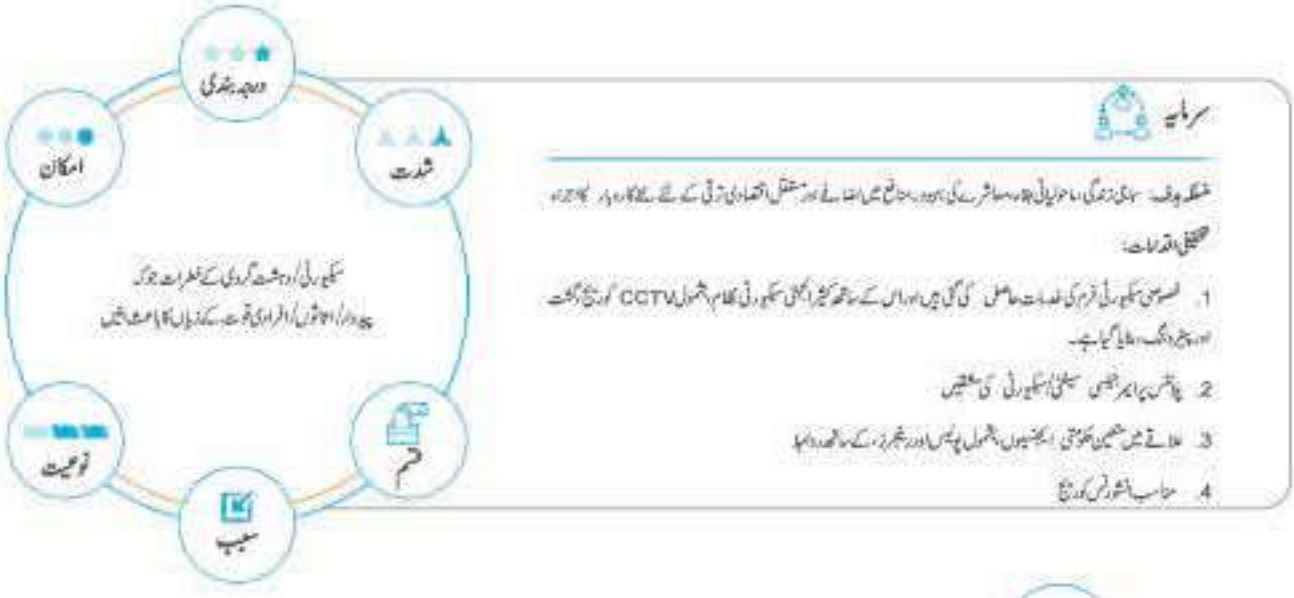
نمایاں خطرات اور مواقع FFF

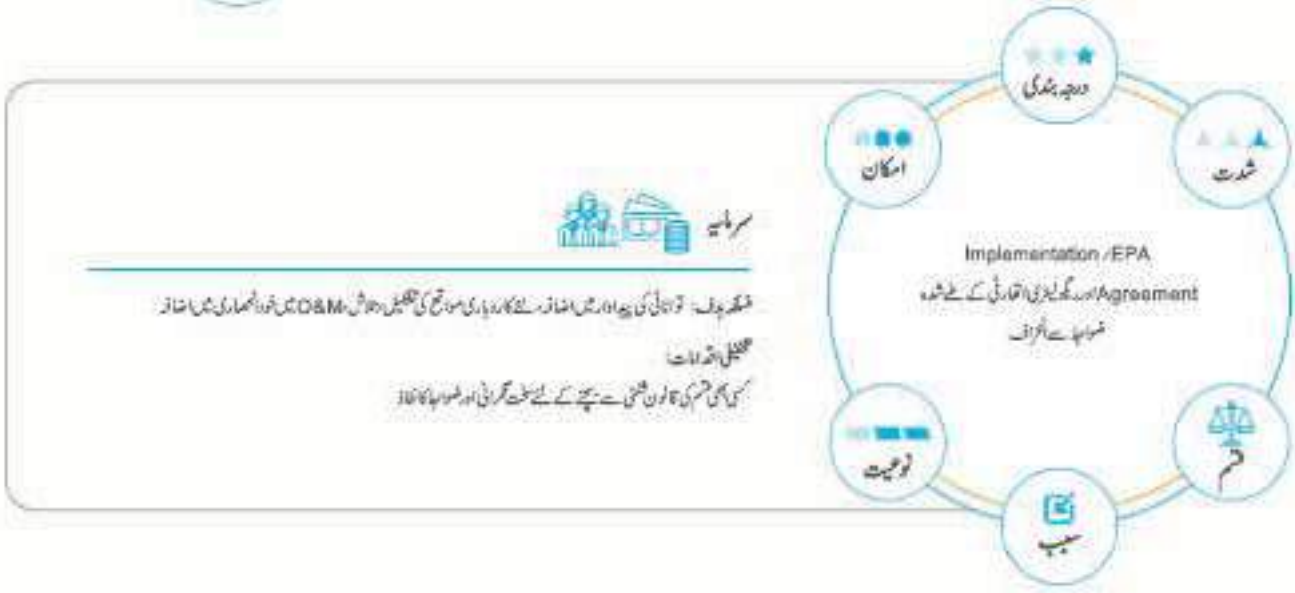






اشارہ کیلئے صفحہ نمبر 450 دیکھئے

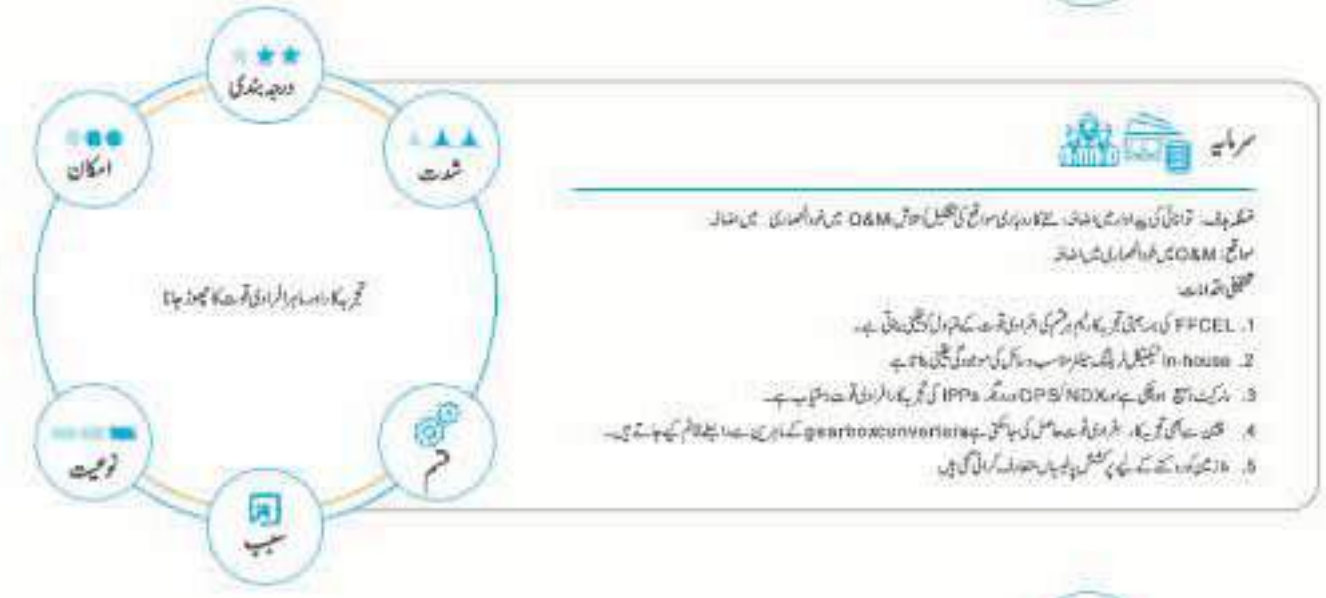

سرمایہ
شکل و وف: سماجی زندگی، ماحولیاتی اور معاشرتی بہبود، مواقع میں اضافے اور مستقل اقتصادی ترقی کے لئے سکیورٹی کا کردار
تکنیکی اقدامات:
1. فلسطین سکیورٹی فرم کی خدمات حاصل کی گئی ہیں اور اس کے ساتھ کنٹریکٹ کی گئی سکیورٹی نظام بشمول CCTV کوریج گائیڈ اور پیٹرولنگ طلب کیا گیا ہے۔
2. پالیسی پر اہم نکتہ سیکیورٹی/سکیورٹی کی سفارشیں
3. علاقے میں متعین حکومتی ایجنسیوں بشمول پولیس اور رینجرز کے ساتھ روابط
4. مناسب انشورنس کوریج
درجہ بندی
شدت
امکان
قسم
سبب
نوعیت
سکیورٹی/دہشت گردی کے خطرات جو کہ
پیداوار/اثاثوں/افراد کی قیمت کے نقصان کا باعث بنیں


سرمایہ
شکل و وف: توانائی کی پیداوار میں اضافہ، نئے کاروباری مواقع کی تکمیل، دیکھ بھال O&M میں خود انحصاری میں اضافہ
تکنیکی اقدامات
کسی بھی قسم کی تالون شکنی سے بچنے کے لئے سخت نگرانی اور ضوابط کا نفاذ
درجہ بندی
شدت
امکان
قسم
سبب
نوعیت
Implementation /EPA
Agreement اور گھریلو اقدامات کے لئے شدہ
ضوابط سے انحراف


درجہ بندی
کم
اوسط
بلند
شدت
کم
اوسط
بلند
امکان
کم
اوسط
بلند
مدت
خارجی
داخلی
سرمایہ
مالیاتی
افرادی
عملی
تجارتی
تکنیکی کردہ
قدرتی
تعلقات
مالیاتی
جانی
تعمیلی
ساکھ
قسم
سماجی
سیاسی
تجارتی
ماحولیاتی
انٹرنیشنل
مالیاتی
نوعیت
قلیل مدت
قلیل/اوسط مدت
اوسط مدت
طویل مدت

