Fatima
Fertilizer Company Limited
JV of Fatima and Arif Habib Group

Annual Report
2020

Defying CHALLENGES Achieving GROWTH

DEFYING **CHALLENGES** ACHIEVING **GROWTH**

As the leading innovators in the agriculture sector of Pakistan, we make it a priority to utilize technological advancement and innovative strategic ideas to consistently and effectively grow our brand. The unprecedented pandemic has impacted the global community very adversely. However, despite these unfortunate events, we are humbled to announce that we at Fatima Fertilizer have surpassed our performance from previous years. After consistent efforts of many years, our annual name plate production capacity has increased to 2.57 Million MT (metric tons). This was a result of our resilience and dedication to our objective and vision. We commit to continue to work towards enriching lives and transforming ways in the agriculture and food sector in our country, proudly taking the lead.

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KEY HIGHLIGHTS 2020

1,896 MT in "000"

Fertilizer Production

71,267 Rs in Million

Revenue

13,275 Rs in Million

Profit After Tax

19.08 Percentage

Return on Capital Employed

18,589 Numbers

Agriculture Farms Addressed

77.35 Million Hours

Combined Safe Million Man Hours

97,757 Man Hours

Investing in Manpower

812 Rs in Million

Investment in CSR

6.32 Rupees

Earnings Per Share

2.50 Rupees

Dividend Per Share

7,499 Rs in Million

Contribution to National Exchequer

1,125 Numbers

Permanent Employees

11,500 Numbers

Trees Planted

59 Numbers

Women Development
(Female Staff in Head Office)

VISION & MISSION STATEMENT

VISION

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

MISSION

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

CORPORATE VALUES

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

Integrity

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

Innovation

We encourage creativity and recognize new ideas.

Teamwork

We work collectively towards a common goal.

Health, Safety, Environment & CSR

We care for our people and the communities around us.

Customer Focus

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

Excellence

We strive to excel in everything we do.

Valuing People

We value our people as our greatest resource.

CODE OF CONDUCT

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

Ethics and Business Practices

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

Assets and Proprietary Information

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

Relations with Business Partners

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

Our Employees

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

OVERALL STRATEGIC OBJECTIVES

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

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

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

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

MANAGEMENT'S OBJECTIVES & STRATEGIES FOR MEETING THOSE OBJECTIVES

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

Significant Changes in Objectives and Strategies

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

Relationship between Entity's Results and Management's Objectives

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

NATURE OF BUSINESS

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

COMPANY PROFILE

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

Sadiqabad Plant

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

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

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

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

The Complex is housed on 1,095 acres of land, which provides modern housing for its employees with all necessary facilities, including a well-managed school, a medical center, and a large number of sports facilities.

Sheikhupura Plant

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

Multan Plant

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

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

LANDMARK EVENTS

2003

- Company Incorporation

2004

- Gas Allocation

2005

- GSA Signing

2006

- April – Ground Breaking
- November – Financial Closure achieved

2009

- October – Ammonia Furnace 1st Fire
- November – CAN Plant Production

2010

- January – Initial Public Offering
- February – Ammonia Plant Production
- March – Urea Plant Production

2011

- April – NP Plant Production
- July – Declaration of Commercial Operations

2012

- May – Conversion and Redemption of Preference Shares

2013

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

2014

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

2015

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

2016

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

2017

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

2018

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

2019

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

2020

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

COMPANY INFORMATION

Board of Directors

Mr. Arif Habib
Chairman

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Mr. Fazal Ahmed Sheikh
Director

Mr. Faisal Ahmed Mukhtar
Director

Mr. Muhammad Kashif Habib
Director

Ms. Anja E. Nielsen
Independent Director

Mr. Tariq Jamali
Independent Director

Chief Operating Officer

Mr. Asad Murad

Chief Financial Officer

Mr. Rizwan Qamar

General Counsel and Company Secretary

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

Key Management

Mr. M. Abad Khan
Advisor to the CEO

Mr. Arif-ur-Rehman
Chief Manufacturing Officer

Mr. Khurram Javed Maqbool
Director Sales & Marketing

Ms. Sadia Irfan
Director Human Resources

Mr. Iftikhar Mahmood Baig
Director Business Development

Mr. Ahsen-ud-Din
Director Technology Division

Mr. Ausaf Ali Qureshi
Director Special Projects

Mr. Hassan Altaf
Director Strategy

Mr. Atif Zaidi
Chief Information Officer

Mr. Salman Ahmad
Head of Internal Audit

Mr. Pervez Fateh
G.M. Manufacturing

Mr. Faisal Jamal
Corporate HSE & Technical Support Manager

Audit Committee Members

Mr. Tariq Jamali
Chairman

Mr. Faisal Ahmed Mukhtar
Member

Ms. Anja E. Nielsen
Member

Mr. Muhammad Kashif Habib
Member

HR and Remuneration Committee Members

Ms. Anja E. Nielsen
Chairperson

Mr. Fawad Ahmed Mukhtar
Member

Mr. Muhammad Kashif Habib
Member

Nomination and Risk Management Committee Members

Mr. Fazal Ahmed Sheikh
Chairman

Mr. Muhammad Kashif Habib
Member

Mr. Tariq Jamali
Member

Legal Advisors

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

Auditors

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

Registrar and Share Transfer Agent

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

Bankers

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

Registered Office / Head Office

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

Plant Sites

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

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

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

PROFILE OF THE DIRECTORS

Mr. Arif Habib
Chairman / Non-Executive Director

Mr. Arif Habib is the Chairman of Fatima Fertilizer Company Limited and the Chief Executive Officer of Arif Habib Corporation Limited, the holding company of Arif Habib Group. He is also the Chairman of Pakarab Fertilizers Limited, Aisha Steel Mills Limited, Javedan Corporation Limited (the owner of Naya Nazimabad) and Sachal Wind Power.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatisation Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. He is currently a member of the Think-Tank constituted by the Prime Minister on COVID-19 related economic issues.

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

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer / Director

Mr. Fawad Ahmed Mukhtar is the Chief Executive Officer and Director of the Company. He has extensive experience in manufacturing and industrial management. In addition to being a successful business leader, he is also a renowned philanthropist. After graduation, he has spent more than 30 years developing his family business into a sizable conglomerate.

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

Mr. Fazal Ahmed Sheikh
Executive Director

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

Mr. Faisal Ahmed Mukhtar
Non-Executive Director

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

PROFILE OF THE DIRECTORS CONT'D

Mr. Muhammad Kashif Habib

Non-Executive Director

Mr. Muhammad Kashif Habib is the Director of the Company. He is also the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

He has to his credit four years of experience in Arif Habib Corporation Limited as well as over nine years' experience as an Executive Director in cement and other fertilizer companies of the Group.

He is also the member of Board of Directors of Aisha Steel Mills Limited, Arif Habib Corporation Limited, MCB-Arif Habib Savings & Investments Limited, Arif Habib Equity (Pvt.) Limited, Arif Habib Foundation, Arif Habib Real Estate Services (Pvt.) Limited, Black Gold Power Limited, Nooriabad Spinning Mills (Pvt.) Limited, Pakarab Fertilizers Limited, Fatima Packaging Limited, Rotocast Engineering Company (Pvt.) Limited, Safemix Concrete Limited and Siddqsons Energy Limited.

Ms. Anja E. Nielsen

Non-Executive / Independent Director

Ms. Anja E. Nielsen holds a M.Sc. in Chemical Engineering from Technical University of Denmark. In the past, Ms. Nielsen occupied the position of Vice President, Head of Regional Sales Europe/Africa & Global Technical Service at Haldor Topsøe A/S. Ms. Nielsen has more than 30 years of experience with Haldor Topsøe A/S, during which she has held various positions related to petrochemical plants including Technical Service Engineer, Area Sales Manager, Department Head of Group covering catalyst sales and technical services, General Manager for Global Marketing & Product Management – Syngas Catalyst, Vice President in Chemical Business Unit. She brings in vast experience and technical management know how for Fatima.

Mr. Tariq Jamali
Non-Executive / Independent Director

Mr. Tariq Jamali is Ex-SEVP / Group Chief Centralized Operations & Administration Group at National Bank of Pakistan (NBP). He also held the charge of President NBP (Acting). He joined NBP in1987 and has held numerous senior management positions at Regional and Head Office levels.

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

BOARD STRUCTURE AND COMMITTEES

Board Structure

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

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

Board Committees

The standing committees of the Board are:

Audit Committee

Composition

The Audit Committee consists of four members of the Board. All of the members of the Audit Committee are non-executive directors. The Committee has two Independent Directors. The Chairman of the audit committee is also an independent director. The members are:

1. Mr. Tariq Jamali	Chairman
2. Mr. Faisal Ahmed Mukhtar	Member
3. Ms. Anja Elisabeth Nielsen	Member
4. Mr. Muhammad Kashif Habib	Member

Terms of Reference and Salient Features

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

l) determination of compliance with relevant statutory requirements;

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

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

Human Resource and Remuneration Committee

Composition

The Human Resource and Remuneration Committee consists of three members of the Board. The majority of the members of the Committee are non-executive directors. The Chairperson of the Committee is an Independent Director. The members are:

1.	Ms. Anja Elisabeth Nielsen	Chairperson
2.	Mr. Fawad Ahmed Mukhtar	Member
3.	Mr. Muhammad Kashif Habib	Member

Terms of Reference and Salient Features

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

1. Duties and Responsibilities

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

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

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

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

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

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

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

2. Reporting Responsibilities

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

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

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

3. Authorities and Powers

The Committee is authorized and empowered:

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

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

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

Nomination and Risk Management Committee

Composition

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

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

Terms of Reference and Salient Features

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

a) Duties relating to Risk Management Function

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

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

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

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

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

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

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

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

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

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

b) Duties relating to Nomination Function

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

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

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

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

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

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

vii. To review Board succession plans;

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

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

c) Authorities and Powers

The Committee is authorized and empowered:

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

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

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

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

KEY MANAGEMENT

Mr. Mohammad Abad Khan

Advisor to the CEO

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

Mr. Khan joined Exxon Chemical Pakistan at the time of project phase and worked for 15 years in various positions in the area of manufacturing. Later, he joined Fauji Fertilizer Company as General Manager Plant. During the course of 14 years before his retirement, the manufacturing site worked par excellence and the site capacity increased to more than double due to a revamp of the existing facility and an additional production line. In 2001, when Fauji Fertilizer Bin Qasim faced operational challenges, Mr. Khan took responsibility as head of manufacturing and was instrumental in ensuring smooth operations. A major revamp of plant capacity took place during his 4 years of tenure.

Mr. Khan has been with Fatima Group for the last 15 years and has played a significant role in establishing Fatima Fertilizer plant and operational improvements in Pakarab Fertilizers Limited. He has extensive international exposure through seminars, symposiums and trainings including one at Harvard Business School. He is also Director of several other Group Companies namely Fatima Energy Limited, Pakarab Energy Limited, Fatimafert Limited, Fatima Ventures (Pvt.) Limited, Fatima Cement Limited and Fatima Electric Company Limited.

Mr. Asad Murad

Chief Operating Officer

Mr. Asad Murad is the Chief Operation Officer of the Company. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan. In an over 23 year career, he has held various senior management positions in the areas of financial management, strategic business planning, risk management and corporate compliance. He joined Fatima Group in 2010 as Group Head of Internal Audit and held the position of Chief Financial Officer of the Company from March 2014 till February 2021. As additional roles, he has served as the Head of Marketing & Sales and Director Finance of the Company. He was also involved in Government Relations along with his Finance Director role where he successfully consolidated all three fertilizer plants and also played an instrumental role in revival of Multan plant operations by ensuring sustainable gas supply from Mari Gas among many other contributions. He has also served as Chief Financial Officer at Honda Atlas Cars (Pakistan) Limited, a subsidiary of Honda Motor Company, Japan.

Mr. Arif-ur-Rehman

Chief Manufacturing Officer

Mr. Arif-ur-Rehman joined Fatima in early 2007 and led the project successfully as Project Director. After project commissioning, he led the Manufacturing Division as ‘Director Operations’ and steered the site through a number of energy improvement and capacity enhancement initiatives, thus achieving above design capability. Since July 2016, he has moved to the Head Office in Lahore and now oversees the Fertilizer Manufacturing, which includes Fatima Fertilizer Company Limited, Pakarab Fertilizers Limited and Fatimafert Limited. He is a Chemical Engineer with about 39 years of experience in the fertilizer and petrochemical industries. His experience includes tenures with Fauji Fertilizer plant at Goth Macchi where he was part of a successful project team, Fauji Fertilizer Bin Qasim plant and ICI PTA Bin Qasim plant.

Mr. Rizwan Qamar

Chief Financial Officer

Mr. Rizwan Qamar, the Chief Financial Officer of the Company, has worked as a Senior Finance Leader with leading Global and Regional FMCG Companies over the past 30 years, with exposure in emerging and developed markets, across diverse geographies and cultures. He has led multiple strategic transformation projects and received numerous awards and recognitions throughout his career for his significant contributions.

Prior to Fatima Fertilizer, Rizwan was CFO Food Division with Kuwait Food Company, a large multi-category food conglomerate across Middle East and Africa. Rizwan has worked with PepsiCo where he has held leadership positions, including Finance VP & CFO, Asia Pacific Region, a multi-billion-dollar business spanning eighteen countries and CFO roles for the Vietnam JV, Middle East & North Africa & West Asia. Previously, he worked with Royal Philips Electronics for over six years in high-level financial roles, including BU CFO based in the Netherlands, as Regional Financial Controller Asia Pacific, and Internal Controller in Pakistan.

Rizwan is a Chartered Accountant by profession. He is a fellow of the institute of Chartered Accountants in England and Wales and holds a bachelor’s degree in Economics. He has participated in various leadership programs at Wharton, London Business School and Chicago Booth.

Mr. Khurram Javed Maqbool

Director Sales & Marketing

With over 23 years of association with the Marketing and Sales function, Mr. Khurram Javed Maqbool is the Director Sales & Marketing. He has served long tenures with organizations like Nestle and Engro. In his previous roles, Khurram has run Marketing and Sales operations entailing brand management, innovation, portfolio strategy, institutional sales, exports, category and channel development, merchandising, sales forecasting and cycle planning.

Mr. Maqbool's academic background includes a civil engineering degree from UET and an MBA from Lahore University of Management Sciences (LUMS). His efforts in the sales and marketing domain have been recognized through Consumer Choice Awards in 2005 and 2006, Nestle Hit Parade Award in 2006, Remarkable improvement in Sales Award in 2014 and, Marcom Platinum Award in 2018 for Sarsabz testimonials, Platinum Award for AVA Digital MKT in 2019 and Campaign of the Year award for Salam Kissan by Pakistan Digital Awards (PDA) in 2020.

Mr. Omair Ahmed Mohsin

General Counsel and Company Secretary

Mr. Omair Mohsin graduated with a Juris Doctoris from Washington University in Saint Louis. He joined the Group in August 2019 as General Counsel and Company Secretary. He has over 18 years of experience and has previously been Ethics and Legal Head for ENGIE in its project in Pakistan. He has a diverse background ranging from litigation to corporate practice.

Ms. Sadia Irfan

Director Human Resources

Ms. Sadia Irfan, is an accomplished HR professional with 25 plus years of HR experience. Carrying a Master degree in English Language & literature supported by degree in Human Psychology, She has earned several HR certifications & distinctions in the HR Space. She is a certified Hogan Executive Coach, recognised Career Coach and Mentor, and distinction holder in Advance Facilitation for Board program from UK to name a few.

Ms. Irfan's career is a continuous learning journey. She brings to Fatima at least two decades of senior HR leadership experience with MNCs like PepsiCo, Nestle & Electrolux across multiple International markets including West Asia, Middle East & Africa, Pakistan and Afghanistan. Besides being a FMCG Specialist, she has also been associated with the Pharmaceutical & white goods industries. She has earned her previous employers, prestigious Global Awards in Talent & D&I space.

During her career, Ms. Irfan has successfully led complexed HR projects including Start-up Operations, Merger & Acquisition, JV, Fix-It Operation & Close Down, all in multiple business models and operating environments such as Franchise Operation, OPCO, Company Operated Snacks & Beverage international business.

Ms. Irfan is recognized as a Strategic Business Partner with track record of building better businesses through cultural transformation. Her areas of expertise include Leadership Development, Driving Performance Culture, Design & Implementation of Change Management Strategies, Employee Engagement & Productivity, and Organization Design & Development, Business Continuity Planning & Risk Management.

Her passionate leadership for female engagement and development is recognized in the corporate world as a great value addition to the Diversity & Engagement journey. She has participated in international programs and facilitated round tables and strategic discussions on Diversity & Inclusion & Engagement in the US, UK & China. Sadia has been an active guest speaker on strategic HR challenges at Pakistan and Middle East Forums.

KEY MANAGEMENT CONT'D

Mr. Iftikhar Mahmood Baig

Director Business Development

Mr. Iftikhar Mahmood Baig is Director Business Development of Fatima Group and is advising/supporting business sustainability and development/generation of new business opportunities as well as overseeing all regulatory affairs/issues. He has over 31 years of financial and commercial experience. During his over two decade tenure with Fatima Group,

Mr. Baig has served in senior positions in various Group companies. He played an important role in the acquisition of Pakarab Fertilizers Limited in 2005 and its revival with MPCL gas in 2020.

He was instrumental in successfully achieving Financial Close of the largest rupee syndication of PKR 23 billion in 2006 for the greenfield fertilizer manufacturing complex of Fatima Fertilizer

Company Limited (Investment USD 750 million). He played a pivotal role in Gas/LNG sourcing for Fertilizer Plants and new ventures in the Power and E & P Sectors.

Mr. Ahsen-ud-Din

Director Technology Division

Mr. Ahsen-ud-din has 37 years of management experience with leading companies like Engro Corporation ,Exxon Chemical, where his last appointment was Vice President, he also worked in Fauji Fertilizer, Kuwait National Petroleum and Gulf Petrochemical Industries Corporation. During his career, Mr. Ahsen-uddin has a track record of executing number of multi-million dollar petrochemical and fertilizer projects as project executive, he has also managed a number of world scale fertilizer and petrochemical manufacturing facilities as General Manager while delivering best in class oprational and HSE performances.

Mr. Ausaf Ali Qureshi

Director Special Projects

Mr. Ausaf Ali Qureshi is a Fellow Member of Institute of Chartered Accountants of Pakistan.

He joined the Group in May 2010 as Company Secretary with the additional responsibility for investor relations. He has over 38 years of experience with Fauji Fertilizer, Pakistan International Airlines (Holdings) and Bristol Myers Squibb (BMS). In his over 20 years career at BMS, he held various regional management positions in Pakistan, South Korea, Egypt and Singapore in the areas of finance, corporate compliance and strategic project planning.

Mr. Hassan Altaf

Director Strategy

Mr. Hassan Altaf, the Director Strategy, has 30 years of global experience. He has worked with leading organizations including Saudi Basic Industries Corp (SABIC; ARAMCO subsidiary)-Saudi Arabia, Ernst & Young Corporate Finance (DIFC)-UAE and Pricewaterhouse Coopers/KMPG-Canada.

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

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

Mr. Atif Zaidi

Chief Information Officer

Mr. Atif Zaidi is a seasoned IT executive and a US citizen with over 27 years of international experience in information technology, establishing IT organizations, strategic digital transformations, adoption of latest emerging technologies and enabling innovation capabilities. Prior to joining Fatima Group, Atif was serving as the CIO and Head of Technology & Digital Sector at NEOM, a $500 billion-dollar greenfield initiative of developing a 26,500 sq. km. independent state in the northwest of Saudi Arabia under the patronage of His Royal Highness, Prince Mohammed Bin Salman, the Crown Prince of Saudi Arabia.

Previously, Atif has held global leadership positions with responsibilities spanning across the US, EMEA, Asia Pacific and Latin America and experience in notable blue-chip organizations like AT&T, The McGraw-Hill Companies, Pfizer, Obeikan Education and Sadara Chemical Company, a $30 billion-dollar joint venture between Aramco and Dow Chemical Company. He has considerable experience in government and country-wide national programs, manufacturing, petrochemical, oil and gas, education, pharmaceutical, medical, financial and publishing sectors.

Atif is a globally recognized leader and keynote speaker with multiple publications. He has a Masters' Degree with a perfect graduating GPA of 4.0 from New Jersey Institute of Technology and a Bachelors' Degree from the same Institute in Electrical Engineering (Honors). He is also PMP and ITIL certified and holds several leadership certifications.

Mr. Salman Ahmad

Head of Internal Audit

Mr. Salman Ahmad joined Fatima Fertilizer as Head of Internal Audit in December 2016. He is a Fellow Chartered Accountant (FCA) from the Institute of Chartered Accountants of Pakistan, with over 25 years of experience in Audit and Finance in companies like Alrostamani Group Dubai UAE; Oasis Group Holdings (South Africa); Gharibwal Cement Limited and Emaar.

Mr. Pervez Fateh

G.M. Manufacturing

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

A hard core professional, having B.E (Mech) degree from NED University – Karachi. Mr. Fateh has over 32 years of rich experience in maintenance, inspection and management in Fertilizer Industry, with demonstrated initiative, creativity and success. Strategic planning, capital asset oversight, cost containment, budgeting and staff training/mentoring are his forte. He has multiple successful projects under his belt. He has also attended many prestigious leadership development programs at LUMS, University of Michigan (USA) and MIT (USA).

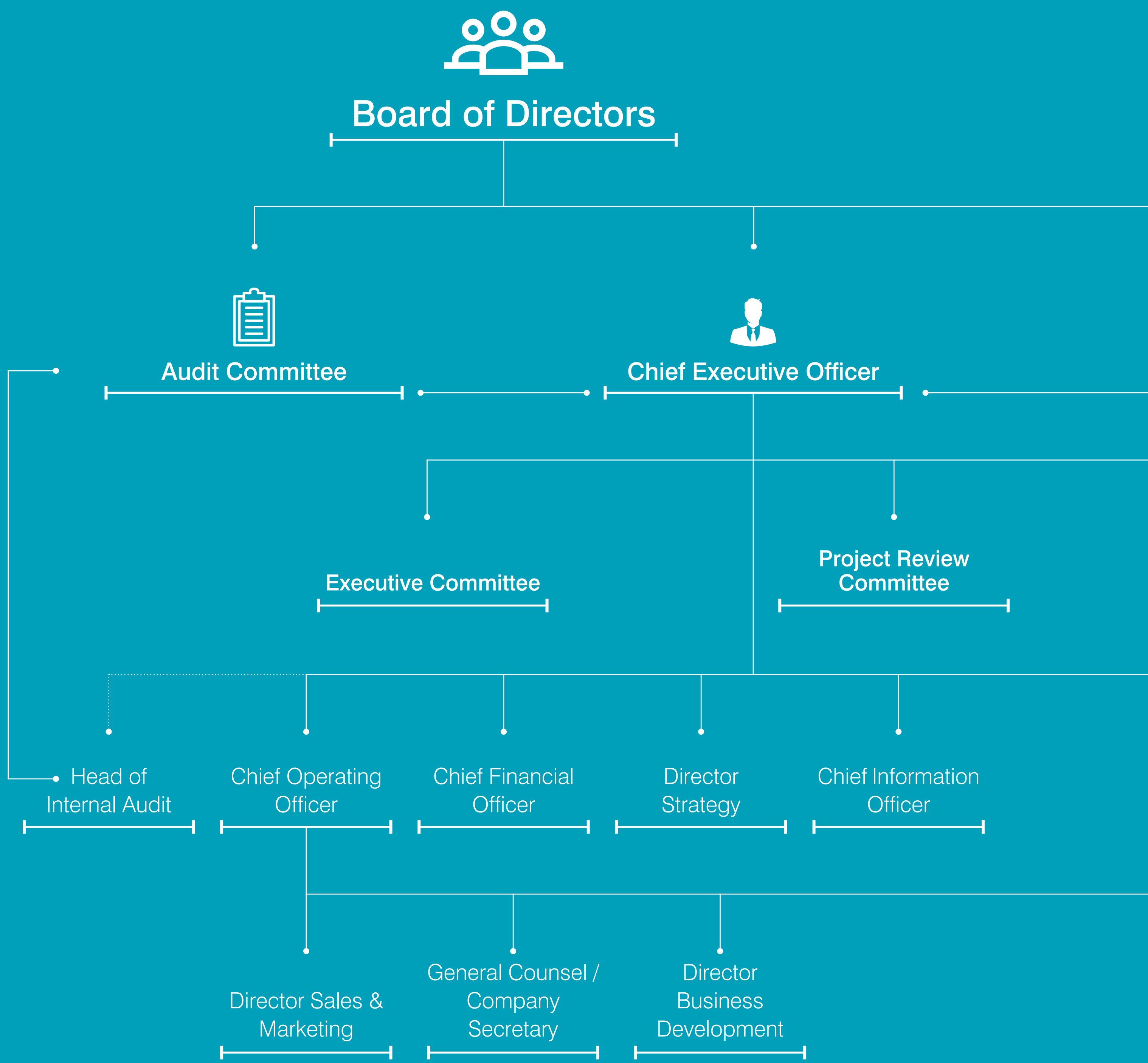
Mr. Fateh is also involved in philanthropic activities and heads his own NGO Azm-e-Nau Foundation working in the areas of upper Sindh and Northern Punjab, with prime focus on poverty alleviation and educational support.

Mr. Faisal Jamal

Corporate HSE and Technical Support Manager

Mr. Faisal Jamal leads Fatima Group's Corporate HSE & Technical Support teams. A chemical engineer by qualification with more than 22 years of professional experience, he possesses strong leadership, technical safety, HSE culture enhancement and risk management foundation augmented by rich experience in process engineering and operations. His experience in fertilizer manufacturing, oil & gas exploration and production, and refining businesses has enabled him to utilize his expertise with a broader perspective and a sustainable approach. Mr. Jamal has represented Fatima Group at various prestigious international and national events hosted by institutions and organizations like MIT, AIChE and ASSP.

ORGANIZATIONAL CHART



HR & Remuneration Committee

Nomination and Risk Management Committee

Enterprise Risk Management Committee

Other Management Committees

Director Special Projects

Director Human Resources

Chief Manufacturing Officer

Director Technology

Head of Supply Chain

Head of Lean Six Sigma

Head of Administration

CHAIRMAN'S REVIEW REPORT

to the Shareholders for the year ended December 31, 2020

Dear Shareholders,

Pakistan has been fortunate to have been least affected by COVID-19 as it navigated the pandemic relatively well. Pakistan's economy suffered during the period from March to May 2020 but a V-shaped recovery began at the onset of the ongoing fiscal year. In particular, large-scale manufacturing including the segment addressing the Agri / Food security sector has managed to show growth. Your Company has been able to achieve uninterrupted business operations and add value to shareholders through sustainable growth while maintaining the highest standards of health, safety, and security for its employees and business partners.

During the period under review, your Company increased its production capacity and strengthened its market position through aggressive strategies which included capitalization of the slogan "Salam Kissan" and improvement of plant reliability and operations. The Company now has three plants. i.e in Sadiqabad, Multan and Sheikupura, with a nameplate capacity of 2.57 million MT. During the year under review, contribution of Multan Projects started from September 01, 2020 whereas supply of gas to Sheikupura plant was available only for four months. Despite part contributions of Multan and Sheikhupura , 2020 set a new benchmark in terms of the highest ever sales volume leading to increased profitability of the Company. The year 2021 is likely to see higher production as all three plants are expected to contribute efficiently. I would like to thank all our employees for their hard work under extremely trying circumstances due to the pandemic. Using its enhanced cumulative nameplate production capacity of 2.57 million MT, the Company is set to provide required nutrients to the farmers and to achieve new milestones for its stakeholders in 2021.

Arif Habib

Chairman
March 26, 2021

چیئرمین کا جائزہ

برائے سال مختتمہ 31 دسمبر 2020

معزز شیئر ہولڈرز،

پاکستان خوش قسمت رہا کیونکہ کرونا وباء کیلئے عمل میں لائے گئے نسبتاً اچھے اقدامات کی بدولت یہ کم متاثر ہوا۔ پاکستان کی معیشت مارچ تا مئی 2020 کے دوران بیحد متاثر ہوئی مگر رواں مالی سال کے آغاز کے ساتھ انتہائی تیزی سے بحالی شروع ہوئی۔ خصوصاً بڑے پیمانے کی مینوفیکچرنگ بشمول زرعی/فوڈ سیکیورٹی سیکٹر نے ترقی کا مظاہرہ کیا۔ آپکی کمپنی بلاتعطل کاروباری اُمور کی روانی، اپنے ملازمین اور کاروباری پارٹنرز کیلئے صحت، حفاظت اور سیکیورٹی کے اعلیٰ معیارات پر کاربند رہتے ہوئے دیرپا نمو کے ذریعے شیئر ہولڈرز کیلئے سودمند ثابت ہونے میں کامیاب رہی۔

زیر جائزہ مدت کے دوران آپکی کمپنی نے اپنی پیداواری صلاحیت میں اضافہ کیا اور جارحانہ حکمت عملیوں کے ذریعے اپنی مارکیٹ پوزیشن مزید مضبوط کی، ان حکمت عملیوں میں "سلام کسان" کی مہم، پلانٹ کی استعداد اور اُمور کی بہتری سرفہرست ہیں۔ کمپنی کی ملکیت میں اب تین پلانٹس صادق آباد، ملتان اور شیخوپورہ ہیں جن کی مجموعی پیداواری صلاحیت 2.57 ملین میٹرک ٹن ہے۔ زیر جائزہ مدت کے دوران ملتان پراجیکٹس سے حصہ داری کا آغاز 01 ستمبر 2020 کو ہوا جبکہ شیخوپورہ پلانٹ کو محض چار ماہ گیس دستیاب رہی۔ ملتان اور شیخوپورہ پلانٹ سے جزوی حصہ داری کے باوجود سال 2020 سب سے زیادہ سیلز حجم کے اعتبار سے قابل تقلید ثابت ہوا جس کی وجہ سے کمپنی کے منافع میں بھی اضافہ ہوا۔ تمام پلانٹس سے بھرپور پیداوار کی توقع کے ساتھ سال 2021 میں زیادہ پیداوار کا تخمینہ لگایا گیا ہے۔ میں ان انتہائی نامساعد وبائی حالات میں بھرپور محنت کا مظاہرہ کرنے پر تمام ملازمین کا شکریہ ادا کرتا ہوں۔ کمپنی 2.57 ملین میٹرک ٹن کی مجموعی اضافہ کردہ پیداواری صلاحیت کو بروئے کار لاتے ہوئے کسانوں کو درکار اجزاء کی فراہمی اور سال 2021 میں اپنے سٹیک ہولڈرز کیلئے نئے سنگ میل تک کامیابی حاصل کرنے کیلئے بیحد پرعزم ہے۔

عارف حبیب

چیئرمین

26 مارچ 2021

CEO'S MESSAGE

Dear Shareholders,

We have all dealt with a very difficult environment in 2020 due to the COVID-19 pandemic. The uncertainty has still not subsided but we must look ahead with optimism. Thankfully, with your support, our company has met the challenges with resilience and adaptability, demonstrating that it can consolidate, grow and add shareholder value even in the most testing of times.

Overall Pakistan's Fertilizer market (Nitrogen + Phosphate) stood at 9.6 million MT, increasing by 3.3% in comparison to last year. Urea sales however remained close to last three years average annual sales of 6 million MT. The market growth resulted from increasing consumption of DAP, NP and CAN sales. This shows an evolving progressive attitude of local farmers towards value added fertilizers attributable partly to your Company's Marketing/ Technical Services efforts over the last few years. I am also pleased to advise that our Company achieved highest ever sales volume of 1.87 million MT in 2020. On year on year basis sales volume increased by 1.8% compared to last year. Your Company's after tax profit for the year increased 10% over last year. Resultantly, earnings per share increased to Rs 6.32 per share compared to Rs 5.75 per share in 2019.

This is the first year of integration of Pakarab's production with Fatima following execution of the 'Sale and Purchase Agreement' in September 2020. We should all be proud of the Company's performance during 2020 even though the Sheikhupura plant remained shut for 8 months during the year. The manufacturing excellence at all three plants has again been praiseworthy.

I would like to compliment all our employees for their hard work and dedication through the pandemic year. I reiterate my confidence that by utilizing its increased nameplate capacity of 2.57 million MT, working together with all our stakeholders your Company will continue to deliver on our Vision of safety, quality, productivity and contribution to the national economy.

Fawad Ahmed Mukhtar

Chief Executive Officer

چیف ایگزیکٹو آفیسر کا پیغام

معزز شیئر ہولڈرز،

کرونا وباء کی وجہ سے ہم سب نے سال 2020 کے دوران انتہائی مشکل حالات کا سامنا کیا۔ غیر یقینی صورتحال کا ابھی تک اختتام نہیں ہوا مگر ہمیں پرُ اُمید ہو کر مستقبل کی جانب دیکھنا چاہیے۔ شکر ہے کہ آپکے تعاون سے ہماری کمپنی ان چیلنجز سے بھرپور انداز اور مطابقت پذیری کے ساتھ نبرد آزما ہوئی اور اس بات کا مظاہرہ کیا کہ مشکل ترین حالات میں بھی یہ استحکام، ترقی اور شیئر ہولڈرز کیلئے مفید ہو سکتی ہے۔

مجموعی طور پر پاکستان کی فرٹیلائزر مارکیٹ (نائٹروجن + فاسفیٹ) 9.6 ملین میٹرک ٹن پیداوار دے رہی ہے جس میں گزشتہ سال کے مقابلہ میں 3.3 فیصد اضافہ ہوا۔ تاہم یوریا کی فروخت گزشتہ تین سال کی اوسط فروخت یعنی 6 ملین میٹرک ٹن کے قریب رہی۔ مارکیٹ گروتھ ڈی اے پی، این پی اور کین کی سیلز میں اضافہ کی وجہ سے دیکھنے کو ملی۔ یہ مقامی کسان کے ویلیو ایڈڈ فرٹیلائزرز کی جانب ترقی پسندانہ ارتقائی رویہ کو ظاہر کرتا ہے جو کہ گزشتہ چند سالوں سے آپکی کمپنی کی مارکیٹنگ/ٹیکنیکل سروسز کی کاوشوں سے جزوی طور پر منسوب ہے۔ مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ ہماری کمپنی سال 2020 کے دوران 1.87 ملین میٹرک ٹن کا تاریخ ساز سیلز حجم حاصل کرنے میں کامیاب رہی۔ سال در سال تقابلی جائزہ کے حساب سے یہ گزشتہ سال سے 1.8 فیصد زائد ہے۔ آپکی کمپنی کا بعد از ٹیکس منافع گزشتہ سال سے 10 فیصد زیادہ رہا۔ نتیجتاً 2019 کی 5.75 روپے فی شیئر آمدن کے مقابلہ میں اس سال فی شیئر آمدن 6.32 روپے رہی۔

ستمبر 2020 میں "سیلز اینڈ پرچیز معاہدہ" کے بعد یہ فاطمہ فرٹیلائزر کے پاک عرب کی پیداوار کے ساتھ انضمام کا پہلا سال ہے۔ ہم سب کو سال 2020 کیلئے کمپنی کی کارکردگی پر فخر محسوس کرنا چاہیے، باوجود اس کے کہ سال کے 8 مہینوں کے دوران شیخوپورہ پلانٹ بندش کا شکار رہا۔ تمام تین پلانٹس پر پیداواری بہتری قابل تعریف رہی۔

میں اپنے تمام ملازمین کو وباء کے دوران اُنکی سخت محنت اور لگن پر سراہتا ہوں۔ میں اس اعتماد کو پھر دہراتا ہوں کہ 2.57 ملین میٹرک ٹن کی اضافی پیداواری صلاحیت اور تمام سٹیک ہولڈرز کے ساتھ مل جل کر کام کے سہارے آپکی کمپنی تحفظ، معیار، پیداوار کے نصب العین پر کاربند رہتے ہوئے ملکی معیشت کیلئے اپنا مثالی کردار جاری رکھے گی۔

فواد احمد مختار
چیف ایگزیکٹو آفیسر

DIRECTORS' REPORT

to the Shareholders for the year ended December 31, 2020

On behalf of the Board of Directors of the Company, we are pleased to present the Directors' Report and the audited financial statements of the Company for the year ended December 31, 2020.

The outbreak of the ongoing COVID-19 pandemic had unprecedented adverse impacts on the global economy and as the world confronts its new waves, the pandemic is expected to continue impacting the global economy adversely. During this testing time, your Company has developed comprehensive business continuity strategies and practices to combat the virus.

Despite the challenges owing to such a pandemic, your Company achieved uninterrupted business operations and has been able to add value to shareholders through sustainable growth while maintaining the best standards of health and safety for its employees and business partners.

During the period under review, Company increased its production capacity during the second half of the year through the execution of the 'plant sale and purchase' agreement with its associated company Pakarab Fertilizers Limited, as was approved by its shareholders in November 2018. Further, Company strengthened its market position through aggressive strategies which included capitalization of the "Salam Kissan" campaign and customer focus programs. Added to this we continued improvement in plant reliability and operations coupled with various cost optimization initiatives. As of result, in 2020 a new benchmark has been set in terms of the highest ever sales volume leading to increased profitability of the Company.

Market Overview

International Market

2020 is the year of the coronavirus pandemic. Most of the major phosphate producers in China, a significant global supplier, are based in Hubei where the pandemic first broke and plants started closing in the region at the end of Q1. Phosphates demand remained steady in 2020 despite the pandemic. During the year phosphoric acid prices rose by close to $100/tonne which meant that it was cheaper to import DAP rather than produce it domestically using phosphoric acid. Global demand was met by ramped up phosphates production from Moroccan, Russian and Saudi producers. However, tight demand supply situation led to around 35-40% increase of DAP prices in international markets.

At the start of 2020, Urea prices in internal market remained soft. Prices corrected in mid March and were trading at their lowest level in May / June tracking the economic downturn seen across the world because of coronavirus. There was ample availability of Urea and buying was delayed in most markets because of lockdowns and curfews. New plants in India and Nigeria were also delayed and pushed to mid / late 2021.

Owing to these elements, global urea prices increased by 9-19% towards the end of 2020 in key international markets. The increase was because of unexpected and prompt demand from India at a time when Chinese supply became limited.

Local Market

Year 2020 closed with a total fertilizer industry off-take (Nitrogen + Phosphate) of 9.6 million MT, increasing marginally by 3.3% in comparison to last year. This increase was despite the fact that Urea sales remained closer to last three years average annual sales, which stood at 6 million MT against 6.2 million MT in 2019. The record breaking sales in December 2019 was primarily responsible for increased sales in 2019. Also, imported Urea sales were 0.2 million MT in 2019 whereas there was no imported Urea sale in 2020. DAP industry experienced a solid increase of 7%, going from 2 million MT in 2019 to 2.2 million MT in 2020. There was almost 0.5 million MT stock of DAP that was carried forward from 2019 which was sold steadily to meet local market demand in 2020. During FY 2020, prices of Urea remained stable while DAP prices after witnessing drop in 1H-20, recovered and improved in 2H-20 in line with increase in prices in international market.

Company Performance

Despite multiple challenges faced by the Company during the year due to COVID-19 and along with the locust attack which emerged as a key risk factors for the agriculture sector, your Company achieved the highest ever sales volume of 1.87 million MT in 2020. On a year on year basis, sales volume increased by 1.8% as compared to last year.

Sales Volume (Tons)		
Product	**2020**	**2019**
Urea	763,810	777,526
CAN	492,479	471,828
NP	473,081	477,992
DAP	137,873	106,702
Total	**1,867,243**	**1,834,048**

Combined production volumes achieved for the year increased by 16% over last year with full year operation of our Sadiqabad plant without any disruption. Further, owing to the acquisition of production and operating plants from an associated Company, Pakarab Fertilizers Limited at Multan after execution of 'plant sale and purchase agreement' with effect from September 01, 2020, which gave a total production of 0.26 million MT. Your Company has achieved this production volume despite its Sheikhupura plant remained out of operation for 8 months due to non availability of gas.

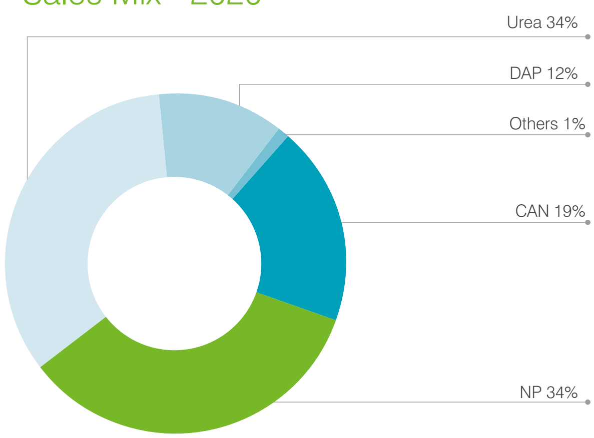
With all the three plants in operations at Sadiqabad, Multan, and Sheikhupura, your Company is committed to ensure a continuous supply of its products to the farmer community through a cumulative annual nameplate capacity of 2.57 million MT per year.

Financial Performance

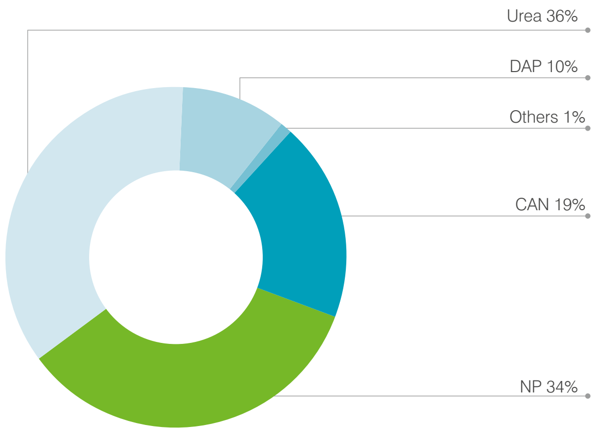
As a result of steadiness in overall sales volumes, despite some price uncertainties in the first half of the year, the Company managed to deliver sales revenue of Rs 71.27 billion showing a decline of approximately 5%, compared to sales revenue of Rs 74.96 billion in the year 2019. Amongst others, the key reason for this decline in revenue, despite slight increase in sales volume, was a reduction in NP and DAP prices especially in the first half of the year, however, the prices started improving sharply in 2nd half of the year.

Urea and NP were the dominant contributors to the sales revenue with 34% share each, followed by CAN and DAP with 19% and 12% respectively.

Sales Mix - 2020



Sales Mix - 2019



Cost of sales of the Company including finished goods purchased for resale, declined by approximately 10% compared to last year. Apart from various cost / efficiency initiatives, this includes the release of subsidy from the Government of Pakistan (GoP) for the prior year amounting to Rs 5.7 billion as the difference between full RLNG price billed to the Company relating to its Sheikhupura plant by SNGPL and the Gas price capped by GOP for fertilizer plants operating on RLNG.

Further, the decline in manufacturing costs was also attributable to no operations at Sheikhupura plant for 8 months due to non availability of gas which was offset by additional production from Multan plant from September 01, 2020, due to the acquisition of operating and production plants of Pakarab Fertilizers Limited as mentioned above.

The Company posted an increase in gross profit by 3.2% resulting in Rs 28.79 billion as compared to Rs 27.90 billion in 2019. The finance cost of the Company reduced by 7.8% from Rs 3.76 billion to Rs 3.47 billion mainly due to declining interest rates observed during the year and decrease in outstanding long term loans of the Company.

Further, in the light of the order of the Supreme Court of Pakistan (SCP), the Company has reclassified already booked provision for the Gas Infrastructure Development Cess (GIDC) in forty eight equal monthly installments. This has led to a temporary gain on remeasurement of such provision amounting to Rs 877.51 million in these financial statements as per guidance issued by the Institute of Chartered Accountants of Pakistan. This temporary gain shall be reversed in due course of time. It is worthwhile to mention that the Company has filed a suit for declaration and injunction in the High Court of Sindh and has obtained a stay order against collection and recovery of such Cess on account of issues of computation of liability and various other grounds.

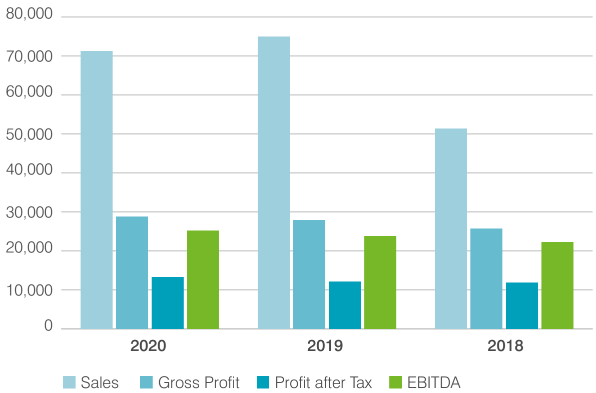
In addition, the Company has also temporarily recognized a loss allowance of Rs 360.24 million on remeasurement of subsidy receivable from the Government of Pakistan (GoP) as per the requirements of International Financial Reporting Standards. This temporarily booked loss allowance shall also be reversed in due course of time.

Resultantly, the Company posted a profit after tax of Rs 13.27 billion for the year reflecting an increase of 10% as compared to Rs 12.07 billion last year. Similarly, earnings per share increased to Rs 6.32 per share compared to Rs 5.75 per share in 2019.

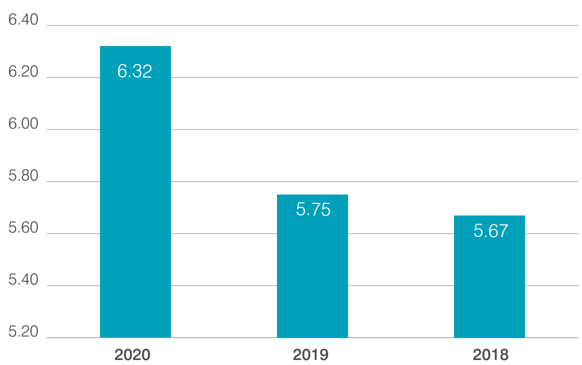
Financial Highlights

	2020		2019		2018	
	Rs Million	%	Rs Million	%	Rs Million	%
Turnover	71,267		74,964		51,310	
Gross Profit	28,795	40.40	27,899	37.22	25,671	50.03
EBITDA	25,180	35.33	23,776	31.71	22,204	43.27
Profit after Tax	13,275	18.63	12,070	16.10	11,913	23.22
EPS (Rs)	6.32		5.75		5.67	

Financial Performance
Rupees in Million



Earnings Per Share
Rupees



Operations

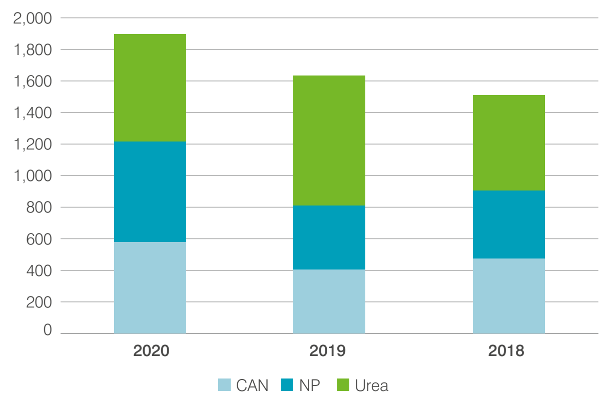
In pursuit to enhance production plants' reliability, the team's professional focus, resilience, and perseverance led to the ever best on-stream-factor (OSF) of all major plants in 2020 which helped to break all previous production records and surpassed 1.47 million MT of annual production in 2020 at Sadiqabad Plant.