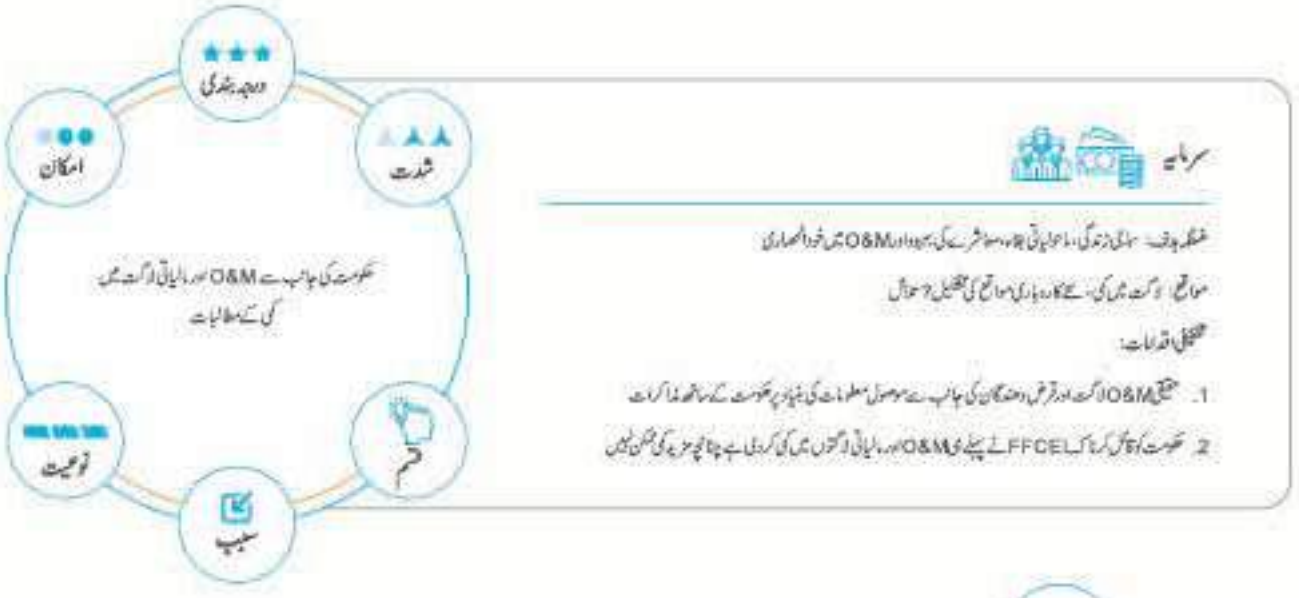
نمایاں خطرات اور مواقع FFCEL, FWEL-I and FWEL-II



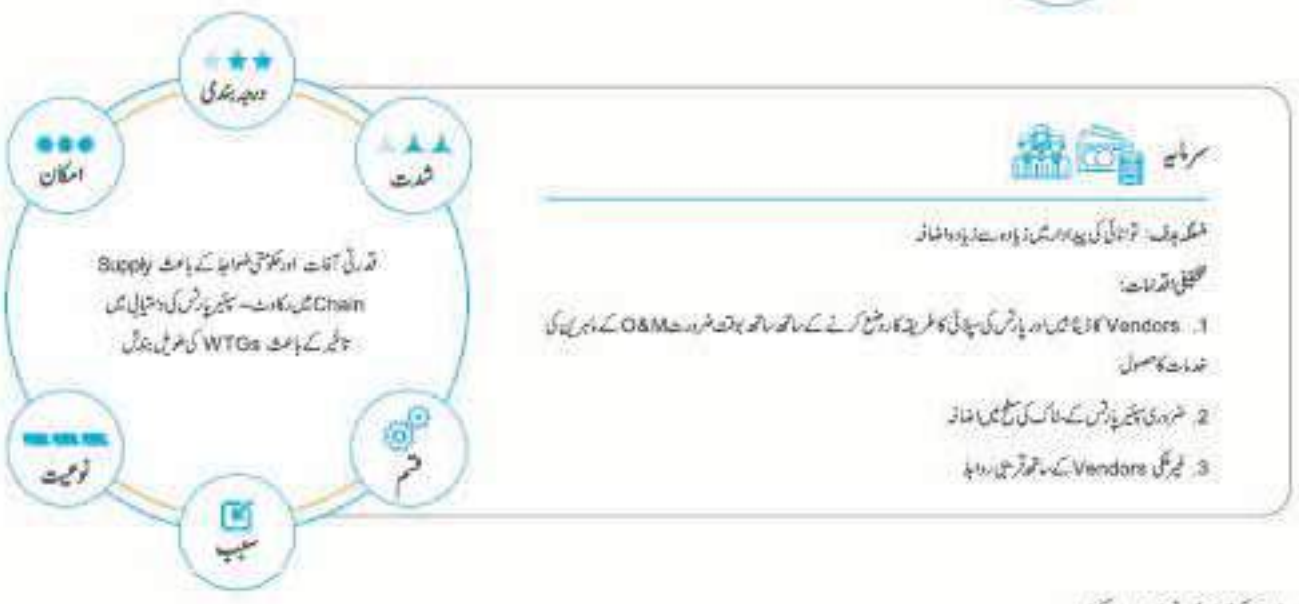




نمایاں خطرات اور مواقع FFCEL, FWEL-I and FWEL-II







اشاریہ کیلئے صفحہ نمبر 450 دیکھئے

گروپ کی مالیاتی کارکردگی

منافع کی تقسیم اور ذخائر کا تجزیہ (Profit Reserve Distribution & Analysis)

سال کے شروع میں گروپ کے ذخائر 77,740 ملین روپے تھے جس میں سے 4,326 ملین روپے حصہ داروں نے سال 2020 کے حتمی منافع منقسمہ کے لیے منظور کیے۔ FWEL-II کے حصول کے بعد 2,093 ملین روپے کا Non-controlling interest پیدا کیا گیا۔

سال 2021 کے دوران گروپ نے 35,446 ملین روپے کا مجموعی Comprehensive منافع حاصل کیا اور مجموعی طور پر 12,532 ملین روپے مالیت کے تین عبوری منافع منقسمہ تقسیم کیے جو کہ 9.85 روپے فی حصہ بنتے ہیں۔ اس طرح سال 2021 کے اختتام پر مجموعی ذخائر 98,421 ملین روپے تھے جیسا کہ نیچے تفصیل سے بیان کیا گیا ہے:

منافع کی تقسیم	ملین روپے	فی حصہ روپے
ابتدائی ذخائر	77,740	
Non-controlling interest	2,093	
حتمی منافع منقسمہ 2020	(4,326)	3.40
خالص منافع 2021	35,693	28.06
دیگر Comprehensive نقصان	(247)	
تقسیم کے لیے دستیاب منافع	**110,953**	
منافع کی تقسیم:		
پہلا عبوری منافع منقسمہ 2021	(4,453)	3.50
دوسرا عبوری منافع منقسمہ 2021	(3,308)	2.60
تیسرا عبوری منافع منقسمہ 2021	(4,771)	3.75
اختتامی ذخائر	**98,421**	

واقعات مابعد (Subsequent Events)

منافع منقسمہ کی سفارش کی ہے۔ اس طرح سال کے لیے مجموعی ادائیگی 14.5 روپے فی حصہ (84.25 فیصد) رہی۔ اس رپورٹ کے مکمل ہونے کی تاریخ تک مزید ایسی کوئی قابل قدر چیز نہ تھی جو کہ گروپ کی مالی حیثیت پر اثر انداز ہو سکے۔

FFC کے بورڈ آف ڈائریکٹرز نے 31 جنوری 2022 کو منعقدہ اجلاس میں حصہ داران کے لیے 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے 4.65 روپے فی حصہ (46.5 فیصد) حتمی

Sarfaraz Ahmed Rehman

سرفراز احمد رحمٰن
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

وقار احمد ملک
چیئرمین

راولپنڈی
31 جنوری 2022

منسلک کمپنیاں (Associated Companies)

عسکری بینک لمیٹڈ (AKBL)

FFC نے 2012 میں 10.46 ارب روپے کی سرمایہ کاری کے عوض AKBL میں 43.15 فیصد ایکویٹی حاصل کی۔ بینک 1991 میں ایک پبلک لمیٹڈ کمپنی کے طور پر قائم ہوا اور 560 برانچوں کے نیٹ ورک، بشمول مملکت بحرین میں ایک Wholesale بینک برانچ کے ساتھ AKBL ایک کمرشل بنک ہے اور بنیادی طور پر بینکنگ کے کاروبار میں مصروف ہے۔

30 ستمبر 2020 کو ختم ہونے والے 9 ماہ کے دوران بنک نے 15.22 ارب روپے کا آپریٹنگ منافع حاصل کیا جو کہ سال بہ سال (Year-on-Year) 3 فیصد اضافہ ہے۔ بعد از ٹیکس منافع، تاہم، 17 فیصد کم ہوا اور 6.79 ارب روپے رپورٹ کیا گیا جس کا بنیادی سبب غیر متوقع وصولی والے قرضوں (Non-performing loans) کے لیے رکھی گئی Provisions میں تیزی سے اضافہ ہے۔ چنانچہ حایہ مدت کے لیے فی حصہ آمدن 5.39 روپے ریکارڈ کی گئی جو گزشتہ برس 6.47 روپے فی حصہ تھی۔

PACRA نے طویل مدت کے لیے بینک کی AA+ کی ادارہ جاتی درجہ بندی کی دوبارہ توثیق کرتے ہوئے بنک کے Outlook کو بھی Stable قرار دیا ہے جبکہ مختصر مدت کے لیے A1+ درجہ بندی کو برقرار رکھا گیا ہے۔

رواں سال FFC نے مجموعی طور پر 1.63 ارب روپے کا منافع منقسمہ وصول کیا جو کہ گزشتہ برس 816 ملین روپے تھا۔

فوجی فرٹیلائزر بن قاسم لمیٹڈ (FFBL)

FFBL ایک مندرج پبلک کمپنی ہے جسے سال 1993 میں FFC جارجن فرٹیلائزر کمپنی کے نام سے قائم کیا گیا تھا جو کہ 2003 میں اصلاحات کے بعد FFBL میں تبدیل ہو گئی۔ FFC کو 7.15 ارب روپے کی مجموعی سرمایہ کاری کے ساتھ 49.88 فیصد ایکویٹی کنٹرول حاصل ہے۔ FFBL، DAP اور Granular Urea بنانے والا پاکستان کا واحد ادارہ ہے، جن کی پیداواری استعداد بالترتیب 650 ہزار ٹن اور 551 ہزار ٹن ہے۔ اس کے دونوں کارخانے بن قاسم میں واقع ہیں۔

دوران سال FFBL نے تاریخ کی بلند ترین 110.45 ارب روپے کی آمدن فروخت (Sales Revenue) حاصل کی جو کہ زائد DAP آمدن کی وجہ سے 2020 کے مقابلے میں 33 فیصد زائد ہے۔ کمپنی کا خالص منافع 192 فیصد اضافے کے ساتھ 6.31 ارب روپے رہا جو کہ 4.96 روپے فی حصہ پر منتج ہوتا ہے جبکہ گزشتہ برس فی حصہ آمدن 2.12 روپے تھی۔

پاکستان مراکش فاسفورز (PMP) مراکش

PMP کو 2004 میں مراکش میں ایک پرائیویٹ کمپنی کے طور پر قائم کیا گیا تھا۔ یہ FFC کے 12.5 فیصد، Fauji Foundation کے 12.5 فیصد، FFBL کے 25 فیصد اور مراکش کی حکومت کی ملکیتی Office Cherifien Des Phosphates کے 50 فیصد حصے کے ساتھ ایک مشترکہ منصوبہ (Joint Venture) ہے۔ کمپنی نے اپنے کاروبار کا آغاز 2008 میں کیا اور یہ فاسفورک ایسڈ، کھاد اور دیگر مصنوعات کی تیاری اور فروخت کے کاروبار میں مصروف ہے۔