Sheikhupura plant faced shut down for almost 8 months in the year 2020 due to non availability of gas from SNGPL. The plant came into production in August 2020 and produced 0.164 million MT during four months of operation. The plant achieved a service factor of 100% and 99.2% for Ammonia and Urea respectively and a capacity factor of 106% as a result of a strong focus on plant reliability and efficient process monitoring / optimization.

After execution of the 'plant sale and purchase' agreement on September 01, 2020, Multan plant also outperformed in all areas of safety, production and quality during the year 2020 despite all odds and challenges including but not limited to COVID-19 pandemic.

Despite 8 months of shutdown of Sheikhupura plant overall production volume increased by 16% over last year. Consequently, the production volume of Urea decreased by 17%, while CAN and NP increased by 43% and 56% respectively over the last year.

Production
Metric Tons in '000'



Capacity Utilization

Plant	2020	2019	2018
Urea, CAN and NP	94% *	95%	88%

* This is based on total designed capacity of 2.57 million MT, which has been prorated to the extent that Multan plant was acquired from September 01, 2020. Further, Sheikhupura plant remained operational for 4 months only as per availability of gas.

Gross Profit

The steady sales volumes resulting from robust demand which were knocked by uncertain prices during the first half of the year resulted in a decline in sales revenue by 5% over last year. However, the release of subsidy from the Government of Pakistan against RLNG supply to Sheikhupura plant along with various cost efficiency initiatives reduced the cost of sales despite rising input cost because of operations of Multan plant and inflation. Consequently, gross profit improved by 3.2% over last year closing at Rs 28.79 billion for the year.

Finance Cost

As a result of untiring efforts, the Company was successful to closely coordinate with the Government for early settlement of overdue GST refunds which resulted in improving cash flows and burden on the borrowings of the Company. In addition, declining interest rates were observed during the year which along with decrease in outstanding loans of the Company lead to reduced finance cost.

Dividends and Subsequent Events

The Board of Directors in its meeting held on March 26, 2021, have proposed a final Cash Dividend @ Rs 2.5 per share i.e. 25% for approval of the members at the Annual General Meeting to be held electronically through tele / video conferencing on Monday, April 26, 2021. The financial statements do not reflect this proposed dividend.

Appropriations	Rs in thousand
Unappropriated profit brought forward	55,299,651
Dividend 2019	(4,200,000)
Net profit for the year 2020	13,274,691
Profit available for appropriations	64,374,342
Appropriations	–
Unappropriated profit carried forward	**64,374,342**

Further, we are pleased to inform you that, subsequent to the year end, during March 2021, Federal Government has ratified the decision of the ECC for operationalization of the Sheikhupura plant, and hence gas supply has been restored and the plant is fully operational since then.

Financial Management

Despite facing all the pressures on its cash flow as stated above, in addition to the challenges faced due to the COVID-19 pandemic, all the financial commitments falling due during the year were timely met. Apart from its routine obligations during the year, the Company keeps on investing heavily in projects for future growth and sustainability.

As a testament to its strong financial position, the Company at year end had more than Rs 8.84 billion available in unutilized borrowing limits from financial institutions.

With a highly favorable gearing position, the Company is deliberating upon further options to maintain and enhance its earnings for the benefit of its stakeholders.

Financial Highlights

Key performance indicators and financial data of previous years has been annexed herewith.

Auditors' Report on the Financial Statements

Our Auditors have reviewed the Company's financial statements which comprise of the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we are pleased to share that they have issued an unqualified opinion on the Company's Financial Statements for the year ended December 31, 2020.

Contribution to National Exchequer

Being a responsible corporate citizen of the country, the Company continued to contribute significantly towards the National Exchequer. An amount of Rs 7.5 billion (2019: Rs 7.3 billion) was contributed during the year in respect of Custom duties, Sales tax, and Income tax.

Statement as to the Value of Investment of Provident Fund

The value of the investment of the provident fund is Rs 1,619.56 million. The figure is unaudited for the year under review.

Future Outlook

Your Company is working relentlessly to further strengthen its association with its farmers who are enriching their soils and lives through the use of modern agriculture methods and the application of value added fertilizers.

Considerable stocks have been carried forward to FY 2021. Sheikhupura Plant has already restarted its operations and Multan and Sadiqabad Plants are operating efficiently. The year 2021 looks very promising with the increase in production capacity of the Company and robust strategies put in place to ensure sustainable growth. Our costs optimization efforts during the year, improvement in plants' efficiency and reliability, process improvement initiatives, and continuous focus on employee development have started giving dividends to the Company.

We hope necessary fiscal support in the shape of farmer friendly Government policies will continue, providing further strength to the farmers and industry.

As a responsible corporate citizen, your Company will continue to play a vital role in the revival of the economy with passion and dedication. It is committed to playing its role in providing required nutrients to the farmers through available stocks and additional productivity from further efficient and sustainable operations of its Plants.

With its strong asset base and financial position, the Company will continue to explore further opportunities both inside and outside the fertilizer sector, for further improvement of value to its associates and stakeholders.

Code of Corporate Governance

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

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

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

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

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

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

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

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

Changes in the Board

During the year under review, the Directors of the Company completed their tenure in office. The election of directors was held on June 29, 2020, and seven directors (six male directors and one female director) were elected for a term of three years commencing from June 30, 2020, in terms of section 159 of the Companies Act, 2017. Mr. Mohammad Abad Khan retired from the Board on June 29, 2020. The Board expresses its appreciation for the services rendered by the outgoing director.

The names of members of the Board are as follows:

i. Mr. Arif Habib – Non-Executive Director

ii. Mr. Fawad Ahmed Mukhtar – Executive Director

iii. Mr. Fazal Ahmed Sheikh – Executive Director

iv. Mr. Faisal Ahmed Mukhtar – Non-Executive Director

v. Mr. Muhammad Kashif Habib – Non-Executive Director

vi. Ms. Anja Elisabeth Nielsen – Non-Executive / Independent Director

vii. Mr. Tariq Jamal – Non-Executive / Independent Director

Directors' Remuneration

In compliance with regulatory requirements, a transparent and formal process has been established for ascertaining the remuneration of the directors. All non-executive and independent directors of the Company are entitled to remuneration for attending Board and Audit Committee meetings along with reimbursement of expenses incurred in connection with these meetings. Any Director who serves on the Committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a Director, may be paid such remuneration by way of salary, allowances, facilities, perquisites, etc., as the Board may determine. Detail of the remuneration paid to executive and non-executive directors during the year is given in Note 37 of the attached financial statements.

Changes in the Audit Committee

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

The names of members of the audit committee are as follows:

1. Mr. Tariq Jamali	Chairman
2. Mr. Muhammad Kashif Habib	Member
3. Mr. Faisal Ahmed Mukhtar	Member
4. Ms. Anja Elisabeth Nielsen	Member

Changes in the Human Resource and Remuneration Committee

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

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

1. Ms. Anja Elisabeth Nielsen	Chairperson
2. Mr. Muhammad Kashif Habib	Member
3. Mr. Fawad Ahmed Mukhtar	Member

Nomination and Risk Management Committee

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

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

Board and Committees' Meetings and Attendance

During the year under review, five meetings of the Board of Directors, four meetings of the Audit Committee, and one meeting of the HR and Remuneration Committee were held from January 01, 2020, to December 31, 2020. The attendance of the Board and the Committee members was as follows:

Name of Director	Board Meetings	Audit Committee Meetings	HR & Remuneration Committee Meeting
Arif Habib	5	N/A	N/A
Fawad Ahmed Mukhtar	5	N/A	1
Fazal Ahmed Sheikh	5	N/A	N/A
Faisal Ahmed Mukhtar	4	1	0
Mohammad Abad Khan	2	2	0
Muhammad Kashif Habib	4	4	1
Anja Elisabeth Nielsen	0	0	0
Tariq Jamali	4	2	N/A

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

Trading in Shares of the Company by Directors and Executives

Name	No. of shares	Nature of transaction
Tariq Jamali	1	Purchase
Nasir Masood Bhatti	8,000	Sale
Nasir Masood Bhatti	8,000	Sale
Nasir Masood Bhatti	12,000	Sale
Humayun Shahzad	15,000	Sale

Pattern of Shareholding

The pattern of shareholding and categories of shareholders as of December 31, 2020, as required under the Pakistan Stock Exchange Regulations, have been annexed herewith along with the Proxy Form.

Code of Conduct

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

Credit Ratings

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

Internal Audit

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

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

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

External Auditors

M/s. Yousuf Adil, Chartered Accountants, the retiring auditors of the Company, being eligible, offered themselves for re appointment. The Board Audit Committee and the Board of Directors have recommended their re appointment by the shareholders at the 18th Annual General Meeting, as auditors of the Company for the year ending December 31, 2021, at a fee to be mutually agreed.

Health, Safety and Environment

As a result of persistent efforts of HSE team the Company achieved 77.35 Safe Million Man Hours (SMMH) for the three fertilizer manufacturing sites without any Lost Time Injury (LTI) along with world class Total Recordable Incident Rates (TRIR) of 0.03 for Sadiqabad Plant, 0.05 for Multan Plant and 0.09 for Sheikhupura Plant.

Due to COVID-19 pandemic, this year was more challenging than usual, and focus remained on Business Continuity along with wellbeing of employees. The Company continuously reviewed its measures along with changing global and local scenarios. The plants were kept in safe operations with strict compliance of safety protocols.

Sadiqabad Plant is currently operating at DuPont Process Safety Management (PSM) excellence level. Whereas, for Multan and Sheikhupura Plant 1st and 2nd party PSM assessments were conducted as per best industrial practices for internal assessment of our safety standards and now geared up for 3rd party assessment. Further, several system improvements and team's capability building activities were undertaken along with tree plantation activity, observing World Environment Day and Earth Hour was celebrated.

Comprehensive monitoring and self auditing regimes remained in focus backed by internal and external audits. This included, Management Safety Audits, Emergency Response Drills, Plant Reliability Enhancement Program, Operational Excellence Program, Occupational Health & Industrial Hygiene and customized Housekeeping Audits.

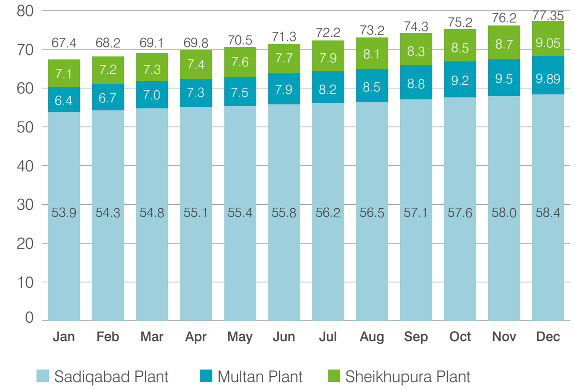
In 2020 Sadiqabad Plant won International Safety Award by British Safety Council, The Royal Society for the Prevision of Accidents (RoSPA) Gold Award, National Safety Council-USA Leadership Award and 17th Annual Environment Excellence Award. Sadiqabad Plant also stood Global Leader in Safety performance with 14 other countries among 72 companies worldwide (532 operational facilities) by International Fertilizer Association (IFA). Moreover the site participated in 16th Virtual Global Conference on Process Safety-USA & AIChE's Center for Chemical Process Safety Big Data Conference-USA and presented paper on 50 Million Safe Man Hours without a Lost Time.

Multan Plant won merit position at International Safety Award hosted by British Safety Council, Certificate of Excellence at 10th Annual Fire & Safety Award organized by British Safety Council and IFA certification secured with a score of 84%.

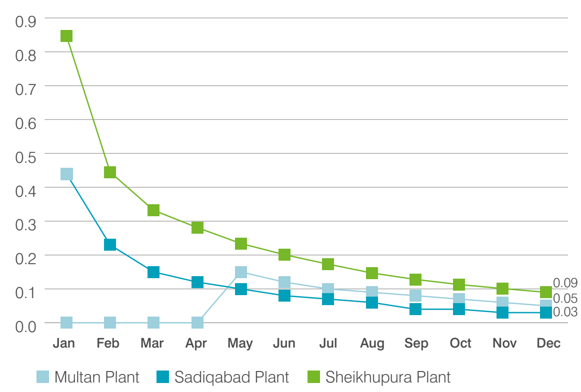
Sheikhupura Plant won Gold Category Award from RoSPA UK along with several national level awards and also successfully migrated from OHSAS-18001 to ISO-45001. Moreover, certifications of Quality Management System (ISO-9001:2015), Environment Management System (ISO-14001:2015), IFA Protect & Sustain, WWF Green Office were successfully sustained.

We are also implementing DuPont's Environment Management System (EMS) to reduce the environmental footprint and achieve industrial recognition in environmental compliance and excellence. No major environment related complaint was received and all parameters remained within stipulated limits. The Company is also in the process of generating its environmental footprint baseline data as an environmental initiative for further improvement in coming years. Numerous energy optimization projects are in place to make our operations energy efficient and to reduce burden on national resources.

Safe Million Man Hours (SMMH) All Three Fertilizer Plants



Total Recordable Incident Rate (TRIR) All Three Fertilizer Plants



Information Technology

Fatima Group's Information Technology division continues to be a key pillar in the organization's overall growth. As compared to any of the previous years, the IT division delivered a record set of achievements in 2020. Persistent investment in the IT infrastructure and robust planning enabled the business to continue operations and deliver results even during the pandemic. Least of these IT accomplishments was the facilitation of the uninterrupted operations of the entire organization through readily available remote working and fallback solutions.

IT Division implemented collaborative tools and reshaped applications to enable the organization to make efficient and quick decisions and implement lean business processes. It acknowledges and promotes the overreaching importance of the confidentiality, integrity and availability of the organization's information assets. IT Division continuously evaluates new solutions in line with business needs and changing technological environment to upgrade its enterprise architecture and information security protocols strategically.

Sustainability and CSR Initiatives

We focus our energies not only on business sustainability delivering financial performance but also being responsible for environment and human sustainability.

We staunchly believe that the growth of our business operations depends on the growth of the communities around us. We have outlined six key initiatives to smoothly carry out our corporate social responsibilities i.e. Community development, Environment protection, Governance and Ethical Practices, Employee growth and wellbeing, Customers service & Working relationship with Shareholders / Investors for Community development. Adding to the cause of green revolution, Fatima planted more than eleven thousand trees.

The year 2020, particularly, has been full of unanticipated challenges and it has truly tested the resilience of the business and their ability to give back to the society.

Human Resource Management and Employees Relations

Our people are the biggest strength who are working diligently to ensure the sustainability and growth of our business at all times. Fatima believes in providing its people with the right opportunities to develop and flourish in their careers. Building upon the previous years, Fatima continued to strengthen its talent pipeline and took several initiatives in this regard.

We continued to invest in future skills, embark on cultural programs and automated several HR processes for optimized operating environment to ensure an agile and engaged workforce even during the challenging pandemic year.

The launch and implementation of the company wide Talent Recognition Program which is an extensive initiative acknowledging and celebrating the contributions of over 450+ employees across the organization helped Fatima foster a recognition based culture.

In order to further strengthen the existing talent pipeline, Talent Review Meetings were initiated and holistic development plans were devised for the targeted employees. Moreover, the Performance Management System (iPMP) was optimized to ensure 40% time reduction achieving a more swift and efficient process. We continued our rigorous training initiatives virtually with the launch of an in house learning platform "FG E-Learning" even during a remarkably changed work landscape and achieved 17,000+ training hours in 2020.

Our Empower to Lead Program continued to achieve new heights and reached out to a more diversified talent pool with the inclusion of foreign graduates. Locally the program provided the outreach opportunity to 4,000+ candidates from 9 universities across Pakistan. We leveraged latest technologies for a more digitized assessment process.

Fatima also conducted an Employee Productivity Survey as an extension of the Organization Health Survey conducted in 2019 with the employee engagement index (EEI) improving by a significant 12%. This was another successful step towards making Fatima the best place to work. We are confident that these measures will contribute greatly to our vision and strategy.

Acknowledgements

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

For and on behalf of the Board

Fawad Ahmed Mukhtar
Chief Executive Officer

Arif Habib
Chairman

Lahore
March 26, 2021

ڈائریکٹرز رپورٹ

سال مختتمہ 31 دسمبر 2020

کمپنی کے بورڈ آف ڈائریکٹر کی جانب سے ہمیں سال مختتمہ 31 دسمبر 2020 کیلئے کمپنی کی ڈائریکٹرز رپورٹ اور آڈٹ شدہ مالی گوشوارے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

کمپنی کی کارکردگی:

سال کے دوران کرونا اور زرعی شعبہ کیلئے انتہائی بنیادی خطرہ تصور کیے جانے والی ٹڈی دل کے حملے کے باوجود آپکی کمپنی 2020 میں 1.87 ملین میٹرک ٹن کی تاریخ ساز فروخت حاصل کرنے میں کامیاب ہوئی۔ سال در سال تناظر میں گزشتہ سال کے مقابلہ میں سیلز حجم میں 1.8 فیصد اضافہ ہوا۔

سال کیلئے مجموعی پیداواری حجم گزشتہ سال سے 16 فیصد بڑھا، جو کہ 01 ستمبر 2020 سے نافذ العمل "پلانٹ سیل اینڈ پرچیز معاہدہ" پر عملدرآمد کے بعد ملتان میں ایک ایسوسی ایٹ کمپنی پاک عرب فرٹیلائزرز لمیٹڈ کے پیداواری اور آپریٹنگ پلانٹس کے حصول سے ممکن ہوا۔ اس سے (بشمول ہمارے صادق آباد پلانٹ جہاں سال بھر بلاتعطل سرگرمیاں جاری رہیں) مجموعی طور پر 1.90 ملین میٹرک ٹن پیداوار حاصل ہوئی۔ آپکی کمپنی 8 ماہ تک شیخوپورہ پلانٹ پر گیس کی عدم دستیابی کی وجہ سے آپریشنز میں تعطل کے باوجود اس پیداواری حجم تک رسائی کے قابل ہوئی۔

صادق آباد، ملتان اور شیخوپورہ کے تینوں پلانٹس کے مکمل فعال ہونے کے ساتھ آپکی کمپنی سالانہ 2.57 ملین میٹرک ٹن کی مجموعی پیداوار کے ذریعے کسان طبقہ کو اپنی مصنوعات کی مسلسل فراہمی یقینی بنانے کیلئے پرعزم ہے۔

مالی کارکردگی:

مجموعی سیلز حجم میں استحکام کے نتیجہ میں کچھ قیمتوں کی غیر یقینیت کے باوجود سال 2020 میں کمپنی 71.27 بلین روپے کی سیلز آمدن حاصل کرنے میں کامیاب ہوئی، یوں سیلز آمدن میں سال 2019 کے 74.96 بلین کے مقابلہ میں 5 فیصد کمی واقع ہوئی۔ دیگر عوامل کے ساتھ ساتھ آمدن میں، سیلز حجم میں معمولی اضافہ کے باوجود، اس تخصیص کی بنیادی وجہ این پی اور ڈی اے پی کی قیمتوں میں کمی (خصوصاً سال کے پہلے چھ ماہ کے دوران) تھی۔ تاہم سال کی دوسری ششماہی کے دوران قیمتوں میں تیزی سے بہتری دیکھنے میں آئی۔ یوریا اور این پی سیلز آمدن میں 34، 34 فیصد شیئر کے ساتھ سرفہرست حصہ دار ثابت ہوئے جبکہ کین اور ڈی اے پی کا حصہ بالترتیب 19 فیصد اور 12 فیصد رہا۔

کمپنی کی سیلز کی لاگت بشمول دوبارہ فروخت (رِی سیل) کیلئے تیار سامان کی خریداری گزشتہ سال کی نسبت 10 فیصد کم ہوئی۔ مختلف موءثر لاگتی اقدامات کے علاوہ اس میں حکومت پاکستان کی جانب سے گزشتہ سال کیلئے دی گئی 5.7 بلین روپے کی سبسڈی بھی شامل ہے جو کہ کمپنی کو شیخوپورہ پلانٹ کیلئے ایس این جی پی ایل کی جانب سے آر ایل این جی کے بھیجے گئے بل اور حکومت کی آر ایل این جی پر چلنے والے فرٹیلائزر پلانٹس کیلئے نافذ کردہ گیس کی قیمت میں فرق کی مد میں تھی۔

مزید براں مینوفیکچرنگ لاگتوں میں کمی شیخوپورہ پلانٹ پر 8 ماہ تک گیس کی عدم دستیابی کی وجہ سے سرگرمیوں کی بندش سے بھی منسوب رہی اور اس کو 01 ستمبر 2020 سے پاک عرب فرٹیلائزرز لمیٹڈ کے آپریٹنگ اور پیداواری پلانٹس کی خدمات کے حصول کی بدولت ملتان پلانٹ سے اضافی پیداوار کے ذریعے متوازن کیا گیا۔

کمپنی نے سال 2019 کے 27.90 بلین کے مقابلہ میں 28.79 بلین روپے مجموعی منافع حاصل کیا یوں اس میں 3.2 فیصد اضافہ ہوا۔ کمپنی کی مالی لاگت 3.76 بلین روپے سے گھٹ کر 3.47 بلین روپے ہوگئی۔ مالی لاگت میں یہ 7.8 فیصد کمی بنیادی طور پر سال کے دوران شرح سود میں کمی اور کمپنی کے زیر التوا دیرپا قرضوں میں کمی کی وجہ سے تھی۔

نتیجتاً کمپنی نے سال کیلئے 13.27 بلین روپے خالص منافع بعد از ٹیکس حاصل کیا جو کہ گزشتہ سال کے 12.07 بلین روپے کے مقابلہ میں 10 فیصد زیادہ ہے۔ اسی طرح فی شیئر آمدن سال 2019 کے 5.75 روپے فی شیئر کے مقابلہ میں اس سال 6.32 روپے فی شیئر رہی۔

مجموعی منافع:

طلب میں شدت کی وجہ سے سیلز حجم میں استحکام آیا مگر سال کی پہلی ششماہی کے دوران قیمتوں کی غیر یقینی صورتحال کی بدولت اس سے بھرپور فائدہ نہ ملا اور سیلز آمدن میں گزشتہ سال کی نسبت 5 فیصد کمی واقع ہوئی۔ تاہم حکومت پاکستان کی جانب سے آر ایل این جی کی شیخوپورہ پلانٹ میں سپلائی کی مد میں سبسڈی کی فراہمی اور دیگر موءثر لاگتی اقدامات کی وجہ سے ملتان پلانٹ میں اِن پٹ لاگت میں اضافہ اور مہنگائی کے باوجود سیلز لاگت کم رہی۔ نتیجتاً سال کیلئے مجموعی منافع گزشتہ سال میں 3.2 فیصد اضافہ کے ساتھ 28.79 بلین روپے رہا۔