اس کا پلانٹ جرف الاسفر مراکش میں واقع ہے اور اس کی سالانہ پیداواری صلاحیت 375 ہزار ٹن صنعتی فاسفورک ایسڈ ہے جو کہ زیادہ تر FFBL کو DAP کی پیداوار کے لئے بطور خام مال مہیا کیا جاتا ہے جبکہ زائد پیداوار کو بین الاقوامی منڈی میں فروخت کیا جاتا ہے۔

FFC نے سال کے دوران منافع منقسمہ کی مد میں 295 ملین روپے کی آمدن ریکارڈ کی، اس طرح 706 ملین روپے کی سرمایہ کاری کے عوض مجموعی آمدن بڑھ کر 1.78 ارب روپے ہو گئی۔

ٹرانزکو لمیٹڈ (TEL)

TEL، ایک مندرج پبلک لمیٹڈ کمپنی، کو سال 2016 میں ایک غیر مندرج پبلک کمپنی کے طور پر قائم کیا گیا تھا۔ اس کی بنیادی سرگرمی 330MW کے کوئلے سے چلنے والے Power Plant کی تعمیر، ملکیت، چلانا اور برقرار رکھنا ہے۔ یہ پراجیکٹ CPEC کے تحت قائم کیا جا رہا ہے اور اس میں Power HUB China Machinery اور Company Limited Engineering Corporation کی شراکت داری ہے۔ FFC، تاحال، 3.58 ارب روپے مالیت کی مجموعی سرمایہ کاری کے ساتھ اس منصوبے میں 30 فیصد حصے کی مالک ہے۔

دوران سال، کمپنی نے TEL میں 377 ملین روپے کی مزید سرمایہ کاری کی اس طرح مجموعی سرمایہ کاری بڑھ کر 3.58 ارب روپے ہو گئی۔ COVID-19 کے باعث سفری اور معاشی سرگرمیوں میں رکاوٹوں کے باعث دنیا بھر میں زیر تعمیر پراجیکٹس منفی طور پر متاثر ہوئے ہیں، اور اسی طرح TEL کو بھی ان تاخیری مشکلات کا سامنا کرنا پڑا ہے۔ ان مشکلات کا ادراک کرتے ہوئے، حکومت Commercial Operations کی مطلوبہ تاریخ کی توسیع پر متفق ہو گئی ہے۔ انتظامیہ اور EPC کنٹریکٹرز کی کوششوں سے یہ پراجیکٹ 2022 میں کمرشل آپریشنز کے حصول کی راہ پر گامزن ہے اور Back Energization کا ایک اہم سنگ میل بھی عبور کر لیا ہے۔

اندرونی مالیاتی ضوابط کی موزونیت (Adequacy of Internal Financial Controls)

تمام گروپ کمپنیز کے متعلقہ بورڈ نے اندرونی مالیاتی ضوابط کا ایک مستحکم اور مؤثر نظام وضع کیا ہے۔ جس کے نتیجے میں اخلاقی رویوں اور اقدار کا ایک مثبت کاروباری ماحول فروغ پاتا ہے۔ ایک آزاد داخلی محاسب شعبہ (Internal Audit Function) باقاعدگی کے ساتھ ان ضوابط کے نفاذ کی نگرانی کرتا ہے، جو کہ براہ راست متعلقہ آڈٹ کمیٹیوں کو جوابدہ ہے۔ کمپنیوں کی آڈٹ کمیٹیاں، سہ ماہی بنیادوں پر اندرونی ضوابط کے نظام کے مؤثر اور موزوں ہونے اور مالیاتی گوشواروں کا تجزیہ کرتی ہیں۔

گروپ کی مالیاتی کارکردگی

دوران سال پُر کی گئی عارضی آسامیاں

تقرری کی تاریخ	تقرری	تبدیلی
5 جنوری 2022	میجر جنرل عابد نقی، ایچ آئی (ایم) (ریٹائرڈ)	بریگیڈیر صاحبزادہ ثاقب، ایچ آئی (ایم) (ریٹائرڈ)
10 جنوری 2022	میجر جنرل آصف علی، ایچ آئی (ایم) (ریٹائرڈ)	میجر جنرل خالد محمود، ایچ آئی (ایم) (ریٹائرڈ)

فوجی فرٹیلائزر لمیٹڈ (FFFL)

FFF پاکستان کا پہلا Individually Quick Freeze شیلا لوئی کا حامل پلانٹ ہے جو کہ تازہ اور منجمد (Frozen) پھلوں اور سبزیوں کی پراسیسنگ کرتا ہے۔ یہ ایک غیر مندرج (Unlisted) پبلک کمپنی ہے، جسے FFC نے اکتوبر 2013 میں کلی ملکیتی ذیلی کمپنی کے طور پر خریدا تھا۔ حال ہی میں اس پراجیکٹ میں FFC کی مجموعی سرمایہ کاری 6.34 ارب روپے ہے۔

باقاعدہ رسد کی فراہمی کے ساتھ ساتھ ترسیل میں واضح بہتری اور پلانٹ میں سرمایہ کاری کے باعث، FFF نے آمدن میں 40 فیصد کا اضافہ کیا۔ علاوہ ازیں، فروخت کے حجم میں 23 فیصد اضافے اور قیمتوں کے بہتر انتظام کے ذریعے، خام مواد کی شرح میں گزشتہ برس کے مقابلے میں 12 فیصد بہتری ہوئی۔ نتیجتاً، FFF اپنے قبل از ٹیکس نقصان کو 307 ملین روپے تک کم کرنے میں کامیاب ہوگئی جو کہ گزشتہ سال کے مقابلے میں 24 فیصد بہتر ہے۔ تاہم، پچھلے تین سالوں میں لئے گئے گروپ ریلیف کی اس سال عدم موجودگی کی وجہ سے مذکورہ کمپنی پر 333 ملین روپے کے خالص نقصان کا باعث بنا جو کہ گزشتہ سال 149 ملین روپے تھا۔

آڈیٹرز نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب وقار احمد ملک

لیفٹیننٹ جنرل طارق خان، ایچ آئی (ایم) (ریٹائرڈ)

جناب سرفراز احمد بٹن

ڈاکٹر ندیم عنایت

جناب محمد منیر ملک

جناب علی اسرار حسین آغا

جناب نعیم اقبال کھوکھر

سید مختیار کاظمی

دوران سال پُر کی گئی عارضی آسامیاں

تقرری کی تاریخ	تقرری	تبدیلی
16 اکتوبر 2021	جناب سرفراز احمد بٹن	لیفٹیننٹ جنرل طارق خان، ایچ آئی (ایم) (ریٹائرڈ)
16 اکتوبر 2021	سید مختیار کاظمی	

اولیو ٹیکنیکل سروسز (پرائیویٹ) لمیٹڈ (OLIVE)

دوران سال، FFC نے ایک کلی ملکیتی ذیلی، اولیو ٹیکنیکل سروسز (پرائیویٹ) لمیٹڈ قائم کی۔ OLIVE کا بنیادی مقصد متاثرین اور ان کے اقوامی صارفین کو تکنیکی خدمات کی فراہمی ہے۔ مستقبل میں، دیگر پراجیکٹس کے علاوہ جو سے بجلی بنانے والے 3 پلانٹس کو O&M Services کی فراہمی کے معاہدوں کا حصول متوقع ہے۔

کمپنی کے آڈیٹرز نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے OLIVE کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب سرفراز احمد بٹن

لیفٹیننٹ جنرل طارق خان، HI(M) (ریٹائرڈ)

جناب ریحان احمد

سید مختیار کاظمی

جناب محمد علیم خان

دوران سال پُر کی گئی عارضی آسامیاں

تقرری کی تاریخ	تقرری	تبدیلی
16 اکتوبر 2021	جناب سرفراز احمد بٹن	لیفٹیننٹ جنرل طارق خان، ایچ آئی (ایم) (ریٹائرڈ)
16 اکتوبر 2021	سید مختیار کاظمی	

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب وقار احمد ملک

جناب سرفراز احمد رحمن

لیفٹیننٹ جنرل عارف خان، ایچ آئی (ایم) (ریٹائرڈ)

سید مختیار کاظمی

میجر جنرل احمد محمود حیات، ایچ آئی (ایم) (ریٹائرڈ)

جناب قمر عارف منظور

جناب محمد علیم خان

جناب خرم شہزاد خان

جناب نوید احمد خان

جناب جمیل اکبر

جناب تصور اسحاق

دوران سال رکی گئی عارضی آسامیاں

تقرری کی تاریخ	تقرری	سبکدوشی
29 جنوری 2021	جناب محمد علیم خان	جناب نوید احمد خان
8 جون 2021	سید مختیار کاظمی	جناب جمیل اکبر
8 جون 2021	جناب خرم شہزاد خان	جناب تصور اسحاق
18 اکتوبر 2021	جناب سرفراز احمد رحمن	لیفٹیننٹ جنرل عارف خان، ایچ آئی (ایم) (ریٹائرڈ)

فاؤنڈیشن ونڈ انرجی-1 لمیٹڈ (FWEL-I)

29 ستمبر 2021 کو FFC نے FWEL-I کی 100 فیصد ملکیت حاصل کر لی، جو کہ ایک غیر مندرج پبلک لمیٹڈ کمپنی ہے۔ FWEL-I ہوا سے بجلی بنانے والا 50 MW کا پراجیکٹ ہے جسے بجلی بنانے اور فروخت کرنے کے مقصد کے تحت قائم کیا تھا۔ اس نے اپنی تجارتی سرگرمیوں کا آغاز اپریل 2015 میں کیا تھا۔ FFC نے اس منصوبے میں 7.49 ارب روپے کی سرمایہ کاری کی ہے۔

FFC کی ملکیت میں آنے کے بعد، 2021 کی آخری سہ ماہی کے دوران، FWEL-I نے 11.60 GWh کی اسٹینڈرڈ کے مقابلے میں 14.82 GWh بجلی پیدا کر کے قومی گرڈ کو فراہم کی۔

جبکہ اوسط دستیابی کا عنصر 97.75 فیصد رہا۔

اس رپورٹ کی تاریخ کے بعد FWEL-I نے 700 ملین روپے کے منافع منقسمہ کا اعلان کیا۔

FWEL-I کے آڈیٹرز نے 31 دسمبر 2021 کو ختم ہونے 3 ماہ کی مدت کے لیے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب وقار احمد ملک

میجر جنرل آصف علی، ایچ آئی (ایم) (ریٹائرڈ)

میجر جنرل خالد محمود، ایچ آئی (ایم) (ریٹائرڈ)

جناب سرفراز احمد رحمن

ڈاکٹر ندیم عنایت

سید مختیار کاظمی

بریگیڈیئر ریحان قادر، (ریٹائرڈ)

میجر جنرل عابد رفیق، ایچ آئی (ایم) (ریٹائرڈ)

جناب عزیز اکرام

جناب محمد اقبال میر

جناب تصور اسحاق

جناب محمد منیر ملک

دوران سال رکی گئی عارضی آسامیاں

تقرری کی تاریخ	تقرری	سبکدوشی
11 اکتوبر 2021	جناب محمد منیر ملک	جناب عزیز اکرام
11 اکتوبر 2021		جناب تصور اسحاق
11 اکتوبر 2021		جناب محمد اقبال میر
5 جنوری 2022	میجر جنرل عابد رفیق، ایچ آئی (ایم) (ریٹائرڈ)	بریگیڈیئر ریحان قادر، ایچ آئی (ایم) (ریٹائرڈ)
10 جنوری 2022	میجر جنرل آصف علی (ریٹائرڈ)	میجر جنرل خالد محمود، ایچ آئی (ایم) (ریٹائرڈ)

فاؤنڈیشن ونڈ انرجی-2 لمیٹڈ (FWEL-II)

29 ستمبر 2021 کو FFC نے FWEL-II کی 80 فیصد ملکیت حاصل کر لی، جو کہ ایک غیر مندرج پبلک لمیٹڈ کمپنی ہے۔ FWEL-II ہوا سے بجلی بنانے والا 50 MW کا پراجیکٹ ہے جسے بجلی بنانے اور فروخت کرنے کے مقصد کے تحت قائم کیا تھا۔ اس نے اپنی تجارتی سرگرمیوں کا آغاز دسمبر 2014 میں کیا تھا۔ FFC نے اس منصوبے میں 6.02 ارب روپے کی سرمایہ کاری کی ہے۔

2021 کی آخری سہ ماہی کے دوران، FWEL-II نے 11.50 GWh کی اسٹینڈرڈ کے مقابلے میں 20.68 GWh بجلی پیدا کر کے قومی گرڈ کو فراہم کی، جبکہ اوسط دستیابی کا عنصر 97.90 فیصد رہا۔

FWEL-II نے 1.98 روپے فی حصہ کے حساب سے 700 ملین روپے کے منافع منقسمہ کا اعلان بھی کیا جس میں FFC کا حصہ 560 ملین روپے بنتا ہے۔

FWEL-II کے آڈیٹرز نے 31 دسمبر 2021 کو ختم ہونے والی 3 ماہ کی مدت کے لیے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب وقار احمد ملک

میجر جنرل آصف علی، ایچ آئی (ایم) (ریٹائرڈ)

میجر جنرل خالد محمود، ایچ آئی (ایم) (ریٹائرڈ)

جناب سرفراز احمد رحمن

ڈاکٹر ندیم عنایت

سید مختیار کاظمی

بریگیڈیئر ریحان قادر، (ریٹائرڈ)

میجر جنرل عابد رفیق، ایچ آئی (ایم) (ریٹائرڈ)

جناب عزیز اکرام

جناب تصور اسحاق

جناب مصطفیٰ نپال

جناب حسنان نپال

گروپ کی مالیاتی کارکردگی

گروپ کی مالیاتی کارکردگی

FFC گروپ مندرجہ ذیل کمپنیوں پر مشتمل ہے:

مرکزی کمپنی (Holding Company)

فوجی فرٹیلائزر کمپنی (FFC)

ذیلی کمپنیاں (Subsidiary Companies)

ایف ایف سی انرجی لمیٹڈ (FFCEL)

فوجی فریش این فریز لمیٹڈ (FFF)

اولیو ٹیکنیکل سروسز (پرائیویٹ) لمیٹڈ (OLIVE)

فاؤنڈیشن ونڈ انرجی-1 لمیٹڈ (FWEL-I)

فاؤنڈیشن ونڈ انرجی-2 لمیٹڈ (FWEL-II)

منسلکہ کمپنیاں (Associated Companies)

عسکری بنک لمیٹڈ (AKBL)

فوجی سیمنٹ کمپنی لمیٹڈ (FCCL)

فوجی فرٹیلائزر بن قاسم لمیٹڈ (FFBL)

پاکستان مراک فاسفورکس۔اے۔مراکش (PMP)

تھر انرجی لمیٹڈ (TEL)

نفع ونقصان کا تجزیہ

آمدن (Turnover)

گروپ نے 114.35 ارب روپے کی مجموعی آمدن کے ساتھ بلند ترین آمدن کا ایک نیا سنگ میل عبور کیا جو کہ گزشتہ برس کے مقابلے میں 11 فیصد زائد ہے۔ اس کا بنیادی سبب درآمدی کھادوں سے حاصل ہونے والی آمدن ہے۔

لاگت فروخت (Cost of Sales)

لاگت فروخت گزشتہ سال کے مقابلے میں 7 فیصد اضافے کے ساتھ 72.99 ارب روپے ریکارڈ کی گئی جس کا سبب درآمدی DAP کی زائد لاگت ہے۔

خام منافع (Gross Profit)

اس طرح گروپ کا خام منافع 41.36 ارب روپے رہا جو کہ گزشتہ برس کے 34.44 ارب روپے سے 20 فیصد زائد ہے۔

انتظامی اور ترسیلی اخراجات (Administrative & Distribution Expenses)

9.05 ارب روپے کے انتظامی اور ترسیلی اخراجات گزشتہ سال کے مقابلے میں 9 فیصد بڑھ گئے جس کا بنیادی سبب ایندھن کی قیمتوں میں اضافہ اور افراط زر ہے۔

مالیاتی لاگت (Finance Cost)

شرح سود میں اضافے کے ساتھ ساتھ 2021 کے دوران قرض کی زیادہ ضروریات 2.74 ارب روپے کی مالیاتی لاگت کا باعث بنیں جو کہ گزشتہ سال سے 13 فیصد زائد ہے۔

دیگر آمدن (Other Income)

فنڈز کا موثر استعمال اور بلند شرح سود گروپ کی 6.30 ارب روپے کی اب تک کی بلند ترین سرمایہ کاری آمدن پر منتج ہوئے، جو کہ گزشتہ برس سے 21 فیصد زائد ہے۔

دیگر نفع/نقصان (Other Gains & Losses)

گروپ کی طرف سے ہوا سے بجلی بنانے والی FWEL I&II کی دو کمپنیوں کا حصول 5.48 ارب روپے کے Bargain Purchase Gain کا باعث بنا۔ جبکہ واجب الادا GIDC پر ہونے والے عارضی اکاؤنٹنگ فائدے کی 2.44 ارب روپے کی جزوی واپسی اور حکومت سے واجب الوصول سہ ماہی پر 370 ملین روپے کا Expected Credit Loss بھی دوران سال ریکارڈ کیے گئے۔

دیگر اخراجات (Other Expenses)

گروپ کے دیگر اخراجات 12 فیصد اضافے کے ساتھ بڑھ کر 2.96 ارب روپے ہو گئے کیونکہ بہتر منافع کے تناسب سے WWF اور WPPF کے چارجز بڑھ گئے۔

منسلکہ کمپنیوں اور مشترکہ منصوبوں سے منافع کا حصہ (Share of Profit of Associates and Joint Venture)

منسلکہ کمپنیوں اور مشترکہ منصوبوں سے منافع کا حصہ اضافے کے ساتھ 10.15 ارب روپے ریکارڈ کیا گیا جو کہ 2020 کے دوران 8.30 ارب روپے تھا اور اس کا بڑا سبب منسلکہ کمپنیوں کے منافع میں اضافہ ہے۔

ٹیکس اخراجات (Provision for Taxation)

10.04 ارب روپے کا ٹیکس چارج، زائد منافع کے باوجود، گزشتہ سال ریکارڈ کیے گئے 9.82 ارب روپے کے تقریباً برابر رہا جو کہ بنیادی طور پر سرمایہ کاری آمدن پر کم شرح ٹیکس کی وجہ سے ہے۔

خالص منافع (Net Profit)

نتیجتاً، گروپ نے خالص منافع میں 20 فیصد اضافہ حاصل کیا جو کہ 28.08 روپے فی حصہ کے ساتھ 35.69 ارب روپے ریکارڈ کیا گیا۔

ذیلی کمپنیاں (Subsidiary Companies)

ایف ایف سی انرجی لمیٹڈ (FFCEL)

FFCEL، جو کہ پاکستان میں مندرج ہوا سے بجلی بنانے والا سرفہرست ادارہ ہے، FFC کی ایک کلی ملکیتی ذیلی کمپنی ہے۔ یہ ایک غیر مندرج پبلک لمیٹڈ کمپنی ہے جسے بجلی بنانے اور فروخت کرنے کے بنیادی مقصد کے تحت قائم کیا گیا ہے۔ FFCEL نے مئی 2013 میں تجارتی سرگرمیوں کا آغاز کیا تھا اور اس کی بجلی بنانے کی استعداد MW49.5 ہے۔ اس کمپنی میں FFC کی موجودہ انکوئٹی سرمایہ کاری 2.44 ارب روپے ہے۔

کمپنی نے O&M سنبھالنے کے بعد) بلند ترین 98 فیصد دستیابی ریکارڈ کرتے ہوئے GWh 109 بجلی قومی گرڈ کو فراہم کی ہے۔

3.09 ارب روپے کی آمدن فروخت میں گزشتہ برس کے مقابلے میں 9 فیصد کمی واقع ہوئی جس کا سبب بجلی خریدنے والے ادارے کے ساتھ ترمیم شدہ معاہدے کے تحت ROE میں کمی اور ٹیرف کے سود والے عنصر میں کمی ہے جو کہ KIBOR میں کمی کا نتیجہ ہے۔ عملیاتی لاگت (Operating Cost) گزشتہ برس کے مقابلے میں 9 فیصد اضافے کے ساتھ 1.06 ارب روپے ریکارڈ کی گئی جس کا بنیادی سبب افراط زر اور وسط مدتی مرمتی اخراجات (Time Based Repairs) تھے جبکہ واجب الادا قرضوں میں کمی اور KIBOR کی کم شرح، مالیاتی لاگت میں 236 ملین روپے کی بچت کا باعث بنے۔ نتیجتاً، خالص منافع، 7.96 روپے فی حصص کی آمدن کے ساتھ، 1.94 ارب روپے ریکارڈ کیا گیا جو کہ 2020 کے مقابلے میں 3 فیصد کی معمولی کو ظاہر کرتا ہے۔

FFCEL کو Det Norske Veritas (DNV) جرمنی، دنیا کی معروف Wind Power Certification Body، کی طرف سے مکمل O&M خدمات فراہم کنندہ کے طور پر توثیق کی گئی ہے۔ کمپنی کے Integrated Management System کی بھی بیورو آف M/s Bureau Veritas کراچی کی جانب سے دوبارہ توثیق کی گئی ہے۔

کمپنی نے سال 2013 سے 2021 کے دوران جمع ہونے والے Carbon Credits کی فروخت کو کامیابی کے ساتھ حتمی شکل دے دی ہے۔ صدقہ ٹیکس کی قیمت وصول کر لی گئی ہے۔ جبکہ باقی ماندہ ٹیکس کی تصدیق کا عمل شروع کر دیا گیا ہے۔

FFCEL کے آڈیٹرز نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے کمپنی کے مالیاتی گوشواروں پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

چئیرمین کا تجزیہ (گروپ)

معزز حصص داران،

مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کورونا کی وبا اور کمزور معاشی صورتحال کے باعث درپیش چیلنجز کے باوجود گزشتہ سال گروپ کے لیے کامیابیوں کا ایک اور سال ثابت ہوا۔