مستقبل کا نقطہء نظر:

آپکی کمپنی جدید زرعی طریقوں اور ویلیو ایڈڈ فرٹیلائزرز کے استعمال سے دھرتی اور زندگیوں کو دوام بخشنے والے اپنے کسانوں کے ساتھ اپنا رشتہ مزید مضبوط بنانے کیلئے انتھک کاوشیں کر رہی ہے۔

مالی سال 2021 کیلئے کھاد کے وسیع ذخائر موجود ہیں۔ شیخوپورہ پلانٹ پہلے ہی اپنے آپریشنز کا آغاز کر چکا ہے اور ملتان اور صادق آباد پلانٹس موءثر انداز میں کام کر رہے ہیں۔ کمپنی کی پیداواری صلاحیت میں اضافہ اور دیرپا ترقی کیلئے مستعد حکمت عملیوں کے نفاذ کی بدولت سال 2021 انتہائی حوصلہ افزاء دکھائی دے رہا ہے۔ سال بھر ہماری لاگت میں بچاؤ کیلئے کوششیں، پلانٹس کی صلاحیت اور استعداد میں بہتری، طریقہ کار کی بہتری کیلئے اقدامات اور ایمپلائی ڈویلپمنٹ پر توجہ اب کمپنی کیلئے منافع بخش ثابت ہو رہی ہے۔

ہم اُمید کرتے ہیں کہ حکومت کا کسان دوست حکمت عملیوں کی صورت میں ضروری مالی تعاون جاری رہے گا جو کہ کسانوں اور اس شعبہ کو مزید طاقت بخشے گا۔

ایک ذمہ دار کارپوریٹ ادارہ ہونے کے ناطے آپ کی کمپنی معیشت کی بحالی کے سفر میں پورے جذبے اور عزم کے ساتھ اپنا اہم کردار جاری رکھے گی۔ کمپنی اپنے پلانٹس کی استعداد میں مزید استحکام اور دیرپا آپریشنز سے دستیاب ذخائر اور اضافی پیداوار کے ذریعے کسانوں کو درکار غذائیت کی فراہمی کیلئے اپنا کردار ادا کرنے کیلئے پرعزم ہے۔

اپنی مضبوط اثاثہ جاتی بنیاد اور مالی پوزیشن کے ساتھ کمپنی فرٹیلائزر شعبہ کے اندر اور باہر مزید مواقعوں کی تلاش، اپنے شراکت داروں اور سٹیک ہولڈرز کیلئے مزید بہتر فوائد کیلئے سرگرداں رہے گی۔

Annexures to the Directors' Report

KEY PERFORMANCE INDICATORS

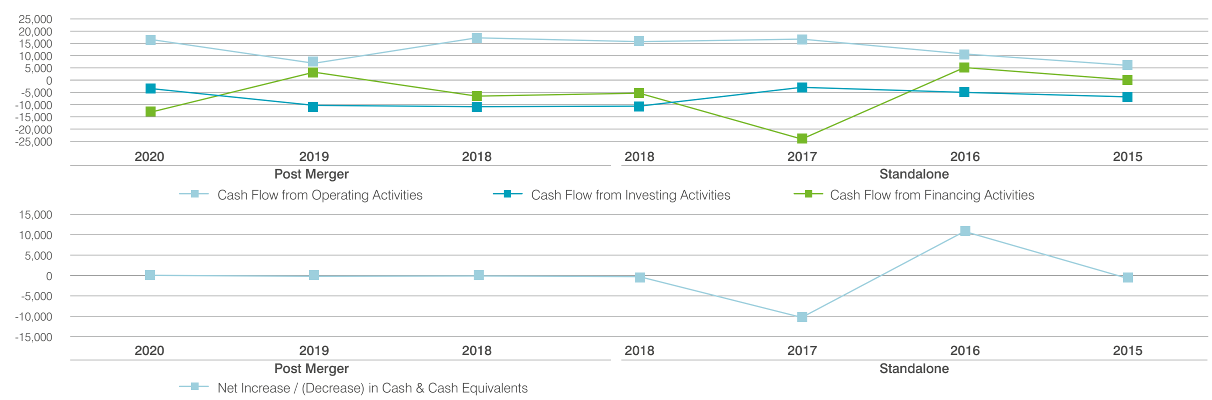
		Post Merger			Standalone			
	Unit	**2020**	2019	2018	2018	2017	2016	2015
PROFITABILITY								
Gross profit	%	40.40	37.22	50.03	57.61	54.07	53.27	56.30
EBITDA margin	%	35.33	31.72	43.27	50.62	44.59	47.91	51.58
Operating profit	%	30.44	27.95	36.28	43.43	39.71	42.55	46.08
Profit before tax	%	26.30	22.94	32.72	40.27	33.86	34.43	38.21
Net profit	%	18.63	16.10	23.22	28.88	28.12	28.97	30.61
Return on equity	%	15.24	15.47	17.12	21.32	19.68	20.65	23.00
Return on capital employed	%	19.08	20.04	19.26	23.48	18.59	18.09	20.23
Return on total assets	%	14.10	13.51	14.52	18.15	15.03	12.99	14.69
LIQUIDITY / ACTIVITY								
Current ratio	Times	1.03	0.88	0.89	1.09	1.10	1.03	0.66
Quick / Acid test Ratio	Times	0.71	0.65	0.70	0.89	0.90	0.83	0.39
Debt to Assets	Times	0.45	0.50	0.46	0.43	0.46	0.57	0.58
Cash from Operations to Sales	Times	0.23	0.09	0.34	0.34	0.45	0.32	0.20
Inventory turnover	Times	3.39	5.34	4.20	4.41	3.44	2.38	2.73
Stock holding period	Days	107.63	68.31	86.84	82.82	106.24	153.61	133.80
Fixed assets turnover	Times	0.63	0.71	0.51	0.57	0.48	0.43	0.41
Total assets turnover	Times	0.46	0.53	0.40	0.44	0.36	0.33	0.34
CAPITAL STRUCTURE								
Debt : Equity		9:91	14:86	19:81	17:83	23:77	32:68	33:67
Interest cover	Times	6.40	5.57	10.21	13.76	6.79	5.24	5.85
Financial Leverage	Times	0.24	0.37	0.31	0.29	0.34	0.63	0.75
Debt service coverage	Times	2.60	2.09	2.97	3.28	2.17	1.69	1.78
Total liabilities to net worth	Times	0.81	0.99	0.84	0.77	0.85	1.33	1.36
Weighted average cost of debt	%	11.06	15.02	7.91	8.01	6.80	7.38	9.53
INVESTMENT / MARKET								
Market price per share	Rs	29.10	26.59	36.47	36.47	30.88	36.89	44.73
Book value per share	Rs	41.48	37.15	33.14	29.65	25.59	22.56	19.16
Market to book value per share	Times	0.70	0.72	1.10	1.23	1.21	1.64	2.33
Earnings per share	Rs	6.32	5.75	5.67	6.32	5.04	4.66	4.41
Price earning	Times	4.60	4.63	6.43	5.77	6.13	7.92	10.15
Dividend per share	Rs	2.50	2.00	1.75	1.75	2.25	3.25	-
Dividend cover	%	252.85	287.37	324.18	361.15	223.83	143.33	-
Dividend yield	%	8.59	7.52	4.80	4.80	7.29	8.81	-
Dividend payout	%	39.55	34.80	30.85	27.69	44.68	69.77	-

CASH FLOWS SUMMARY

	Post Merger			Standalone			
Rs in million	**2020**	2019	2018	2018	2017	2016	2015
Cash Flows From Operating Activities							
Cash generated from operations	24,988	16,434	22,112	21,020	20,895	14,639	9,748
Net increase / (decrease) in long term deposits	49	4	1	(2)	1	18	-
Finance costs paid	(3,736)	(3,158)	(1,777)	(1,394)	(2,290)	(2,754)	(2,498)
Taxes paid	(4,664)	(6,345)	(3,013)	(3,889)	(1,795)	(1,183)	(1,177)
Employee retirement benefits paid	(79)	(55)	(44)	(27)	(57)	(37)	(19)
Net cash generated from operating activities	16,559	6,879	17,280	15,708	16,754	10,682	6,054
Cash Flows From Investing Activities							
Fixed capital expenditure	(2,217)	(11,379)	(8,654)	(8,618)	(1,906)	(2,237)	(5,520)
Proceeds from disposal of property, plant and equipment	45	2	2	1	2	1	-
Long term loan to an associated company - net	-	-	-	-	-	(799)	800
Long term investments	-	-	(2)	(2)	-	(132)	(2,021)
Short term loans	-	-	(2,000)	(2,106)	(1,518)	(1,949)	(500)
Short term investments	(1,575)	157	(471)	(471)	-	(200)	-
Profit received on short term loans and saving accounts	289	725	414	692	458	415	409
Net (increase) / decrease in long term loans and deposits	(32)	173	(140)	(140)	16	(111)	(5)
Net cash used in investing activities	(3,489)	(10,322)	(10,851)	(10,644)	(2,948)	(5,012)	(6,837)
Cash Flows From Financing Activities							
Repayment of long term finances	(4,967)	(7,685)	(7,396)	(5,908)	(5,518)	(15,747)	(6,375)
Proceeds from long term finance	1,462	4,000	2,156	2,156	-	17,628	2,645
Oversubscribed sukuk	-	-	-	-	(8,093)	8,093	-
Repayment of lease liabilities	(354)	(291)	-	-	-	-	-
Dividend paid	(4,349)	(3,554)	(4,681)	(4,681)	(4,200)	(2,620)	(5,770)
(Decrease) / increase in short term finance - net	(4,821)	10,770	3,378	3,096	(6,285)	(2,218)	9,630
Net cash (used in) / generated from financing activities	(13,029)	3,240	(6,543)	(5,337)	(24,096)	5,136	130
Net increase / (decrease) in cash and cash equivalents	41	(203)	(115)	(273)	(10,290)	10,805	(654)
Cash and cash equivalents at beginning of the year	515	717	832	810	11,100	295	949
Cash and cash equivalents at end of the year	556	515	717	538	810	11,100	295

Cash Flows from Operating, Investing and Financing Activities

Rupees in Million



VERTICAL ANALYSIS

Statement of Financial Position

	Post Merger						Standalone							
	2020		2019		2018		2018		2017		2016		2015	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Non current assets														
Property, plant and equipment	104,938	66.6%	100,721	64.9%	91,719	71.5%	78,262	71.2%	72,990	73.5%	72,941	66.0%	73,409	77.4%
Intangible assets	5,991	3.8%	5,974	3.9%	5,979	4.7%	79	0.1%	38	0.0%	18	0.0%	26	0.0%
Investment Property	756	0.5%	628	0.4%	-	-	-	-	-	-	-	-	-	-
Long term investments	202	0.1%	175	0.1%	146	0.1%	2,240	2.0%	2,238	2.3%	2,238	2.0%	2,106	2.2%
Long term loan to an associated Company	2,999	1.9%	2,999	1.9%	1,999	1.6%	1,999	1.8%	2,999	3.0%	2,999	2.7%	2,200	2.3%
Long term deposits	114	0.1%	82	0.1%	255	0.2%	254	0.2%	114	0.1%	130	0.1%	19	0.0%
Total non current assets	114,999	73.0%	110,577	71.3%	100,097	78.1%	82,835	75.3%	78,380	78.9%	78,327	70.8%	77,760	82.0%
Current assets														
Stores and spares	8,274	5.3%	7,713	5.0%	5,834	4.6%	5,059	4.6%	4,745	4.8%	4,972	4.5%	4,460	4.7%
Stock in trade	13,531	8.6%	11,518	7.4%	6,100	4.8%	5,028	4.6%	3,814	3.8%	6,243	5.6%	7,003	7.4%
Trade debts	4,450	2.8%	7,207	4.6%	2,565	2.0%	2,397	2.2%	1,796	1.8%	2,116	1.9%	335	0.4%
Short term loans	3,242	2.1%	3,242	2.1%	3,242	2.5%	6,073	5.5%	3,967	4.0%	2,449	2.2%	500	0.5%
Advances, deposits, prepayments														
and other receivables	8,676	5.5%	11,845	7.6%	9,030	7.0%	7,398	6.7%	5,627	5.7%	5,191	4.7%	4,436	4.7%
Advance Income Tax	1,305	0.8%	1,969	1.3%	-	-	-	-	-	-	-	-	-	-
Short term investments	2,524	1.6%	530	0.3%	623	0.5%	623	0.6%	198	0.2%	200	0.2%	-	-
Cash and bank balances	556	0.4%	515	0.3%	717	0.6%	538	0.5%	810	0.8%	11,100	10.0%	295	0.3%
Total current assets	42,558	27.0%	44,539	28.7%	28,111	21.9%	27,116	24.7%	20,957	21.1%	32,271	29.2%	17,029	18.0%
Total assets	157,557	100.0%	155,116	100.0%	128,208	100.0%	109,951	100.0%	99,336	100.0%	110,597	100.0%	94,789	100%
Capital and reserves														
Issued, subscribed and paid up capital	21,000	13.3%	21,000	13.5%	21,000	16.4%	21,000	19.1%	21,000	21.1%	21,000	19.0%	21,000	22.2%
Reserves	66,103	42.0%	57,008	36.8%	48,595	37.9%	41,261	37.5%	32,742	33.0%	26,374	23.8%	19,229	20.3%
Total capital and reserves	87,103	55.3%	78,008	50.3%	69,595	54.3%	62,261	56.6%	53,742	54.1%	47,374	42.8%	40,229	42.4%
Non current Liabilities														
Long term finances	3,114	2.0%	6,254	4.0%	8,377	6.5%	6,888	6.3%	10,774	10.8%	16,343	14.8%	13,168	13.9%
Lease liabilities	1,901	1.2%	279	0.2%	-	-	-	-	-	-	-	-	-	-
Deferred liabilities	24,116	15.3%	19,943	12.9%	18,609	14.5%	15,807	14.4%	15,764	15.9%	15,642	14.1%	15,412	16.3%
Deferred government grant	61	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
Long term deposits	110	0.1%	61	0.0%	57	0.0%	49	0.0%	51	0.1%	51	0.0%	33	0.0%
Total non current liabilities	29,303	18.6%	26,536	17.1%	27,043	21.1%	22,744	20.7%	26,589	26.8%	32,035	29.0%	28,613	30.2%
Current liabilities														
Trade and other payables	22,871	14.5%	26,484	17.1%	18,069	14.1%	13,688	12.4%	11,435	11.5%	17,375	15.7%	8,626	9.1%
Accrued finance cost	451	0.3%	837	0.5%	306	0.2%	224	0.2%	168	0.2%	259	0.2%	260	0.3%
Short term finances - secured	11,444	7.3%	16,265	10.5%	5,495	4.3%	4,822	4.4%	1,726	1.7%	8,011	7.2%	10,229	10.8%
Unclaimed dividend	41	0.0%	190	0.1%	69	0.1%	69	0.1%	25	0.0%	24	0.0%	20	0.0%
Current portion of:														
- Long term finances	5,803	3.7%	6,225	4.0%	7,631	6.0%	6,142	5.6%	5,652	5.7%	5,518	5.0%	6,812	7.2%
- Lease liablities	480	0.3%	571	0.4%	-	-	-	-	-	-	-	-	-	-
- Deferred government grant	62	0.0%	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	41,151	26.1%	50,572	32.6%	31,570	24.6%	24,945	22.7%	19,005	19.1%	31,188	28.2%	25,948	27.4%
Total liabilities and equity	157,557	100.0%	155,116	100.0%	128,208	100.0%	109,951	100.0%	99,336	100.0%	110,597	100.0%	94,789	100.0%

HORIZONTAL ANALYSIS

Statement of Financial Position

	Post Merger					Standalone						
	2020	20' vs 19'	2019	19' vs 18'	2018	2018	18' vs 17'	2017	17' vs 16'	2016	16' vs 15'	2015
	Rs M	Change	Rs M	Change	Rs M	Rs M	Change	Rs M	Change	Rs M	Change	Rs M
Non current assets												
Property, plant and equipment	104,938	4.2%	100,721	9.8%	91,719	78,262	7.2%	72,990	0.1%	72,941	-0.6%	73,409
Intangible assets	5,991	0.3%	5,974	-0.1%	5,979	79	105.9%	38	113.3%	18	-32.1%	26
Investment Property	756	20.5%	628	100.0%	-	-	-	-	-	-	-	-
Long term investments	202	15.3%	175	19.9%	146	2,240	0.1%	2,238	0.0%	2,238	6.3%	2,106
Long term loan to an associated Company	2,999	0.0%	2,999	50.0%	1,999	1,999	-33.3%	2,999	0.0%	2,999	36.3%	2,200
Long term deposits	114	39.0%	82	-67.9%	255	254	122.6%	114	-12.0%	130	600.8%	19
Total non current assets	114,999	4.0%	110,577	10.5%	100,097	82,835	5.7%	78,380	0.1%	78,327	0.7%	77,760
Current assets												
Stores and spares	8,274	7.3%	7,713	32.2%	5,834	5,059	6.6%	4,745	-4.6%	4,972	11.5%	4,460
Stock in trade	13,531	17.5%	11,518	88.8%	6,100	5,028	31.8%	3,814	-38.9%	6,243	-10.9%	7,003
Trade debts	4,450	-38.2%	7,207	181.0%	2,565	2,397	33.5%	1,796	-15.1%	2,116	531.5%	335
Short term loans	3,242	0.0%	3,242	0.0%	3,242	6,073	53.1%	3,967	62.0%	2,449	389.8%	500
Advances, deposits, prepayments and other receivables	8,676	-26.8%	11,845	31.2%	9,030	7,398	31.5%	5,627	8.4%	5,191	17.0%	4,436
Advance income tax	1 305	-33.7%	1,969	100.0%	-	-	-	-	-	-	-	-
Short term investments	2,524	376.1%	530	-14.9%	623	623	214.6%	198	-1.2%	200	-	-
Cash and bank balances	556	8.0%	515	-28.3%	717	538	-33.6%	810	-92.7%	11,100	3660.1%	295
Total current assets	42,558	-4.4%	44,539	58.4%	28,111	27,116	29.4%	20,957	-35.1%	32,271	89.5%	17,029
Total assets	157,557	1.6%	155,116	21.0%	128,208	109,951	10.7%	99,336	-10.2%	110,597	16.7%	94,789
Capital and reserves												
Issued, subscribed and paid up capital	21,000	0.0%	21,000	0.0%	21,000	21,000	0.0%	21,000	0.0%	21,000	0.0%	21,000
Reserves	66,103	16.0%	57,008	17.3%	48,595	41,261	26.0%	32,742	24.1%	26,374	37.2%	19,229
Total capital and reserves	87,103	11.7%	78,008	12.1%	69,595	62,261	15.9%	53,742	13.4%	47,374	17.8%	40,229
Non current liabilities												
Long term finances	3,114	-50.2%	6,254	-25.3%	8,377	6,888	-36.1%	10,774	-34.1%	16,343	24.1%	13,168
Lease liabilities	1,901	582.4%	279	100.0%	-	-	-	-	-	-	-	-
Deferred liabilities	24,116	20.9%	19,943	7.2%	18,609	15,807	0.3%	15,764	0.8%	15,642	1.5%	15,412
Deferred government grant	61	100.0%	-	-	-	-	-	-	-	-	-	-
Long term deposits	110	80.1%	61	7.1%	57	49	-4.4%	51	1.0%	51	53.8%	33
Total non current liabilities	29,303	10.4%	26,536	-1.9%	27,043	22,744	-14.5%	26,589	-17.0%	32,035	12.0%	28,613
Current liabilities												
Trade and other payables	22,871	-13.6%	26,484	46.6%	18,069	13,688	19.7%	11,435	-34.2%	17,375	101.4%	8,626
Accrued finance cost	451	-46.2%	837	173.2%	306	224	33.5%	168	-35.3%	259	-0.2%	260
Short term finances - secured	11,444	-29.6%	16,265	196.0%	5,495	4,822	179.4%	1,726	-78.5%	8,011	-21.7%	10,229
Unclaimed dividend	41	-78.5%	190	176.0%	69	69	180.3%	25	1.7%	24	23.0%	20
Current portion of:												
- Long term finances	5,803	-6.8%	6,225	-18.4%	7,631	6,142	8.7%	5,652	2.4%	5,518	-19.0%	6,812
- Lease liablities	480	-15.9%	571	100.0%	-	-	-	-	-	-	-	-
- Deferred government grant	62	100.0%	-	-	-	-	-	-	-	-	-	-
Total current liabilities	41,151	-18.6%	50,572	60.2%	31,570	24,945	31.3%	19,005	-39.1%	31,188	20.2%	25,948
Total liabilities and equity	157,557	1.6%	155,116	21.0%	128,208	109,951	10.7%	99,336	-10.2%	110,597	16.7%	94,789

VERTICAL ANALYSIS

Statement of Profit or Loss

	Post Merger						Standalone							
	2020		2019		2018		2018		2017		2016		2015	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Sales	71,267	100.0%	74,964	100.0%	51,310	100.0%	45,964	100.0%	37,612	100.0%	33,765	100.0%	30,226	100.0%
Cost of sales	(42,473)	-59.6%	(47,065)	-62.8%	(25,639)	-50.0%	(19,483)	-42.4%	(17,275)	-45.9%	(15,780)	-46.7%	(13,209)	-43.7%
Gross profit	28,795	40.4%	27,899	37.2%	25,671	50.0%	26,481	57.6%	20,337	54.1%	17,985	53.3%	17,017	56.3%
Distribution cost	(3,891)	-5.5%	(3,800)	-5.1%	(3,685)	-7.2%	(3,630)	-7.9%	(3,482)	-9.3%	(2,383)	-7.1%	(1,782)	-5.9%
Administrative expenses	(3,369)	-4.7%	(2,779)	-3.7%	(2,317)	-4.5%	(2,098)	-4.6%	(1,534)	-4.1%	(1,308)	-3.9%	(1,021)	-3.4%
	21,535	30.2%	21,320	28.4%	19,669	38.3%	20,754	45.2%	15,321	40.7%	14,294	42.3%	14,214	47.0%
Finance cost	(3,469)	-4.9%	(3,761)	-5.0%	(1,823)	-3.6%	(1,450)	-3.2%	(2,198)	-5.8%	(2,739)	-8.1%	(2,379)	-7.9%
Other operating expenses	(1,678)	-2.4%	(1,480)	-2.0%	(1,708)	-3.3%	(1,708)	-3.7%	(913)	-2.4%	(631)	-1.9%	(861)	-2.8%
	16,389	23.0%	16,079	21.4%	16,138	31.5%	17,595	38.3%	12,209	32.5%	10,924	32.4%	10,974	36.3%
Other operating income	1,810	2.5%	1,090	1.5%	603	1.2%	915	2.0%	527	1.4%	703	2.1%	574	1.9%
Other gain / (loss):														
- Gain on remeasurement of GIDC	878	1.2%	-	-	-	-	-	-	-	-	-	-	-	-
- Loss allowance on subsidy receivable from GoP	(360)	-0.5%	-	-	-	-	-	-	-	-	-	-	-	-
Share of profit from associates	27	0.0%	25	0.0%	49	0.1%	-	-	-	-	-	-	-	-
Profit before tax	18,743	26.3%	17,193	22.9%	16,790	32.7%	18,511	40.3%	12,736	33.9%	11,627	34.4%	11,548	38.2%
Taxation	(5,468)	-7.7%	(5,123)	-6.8%	(4,877)	-9.5%	(5,238)	-11.4%	(2,160)	-5.7%	(1,844)	-5.5%	(2,295)	-7.6%
Profit for the year	13,275	18.6%	12,070	16.1%	11,914	23.2%	13,272	28.9%	10,576	28.1%	9,782	29.0%	9,254	30.1%