حصص داران کو یہ جان کر خوشی ہوگی کہ 114.35 ارب روپے کی آمدن کے ساتھ گروپ نے بلند ترین آمدن کا ایک نیا سنگ میل عبور کیا ہے، جو کہ گزشتہ برس کے مقابلے میں 11 فیصد اضافے کو ظاہر کرتا ہے۔ یہ اضافہ بنیادی طور پر درآمدی کھادوں سے ہونے والی آمدن کے ساتھ ساتھ ایل اور ے کی آمدن میں اضافے کے باعث ہے۔ ستمبر 2021 میں FWEL I & II کے حصول نے بھی گروپ کی آمدن میں حزید اضافہ کیا ہے۔

کنجی کے بجلی بنانے والی کمپنی اور ے ایف ایف سی ای این لمیٹڈ (FFCEL)، نے ایک نیا سنگ میل طے کرتے ہوئے ٹربائنوں کی 98 فیصد دستیابی کا عنصر حاصل کیا، اس طرح قومی گرڈ کو 109 GWh بجلی سپلائی کی جو کہ گزشتہ برس 102 GWh تھی۔ تاہم بجلی خریدنے والے ادارے کے ساتھ ترمیم شدہ معاہدے کے تحت ROE میں کمی کے باعث خالص منافع میں 3 فیصد کی معمولی کمی واقع ہوئی، جو کہ 1.94 ارب روپے رہا۔ انتظامیہ کو مکمل یقین ہے کہ FFCEL مسلسل محو کار کردگی دکھاتے ہوئے حصص داران کو پرکشش منافع ادا کرتا رہے گا۔

کورونا کی وبا کے باعث غذائی کاروبار کے لیے ناسازگار حالات کے باوجود فوجی فرٹیلائزر بن قاسم لمیٹڈ (FFF) نے آمدن میں 40 فیصد اضافہ ریکارڈ کیا۔ یہ اضافہ فروخت کے حجم میں اضافے اور معلومات کی بہتر قیمتوں کے باعث تھا جو حالیہ برس 13 فیصد کی عام منافع کی شرح (Gross Profit Margin) کا سبب بھی بنا جو کہ سال 2020 کے دوران 1 فیصد کے لگ بھگ تھی۔ بورڈ کو یقین ہے کہ FFF جلد ہی گروپ کے ارتقائی آمدن کے فروغ میں معاون ہوگا۔

دوران سال FFC نے FWEL-I کی 100 فیصد اور FWEL-II کی 80 فیصد ملکیت حاصل کر لی۔ دونوں کمپنیوں کی یہ خریداری مجموعی طور پر 13.51 ارب روپے کے عوض کی گئی۔ سولر سے بجلی بنانے والے ان منصوبوں نے FFC کے لیے 1.25 ارب روپے کے منافع منقسمہ کے اعلان کے ساتھ ابھی سے FFC کی آمدن میں حصہ ادا شروع کر دیا ہے۔

ہمارے فشکل ادارے، عسکری بینک لمیٹڈ (AKBL) نے 15.12 ارب روپے Provisions سے قبل مجموعی منافع ریکارڈ کیا جو کہ گزشتہ برس کے مقابلے میں 2 فیصد زائد ہے۔ تاہم، 30 ستمبر 2021 کو ختم ہونے والی مدت تک خالص منافع 17 فیصد کی کمی کے ساتھ 6.72 ارب روپے رہا، اس کا سبب مذکورہ مدت کے دوران بعض ایڈوانسز کے لیے مختص کی گئی Provisions ہیں۔

فوجی فرٹیلائزر بن قاسم لمیٹڈ (FFBL) نے 128.24 ارب روپے کی مجموعی آمدن میں 31 فیصد کی بہتری دکھائی جس کا سبب اپنی تیار کردہ DAP کی زیادہ مقدار میں فروخت ہے۔ زیادہ مقدار میں فروخت، ایل این جی اور قدرتی گیس پر GIDC کے خاتمے اور اخراجات پر قابو کے ذریعے، آپریٹنگ منافع 9.31 ارب روپے کے اضافے کے ساتھ 19.77 ارب روپے ہو گیا۔ نتیجتاً، 9.22 ارب روپے کا مجموعی خالص منافع گزشتہ برس کے مقابلے میں 53 فیصد زائد رہا۔

فشکل کمپنیوں سے منافع کا حصہ 10.15 ارب روپے رہا جو کہ سال 2020 کے دوران 8.30 ارب روپے تھا۔ اس طرح گروپ کا مجموعی خالص منافع 35.69 ارب روپے رہا جو کہ گزشتہ برس سے 20 فیصد زائد ہے۔

مرکزی کنجی FFC کے بورڈ آف ڈائریکٹرز نے 4.65 روپے فی حصص کے حتمی منافع منقسمہ کی سفارش کی ہے جو کہ 9.85 روپے فی حصص کے پہلے سے اعلان کردہ عبوری منافع منقسمہ کے علاوہ ہے۔

t سواقی کاروباری حالات کے باوجود، گروپ کی محو کار کردگی، منظم بورڈ کی شاندار قیادت اور بصیرت کا مظہر ہے جنہوں نے قیادت، ذمہ داری، دیانت اور بہترین نظم و نسق جیسی بنیادی اقدار کو گروپ میں رائج کیا ہے۔

وقار احمد ملک
چیئرمین

راولپنڈی
31 جنوری 2022

مستقبل کی توقعات

مستقبل کی توقعات ForwardLooking Statement

PFC کی مستقبل کی توقعات کا بیان مقصد اسٹیک ہولڈرز (Stakeholders) کو ادارے کی مستقبل کی توقعات اور حصہ داروں اور بیرونی حقیقتوں کے بارے میں ہونے والے اثرات سے باخبر رکھنا ہے۔ اصل صورتحال جہاں بیان کی گئی توقعات سے الگ ہو سکتی ہے۔ ان حالات کو اس رپورٹ کے مختلف حصوں میں بھی تفصیلات میں کیا گیا ہے جن میں خطرات اور مواقع، مجموعی کاروباری ماحول، مالیاتی سرمایہ اور دیگر حصے شامل ہیں۔

گزشتہ برس پیش کی گئی مستقبل کی توقعات کا تجزیہ اور حصولیابی کی کیفیت

وبا کی لہروں کے باوجود کمپنی نے مسلسل کاروباری تسلسل کے حصولیابی کے لئے بہترین حکمت عملی اور محفوظ کے ذریعے سہولیات کو برقرار رکھنے کی بھرپور کوشش کی ہے۔ اپنے کاروبار کو بہتر بنانے کے جاری رکھا۔ PFC نے اپنی پیداوار اور آمدن فروخت کے بہتر حاصل کیے۔ جبکہ مارکیٹ کے حوالے حالات نے DAP کی فروخت کو پچھلے سال کے مقابلے میں 57 فیصد کم کیا۔

جبکہ کہ 2020 میں لگایا گیا تھا کمپنی نے FFWEL IMI کا حصول مکمل کر لیا ہے۔ یہ اطلاع دیتے ہوئے مسرت ہو رہی ہے کہ ذیلی کمپنیوں نے حصول کے بعد بہت ہی مختصر مدت کے اندر پہلے منافع منقسم کا اعلان کیا ہے۔ کمپنی کی جانب سے ایک منافع بخش توسیع (Strategic) سرمایہ کاری کو ظاہر کرتا ہے۔ ہمارا یقین ہے کہ حاصل کیے گئے حصے میں مارکیٹ مہارت کے ذریعے منافع بخش نظریہ حصولیابی کے ساتھ کام کرتے رہیں گے اور کمپنی کے منافع میں مزید اضافہ کریں گے۔

330 میگاواٹ بجلی پیدا کرنے کے حصولیابی قریشی پاور (TEL) کے پروجیکٹ کی تعمیر کا 70 فیصد سے زائد حصہ مکمل ہو چکا ہے اور 2022 میں کمرشل آپریشن کا حصول متوقع ہے۔ یہ Mine Mouth Power Project خالی قمر کرنے کے ذریعے بجلی فراہم کرے گا اور اس طرح تک میں بجلی کی فراہمی اور اس کی لاگت پیداواری کو کم کی میں معاون ہوگا۔

یہ بات کہ مستقل پیداوار کو بجلی بنانے کے لیے الگ تھلگ ہونا ہے پر غور کرنے کے ساتھ ساتھ کمپنی نے گیس کمپریشن کے نظام کی جدت اور توسیع کے لیے سرمایہ کاری بھی جاری رکھی ہوئی ہے تاکہ گیس کے گھٹتے ہوئے دباؤ سے نمٹا جا سکے۔

GIDC کے ادائیگی کی ذمہ داری کے حوالے سے عدالتی فیصلے کے باعث ہونے والے مالی سال Unwinding کمپنی کے منافع کو کم کر کے 2.44 ارب روپے کر دیا ہے۔ GIDC واجبات کے حتمی تصفیہ کا معاملہ حل طلب ہونے کی وجہ سے غیر یقینی ہے۔

حصولیابی کے مستقل پیداوار کے بعد GST/Input output کی شرح میں عدم مطابقت کے باعث GST کی رقم بڑھتی رہی۔ رواں سال کھاد پر سبسڈی کے کم ہونے کی وجہ سے یہ رقم تصفیہ طلب ہے۔

کمپنی اپنے ڈیلرز کی ایک بڑی تعداد کو کیٹرنگ کے قانون کے تحت رجسٹر ہونے کے لیے قائل کرنے میں کامیاب رہی۔ 2021 میں ڈیلرز کی ایک بڑی تعداد اب بھی رجسٹر ہونے کو تیار نہیں ہے کہ Input GST کا کاروباری اخراجات کے ستر دھلنے کا باعث ہے۔

تخمینے اور پیشگوئی میں استعمال ہونے والی معلومات اور مفروضوں کے ذرائع (Source of Information and assumptions used for projections forecasts/)

کمپنی کی کاروباری حکمت عملی اور کاروباری مواقع، مستقبل کے مالیاتی تخمینوں کے لیے بنیاد فراہم کرتے ہیں۔ یہ تخمینے موجودہ و سابقہ صورتحال کے تجزیہ پر مبنی ہوتے ہیں۔ مواقع مستقبل کو مدنظر رکھتے ہوئے تیار کیے جاتے ہیں۔

ان تخمینوں کو تیار کرنے کے لیے ضروری معلومات جیسا کہ مارکیٹ رجحانات، مقابلہ، مارکیٹ کے رجحانات، صنعت کا تجزیہ، موجودہ اور متوقع شرح سود اور زرمبادلہ کے اتار چڑھاؤ کی قیمتیں، اجناس کی قیمتوں کی پیش گوئی، سرکاری پالیسیاں اور سیاسی تبدیلیوں کے اثرات وغیرہ بیرونی ذرائع سے اکٹھا کیا جاتا ہے جس میں حکومتی رپورٹس، عالمی اداروں کی مارکیٹ کے تجزیہ کاروں سے حاصل کیا گیا ڈیٹا شامل ہوتا ہے۔