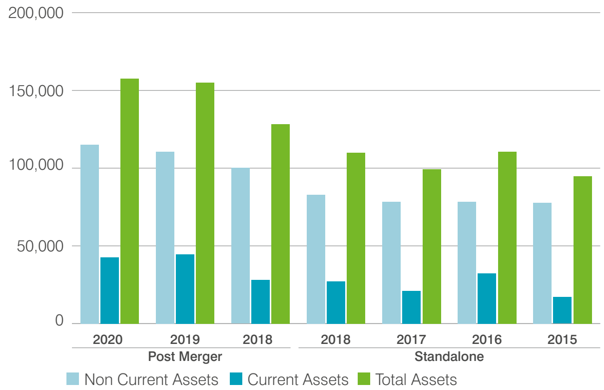
HORIZONTAL ANALYSIS

Statement of Profit or Loss

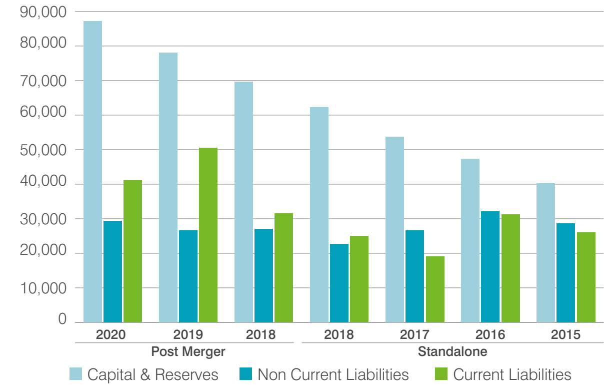
	Post Merger					Standalone						
	2020	20' vs 19'	2019	19' vs 18'	2018	2018	18' vs 17'	2017	17' vs 16'	2016	16' vs 15'	2015
	Rs M	Change	Rs M	Change	Rs M	Rs M	Change	Rs M	Change	Rs M	Change	Rs M
Sales	71,267	-4.9%	74,964	46.1%	51,310	45,964	22.2%	37,612	11.4%	33,765	11.7%	30,226
Cost of sales	(42,473)	-9.8%	(47,065)	83.6%	(25,639)	(19,483)	12.8%	(17,275)	9.5%	(15,780)	19.5%	(13,209)
Gross profit	28,795	3.2%	27,899	8.7%	25,671	26,481	30.2%	20,337	13.1%	17,985	5.7%	17,017
Distribution cost	(3,891)	2.4%	(3,800)	3.1%	(3,685)	(3,630)	4.2%	(3,482)	46.1%	(2,383)	33.7%	(1,782)
Administrative expenses	(3,369)	21.2%	(2,779)	19.9%	(2,317)	(2,098)	36.8%	(1,534)	17.2%	(1,308)	28.1%	(1,021)
	21,535	1.0%	21,320	8.4%	19,669	20,754	35.5%	15,321	7.2%	14,294	0.6%	14,214
Finance cost	(3,469)	-7.8%	(3,761)	106.3%	(1,823)	(1,450)	-34.0%	(2,198)	-19.8%	(2,739)	15.1%	(2,379)
Other operating expenses	(1,678)	13.3%	(1,480)	-13.3%	(1,708)	(1,708)	87.0%	(913)	44.8%	(631)	-26.7%	(861)
	16,389	1.9%	16,079	-0.4%	16,138	17,595	44.1%	12,209	11.8%	10,924	-0.5%	10,974
Other operating income	1,810	66.1%	1,090	80.7%	603	915	73.8%	527	-25.0%	703	22.3%	574
Other gain / (loss):												
- Gain on remeasurement of GIDC	878	100.0%	-	-	-	-	-	-	-	-	-	-
- Loss allowance on subsidy receivable from GoP	(360)	100.0%	-	-	-	-	-	-	-	-	-	-
Share of profit from associates	27	8.5%	25	-49.8%	49	-	-	-	-	-	-	-
Profit before tax	18,743	9.0%	17,193	2.4%	16,790	18,511	45.3%	12,736	9.5%	11,627	0.7%	11,548
Taxation	(5,468)	6.7%	(5,123)	5.1%	(4,877)	(5,238)	142.5%	(2,160)	17.1%	(1,844)	-19.6%	(2,295)
Profit for the year	13,275	10.0%	12,070	1.3%	11,914	13,272	25.5%	10,576	8.1%	9,782	5.7%	9,254

GRAPHICAL PRESENTATION

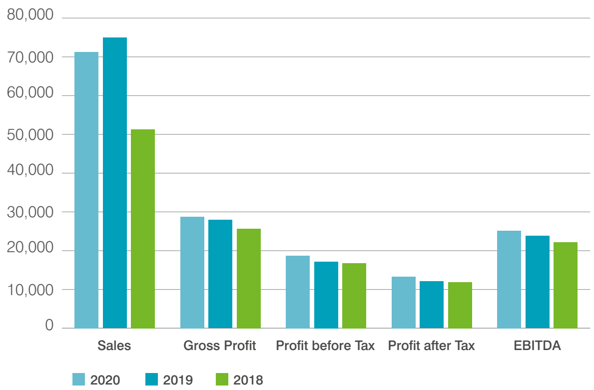
Balance Sheet Analysis (Assets)
Rupees in Million



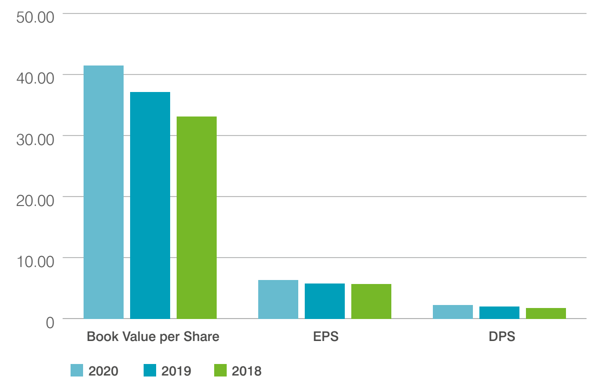
Balance Sheet Analysis (Equity & Liabilities)
Rupees in Million



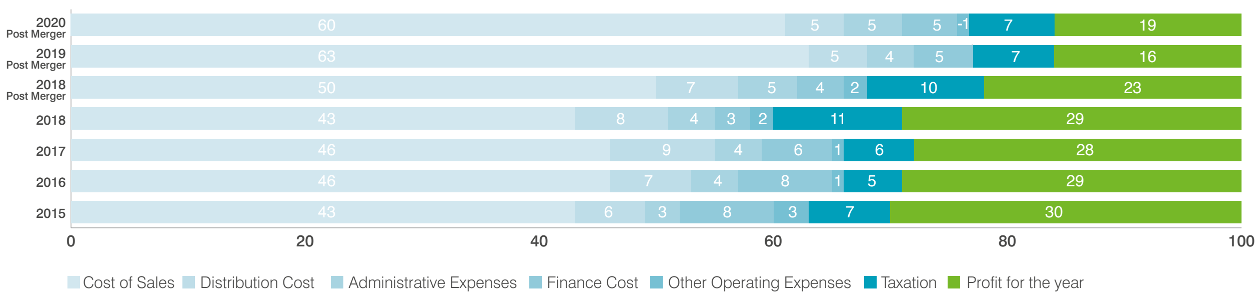
Sales & Margin
Rupees in Million



Book Value, Earnings & Dividend Per Share
Rupees



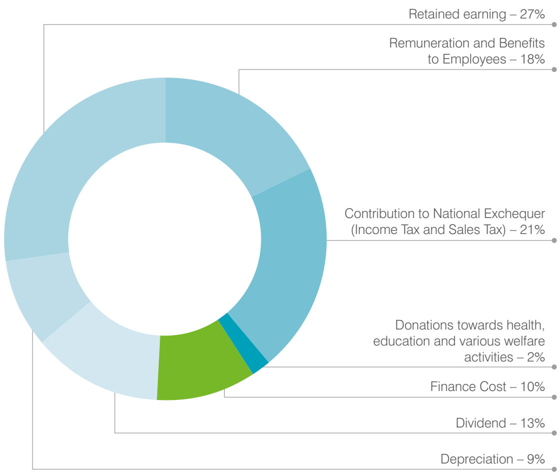
Profit and Loss Analysis
Percentage



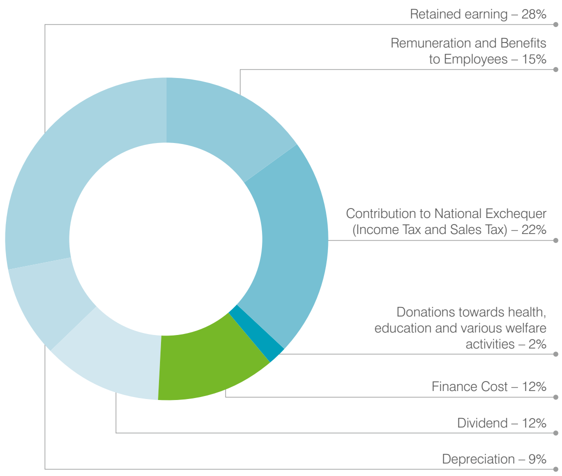
WEALTH CREATION AND DISTRIBUTION

	2020		2019		2018	
Statement Of Value Addition & Its Distribution						
Wealth Generated	**Rs M**	**%**	**Rs M**	**%**	**Rs M**	**%**
Sales Including GST	72,825	217.8%	76,591	249.7%	53,579	182.0%
Other Income	2,354	7.0%	1,114	3.6%	652	2.2%
	75,179	224.9%	77,705	253.4%	54,231	184.2%
Materials & Services Bought In	41,745	124.9%	47,036	153.4%	24,791	84.2%
Value Addition	33,433	100.0%	30,669	100.0%	29,440	100.0%
Wealth Distributed	**Rs M**	**%**	**Rs M**	**%**	**Rs M**	**%**
Remuneration & Benefits to Employees	5,884	17.6%	4,704	15.3%	4,198	14.3%
Contribution to National Exchequer (Income Tax and Sales Tax)	7,025	21.0%	6,750	22.0%	7,146	24.3%
Donations towards health, education and various welfare activities	812	2.4%	563	1.8%	770	2.6%
Finance Cost	3,469	10.4%	3,761	12.3%	1,823	6.2%
Dividend on ordinary and preference shares	4,200	12.6%	3,675	12.0%	4,725	16.0%
Retained for future growth						
Depreciation	2,968	8.9%	2,822	9.2%	3,591	12.2%
Retained earning	9,075	27.1%	8,394	27.4%	7,188	24.4%
	33,433	100.0%	30,669	100.0%	29,440	100.0%

2020 Percentage



2019 Percentage



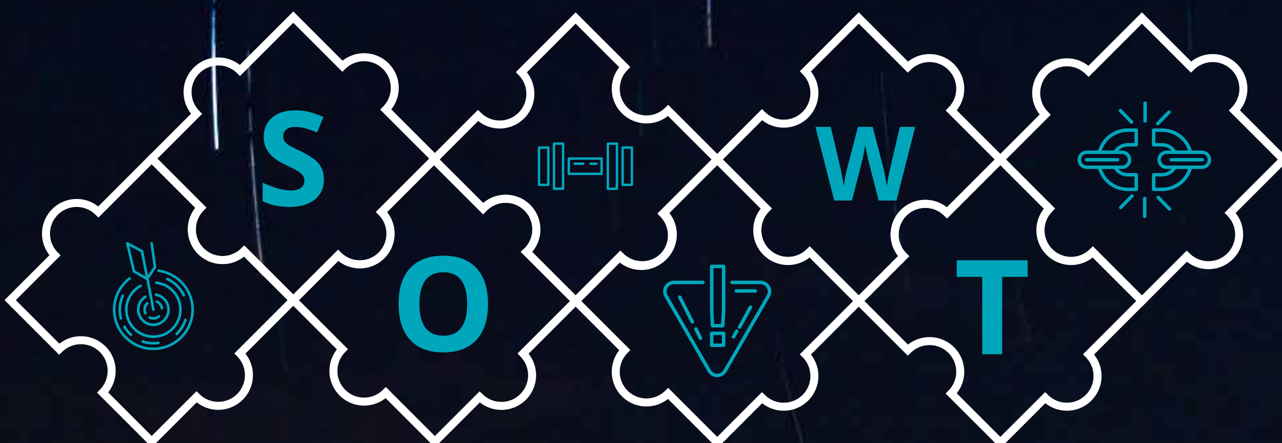
SWOT ANALYSIS

STRENGTHS

- Diversified Product Portfolio (Urea, NP & CAN / Value Added Products)
- Skilled and Experienced Technical, Engineering and Support teams
- Strategically Located Facilities
- High performing farmer technical support teams for unique farmer and customer services
- Reputation as a socially responsible Corporation

WEAKNESSES

- Relatively new brand facing long established competition
- Stakeholder Communication
- Logistic support still evolving



OPPORTUNITIES

- CPEC
- Business Diversification - International Markets
- High Tech Mechanized / precision agriculture – corporate farming
- Fintech and Crop Insurance
- Digitization of business processes

THREATS

- Uncertain Government Policy Outlook regarding the fertilizer sector
- Shortage of Gas
- Weak economic situation of farmers
- Corona Factor / COVID-19

Identification of Risks

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

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

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

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

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

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

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

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

Issues Raised in the Last AGM

Queries of the shareholders were properly addressed on the Company's published audited financial statements during the 17th Annual General Meeting held on June 29, 2020 and no significant issues were raised.

Review of Related Party Transactions

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

Policy and Procedure for Stakeholders' Engagement

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

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

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

Investor Relations Section on the Corporate Website

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

Annual Report Accessibility

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

Investor Grievance Policy

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

Process:

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

Annual Evaluation of Board's Performance

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

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

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

Role and Responsibilities of the Chairman and Chief Executive

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

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

I. Leadership and control of Board of Directors;
II. Ensuring that the Board as a whole plays an effective role in the determination of the Company strategy and overall business objectives;
III. Guardian of the Board's decision making process;
IV. Promoting highest level of morale, integrity, excellence, corporate governance and ethics to assure investors that the money invested by them is put to appropriate and profitable use;
V. Approval of Company policies;
VI. Approves risk mitigation plan; and
VII. Leads and motivates CEO and Management Team.

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

I. Effective running of the Company affairs;
II. Development of Company's strategy and business objectives;
III. Conducting the affairs of the Company with the highest standards of integrity and Corporate Governance;
IV. Policy formulation;
V. Risk assessment and risk management; and
VI. Sound financial management

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

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

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

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

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

Whistle Blowing Policy

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

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

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

Share Price Sensitivity Analysis

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

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

Information Technology

From a technology related initiatives standpoint, the IT Division strengthened its infrastructure including hardware and software upgrades and IT security enhancements. This enabled 24x7 availability of services throughout the year without any downtime and two comprehensively successful disaster recovery drills.

ISO27001 based Information Security Management System (ISMS) certification status was renewed for a 6th consecutive year without any non-conformity. External security evaluations were conducted to identify areas for improvement and strengthening IT controls.

In the recent pandemic, the IT Division not only supported the business in an unprecedented challenging environment but also demonstrated herculean efforts to deliver more IT projects and operational efficiency gains than it had in any of the previous years. The IT Division extended its contribution to previously untapped areas of the organization and enabled successes not seen before. Although there were notable contributions across the entire organization, a non-exhaustive list of salient achievements delivered by the IT organization are captured below.

IT organization collaborated with the manufacturing division on numerous digitalization initiatives during the year which resulted in multi million rupees savings.

These initiatives not only helped in achieving high plant reliability, safeguarding critical assets, and speeding up the process to operation and maintenance activities but also integrated various systems to provide a single source of the truth. Some of the major benefits included reduction in equipment breakdown, quick response time to resolve incidents & observations, reduced incident investigation time through automated reporting and history of assets level incidents etc.

IT division enabled the operations of the sales and marketing division through cloud technologies and mobility solutions. These initiatives resulted in the multi million rupees savings for the marketing division. The solutions developed were integrated with centralized data repository of the Company providing meaningful insights for business decisions and enhanced capability of ad-hoc analysis. Other efficiencies include:

- Effective transportation planning and execution, reducing bill processing time considerably, enabling tracking of shipments through various stages and helping with reduced working hours for import operations of various items
- Enabled mobile audits and warehouse operations through an in house developed mobile application to save considerable man-hours annually and provide accurate information in a timely fashion

As part of lean processes initiatives, IT partnered with various divisions to provide better user experience and revamped processes that helped achieve:

- Significant savings of man hours spent on different HR processes through different digitalization initiatives and analytical reporting
- Delivery of more than 7000 training hours of online training sessions to all employees through in house implemented E-Learning system
- The solutions delivered realized savings of multi million rupees for the Company

Although this is a non exhaustive salient list of the many achievements that the IT division delivered in 2020, many such initiatives are planned for the upcoming year as well for the IT organization to continue to be a business enabler and deliver on its journey of success.

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the shareholders of Fatima Fertilizer Company Limited will be held electronically through tele/video conferencing on Monday, April 26, 2021, at 11:00 a.m., to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on June 29, 2020.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2020, together with the Directors' and Auditors' Reports thereon and the Chairman's review report.

3. To consider and approve final cash dividend for the year ended December 31, 2020, at PKR 2.50 per share i.e., 25 % as recommended by the Board of Directors.

4. To appoint Auditors for the year ending December 31, 2021, and to fix their remuneration. The Audit Committee and the Board of Directors have recommended for reappointment of M/s Yousuf Adil Chartered Accountants as external auditors.

Special Business

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

   "**Resolved**, that the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for enhancement of existing Running Finance Facility limit extended to Reliance Commodities (Pvt) Limited, an associated company, from PKR 1,250 million to an aggregate amount of PKR 5,000 million and renewal thereof for a further period of one year on terms as are noted in the statement of material facts annexed herewith. The limit in the nature of Running Finance Facility shall be renewable in the next general meeting(s) for a further period(s) of one year.

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

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

   "**Resolved,** that the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of Running Finance Facility limit of up-to an aggregate amount of PKR 2,000 million extended to Pakarab Fertilizers Limited for a further period of one year on terms as are noted in the statement of material facts annexed herewith. The limit in the nature of Running Finance Facility shall be renewable in the next general meeting(s) for a further period(s) of one year.

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

7. To ratify and approve the transactions carried out by the Company with related parties for the year ended December 31, 2020, and to pass the following Special Resolution(s) with or without modification(s):

"Resolved, that related party transactions carried out by the Company with all the related parties during the year ended December 31, 2020, and as disclosed in Financial Statements for the year ended December 31, 2020, be and are hereby ratified and approved."

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

   "Resolved, that the Company may carry out transactions including but not limited to sale and purchase of stores and spares, shared expenses, toll manufacturing, sale and purchase of products/ raw material and purchase of packaging material, with related parties from time to time including but not limited to Pakarab Fertilizers Limited, Fatima Packaging Limited, and other such related parties during the year ending December 31, 2021.

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

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

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

   "Resolved, that the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for renewal of Facility limit in the nature of Corporate Guarantee(s) of up to an aggregate amount of PKR 2,000 million extended to Pakarab Fertilizers Limited for a period of one year to be issued by Fatima Fertilizer Company Limited in favor of any bank / financial institution/company, etc. in connection with financing or other facilities availed / to be availed by Pakarab Fertilizers Limited. The limit in the nature of the Corporate Guarantee(s) Facility shall be renewable in the next general meeting(s) for a further period(s) of one year.

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

Other Business

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

    A statement under Section 166(3) of the Companies Act, 2017 and the statements under Section 134(3) of the Companies Act, 2017 setting out the material facts are annexed herewith.

By order of the Board

Lahore
April 5, 2021

Omair Ahmed Mohsin
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from April 20, 2021, to April 26, 2021 (both days inclusive). Transfers received in order at the office of our Share Registrar/Transfer Agent CDC Share Registrar Services Limited by the close of business on April 19, 2021, will be treated in time for the aforesaid purpose.

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

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

4. **Venue of Annual General Meeting and Participation of Shareholders through Electronic means**

   In view of the prevailing situation due to pandemic COVID-19 and pursuant to guidelines issued by the Securities and Exchange Commission of Pakistan, vide its Circular No.6 of 2021 dated March 3, 2021, the Company has decided to hold its AGM through electronic means to ensure safety and well-being of all the shareholders. The arrangements for the 18th AGM will be as under:

a) AGM will be held through Zoom application – a video link facility.

b) Shareholders interested in attending the AGM through Zoom will be requested to get themselves registered with the Company's Share Registrar office at least two working days before the AGM at cdcsr@cdcsrsl.com by providing the following details:

Name of Shareholder	CNIC No.	Folio / CDS No.	Cell No.	Email address

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

c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company's share registrar office at least two working days before the AGM, at above-given email address, WhatsApp, or SMS on 0321-820-0864. Shareholders are required to mention their full name, CNIC No and Folio No. for this purpose.

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

5. **Withholding Tax on Dividends**

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

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

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

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into 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 otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding tax exemption from the dividend income, shall only be allowed if a copy of the valid tax exemption certificate is made available to Company's Share Registrar by Close of Business day as on April 19, 2021.

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

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

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

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

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

6. Payment of Cash Dividend through Electronic Mode

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

7. E-Voting

Members can exercise their right to poll subject to meeting the requirement of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

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

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

Further, this is to inform that in accordance with SRO 470(I)/2016 dated 31 May 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to the consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in its Extraordinary General Meeting held on December 23, 2016. Accordingly, the Annual Report of the Company for the year ended December 31, 2020 is dispatched to the shareholders through CD. However, if a shareholder requests for a hard copy of Annual Accounts, the same shall be provided free of cost within seven days of receipt of such request. Further, in terms of SRO No 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain annual balance sheet and profit and loss account, auditors' report and directors' report, etc. along with the Notice of the Annual General Meeting through email. For this purpose, we hereby give you the opportunity to send us your written request along with your valid email ID to provide you the same at your valid email ID.

For the convenience of shareholders, a Standard Request Form for provision of Annual Accounts has also been made available on the Company's website http://fatima-group.com/updata/others/standard_request_form_ffcl.pdf.

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

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

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

10. Unclaimed dividend / shares

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

11. Change of Address

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

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

12. Submission of Copy of CNIC

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

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

13. Proxy

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

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

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

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

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

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


9-E-1561
ECONOMIZER

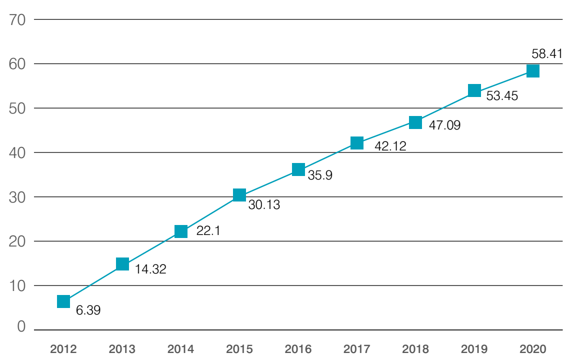
OPERATIONAL PERFORMANCE

A. Sadiqabad Plant

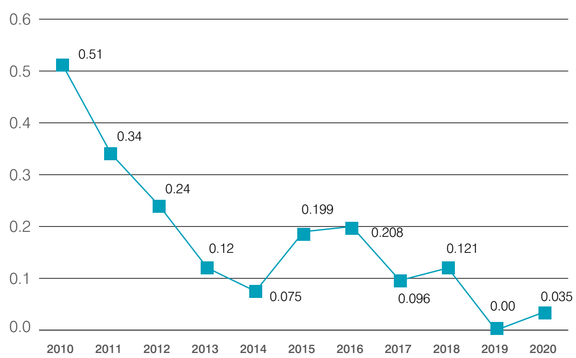
1. Health Safety and Environment

The Sadiqabad Plant recorded the ever highest figure of 58.41 SMMH which are the highest in fertilizer industry globally. Total Recordable Incidence Rate (TRIR) was 0.03.