اندرونی معلومات کمپنی کے اہم شعبوں جیسا کہ فنانس، آپریشنز، مارکیٹنگ، سیلز، ایچ آر، سپلائی چین مینجمنٹ، انجینئرنگ وغیرہ سے حاصل کیا جاتا ہے۔ اندرونی ذرائع سے حاصل کردہ معلومات کو بیرونی ذرائع کے ساتھ ملا کر باہمی اور داخلی عمل تخمینے لگانے کے لئے استعمال کیا جاتا ہے جنہیں بالآخر منصوبوں کے طور پر اپنایا جاتا ہے۔ ان منصوبوں کو باقاعدگی کے ساتھ جانچا جاتا ہے تاکہ مسلسل بہتری لائے جا سکے اور اندرونی و بیرونی حالات سے نمٹا جا سکے۔

کمپنی کے تمام منصوبوں کے لیے ایک جامع Due Diligence Process کیا جاتا ہے تاکہ قانونی، مالیاتی اور تکنیکی امکانات کا جائزہ کیا جا سکے۔ اندرونی جائزوں کا تجزیہ کرنے کی مقصد میں بیرونی ماہرین کی خدمات بھی حاصل کی جاتی ہیں تاکہ بہترین کاروباری حکمت عملی کے مطابق پروجیکٹ کا تفصیلی جائزہ لیا اور Due Diligence کی جا سکے۔

مستقبل کا جائزہ Future Outlook

عالمی معاشی جائزہ (International Economic Outlook)

وبا کی پائیدار پھیلنے عالمی معیشت کی بحالی کے متعلق غیر یقینی کیفیت پیدا کر دی ہے۔ عالمی بینک نے 2022 کے لئے عالمی معیشت کی شرح نمو میں کمی کی پیش گوئی کی ہے۔ کم سے کم عالمی سطح پر اثر کی لہروں میں اضافہ ہوا ہے جس نے افراط زر کے دباؤ کو بڑھا دیا ہے۔ کھاد کی بین الاقوامی قیمتیں بھی بہت بلند سطح پر ہیں، اس کا مکمل دارومدار کھاد کے عالمی استعمال پر منحصر ہے۔

ملکی معاشی جائزہ (Economic Outlook of the Country)

عالمی معیشت کا بھی توانائی کے بلند نرخوں، زرمبادلہ کے نرخوں میں منفی تغیر، اور تیل اور اشیائے خوردنی کی بلند قیمتوں سے متاثر ہونے کا خطرہ ہے۔

FFC کے مستقبل کا جائزہ (Future Outlook of FFC)

عالمی معیشت کو متاثر کرنے والے عوامل کا کمپنی کی کارکردگی اور منافع پر بھی منفی اثرات مرتب کرنے کا احتمال ہے۔

بیرونی ماحول (The External Environment)

FFC ایک مسلسل بدلتے ہوئے ماحول میں کاروبار کرتی ہے۔ جہاں کمپنی کا کاروبار اور کارکردگی متعدد سیاسی، سماجی، معاشی، ماحولیاتی اور قانونی عوامل سے متاثر ہوتے ہیں۔ ان عوامل کے کاروباری کارکردگی، حکمت عملی (Strategic) منصوبہ جات اور سرمایہ کاری دستیابی، معیار اور ترقی کے لیے چیلنجز لاحق ہوتے ہیں۔ ایک تفصیلی تجزیہ حکمت عملی اور وسائل کی تقسیم (Strategy & Resource Allocation)، خطرات اور مواقع (Risks & Opportunities) اور پائیداری رپورٹ (Sustainability Report) کے "بیرونی ماحول (External Environment)" حصوں میں پیش کیا گیا ہے۔

مستقبل میں کارکردگی کے لیے کلیدی اقدامات (Key Projects to Support Future Performance)

ملک میں گیس کے گھٹتے ہوئے ذخائر کے پیش نظر، کمپنی عام بازار کے تمام ذرائع کے لیے حصہ داری کا جائزہ لے رہی ہے تاکہ طویل عرصے کے لیے مستقل پیداوار کو یقینی بنایا جا سکے۔

گیس کمپریشن کے نظام کی جدت اور توسیع بھی زیر غور ہے تاکہ گیس کے گھٹتے ہوئے دباؤ سے نمٹا جا سکے۔

مستقبل میں FFCEL، IMI اور FFWEL کمپنی کے دیگر ذیلی اداروں سے منافع حصہ کی ترسیل سے کمپنی کے منافع میں اضافے کی توقع ہے۔ مستقبل قریب میں قمر زری منصوبے کے کامیاب آغاز سے بھی کمپنی کی آمدن میں اضافے کی توقع ہے۔

مستقبل کے چیلنجز اور بے یقینی کا تدارک (Response to Future Challenges And Uncertainties)

کمپنی کے نقد رقوم کی کمی کے باعث کمپنی کی غیر یقینی کارکردگی، مستقبل پیداوار کے لیے اہم اثر ہے۔

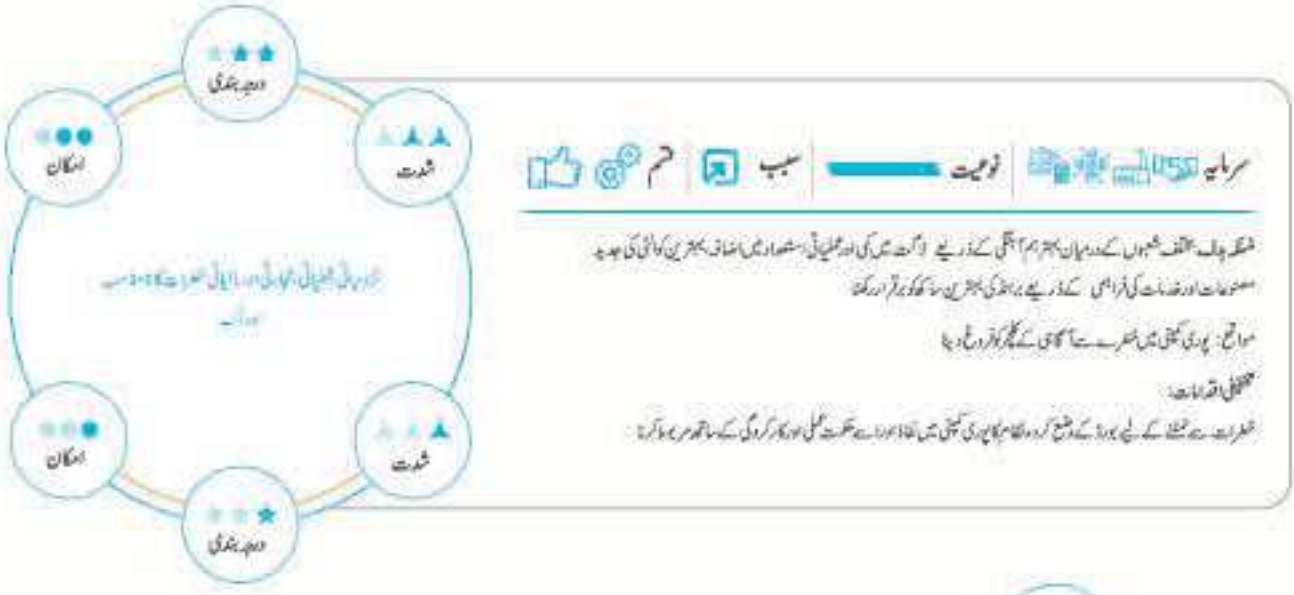
output GST/input کی شرح میں عدم مطابقت، غیر رجسٹرڈ ڈیلرز کی گئی خریداری پر ہونے والے کاروباری اخراجات کی Inadmissibility اور عمل درآمد سے متاثر ہونے والے سبسڈی مستقل کمپنی کی کارکردگی کو منفی طور پر متاثر کر رہے ہیں۔

GIDC کی ذمہ داری ادائیگی کی جلدی واجبی کے کسی عدالتی فیصلے کی صورت میں بھی کمپنی کے منافع پر منفی اثر ڈالنے کا احتمال ہے۔ یہ اخراجات کی طرف سے دیے گئے حکم امتناعی کے تحت روکی جا رہی ہیں۔ یہ ادائیگیاں Cashflows کو منفی طور پر متاثر کریں گی اور کمپنی کی سرمایہ کاری کی آمدن کو کم کریں گی۔

کمپنی حکومت کے ساتھ مستقل رابطے میں ہے تاکہ ان مسائل کو قابل اطمینان سے حل کیا جا سکے۔ کمپنی عدالتی فیصلہ کو قابل عرصے کے لیے مجبی جانے کے لیے سازگار اور مزاحمتی پالیسیاں اختیار کر رہی ہیں۔

کمپنی کے لیے خطرات کے متعلق تفصیلی بحث "خطرات اور مواقع (Risks & Opportunities)" کے حصے میں سرمائے (Capital) کے تحت کی گئی ہے۔

راولپنڈی
31 جنوری 2022


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شعبہ جات: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے آگہی میں کمی اور عملیاتی استعداد میں اضافہ، بہترین کوالٹی کی جدید معلومات اور خدمات کی فراہمی کے ذریعے روانگی کی بہترین ساکھ کو برقرار رکھنا
مواقع: پوری کمپنی میں خطرے سے آگاہی کے کلچر کو فروغ دینا
متوقعہ اقدامات:
خطرات سے نمٹنے کے لیے بورڈ کے وضع کردہ نظام پر پوری کمپنی میں نفاذ اور اسے حکمت عملی اور کارکردگی کے ساتھ مربوط کرنا