Safe Million Man Hours (SMMH)



Total Recordable Incident Rate (TRIR)



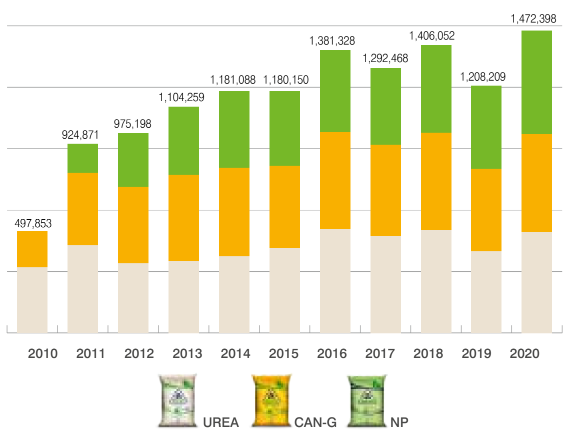
2. Operational Performance

Sharp focus on Asset Reliability Performance improvement reaped good progress as Key Reliabilities policies developed; funds diverted towards top risks elimination; Reliability Framework rolled-out by the involvement of world-renowned consultant IDCON-USA; Risk-Based Inspection (RBI) & Reliability Centric Maintenance (RCM) pilot projects progressed; Fitness for Service Study (FSS) and Business Critical Equipment Plan (BCEP) phase-1 completed. Continual improvement in plant reliability performance is hence anticipated.

Year closing break up of Finished Products and Intermediates are tabulated below:

Yearly Production 2020 (MT)		
Product	Actual	Budgeted
Urea	491,221	485,716
CAN	475,299	472,831
NP	505,878	493,449
Total Fertilizer	**1,472,398**	**1,451,995**
	- Intermediates -	
Ammonia	600,753	595,315
Nitric Acid	553,410	547,329

Yearly Fertilizer Production



3. Projects

NP Revamp – Phosphoric Acid Storage Facility

Site storage facility of 1,580 m3 Phosphoric acid with offloading and dosing facility commissioned on 07th October to ensure 100% supply chain and safe handling at Site.

4. Company Image Building

In 2020, In light of the COVID-19 scenario, the Plant team could not physically participate in International and domestic conferences, but the below conferences were covered/attended virtually and presented papers comprising of in-house research and experience related to plant operation, safety, reliability, and technological advancements.

Year	Event	Event Date	Location
1	European Conference on Process Safety & Big Data	Oct 2020	Virtual
2	AIChE Spring Meeting & 16th Global Congress	Aug 2020	Virtual

5. **Learning & Development**

Launched Virtual Classroom trainings, testing & training feedback via OLMS. Developed 20 new courses from all disciplines of the manufacturing division as per ISO-29993. Completed preparation for ISO-17024 certification of 02 streams in electrical and mechanical.

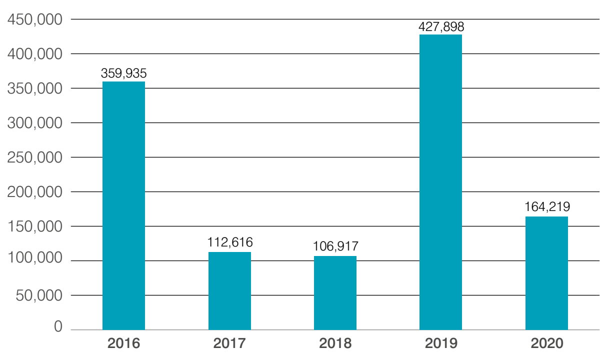
Year	Trainings	HSE	Technical	Soft
	Hours			
2020	17,850	5,861	10,302	1,687

B. Sheikhupura Plant

During the year, the Plant underwent a major maintenance turnaround after a span of more than 10 years. During turnaround 1700 jobs were completed safely and successfully. In addition, during the year special focus remained on succession planning, capacity building, cost optimization and digitalization. Lean 6-Sigma for Processes improvement has been launched and 05 projects were completed in year 2020.

Urea Production 2016 - 2020

Urea Production, MT



Plant	Capacity Factor (%)		Service Factor (%)	
	Ammonia	Urea	Ammonia	Urea
2020	105.7	106.5	100	99.2

Future Outlook

The Company's Sheikhupura plant will focus on sustained operation in FY 2021 and will maintain high Capacity and Service factors. Important Reliability and energy efficiency projects are planned for execution. In parallel, pre-feasibility studies will also be carried out for product diversification for business sustainability and improved economics with RLNG.

United States' OSHA (Occupational Safety & Health Administration) compliance validation through DuPont's Process Safety Management (PSM) Program is a major milestone for the year.

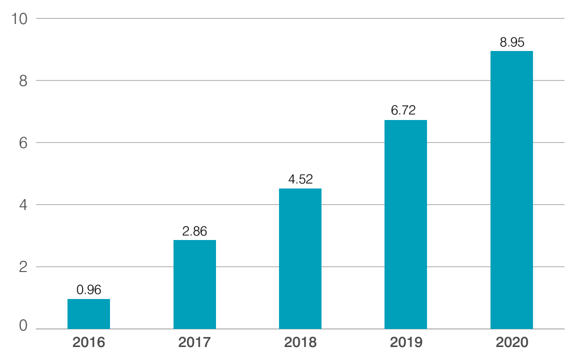
Health, Safety and Environment

HSE performance remained exceptional during 2020 and we completed 8.95 million safe man-hours without a Lost Time Injury (LTI) with a Total Recordable Incident Rate (TRIR) of 0.09.

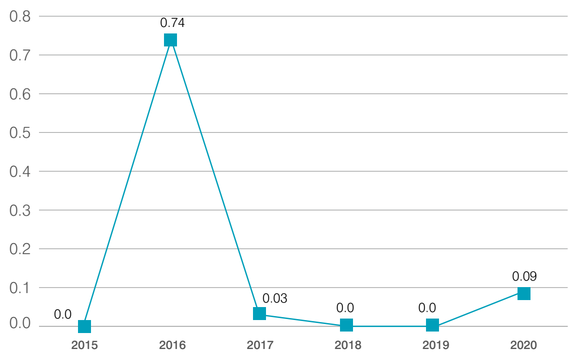
In the uncertain times due to COVID-19 pandemic, the Plant played a proactive role in ensuring safety and well-being of employees, families and community through SOPs alignment, awareness & education through innovative social media use, and extensive auditing and played its part in curtailing the spread despite the region being an epicenter of outbreak in Punjab.

To develop a safety mindset, the plant team organized 14 HSE related days and occasions to impart awareness and create constructive engagement in families and surrounding community. In addition, the plant team promoted innovation and digitization through many new initiatives including successful launch of "Mukhlis" - A digital HSE observations reporting program.

Safe Million Man Hours (SMMH)



Total Recordable Injury Rate (TRIR)



C. Multan Plant

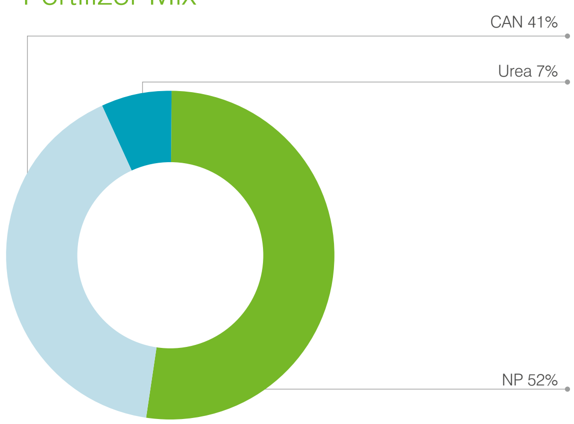
The Company acquired this Plant from its associated undertaking with effect from September 01, 2020. Multan Plant resumed operations after smooth start up in January 2020 under gas supply arrangement with MPCL and SNGPL.

1. **Manufacturing Overview**

   Plant operations remained smooth during the year. Capacity utilization of Ammonia plant remained 77.3% due to the limited gas availability from MPCL but it was effectively utilized by producing value-added Fertilizers.

   NP Plant was successfully revamped from 1,015 to 1,100 MTPD without any major investment by capitalizing on in-house resources. This resulted in the highest ever Daily Production record of 1,300 MTPD.

Fertilizer Mix



2. **Health, Safety and Environment**

   Plant HSE performance also remained impressive during the year as 9.84 SMMH were achieved without any Lost Time Injury (LTI). An exemplary Total Recordable Incident Rate (TRIR) of 0.05 was accomplished against the targeted figure of < 0.2 indicating our focus on Safety.

   In addition, the plant operations were successfully sustained without disruption through effective implementation of COVID-19 SOPs and strict auditing and control regimes.

3. **Plant Reliability**

   Effective implementation of preventive maintenance plans enabled deferment of Annual Turn Around which was originally planned in December 2020. This deferment decision was taken mainly to continue Plant Operations and to protect our employees and contractors from COVID exposure.

4. **Energy Efficiency Improvement and Cost Savings**

   During the year, 16,222 MMscfd gas was processed at Mari Gas Processing Facility. Cost and Energy-saving efforts were put on special focus to optimize the cost of operations. Consequently, through coherent efforts, significant gas savings were realized through the optimized operation of the Ammonia plant, effective gas management under stringent Third Party Access regime, and implementation of robust Operating and maintenance discipline.

5. **Mari Gas Processing Facility**

   The smooth operation of Multan plant was assured through the stable operation of the Mari Gas Processing Facility. Despite the unavailability of a stand-by compressor, a Service Factor of >98% was achieved. 4th compressor was installed and successfully commissioned during the last quarter.

MARKETING AND SALES

The year 2020 remained by far one of the most challenging years for this function and gave it a big opportunity to shine across the industry With COVID-19 starting to show its impact in Pakistan our Marketing and Sales function remained the most well equipped to take the crisis head on. At Fatima, we believe in investing in the latest technology and have remained the pioneers in introducing the most advanced systems in Marketing in the industry. Whether it was our dynamic cloud based CRM system that lead our sales team to remotely service our nationwide dealer network or our timely investments in digital media serving millions of farmers in the rural areas of Pakistan, the Marketing function was ready to fight out a tough year.

Strategically, the function was very clear that it had to achieve its targets in the most efficient of manner as business operations across the globe were struggling in the face of constant uncertainty. Each department within the Marketing function responsibly put up its budget requirements and focused on maximizing the return on investment for your Company.

The Brands department which was already well entrenched in digital and social media agreed to cut spends on traditional media and outdoor mediums, focusing completely on execution through digital which lead to a complete shift in marketing strategy – content became the king. Whether it was paying a heartwarming tribute to farmers and doctors who were both working round the clock during lock downs, or an industry first user generated content campaign for 14th August on TikTok or execution of one of the most successful and only loyalty program in fertilizer industry "Sarsabz Royals" for our dealers, the team ensured it kept all its stakeholders engaged when others choose to remain silent and wait for restrictions to lift. Once the momentum was built, it carried on throughout the year with the very first short film, "Nazo" being launched on digital as part of series called "Sarsabz Kahani". The initiative seeks to tell true stories of empowerment, struggle and success from within the farmer community. The film, Nazo managed to get 10 million+ views on our Youtube channel within a few weeks which was a big achievement. Every day, whether it was our fight against COVID-19 or locusts, insights and knowledge was shared across all social mediums and mobile for the benefit of farmers. The year ended on a high note, with the National Farmer Day also known as 'Salam Kissan, Sarsabz Pakistan' being celebrated on 18th December. Its celebration on TikTok alone managed to reach 110 million+ people nationwide with thousands of videos being made by Pakistani's paying tribute to farmers. Cherry on top was the team winning

the highly acclaimed Pakistan Digital Award (PDA) for the Best Digital Campaign beating many FMCG's and multi national brands; proving that your brand Sarsabz Fertilizer is second to none.

The farmer engagement team remained active on digital as well as on-ground, never leaving the farmers alone in their cause for national food security. It conducted various online sessions on crop technology and reached out to 180,000+ farmers in person and millions online. In collaboration with University of Agriculture, Faisalabad and other research institutes the team conducted research trials on regular basis. Findings of the studies have established that farmers of Pakistan can increase their per acre crop yields by more than 10% by using Nitrophosphate (Sarsabz NP) and Calcium Ammonium Nitrate (Sarsabz CAN) combination and following 4R nutrients management techniques in all major crops. Collaborative research based booklets on crop production technologies for Wheat, Rice, Potato, Maize and Direct Seeded Rice (DSR) crops were also published for capacity building of farmers. In collaboration with USAID (PATTA), demonstration activities to increase awareness of small and medium farmers in KPK, Gilgit Baltistan, Sindh and Punjab provinces were also held. The team is proud to be working with all leading provincial Governments in not just capacity building but policy making as well. A dedicated team is also working hard to bring prosperity to people of Baluchistan province by introducing cotton and wheat farming through various new methods that are suited to water scarce areas.

The logistics and warehousing department keeping in line with our aim to increase our efficiency managed to rigorously audit and optimize our operations. Digitization initiatives and improved management of supply chain lead to significant savings and round the year support to sales team by ensuring timely deliveries and avails of product. Improved relationships with contractors, transporters and other key players in our supply chain lead to extremely responsive service to our dealer network and sales team. Warehouse SOPs were also updated to meet with Government requirements and ensure that our employees as well as customers were safe during these testing times.

We are proud that such timely actions and strategic alignments enabled our sales team to perform above expectations and lead your Company to growth by unprecedented gains in market share in these extraordinary times.

SUSTAINABILITY OVERVIEW

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

Sustainability Strategy

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

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

b) Ensuring employee safety and welfare at all levels;

c) Conserve energy, water and reduce carbon emissions;

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

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

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

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

Key Sustainability Indicators (GRI 3.1 Specific)

Key performance indicator	GRI	2020	2019
Economic			
Total Fertilizer Sales	EC1	1,867 (MT in 000)	1,834 (MT in 000)
Net Profit	EC1	13,275 (Rs in million)	12,070 (Rs in million)
Revenue	EC1	71,267 (Rs in million)	74,964 (Rs in million)
Contribution to national exchequer		7,025 (Rs in million)	6,750 (Rs in million)
Rural development and responsible sourcing			
Farms addressed for capacity building (numbers)		18,589	23,651
Water			
Total water withdrawal (m^3)	EN8	9,445,920	16,764,221
Environmental sustainability			
Materials			
Raw Material used (natural gas) (Metric Tons)	EN1	869,284,669	1,078,134
Materials for packaging purposes (Metric Tons)	EN1	4,222	4,706

Key performance indicator	GRI	2020	2019
Energy			
Total direct energy consumption (gigajoules)	EN3	28,684,549	37,109,917
Total direct energy consumption from renewable sources (% total direct)	EN3	N/A	N/A
Energy saved due to conservation and efficiency improvement	EN5	-	-
Biodiversity			
Total size of manufacturing sites located in projected areas (hectares) working under clean development mechanism	EC1	1,095 acres	1,095 acres
Trees Planted		11,500	10,504
Emissions, Effluents and Waste			
Direct GHG emissions (Metric Tons CO2eq), (i.e. Surplus CO2 from Ammonia Plant + CO2 emissions from other sources)	EN16	362,378 + 823,042	374,466 + 1,067,485
Indirect GHG emissions (million tons CO2eq)	EN16	N/A	N/A
Environmental Sustainability Governance			
Human rights and compliance			
Total number of incidents of non compliance with regulations and voluntary codes concerning marketing communications including advertising.	PR7	Nil	Nil
Total number of significant products recalls or incidents of non Compliance	PR2	Nil	Nil
Our People			
Total Workforce - Permanent (number of employees)	LA1	1,125	1,013
Lost time injuries and illnesses rate (per million hours worked) (employees, on site contractors and on site members of public)	LA7	Nil	Nil
Total number of fatalities (employees, on site contractors and on site members of public)	LA7	Nil	Nil
Man Hours of training per year (All functions)	LA10	97,754	106,529
Female staff at the head office	LA13	59	48

HEALTH, SAFETY AND ENVIRONMENT STANDARDS, SYSTEMS AND POLICIES

Fatima Fertilizer aims towards implementing the globally recognized standards while benchmarking with industrial best practices. We take pride in mentioning that the Company remained compliant with the following standards in 2020:

- DuPont Process Safety Management Excellence Level-4
- HACCP Food Safety Certification
- ISO/IEC 17025 Accreditation for Laboratory Management System
- IFA Protect and Sustain Stewardship
- Quality Management System (QMS) ISO 9001:2015
- Environmental Management System (EMS) ISO 14001:2015
- Occupational Health and Safety Management Systems ISO 45001:2018
- WWF Green Office Program

The Company has plans to move a step ahead towards the world's leading Environmental Management System and the external assessment by DuPont.

Quality, Health, Safety and Environment (QHSE) Policy

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

Fatima is committed to:

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

Global Benchmarking on Systems and Standards

Fatima aims to benchmark with global industry standards as a way forward to achieve the highest levels of excellence in its businesses. Keeping this target in view, a five-year road map was rolled out in 2014 by Sadiqabad plant to obtain certifications of globally renowned standards and implement best in class practices.

In 2020, the plant efforts were focused to sustain and improve already implemented systems like Process Safety Management (PSM) excellence level, Integrated Management System (IMS), and HACCP Food Safety Certification.

The highest safety performance statistics of Sadiqabad plant are a true reflection of the dedicated efforts in developing an interdependent HSE culture. These efforts have yielded promising and fruitful rewards including a considerable reduction in serious Process Safety incidents and injuries and the accumulation of more than 58 million safe man-hours. The urge for continual improvement is considered to be the driving force of the whole mechanism.

One of our core objectives for 2020 was to achieve operational excellence and zero unplanned downtime for which Reliability Enhancement and Asset Management (REAP) was launched. Phase-01 of the program was the reliability enhancement of the business critical equipment program (BCEP) under which Sadiqabad plant history was systemized and digitalized with the combined efforts of IT, Mechanical, Process, and HSE teams.

Joint Overall Country Winner-British Safety Council (BSC)

Sadiqabad plant is among 16 elite organizations out of 509 across the globe to be crowned as the overall Country winner in the 2020 International Safety Awards. This award is the recognition of Fatima's true dedication towards keeping employees and their workplace safe and healthy with visible commitment towards wellbeing and mental health at work. This unblemished performance is also a reflection of strong Management commitment, comprehensive HSE systems, and self-driven teams ardently working safely at every level.

Global Leader in Safety Performance - IFA

Sadiqabad plant stood Global Leader in Safety performance with 14 other countries among 72 companies worldwide (532 operational facilities) on achievement of zero LTIR and TRIR in 17th IFA Safety Performance Benchmark (SBP) Report of the year 2019. IFA SBP report published annually provides a global overview of the industry lost time and total recordable injuries performance and trends.

Safety Leadership Award by National Safety Council

On account of Fatima's immaculate safety Record, National Safety Council-USA has awarded Fatima Sadiqabad plant with Safety Leadership Award. The NSC annually recognizes organizations that have achieved five or more consecutive years without an occupational injury or illness resulting in days away from work. Criteria for the award include:

- Zero injuries involving time away from work in a consecutive five-year period
- Zero fatalities in a consecutive five-year period
- Zero work-related illnesses involving time away from work within a consecutive five-year period

17th Annual Environment Excellence Award 2020 by National Forum of Environment and Health

This award was given by National Forum for Environment and Health (NFEH) in recognition of efforts of Sadiqabad plant in areas of environment protection, energy conservation, and sustainable socio-economic development for the betterment of Pakistan.

Fatima Fertilizer Tree Plantation Drive

Fatima Fertilizer plant sites revived tree plantation drive during Monsoon 2020. A total of 11,500 trees were planted in the reporting year. The activity was divided into 02 phases, phase 1 internal and phase 2 external. Fatima has sponsored 1500 large size trees for phase 2. EPA RYK planted 500 fruit trees in a one-acre area in collaboration with the Director of Agriculture in RYK. Commissioner BWP planted 500 trees in road medians at Ahmed Pur Sharika area.

Process Safety Management Training Program

In continuation to Fatima's road map to sustain excellence a comprehensive and interactive 02 days training session was organized by Sadiqabad plant. The session was aimed at a holistic revision of PSM elements. The training was backed by case studies. Demonstrating exemplary commitment, the session was joined by all senior leadership of Fatima.

TALENT SUSTAINABILITY

Empower to Lead – MTO & GTE Recruitment Drive 2020

Empower to Lead is a robust program focused on building a future leadership bench through hiring and onboarding fresh business & Engineering graduates from leading local and international universities.

This one-year program is designed around systematic cross-functional rotations and offers the selected candidates in-depth functional knowledge and structured capability development program followed by quarterly & yearly evaluations. Those who perform exceptionally well are offered long-term exciting roles at Fatima.

In 2020, 4000+ candidates appeared for the initial test (eligibility criteria, CGPA 3.0 and above), more than 800 sat through the screening interviews, more than 200 students participated in the assessment center. Based on this detailed assessment, 42 candidates were onboarded as GTEs and 9 candidates as MTOs (40% from top foreign universities).

Empower 2 Lead (E2L)

E2L Talks is a forum under the E2L umbrella that allows Fatima Leaders to interact with the youth where they share their experience; discuss challenges and present opportunities in today's business landscape. 1000+ students attended these virtual sessions conducted at top universities including LUMS, IBA, GIKI, NUST, LSE, and KSBL.

Development Center

Development Center is a structured talent development tool that focuses on identifying capability gaps of employees, defining their future development plans, and assessing them for the next stage in their career progression ladder.

Building on the success of the development center conducted for the Sales and Marketing Division in 2019, equal opportunity and transparent evaluation of our middle management was further strengthened by introducing Development Centers for the first time across its entire Business Commercial division in 2020. In-depth Individual Development Plans were carefully crafted for all participants, to ensure career progression and employee engagement.

Talent Review Meetings

Talent Review meetings play a pivotal role in identifying succession bench readiness with a laser-sharp focus on crafting focused employee development plans through critical experiences and cross-functional job rotations.

Fatima launched its structured Talent Review Meetings in order to take stock of its talent at the organization level in 2020. The Program is followed by multiple offshoots pertaining to employee development e.g. Management Development Program & Transformation Program, HR & Business Value Chain Academy planned in 2021.

Integrated Performance Management (iPMP)

Building on the principle of generating and capitalizing on synergies in line with our agenda of continuous improvement and innovation, in 2020 two key processes were optimized -Performance Management and Development Need Analysis (DNA). This led to a reduction of 40% man-hours. An automated query resolution chatbot, FG Bolt was also launched to make the process even more efficient.

Talent Recognition Program (TRP)

One of the key initiatives that was launched in 2020 was Talent Recognition Program in order to promote a culture of appreciation and engagement.

TRP comprises multiple award categories at the cultural, departmental, and organizational level.

33 Kudos walls were installed across all sites, where employees were given an opportunity to acknowledge each other and celebrate wins. More than 450+ employees were recognized through this program followed by organization level awards.

Employee Productivity Survey

Fatima launched an in-house Employee Productivity Survey to measure the overall productivity of its employees and their work preferences during the challenging post-pandemic times. On top of this, the survey also served to be a dipstick for measuring employee engagement index after the Organization Health Survey of 2019.

Over 960 employees participated in the survey with a response rate of 95%. One of the key findings of the survey is that the employee engagement index (EEI) has improved by 12% compared to 2019 and remained in the top engagement quartiles.

Employee Development

Fatima has heavily invested in the training & development of its valued workforce. Over 17,4oo training hours were delivered across the organization in 2020, which is a testament to our commitment of not compromising on the development of our employees even during challenging business environment.

Following are highlights from the development interventions that made it happen.

Fatima E-Learning

Fatima launched its first-ever in-house Online Learning Platform in the year 2020 to equip its employees with convenient and flexible access to learning opportunities, taking advantage of the benefits of digitization.

The online training platform ensured that Fatima employees are fully engaged in the challenging times of COVID-19 and continue to progress on their development journey.

Eight E-Learning modules were launched over the last year keeping in mind the learning needs of the target audience. Over 8,500 training hours were delivered via the in-house Fatima E-learning platform in 2020.

LinkedIn Lynda

Fatima has also partnered with LinkedIn Lynda, another well renowned online platform for new, on-demand content. LinkedIn Learning offers more than 6,000 on-demand courses with constructive Learning Paths and series of courses in which industry experts teach valuable knowledge and enhance functional and leadership capability.

This program was introduced to provide an opportunity to our Emerging Leaders (mid-tier employees) to leverage the opportunity to develop their leadership skills. Carefully crafted learning paths consisting of 16 modules were assigned to employees. 6,000+ training hours were delivered through LinkedIn Lynda during the year 2020.

Leadership Development

Key development interventions for FG Future Leaders include:

Harvard Manage Mentor (HMM)

Harvard Manage Mentor is an online learning platform that provides our Future Leaders and senior managers an expert insight that matters, with the content fueled by the latest and proven practices from Harvard Business Publishing and other renowned world-class experts. The program was targeted at the development of senior-tier employees. The program comprised of 20 modules to be completed by each participant over a period of one year. 1,000+ training hours were delivered as part of the HMM program in 2020.

LUMS Leadership Development Program (LDP)

LUMS LDP is a 7 day customized learning intervention at LUMS for our future leaders to build leadership capabilities and management acumen; enabling participants to gain an organization-wide perspective by integrating diverse functions & fostering result-orientation throughout the organization and leverage the opportunity to foster networking opportunities with people from diverse backgrounds.

Business Simulation

In order to further enhance the strategic vision of its employees, Fatima partnered with globally renowned facilitators from Business Simulations London (Redburn Consulting Limited) to conduct a simulation with a focus on Business Acumen and Business Strategy.

The Business Simulation allowed participants to make strategic decisions aimed at improving the bottom line while reacting to changes in the market.

CORPORATE SOCIAL RESPONSIBILITY

Fatima believes in uplifting society with collective efforts and social responsiveness.

Fatima not only acknowledges its responsibilities towards society but also thrives on them. Our various initiatives for the social welfare of Pakistan are a testament that our corporate social responsibility is not merely confined to statements.

Fatima Flagship Health Project - Mukhtar A. Sheikh Hospital

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

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

Spring Clinic Spring Clinic / Institute of Psychiatry

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

Fatima Fertilizer Welfare Trust Hospital

The main objective of Fatima Fertilizer Welfare Trust Hospital is to eradicate hepatitis in the vicinity of Plant areas and the District Rahim Yar Khan. In 2020, given the pandemic, Fatima Trust Hospital established strict SOPs while continuing treatment of treat Hepatitis patients.

Our Contributions to the Education Sector

At Fatima, our aim has always been to ensure that quality education accessible and affordable to the deserving children of Pakistan. In the post-pandemic world, the need to invest in the education sector is critical and it is now imperative more than ever that we divert our resources to constantly introduce new technologies and adopt innovative, creative methodologies so that our youth may flourish and we, as a country, can realize our true potential.

In 2020, we have actively sponsored the students of the following Institutes, besides operating our own schools inside our plant's premises.

- Care Foundation
- TCF (The Citizens Foundation)
- NAMAL College
- IBA (Institute of Business Administration)
- LUMS

In recognition of our efforts, the year 2020 was marked with Fatima being awarded the 9th Annual International Corporate Social Responsibility Award, organized by The Professionals Network (TPN), in the categories of "Community Healthcare Initiatives" and "Community Education Program". Fatima also won the 12th Corporate Social Responsibility Awards 2020 in CSR and Education, organized by National Forum for Environment and Health (NFEH).

OUR REPORTING PARAMETERS

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

Report Boundary

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

Reporting Period

The reporting period is January 01, 2020 to December 31, 2020 and the data has mainly been obtained from Finance, Operations, Marketing and Sales, Human Resources, Corporate Secretariat, Internal Audit, Information Technology, Supply Chain, External Auditors, HSE and CSR Functions.

Report Content

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

Data Measurement Techniques

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

Contact Us

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

FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE

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

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2020, and reports that:

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

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

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

- The Company has complied with all the corporate and financial reporting requirements. Appropriate accounting policies have been consistently applied. All core & other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2020, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company.

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

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

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

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

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

INTERNAL AUDIT

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

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

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

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

EXTERNAL AUDITORS

- The statutory Auditors of the Company, Yousuf Adil, Chartered Accountants have completed their Audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019" for the financial year ended December 31, 2020 and shall retire on the conclusion of the 18th Annual General Meeting.

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

- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Audit Committee had a meeting with the external auditors without the presence of the CFO and the Head of Internal Audit. The Auditors attended the General Meeting of the Company during the Year and have confirmed attendance of the 18th Annual General Meeting scheduled for April 26, 2021 and have indicated their willingness to continue as Auditors.

- Being eligible for reappointment as Auditors of the Company, the Audit Committee recommends their reappointment for the financial year ending December 31, 2021.

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

For and on behalf of Audit Committee

Lahore
March 26, 2021

Tariq Jamali
Chairman-Audit Committee

STATEMENT OF COMPLIANCE
with Listed Companies (Code of Corporate Governance) Regulations, 2019

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

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

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

2. The composition of the Board is as follows:

i	Independent directors (excluding female director)	Mr. Tariq Jamali
ii	Other non executive directors	Mr. Arif Habib Mr. Faisal Ahmed Mukhtar Mr. Muhammad Kashif Habib
iii	Executive directors	Mr. Fawad Ahmed Mukhtar Mr. Fazal Ahmed Sheikh
iv	Female directors (Independent)	Ms. Anja Elisabeth Nielsen

For a Board comprising of seven member, one-third equates to 2.33. Two independent directors have been appointed, however, the fraction of 0.33 in such one-third is not rounded up as one since the fractions is below half (0.5);

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

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

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

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

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board with only one exception that the Board meeting could not be held during first quarter of the financial year due to outbreak of Covid-19. However, three Board meetings were held in second quarter of the financial year;

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

9. Three directors of the Company have already completed formal Directors Training Program ("DTP") whereas remaining four directors fall under exemption from the mandatory requirement for acquiring DTP certification;

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

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

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

a) Audit Committee

1.	Mr. Tariq Jamali	Chairman
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Faisal Ahmed Mukhtar	Member
4.	Ms. Anja Elisabeth Nielsen	Member

b) HR and Remuneration Committee

1.	Ms. Anja Elisabeth Nielsen	Chairperson
2.	Mr. Muhammad Kashif Habib	Member
3.	Mr. Fawad Ahmed Mukhtar	Member

c) Nomination and Risk Management Committee

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

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

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

a) Audit Committee

Four meetings of the Audit Committee were held during the year prior to approval of interim and final results of the Company during second, third and fourth quarter of the financial year with only one exception that the audit committee meeting could not be held during first quarter of the financial year due to the Covid-19 outbreak and the resultant delay in completion of external audit. However, two audit committee meetings were held in second quarter of the financial year.

b) HR and Remuneration Committee

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

c) Nomination and Risk Management Committee

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

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

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

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

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

Place: Lahore	Fawad Ahmed Mukhtar	Arif Habib
March 26, 2021	CEO	Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Fatima Fertilizer Company Limited** (the Company) for the year ended December 31, 2020, 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2020.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No	Reference	Description
i	7	The Board did not meet at least once in each quarter of the financial year as required by the Companies Act, 2017. No meeting was held in the first quarter of the financial year 2020.
ii	14(a)	Audit Committee did not meet at least once in every quarter of the financial year as per requirement of the Regulations. No meeting was held in the first quarter of the financial year 2020.

Yousuf Adil

Chartered Accountants

Engagement Partner: Shahzad Ali

Date: March 26, 2021

Lahore

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Fertilizer Company Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Fatima Fertilizer Company Limited (the Company), which comprise of statement of financial position as at December 31, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key matters:

Key audit matter	How the matter was addressed in our audit
1 Revenue Recognition	
The Company's revenue comprises sale of fertilizer and mid products which has been disclosed in note 26 to the financial statements. Revenue from the sale of fertilizer and mid products is recognized, when the Company satisfies the performance obligation under the contract by transferring the promised goods to the customers. Revenue recognition criteria has been explained in note 4.20 to the financial statements.	Our audit procedures to address this Key Audit Matter included the following: - obtaining an understanding of and assessing the design and implementation and operating effectiveness of key internal controls over recognition of revenue; - assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction of the performance obligation under the contract with the customer in line with the accounting policy adopted or may not have been recognized in the appropriate period.</td><td>- checking on a sample basis the recorded sales transactions with underlying sales invoices;
- testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents; and
- assessed the adequacy of related disclosures in the financial statements.</td></tr>
<tr><td>2. Acquisition of production and operating plants, and leasing arrangements for utilities plant, land and building with Pakarab Fertilizers Limited (PFL)
(Refer note 14.1.2 to the financial statements)
During the year, on September 01, 2020, the Company has executed plant sale and purchase agreement with its associated company Pakarab Fertilizers Limited already approved by the shareholders of the Company in November 2018. This includes the following transactions:
- purchase of production and operating plants including Ammonia, Nitric Acid, Urea, Calcium Ammonium Nitrate, Nitro-phosphate and Clean Development Mechanism along with installed catalyst for a price of Rs 9,000 million along with all costs and benefits associated with ECC approved gas arrangement available with PFL. This addition has been recoginsed as an addition to operating fixed assets with corresponding decrease of Rs 4,500 million in CWIP Advances and Rs 2,250 million paid as per agreed installments plan and further recognition of a deferred payable of remaining amount of Rs 2,250 million as per the original agreement entered into with PFL;
- obtaining of utilities plant, and land and building on a lease term of 10 years from PFL having lease rentals of Rs 7 million and Rs 5 million per month respectively. This has been recognised as Right of Use Asset under International Financial Reporting Standard 16 “Leases” (IFRS 16) with a corresponding lease liability;</td><td>Our audit procedures to address this Key Audit Matter included the following:
- reviewed the minutes of the board and extra ordinary general meeting for the approval of the purchase of production and operating plants;
- read the key terms and conditions of the plant sale and purchase agreement, lease agreements and the services and supplies agreement and confirmed our understanding of the transaction with the management;
- checked whether the accounting methods used by the management are in accordance with the IFRS as applicable in Pakistan; and
- assessed the adequacy of disclosures in the financial statements of the Company.</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
- entering into an arrangement for manpower services for operation and maintenance of plants from employees of Pakarab Fertilizers Limited for a period of 10 years through a services and supplies agreement at a rate of actual cost to PFL plus 8 percent markup. We have identified this as a key audit matter due to the significance of the amount of investment and the complexity of the transaction.	
3. Provision for Gas Infrastructure Development Cess (GIDC) (Refer note 8.3 to the financial statements) In light of the decision of Supreme Court of Pakistan (SCP) dated August 13, 2020 and outcome of review petition on November 2, 2020 seeking review of its judgement of GIDC levy, stating that the Government of Pakistan is agreeable to recover the arrears in 48 monthly installments. Accordingly, the Company has remeasured the original provision for GIDC of Rs 5,869.01 million and has recognised a gain of Rs 877.51 million on the remeasurement of the provision for GIDC, in accordance with the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". We considered this as a key audit matter due to the significance of the amount and the judgments involved in selection of accounting policies and estimation of present value of the provision including the classification between the current and non-current portion.	Our audit procedures to address this Key Audit Matter included the following: - obtained and read the detailed judgement and the review petition dismissal order announced by the Supreme Court of Pakistan (SCP) and the stay orders granted to the Company by the Sindh High Court; - checked the requirements of GIDC Act, 2015; - checked the mathematical accuracy of the management's working of current / non current classification of provision for GIDC, its present value and assessed its accuracy and reasonableness of key estimates used; and - checked the appropriateness of disclosures made in the financial statements in relation to the matter in accordance with the applicable accounting and reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's management.
- Conclude on the appropriateness of the Company's management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Shahzad Ali.

Yousuf Adil

Chartered Accountants

Dated: March 26, 2021

Lahore

STATEMENT OF FINANCIAL POSITION
as at December 31, 2020

	Note	2020	2019
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
2,700,010,000 (2019: 2,700,010,000) shares of Rs 10 each		27,000,100	27,000,100
Issued, subscribed and paid up share capital			
2,100,000,000 (2019: 2,100,000,000) ordinary shares of Rs 10 each	5	21,000,000	21,000,000
Reserves	6	66,102,656	57,008,298
		87,102,656	78,008,298
NON CURRENT LIABILITIES			
Long term finances	7	3,114,067	6,253,636
Lease liabilities		1,901,472	278,630
Deferred liabilities	8	24,115,708	19,942,553
Deferred government grant	9	61,440	–
Long term deposits		110,370	61,267
		29,303,057	26,536,086
CURRENT LIABILITIES			
Trade and other payables	10	22,871,117	26,483,859
Accrued finance cost	11	450,579	836,743
Short term finances - secured	12	11,443,557	16,264,983
Unclaimed dividend		40,853	189,950
Current portion of:			
- Long term finances	7	5,803,222	6,225,085
- Lease liabilities		480,323	571,301
- Deferred government grant	9	61,526	–
		41,151,177	50,571,921
CONTINGENCIES & COMMITMENTS	13		
		157,556,890	155,116,305

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

	Note	2020	2019
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	104,937,733	100,720,660
Intangible assets	15	5,991,019	5,973,548
Investment property	16	756,189	627,573
		111,684,941	107,321,781
Long term investments	17	201,641	174,846
Long term loan to an associated company	18	2,999,000	2,999,000
Long term deposits		113,679	81,763
		3,314,320	3,255,609
		114,999,261	110,577,390
CURRENT ASSETS			
Stores and spares	19	8,273,834	7,713,456
Stock in trade	20	13,530,945	11,517,911
Trade debts	21	4,450,476	7,206,970
Short term loans	22	3,241,723	3,241,723
Advances, deposits, prepayments and other receivables	23	8,675,690	11,844,822
Advance income tax		1,305,337	1,969,160
Short term investments	24	2,523,862	530,134
Cash and bank balances	25	555,762	514,739
		42,557,629	44,538,915
		157,556,890	155,116,305

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

STATEMENT OF PROFIT OR LOSS
for the year ended December 31, 2020

	Note	2020	2019
		(Rupees in thousand)	
Sales	26	71,267,316	74,964,214
Cost of sales	27	(42,472,530)	(47,065,331)
Gross profit		28,794,786	27,898,883
Distribution cost	28	(3,890,808)	(3,800,064)
Administrative expenses	29	(3,368,500)	(2,778,727)
		21,535,478	21,320,092
Finance cost	30	(3,469,303)	(3,760,909)
Other operating expenses	31	(1,677,558)	(1,480,466)
		16,388,617	16,078,717
Other income	32	1,810,074	1,089,749
Other gain / (loss):			
- Gain on remeasurement of GIDC	8.3	877,513	–
- Loss allowance on subsidy receivable from GoP	23	(360,244)	–
Share of profit from associates	17	26,795	24,687
Profit before tax		18,742,755	17,193,153
Taxation	33	(5,468,064)	(5,123,471)
Profit for the year		13,274,691	12,069,682
Earnings per share - basic and diluted (Rupees)	35	6.32	5.75

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

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2020

	2020	2019
	(Rupees in thousand)	
Profit for the year	13,274,691	12,069,682
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Surplus / (deficit) on remeasurement of investments classified as fair value through other comprehensive income (FVTOCI)	7,124	(1,270)
Related tax thereon	(2,071)	368
	5,053	(902)
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of post retirement benefits obligation	20,584	27,530
Related tax thereon	(5,970)	(7,984)
	14,614	19,546
Other comprehensive income - net of tax	19,667	18,644
Total comprehensive income for the year	13,294,358	12,088,326

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

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

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2020

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Surplus / (deficit) on remeasurment of investment - FVTOCI	Total
		Share premium	Unappropriated profit			
			(Rupees in thousand)			
Balance as at December 31, 2018	21,000,000	1,790,000	46,904,969	(95,846)	(4,151)	69,594,972
Profit for the year	–	–	12,069,682	–	–	12,069,682
Other comprehensive income	–	–	–	19,546	(902)	18,644
Total comprehensive income	–	–	12,069,682	19,546	(902)	12,088,326
Transactions with owners:						
- Final dividend for the year ended December 31, 2018 @ Rs 1.75 per share	–	–	(3,675,000)	–	–	(3,675,000)
Balance as at December 31, 2019	21,000,000	1,790,000	55,299,651	(76,300)	(5,053)	78,008,298
Profit for the year	–	–	13,274,691	–	–	13,274,691
Other comprehensive income	–	–	–	14,614	5,053	19,667
Total comprehensive income	–	–	13,274,691	14,614	5,053	13,294,358
Transactions with owners:						
- Final dividend for the year ended December 31, 2019 @ Rs 2.00 per share	–	–	(4,200,000)	–	–	(4,200,000)
Balance as at December 31, 2020	21,000,000	1,790,000	64,374,342	(61,686)	–	87,102,656

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

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

STATEMENT OF CASH FLOWS
for the year ended December 31, 2020

	Note	2020	2019
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	39	24,987,515	16,433,191
Net increase in long term deposits		49,103	4,084
Finance cost paid		(3,735,840)	(3,158,333)
Taxes paid		(4,663,505)	(6,344,883)
Employee retirement benefits paid		(78,632)	(55,210)
Net cash generated from operating activities		16,558,641	6,878,849
Cash flows from investing activities			
Additions in property, plant and equipment		(2,035,699)	(10,728,308)
Additions in intangible assets		(51,911)	(22,365)
Addition in investment property		(129,521)	(627,650)
Proceeds from disposal of property, plant and equipment		45,315	1,729
Short term investments made		(2,172,605)	(167,016)
Proceeds from short term investment		598,052	323,526
Profit received on short term loans and saving accounts		289,347	724,947
Net (increase) / decrease in long term deposits		(31,916)	173,057
Net cash used in investing activities		(3,488,938)	(10,322,080)
Cash flows from financing activities			
Repayment of long term finances		(4,966,641)	(7,685,021)
Proceeds from long term finances		1,462,438	4,000,000
Repayment of lease liabilities		(353,954)	(290,739)
Dividend paid		(4,349,097)	(3,553,882)
(Decrease) / increase in short term finances - net		(4,821,426)	10,770,181
Net cash (used in) / generated from financing activities		(13,028,680)	3,240,539
Net increase / (decrease) in cash and cash equivalents		41,023	(202,692)
Cash and cash equivalents at the beginning of the year		514,739	717,431
Cash and cash equivalents at the end of the year		555,762	514,739

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2020

1. Legal status and nature of business

Fatima Fertilizer Company Limited ('the Company'), was incorporated in Pakistan on December 24, 2003 as a public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange.

The principal activity of the Company is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals.

Registered office of the Company is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the Company are located at Mukhtargarh, Sadiqabad, Khanewal Road, Multan and at 28-km Sheikhupura Road, Chichoki Mallian, Pakistan.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

– International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB); and

– Provisions of and directives issued under the Companies Act, 2017.

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

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2020

The following standards, amendments and interpretations are effective for the year ended December 31, 2020. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from annual period beginning on or after:
IFRS 14 – Regulatory Deferral Accounts	July 01, 2019
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

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

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

	Effective from Accounting period beginning on or after
– Amendment to IFRS 16 ‘Leases’ - Covid-19 related rent concessions	June 01, 2020
– Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
– Amendments to IFRS 3 ‘Business Combinations’ - Reference to the conceptual framework	January 01, 2022
– Amendments to IAS 16 ‘Property, Plant and Equipment’ - Proceeds before intended use	January 01, 2022
– Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
– Amendments to IAS 1 ‘Presentation of Financial Statements’ - Classification of liabilities as current or non-current	January 01, 2023

Certain annual improvements have also been made to a number of IFRS.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

– IFRS 1 – First Time Adoption of International Financial Reporting Standards

– IFRS 17 – Insurance Contracts

3 Basis of measurement

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

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

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

a) Employee retirement benefits

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

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

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

c) Provision for taxation

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

4 Significant accounting policies

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

4.1 Taxation

Current

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

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally 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 is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

4.2 Employee retirement benefits

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

a) Defined benefit plan - Gratuity

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

The latest actuarial valuation for gratuity scheme was carried out as at December 31, 2020. Projected unit credit method is used for valuation of the scheme.

All actuarial gains and losses are recognized in ‘Other Comprehensive Income’ as they occur.

b) Accumulating compensated absences

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

c) Defined contribution plan - Provident Fund

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

4.3 Property, plant and equipment

Property, plant and equipment "PPE" except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to own manufactured assets includes direct cost of materials, labor and applicable manufacturing overheads. Cost also includes capitalized borrowing costs as referred to in note 4.16.

Depreciation on property, plant and equipment is charged to statement of profit or loss on the straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in note 14.

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

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

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

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

4.4 Capital work in progress

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

4.5 Intangibles assets

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

With indefinite useful life

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

With finite useful life

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

4.6 Investment property

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2020

4.7 Investments in associates - at equity method

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

4.8 Government grant

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

4.9 Leases

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

Right of use asset

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

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

Lease liability

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

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

– fixed payments, including in substance fixed payments;

– variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;

– amount expected to be payable under a residual guarantee; and

– the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

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

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

4.10 Financial instruments

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

4.10.1 Financial assets

Classification

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

(i) Amortized 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 other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

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

Recognition and derecognition

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

Measurement

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

Debt instruments

a) Debt instruments measured at amortised cost

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows; and

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

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

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

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

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

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

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

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

Equity instruments

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

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to 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 (ECL) associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

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

The 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.

4.10.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

I- At fair value through profit or loss; and

II- Amortized cost.

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:

a) Fair value through profit or loss

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

b) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at 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.

4.11 Offsetting of financial assets and liabilities

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

4.12 Stores and spares

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

4.13 Stock in trade

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

4.14 Trade debts and other receivables

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

4.15 Cash and bank balances

Cash and bank balances are carried in the statement of financial position at amortized cost. For the purpose of statement of cash flows, cash and bank balances comprises of cash in hand and bank balances.

4.16 Borrowings and their costs

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

4.17 Trade and other payables

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

4.18 Provisions

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

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

4.19 Derivative financial instruments

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

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

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

4.20 Impairment of non-financial assets

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

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

4.21 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is 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. Revenue 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.