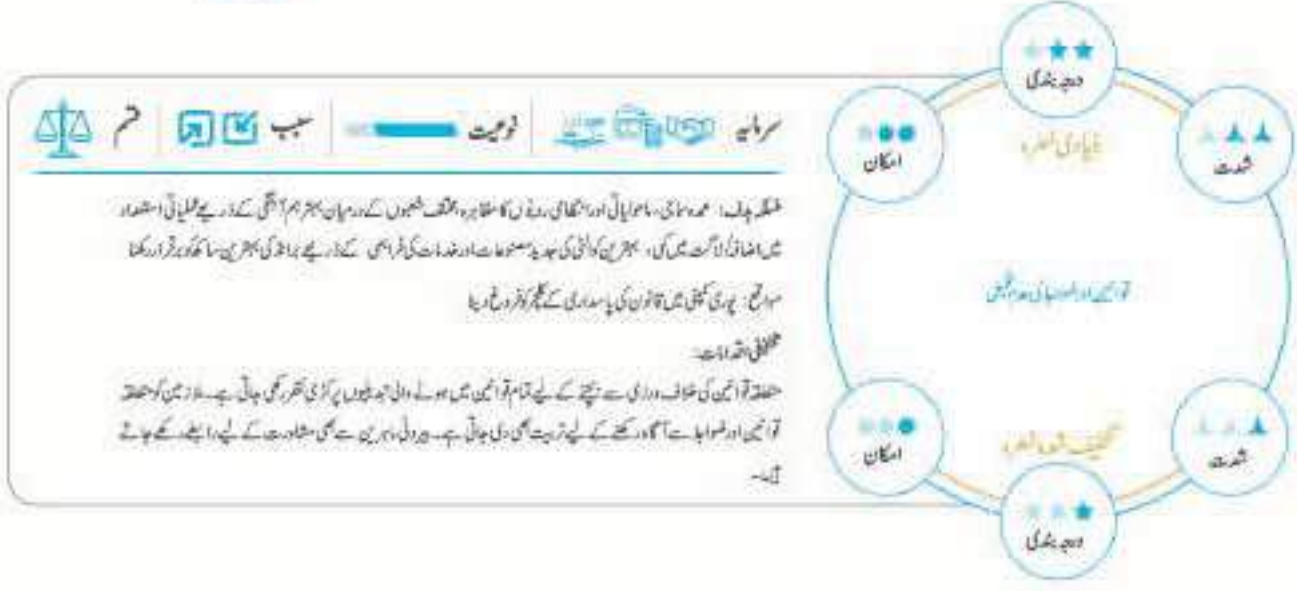

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شعبہ جات: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے آگہی میں کمی اور عملیاتی استعداد میں اضافہ، منظم ہونی والی عملیاتی اور کاروباری گورننس کے عزم کا عملی مظاہرہ
مواقع: کاروباری تسلسل اور ہنگامی صورتحال پر منصوبہ بندی
متوقعہ اقدامات:
انتہائی سخت اور اعلیٰ معیار کے عملی طریقہ کار سازمین کی تربیت، عملی تعلیم، باقاعدہ حفاظتی آڈٹس کے علاوہ کمپنی ریکارڈ کا مگر مقامات پر Backup رکھا جاتا ہے۔ ایسے کسی نقصان سے تحفظ کے لیے کمپنی نے انشورنس کوریج بھی لے رکھی ہے

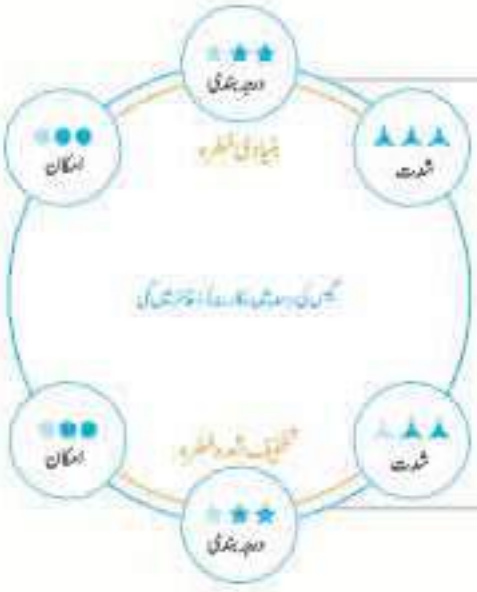

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سیاسی
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تکنیکی کردہ
قدرتی
تعلقات
مالیاتی
انٹرنیٹ بیسڈ
عملیاتی
ساکھ
تعمیلی
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نوعیت
فوری
قلیل مدت
درمیانہ مدت
طویل مدت
فوری تا قلیل مدت
فوری تا درمیانہ مدت
فوری تا طویل مدت

نمایاں خطرات اور مواقع FFC









سرمایہ | نوعیت | سبب | قسم

خلاء جوف: کھاد کے کاروبار میں مسلسل نمو مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/لاگت میں کمی

مواقع: توانائی کی جدید ٹیکنالوجی کا استعمال تاکہ گیس کی مد میں بچت کی جا سکے

تخفیفی اقدامات:

عام حال اور توانائی کے متبادل ذرائع میں سرمایہ کاری کے ساتھ ساتھ دیگر شعبوں میں متنوع سرمایہ کاری کی حکمت عملی۔ گیس کے دباؤ کو قابو میں لانے کے لیے گیس کمپریشن کی سہولیات میں مسلسل سرمایہ کاری



سرمایہ | نوعیت | سبب | قسم

خلاء جوف: کھاد کے کاروبار میں مسلسل نمو

مواقع: معلومات کی قدر اور اقسام میں اضافہ کہ macro اور micro nutrients میں اضافہ کیا جا سکے

تخفیفی اقدامات:

مسابقتی کی جانب سے اڑانیاں۔ خود پر سستی فیڈ گیس کی دستیابی کے باعث کھادوں کی کم قیمتوں کا استعمال۔ مارکیٹنگ کی حکمت عملیوں، گاہکوں کو بہتر سہولیات کی فراہمی، معلومات اور اعلیٰ برانڈ کے ذریعے کیا جاتا ہے۔



سرمایہ | نوعیت | سبب | قسم

خلاء جوف: کھاد کے کاروبار میں مسلسل نمو مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/لاگت میں کمی

مواقع: کاروباری تسلسل اور بڑھتی آپریشنل کوشش بنانا

تخفیفی اقدامات:

FFC نے اپنے تمام مقامات پر آفات سے نمٹنے اور ایسے حالات میں کاروبار کو جاری رکھنے کے منصوبے بنائے ہوئے ہیں اور ملازمین کی بھی قدرتی آفت کے بعد فوری بحالی کے لیے بھرپور تربیت یافتہ ہیں۔ کسی مالی نقصان سے بچاؤ کے لیے کمپنی نے انشورنس کوریج بھی لے رکھی ہے

نمایاں خطرات اور مواقع FFC







اضافی کیلئے صفحہ نمبر 460 دیکھئے



سرمایہ | نوعیت | سبب | قسم

خلاصہ جاب: کھاد کے کاروبار میں مسلسل نمو

مواقع: معلومات کی اقسام اور قدر میں اضافے بشمول Macro & Micro Nutrients اور Farm Advisory Services کے ذریعے کسانوں کے ساتھ جڑے رہنے کے لیے نئے راستے اور برانڈ کی پسندیدگی کا باعث بنیں

تخلیقی اقدامات:

کسانوں کو فصلوں سے متعلق مشورے کی سہولیات، مٹی اور پانی کے ٹیسٹ کرنے کی لیبارٹریاں، Plant اور Micro Nutrients Tissues کے جائزے لینے کی لیبارٹریاں، FACE



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خلاصہ جاب: اعلیٰ معیاری بیج، معلومات اور خدمات کی فراہمی کے ذریعے برانڈ کی بہترین ساکھ کو برقرار رکھنا، منظم سماجی، ماحولیاتی اور کارپوریٹ گورننس کے عزم کا عملی مظاہرہ

مواقع: برانڈ ایکویٹی پر مزید توجہ تاکہ کمپنی کی ساکھ بڑھائی جا سکے

تخلیقی اقدامات:

FFC نے برسوں سے اعلیٰ معیاری کھاد فراہم کر کے اپنی برانڈ کی ایک پہچان بنائی ہے۔ FFC ایک وسیع پروگرام کے ذریعے اپنے شراکت داروں کے ساتھ تعلق برقرار رکھتی ہے (جیسے کہ زرعی رہنمائی، اشتہارات، دستاویزی فلمیں اور تعلیمی علم وغیرہ) جو کہ ایک مضبوط کھاد کے برانڈ کا باعث بنتا ہے



سرمایہ | نوعیت | سبب | قسم

خلاصہ جاب: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ، لاگت میں کمی، کھاد کے کاروبار میں مسلسل نمو

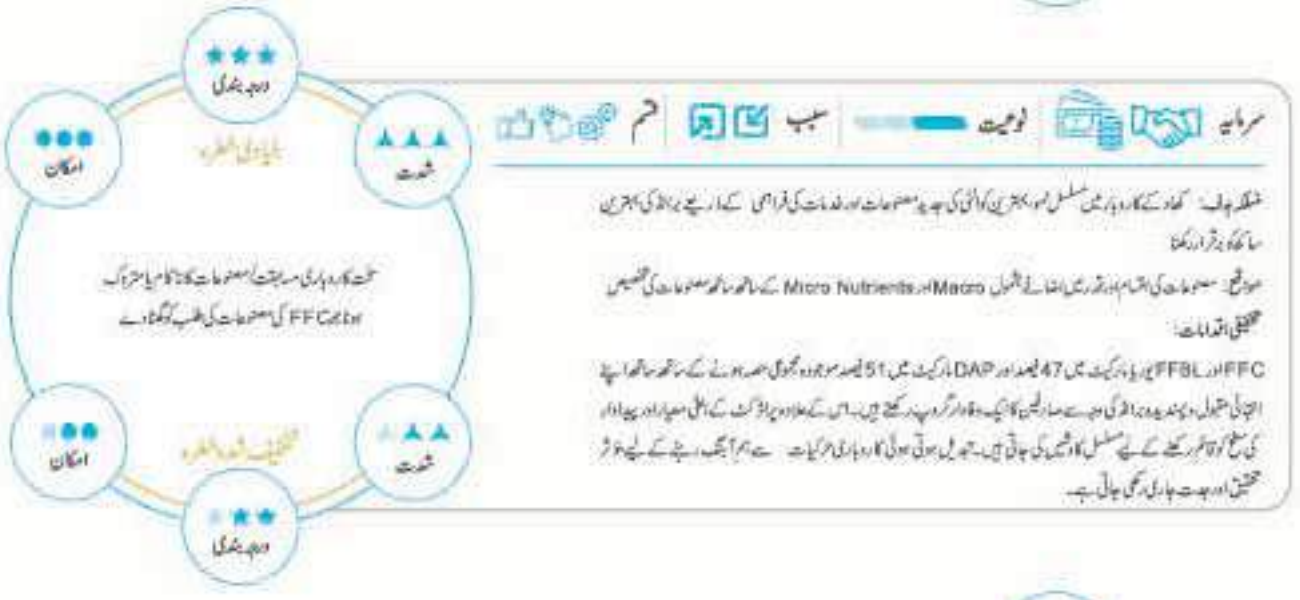
مواقع: مخلص اور مطمئن ملازمین کا پرسکون تسلسل

تخلیقی اقدامات:

ملازمین کی ترقیت اور ترقی کے ساتھ ساتھ FFC نے ایک تخمینی Succession پلان بنا رکھا ہے جس میں مسلسل ملازمین کے تبادلے اور ترقی جاری رہتی ہے۔ کام کے ضمنی اور جزئیات کا تحریری شکل میں موجود ہیں جو کسی بھی نئے ملازم کی رہنمائی کے لیے کافی ہیں۔

نمایاں خطرات اور مواقع FFC







اشارہ کیلئے صفحہ نمبر 460 دیکھئے

سرمایہ | نوعیت | سبب | حجم

شعبہ جات: کھاد کے کاروبار میں مسلسل نمو

مواقع: مارکیٹ شیئر اور منافع میں اضافہ تاکہ کسی قسم کے منفی اثرات سے بچا جا سکے

تخفیفی اقدامات:

FFC مارکیٹ پر گہری نظر رکھتی ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ قیمتوں میں اضافہ اخراجات کے مطابق ہے۔ حصص کی مداخلت کمپنی کے دائرہ اختیار سے باہر ہے تاہم کمپنی حکومت اور دیگر ذمہ داران کے ساتھ رابطہ برقرار رکھتی ہے تاکہ بہتر پالیسیوں اور قوانین کا جائزہ اور اطلاق کیا جا سکے اور صنعت اور باقی فرمسالوں کو درپیش مسائل کا حل نکالا جا سکے



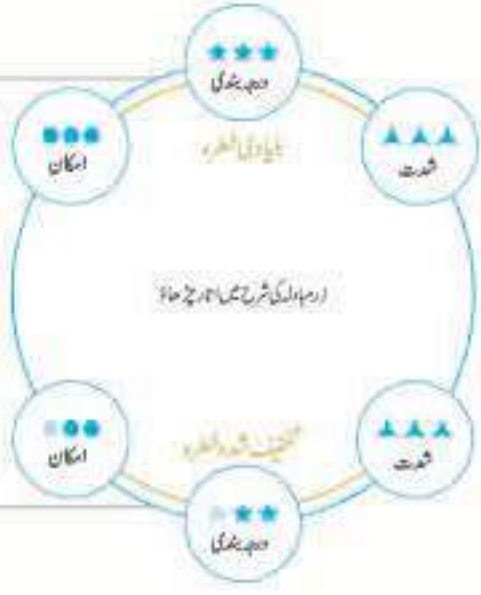
سرمایہ | نوعیت | سبب | حجم

شعبہ جات: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے اخراجات پر قابو اور عملیاتی استعداد میں اضافہ

مواقع: کھاد کی برآمد کے امکان کا جائزہ اور زرمبادلہ کے خطرے کا اثر تدارک

تخفیفی اقدامات:

FFC کا زرمبادلہ کی شرح میں رد و بدل کا خطرہ، جو کہ غیر ملکی کرنسی میں کی گئی سرمایہ کاریوں اور بینکوں میں رکھی گئی رقوم پر پڑنے والے سود سے منسلک ہے، سود کے دام میں متوقعہ تغیر سے پہلی حد تک ختم ہو جاتا ہے۔ روپے کی قدر میں کمی سے اخراجات میں اضافے کو مارکیٹ کے حالات اور حصص کی پالیسیوں کو مدنظر رکھتے ہوئے آگے منتقل کر دیا جاتا ہے۔



سرمایہ | نوعیت | سبب | حجم

شعبہ جات: کھاد کے کاروبار میں مسلسل نمو مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ لاگت میں کمی

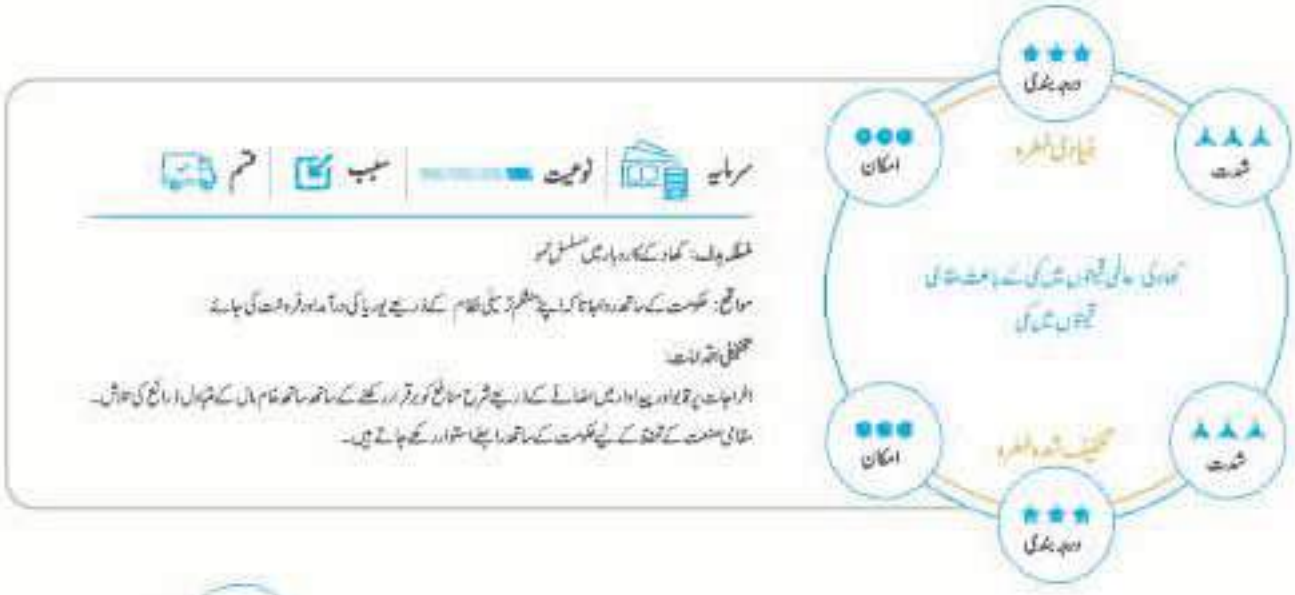
مواقع: خام مال کے ذخائر اور ادائیگی ذرائع کی حوالگی اور اخراجات میں کمی

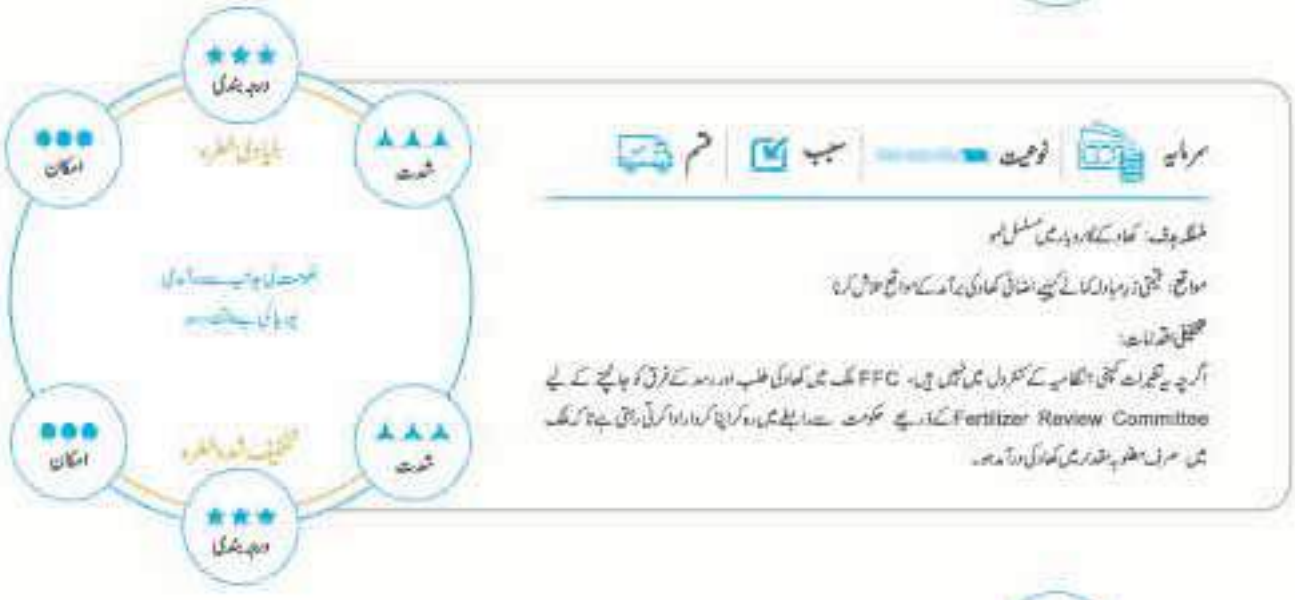
تخفیفی اقدامات:

حصص یا گیس کی قیمتیں کمپنی کے دائرہ اختیار سے باہر ہیں۔ تاہم پیداواری استعداد میں اضافے اور اخراجات میں کمی کے لیے مؤثر اقدامات کے ذریعے کمپنی اس خطرے کو انتہائی ممکن حد تک کم کرنے کے لیے پرعزم ہے۔ کمپنی مسلسل حکومت کے ساتھ رابطہ کار برقرار رکھتی ہے تاکہ کھاد کی مناسب قیمتوں پر دستیابی کو یقینی بنایا جا سکے۔



نمایاں خطرات اور مواقع FFC







اشارہ کیلئے صفحہ نمبر 460 دیکھئے

	48,238	
	(4,338)	3.43
	21,699	17.21
	(58)	
	65,540	
	(4,458)	3.53
	(3,338)	2.65
	(4,773)	3.79
	47,314	

(Adequacy of Internal Financial Controls)

(Subsequent Events)

(Consolidated Operations and Segmental Review)

(Profit Distribution & Reserves Analysis)

(Cash Flow Analysis)

مالیاتی سرمایہ

(Economic –Macro) معیشت کا کلیہ اور

(Review) جائزہ

(Fiscal Development) مالی

(Investment) سرمایہ کاری

(Money and credit) زر اور

(Inflation) افراط

PPC کی کارکردگی

Source: Pakistan Economic Survey 2020

(Financial Position) مالی حیثیت کا تجزیہ اور

(Analysis)

(Equity and Reserves) ایکویٹی

(Long term Borrowings) طویل المدتی

(Foreign) غیر

(Cost of Sales) فروخت کی لاگت

(Distribution Cost) تقسیم کی لاگت

(Finance Cost) مالیاتی

(Other Gains & Losses) دیگر

(Other Income) دیگر

(Provision for Taxation) ٹیکس کی

(Profit for the Year) سال کا منافع

مینجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر کا تبصرہ

چیئرمین کا جائزہ

[illegible]

31 مارچ 2022

07

ڈائریکٹرز رپورٹ

کمپنی اور گروپ کی کارکردگی پر ڈائریکٹرز کا تجزیہ

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فوٹو کریڈٹ: عثمان مسکی

سر ورق

ہمارا کسان- معیشت کی ریڑھ کی ہڈی اور ہماری فوڈ سیکیورٹی کا ضامن ہے۔ یہی وجہ ہے کہ یہ محنتی کسان ہماری ہر کاروباری حکمت عملی اور کامیابی کا مرکزی جزو تصور کیا جاتا ہے، اور بلاشبہ اس کی خوشحالی میں ہی ہماری دیرپا ترقی کا راز پنہاں ہے۔ دُنیا بھر میں افراطِ زر کی شرح میں ہوشربا اضافے سے اشیائے ضروریہ اور کموڈٹیز کی قیمتیں آسمان کو چھونے لگیں۔ اس اضافے، بحرانی کیفیت اور مشکلات کے باوجود کمپنی اپنے کسانوں کے شانہ بشانہ کھڑی رہی اور اُنہیں عالمی منڈی کے مقابلہ میں تقریباً چھ گنا کم نرخوں پر یوریا کھاد کی فراہمی یقینی بنائی گئی۔ ہمارے CSR اور FACE کے منصوبہ جات کسانوں کی بہتری میں کلیدی کردار ادا کرتے ہیں اور کسان کی کامیابی میں ہی ہماری کامیابی ہے۔

فوجی فرٹیلائزر کمپنی لمیٹڈ

کسان کی کامیابی
ہماری کامیابی



سالانہ رپورٹ ۲۰۲۱