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

Government subsidy on sale of fertilizer is recognised when the right to receive such subsidy has been established and the underlying conditions are met.
Revenue from sale of Certified Emission Reductions (CERs) is recognized on the satisfaction of performance obligation i.e. generation of the Emission Reductions when a firm commitment for sale of CERs exists with a buyer.

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

4.22 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

4.22 Dividend

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

4.23 Earnings per share

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

5 Issued, subscribed and paid up share capital

2020	2019		2020	2019
(Number of shares)			(Rupees in thousand)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs 10 each fully paid in cash	20,000,000	20,000,000
100,000,000	100,000,000	Ordinary shares of Rs 10 each issued on conversion of fully paid preference shares @ Rs 20 each	1,000,000	1,000,000
2,100,000,000	2,100,000,000		21,000,000	21,000,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended December 31, 2020

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

	2020	2019
	(Number of Shares)	
Arif Habib Corporation Limited	319,000,206	319,000,206
Arif Habib Equity (Private) Limited	19,409,500	19,409,500
Fatima Holding Limited	62,967,373	62,967,373
Fazal Cloth Mills Limited	69,114,031	69,114,031
Reliance Weaving Mills Limited	2,625,166	2,625,166
Fatima Trade Company Limited	160,430,261	160,430,261
Fatima Management Company Limited	160,430,261	160,430,261
Fatima Trading Company (Private) Limited	97,462,890	97,462,890
	891,439,688	891,439,688

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

	Note	2020	2019
		(Rupees in thousand)	
6 Reserves			
Capital reserve:			
Share premium		1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		64,374,342	55,299,651
Post retirement benefit obligation reserve		(61,686)	(76,300)
Deficit on remeasurement of investments fair value through other comprehensive income (FVTOCI)		–	(5,053)
		66,102,656	57,008,298
7 Long term finances			
Rated, listed and secured Ijarah Sukuk certificates	7.2	2,100,000	4,200,000
Secured loans from banking companies / financial institutions	7.3	6,817,289	8,278,721
		8,917,289	12,478,721
Less: Current portion		5,803,222	6,225,085
		3,114,067	6,253,636
7.1 Movement of long term finances			
Opening balance		12,478,721	16,007,520
Disbursements during the year		1,462,438	4,000,000
Repayments during the year		(4,966,641)	(7,685,021)
Classified as deferred government grant	9	(150,433)	–
Accreditation of loan under SBP Islamic Refinance Scheme		44,521	–
Exchange loss on translation of foreign currency loan		48,683	156,222
Closing balance		8,917,289	12,478,721

		2020	2019
		(Rupees in thousand)	
7.2	**Rated, listed and secured Ijarah Sukuk certificates**		
	Opening balance	4,200,000	6,300,000
	Repayments during the year	(2,100,000)	(2,100,000)
		2,100,000	4,200,000
	Less: Current portion	2,100,000	2,100,000
		–	2,100,000

The Sukuks are listed on Pakistan Stock Exchange. These Certificates were issued with face value of Rs 5,000 per certificate for the principal purpose of repayment of the outstanding balance of Senior Facility (SF) - an existing long term loan of the Company.

The profit is payable at the rate of 6 month KIBOR plus 1.10% per annum, (subject to a floor of 3% and a cap of 25% per annum). The effective rate of markup charged during the year ranged from 8.45% to 14.70% (2019: 11.02% to 14.70%) per annum.

The Sukuks are secured by pari passu charge over all present and future fixed assets of the Company. The credit rating of the Sukuks has been maintained at 'AA-' (Double A Minus) by PACRA on August 19, 2020.

The tenure of the Sukuks is 5 years and will be redeemed in ten (10) equal semiannual installments. Last repayment is due on November 28, 2021.

		Note	2020	2019
			(Rupees in thousand)	
7.3	**Secured loans from banking companies / financial institutions**			
	These are composed of:			
	Syndicated Term Finance Agreement - III (STFA - III)	7.3.1	–	75,000
	Export Credit Agency Finance	7.3.2	143,954	976,486
	Musharaka Arrangement	7.3.3	1,488,667	1,488,667
	HBL Term Loan	7.3.4	–	375,000
	ABL Term Loan - I	7.3.5	–	400,000
	BAHL Term Loan	7.3.6	578,141	963,568
	BOP Term Loan	7.3.7	2,250,000	3,000,000
	ABL Term Loan - II	7.3.8	1,000,000	1,000,000
	SBP LTF - Faysal Bank Ltd	7.3.9	667,154	–
	SBP LTF - The Bank of Punjab	7.3.10	689,373	–
			6,817,289	8,278,721
	Less: Current portion		3,703,222	4,125,085
			3,114,067	4,153,636

7.3.1 Syndicated Term Finance Agreement - III (STFA - III)

This facility of Rs 3,000 Million was obtained from a consortium of commercial banks / islamic bank / financial institutions led by Allied Bank Limited for the purpose of financing ongoing funding requirements.

The facility carried markup rate of 6 months KIBOR plus 1% per annum. The effective rate of markup charged during the year ranged from 8.71% to 14.33% (2019: 11.72% to 14.33%) per annum.

The facility was secured by pari passu charge over all present and future fixed assets of the Company amounting to Rs 4,000 million.

The loan was repayable in five years with one year grace period in eight half yearly installments. Last repayment was due on October 26, 2020. During the year the Company has paid final installments aggregating to Rs 75 million (2019: Rs 616.67 million).

7.3.2 Export Credit Agency Finance

This facility of USD 22 million was obtained from Standard Chartered Bank (UK) for the purpose of purchase of Waste Gas Boiler and Cold Box Purifier for Ammonia Debottlenecking Project at Ammonia plant.

The facility carries markup rate of 3 months LIBOR plus 4.25% per annum. The effective rate of markup charged during the year ranged from 4.47% to 6.14% (2019: 6.14% to 7.04%) per annum.

The facility is secured by pari passu charge over all present and future fixed assets of the Company amounting to Rs 2,992 million.

This loan is repayable in twenty one equal quarterly installments with grace period of one year. Last repayment is due on March 14, 2021. During the year the Company has paid installments aggregating to USD 5.39 million (2019: USD 4.19 million).

7.3.3 Musharaka Arrangement

The Company had entered into a Musharaka agreement for long term finance facility of Rs 4,466 million based on Islamic Mode of Diminishing Musharaka (Shirkat-ul-Milk) with Meezan Bank Limited acting as Investment Agent against the Musharak Assets.

Initially, the facility was for a period of 5 years, inclusive of a grace period of 2 years, while the first Musharaka buyout was due at the end of the 30th month from the date of first drawdown i.e. March 29, 2018. However, on June 26, 2020 outstanding payment of loan was deferred for a period of one year as per terms of BPRD circular letter no. 13 issued by the State Bank of Pakistan dated March 26, 2020.

The profit is payable semi annually in arrears at the markup rate of six months KIBOR plus 1.5%. KIBOR to be set on last working day prior to the beginning of each quarterly markup period.

The finance facility is secured by all present and future movable fixed assets (excluding land and buildings) of the Company. The effective rate of markup charged during the year on Musharaka arrangements ranged from 8.80% to 15.40% (2019: 10.09% to 15.40%) per annum.

7.3.4 HBL Term Loan

This facility was obtained from Habib Bank Limited, with a facility amount of Rs 3,000 million for the purpose of partially financing Ammonia Debottlenecking project.

The facility carried markup at the rate of 6 months KIBOR plus 1.25% per annum. The effective rate of markup charged during the year was 14.70% (2019: 11.97% to 14.70%) per annum.

The facility was secured by pari passu charge over all present and future fixed assets of the Company amounting to Rs 4,000 million.

The loan was repayable in four years in eight half yearly installments. Last repayment was due on June 30, 2020. During the year the Company has paid final installment amount aggregating to Rs 375 million (2019: Rs 750 million).

7.3.5 ABL Term Loan - I

This facility was obtained from Allied Bank Limited, for an amount of Rs 1,000 million for the purchase of Aircraft from Pakarab Fertilizers Limited, an associated company.

The facility carries markup at the rate of 6 months KIBOR plus 0.75% per annum. The effective rate of markup charged during the year ranged from 8.64% to 14.30% (2019: 10.68% to 14.30%) per annum.

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

The loan was repayable in two and half years in five equal half yearly installments. Last repayment was due on November 24, 2020. During the year the Company has paid final installments amounting to Rs 400 million (2019: Rs 400 million).

7.3.6 BAHL Term Loan

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

The facility carries markup at the rate of 6 months KIBOR plus 1.10% per annum. The effective rate of markup charged during the year ranged from 8.05% to 14.23% (2019: 11.90% to 14.23%) per annum.

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

The loan is repayable in three years in six semi annual equal installments. Last repayment is due on April 29, 2022. During the year the Company has paid installments amounting to Rs 385.43 million (2019: Rs 385.43 million).

7.3.7 BOP Term Loan

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

The facility carries markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 7.79% to 14.70% (2019: 14.70%) per annum.

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

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

7.3.8 ABL Term Loan - II

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

The facility carries markup at the rate of 6 months KIBOR plus 0.70% per annum. The effective rate of markup charged during the year ranged from 7.99% to 14.60% (2019: 14.60%) per annum.

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

The loan is repayable in five years with one year grace period in eight semi annual equal installments starting from March 25, 2021. Last repayment is due on September 25, 2024.

7.3.9 SBP LTF - Faysal Bank Ltd

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

The facility carries markup at SBP base rate + 1% per annum. The effective rate of markup charged is 8.22% per annum and the loan has been recognised at the present value.

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

The loan is repayable in two and half years including six months grace period in eight quarterly installments. Last repayment is due on December 31, 2022.

7.3.10 SBP LTF - The Bank of Punjab

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

The facility carries markup at SBP base rate + 0.8% per annum. The effective rate of markup charged is 8.26% per annum and the loan has been recognised at the present value.

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

The loan is repayable in two and half years including six months grace period in eight quarterly installments. Last repayment is due on October 21, 2022.

7.4 The aggregate unavailed long term financing facilities amount to Rs nil (2019: Rs nil).

	Note	2020	2019
		(Rupees in thousand)	
8 Deferred liabilities			
Deferred taxation	8.1	19,541,661	19,069,420
Employee retirement benefits	8.2	986,830	873,133
Provision for Gas Infrastructure Development Cess (GIDC)	8.3	3,587,217	–
		24,115,708	19,942,553
8.1 Deferred taxation			
This is composed of the following:			
Taxable temporary difference:			
Accelerated tax depreciation		19,565,247	19,105,066
Investment in associates		17,060	13,041
		19,582,307	19,118,107
Deductible temporary difference:			
Investments - fair value through other comprehensive income (FVTOCI)		–	(2,071)
Remeasurement of defined benefit obligation		(40,646)	(46,616)
		(40,646)	(48,687)
		19,541,661	19,069,420

8.1.1 Movement in temporary differences for the year is as follows:

	2020			
	Balance as at December 31, 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at December 31, 2020
	(Rupees in thousand)			
Taxable temporary difference				
Accelerated tax depreciation allowances	19,105,066	460,181	–	19,565,247
Investments in associates	13,041	4,019	–	17,060
	19,118,107	464,200	–	19,582,307
Deductible temporary difference				
Investment-fair value through other comprehensive income (FVTOCI)	(2,071)	–	2,071	–
Remeasurement of defined benefit obligation	(46,616)	–	5,970	(40,646)
	(48,687)	–	8,041	(40,646)
	19,069,420	464,200	8,041	19,541,661

		Note	2020	2019
			(Rupees in thousand)	
8.2	**Employee retirement benefits**			
	Gratuity	8.2.1	681,870	595,392
	Accumulating compensated absences	8.2.2	304,960	277,741
			986,830	873,133
8.2.1	**Gratuity**			
a)	**Amount recognized in the statement of financial position**			
	Present value of defined benefit obligations	(f)	819,879	728,490
	Fair value of plan assets	(g)	(138,009)	(133,098)
	Net liability at the end of the year		681,870	595,392
b)	**Movement in liability**			
	Net liability at the beginning of the year		595,392	507,580
	Charge for the year	(c)	154,688	150,362
	Benefits paid during the year		(47,626)	(35,020)
	Remeasurement changes chargeable to other comprehensive income	(e)	(20,584)	(27,530)
	Net liability at the end of the year		681,870	595,392
c)	**Charge for the year**			
	Current service cost		90,530	80,835
	Liability transferred from an associated Company		–	5,349
	Net interest cost		64,158	64,178
			154,688	150,362

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended December 31, 2020

		2020	2019
		(Rupees in thousand)	
d)	**Charge for the year has been allocated as follows:**		
	Cost of sales	120,476	120,260
	Administrative expenses	34,212	30,102
		154,688	150,362
e)	**Total remeasurement chargeable to other comprehensive income**		
	Remeasurement of plan obligation:		
	Actuarial gains from changes in financial assumptions	(2,459)	(2,974)
	Experience adjustments	(18,914)	(18,108)
	Remeasurements of fair value of plan assets	789	(6,448)
		(20,584)	(27,530)
f)	**Movement in the present value of defined benefit obligations**		
	Defined benefit obligations at beginning of the year	728,490	648,956
	Current service cost	90,530	80,835
	Interest cost	78,638	87,218
	Liability transferred from an associated Company	–	5,349
	Liability transferred from workers gratuity fund	–	3,977
	Benefits due but not paid	–	(9,023)
	Benefit paid during the year	(56,406)	(61,292)
	Remeasurement of plan obligation	(21,373)	(27,530)
	Defined benefit obligations at end of the year	819,879	728,490
g)	**Movement in the fair value of plan assets**		
	Fair value at beginning of the year	(133,098)	(141,376)
	Contributions	(11,395)	(10,956)
	Interest income on plan assets	(14,480)	(16,992)
	Return on plan assets excluding interest income	789	(6,048)
	Assets transferred from workers gratuity fund	–	(3,977)
	Benefits due but not paid	–	9,023
	Benefits paid	20,175	37,228
	Fair value at end of the year	(138,009)	(133,098)
h)	**Plan assets comprise of:**		
	Deposit with banks	65,597	21,480
	Mutual funds	66,628	105,630
	Investment in TDR	9,086	15,011
	Payables	(3,302)	(9,023)
		138,009	133,098

		2020	2019
i)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	11.25%	13.25%
	Discount rate for year end obligation	9.75%	11.25%
	Salary increase used for year end obligation	9.75%	11.25%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	**Increase in assumption**	**Decrease in assumption**
		% age	(Rupees in thousand)	
j)	**Sensitivity analysis**			
	Discount rate	1%	(67,886)	66,039
	Salary growth rate	1%	67,076	(69,986)

k) The expected contribution to defined benefit obligation for the year ending December 31, 2021 will be Rs 154.43 million.

		Note	2020	2019
			(Rupees in thousand)	
8.2.2	**Accumulating compensated absences**			
a)	**Amount recognized in the statement of financial position**			
	Present value of defined benefit obligations	(e)	304,960	277,741
	Net liability at the end of the year		304,960	277,741
b)	**Movement in liability**			
	Net liability at the beginning of the year		277,741	252,443
	Charge for the year	(c)	58,225	45,488
	Benefits paid during the year		(31,006)	(20,190)
	Net liability at the end of the year		304,960	277,741
c)	**Charge for the year**			
	Current service cost		36,078	23,383
	Interest cost		30,071	31,962
	Experience adjustment		(7,924)	(9,857)
			58,225	45,488
d)	**Charge for the year has been allocated as follows:**			
	Cost of sales		48,421	36,221
	Administrative expenses		9,804	9,267
			58,225	45,488

		2020	2019
		(Rupees in thousand)	
e)	**Movement in the present value of obligation**		
	Obligation at beginning of the year	277,741	252,443
	Current service cost	36,078	23,383
	Interest cost	30,071	31,962
	Benefit paid during the year	(31,006)	(20,190)
	Experience adjustment	(7,924)	(9,857)
	Defined benefit obligations at end of the year	304,960	277,741

		2020	2019
f)	**The principal assumptions used in the actuarial valuation are as follows:**		
	Discount rate for interest cost	11.25%	13.25%
	Discount rate for year end obligation	9.75%	11.25%
	Salary increase used for year end obligation	9.75%	11.25%
	Retirement assumption	60 years	60 years

		Impact on defined benefit obligation		
		Change in assumption	Increase in assumption	Decrease in assumption
		% age	(Rupees in thousand)	
g)	**Sensitivity analysis**			
	Discount rate	1%	(900)	55,712
	Salary growth rate	1%	54,572	2,033

		Note	2020	2019
			(Rupees in thousand)	
8.3	**Provision for Gas Infrastructure Development Cess (GIDC)**			
	Provision for GIDC		4,991,501	5,821,901
	Less: Current portion	10	1,404,284	5,821,901
			3,587,217	–

8.3.1 The Company has accrued Rs 5,869.01 million (2019: Rs 5,821.90 million) on account of Gas Infrastructure Development Cess (GIDC) on fuel stock.

During the current year, on August 13, 2020 the Supreme Court of Pakistan (SCP) through its order declared GIDC Act as intra vires to the constitution and directed all the industrial and commercial entities to pay the Cess that have become due up to July 31, 2020. However, as a concession, the same was allowed to be recovered in twenty four equal monthly installments starting from August 01, 2020.

Although, the Company has filed a suit for declaration and injunction in the High Court of Sindh and obtained a stay on October 06, 2020 against collection / recovery of GIDC by Mari Petroleum Company Limited on Fuel Stock on account of issues of computation of the liability. On a prudent basis the Company has continued to recognize the provision against GIDC on Fuel Stock.

Subsequently, SCP dismissed all review petitions on November 2, 2020, against the gas consumers including the Company and stated that the Government of Pakistan is agreeable to recover the arrears in forty eight monthly installments instead of twenty four equal monthly installments.

No amount has been booked for GIDC on Feed Stock as the Company is entitled to receive Feed Stock at fixed price as committed by the Government of Pakistan in Fertilizer Policy 2001. This fixed price is inclusive of all duties, charges and levies. The Company has also filed a suit for declaration and permanent injunction in the High Court of Sindh on these grounds on September 29, 2020.

In light of the above stated order of SCP the Company opted to recognize the Cess as payable in forty eight equal monthly installments and as a result the Company has recorded a gain of Rs 877.51 million on remeasurement of the provision for GIDC in accordance with the provisions of IAS 37.

	2020	2019
	(Rupees in thousand)	
9 Deferred government grant		
Government grant recognised	150,433	–
Amortization of deferred government grant	(27,467)	–
	122,966	–
Less: Current portion of deferred government grant	61,526	–
	61,440	–

9.1 This represents deferred government grant in respect of term finance facilities obtained under SBP Salary Refinance Scheme as disclosed in note 7.3.9 and 7.3.10 to the financial statements. These facilities carry markup at subsidised rates, as specified by SBP. These loans have been recognised at their fair value which is the present value of the loan proceeds received and discounted at the market interest rates for similar instruments. The differential between the fair value and the present value has been recognised as deferred government grant, which will be amortised over the term of the respective facilities at the effective interest rate.

	Note	2020	2019
		(Rupees in thousand)	
10 Trade and other payables			
Creditors		4,001,508	8,140,595
Deferred payable to an associated company	14.1.2	2,250,000	–
Current portion of provision for GIDC	8.3	1,404,284	5,821,901
Contract liabilities		6,965,290	5,643,834
Accrued liabilities		4,622,675	4,021,894
Withholding tax		115,856	119,269
Workers' profit participation fund	10.1	2,991,057	2,261,421
Workers' welfare fund	10.2	391,409	345,670
Retention money payable		55,752	58,013
Provident fund payable		14,932	13,451
Others		58,354	57,811
		22,871,117	26,483,859

		Note	2020	2019
			(Rupees in thousand)	
10.1	**Workers' profit participation fund**			
	Balance at January 01		2,261,421	1,509,316
	Charge for the year	31	976,876	918,785
	Payments made during the year		(247,240)	(166,680)
	Balance at December 31		2,991,057	2,261,421
10.2	**Workers' welfare fund**			
	Balance at January 01		345,670	365,417
	Charge for the year	31	373,547	327,808
	Reversal of provision during the year		(4,344)	(39,367)
	Net charge for the year		369,203	288,441
	Payments made during the year		(323,464)	(308,188)
	Balance at December 31		391,409	345,670

11 Accrued finance cost

		2020	2019
On long term finances		246,462	390,100
On short term finances		204,117	446,643
		450,579	836,743

12 Short term finances

	Note	2020	2019
Secured loans from banking companies			
Cash finance	12.1	3,889,804	6,903,801
Running finance	12.2	4,093,984	6,505,492
Finance against imported merchandise	12.3	3,459,769	2,855,690
		11,443,557	16,264,983

12.1 These facilities have been obtained from various banks for working capital requirements, and are secured by pledge of raw material and finished goods and by personal guarantees of sponsoring directors. The facilities carry markup ranging from 7.63% to 15.16% (2019: 10.87% to 15.16%) per annum.

12.2 These facilities have been obtained from various banks for working capital requirements, and are secured by pari passu charge of Rs 14,002.35 million (2019: Rs 12,202.35 million) on present and future current assets and by way of hypothecation charge on all present and future current assets of the Company amounted upto Rs 613 million (2019: Rs 613 million). The facilities carry markup ranging from 7.13% to 15.12% (2019: 10.46% to 14.86%) per annum.

12.3 These facilities have been obtained from various banks against imported merchandise. These facilities carry markup ranging from 7.76% to 14.56% (2019: 10.76% to 14.85%) per annum.

12.4 The aggregate unavailed short term borrowing facilities amount to Rs 8,838.04 million (2019: Rs 7,339.98 million).

13 Contingencies and commitments

13.1 Contingencies

(i) Following the order passed by the honorable Lahore High Court (the Court), the Company has filed an application under section 65 of the Sales Tax Act, 1990 to the Commissioner Inland Revenue, Multan regarding exemption of sales tax estimating Rs 690 million inadvertently short levied / paid on its fertilizer product, Calcium Ammonium Nitrate for the period from April 18, 2011 to December 31, 2011. The rejection of the earlier application filed by the Company with FBR has been set aside and rendered unlawful and ultra vires by the court.

(ii) The Company has filed appeal with the Customs Appellate Tribunal, Lahore against the following three cases decided against the Company by the Collector of Customs (Adjudication), Faisalabad. Earlier these cases were remanded back to Collector of Customs (Adjudication), Faisalabad for rehearing the case by the Customs Appellate Tribunal, Lahore:

- Alleged irregular claim of exemption under SRO 575 on import of 20 consignments of seamless pipes. Demand raised Rs 113.96 million.

- Alleged irregular claim of exemptions under SRO 575 on import of 7 consignments of deformed steel bars. Demand raised Rs 150.60 million.

- Alleged irregular claim of exemptions under SRO 575 on import of 64 consignments of various items of capital nature. The Company has filed an appeal before the Custom Appellate Tribunal, Lahore against the order passed by the Collector (Adjudication), Faisalabad in which he again raised a demand of Rs 495.90 million. Earlier the case had been remanded back to Collector of Customs (Adjudication), Faisalabad for re-hearing by the Custom Appellate Tribunal, Lahore.

(iii) The Customs department has filed an appeal before the Lahore High Court against of Order passed by the Custom Appellate Tribunal which had annulled the order passed by the Collector of Customs (Adjudication), Faisalabad, alleging that the Company applied incorrect exchange rate of Rs 60.85 per USD instead of Rs 79 per USD on import clearance of 7 consignments of deformed steel bars. Total demand raised was Rs 17.94 million.

(iv) The Department has filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the order passed by the Commissioner Inland Revenue (‘CIR(A)’), whereby the order passed under section 122(5) of the Income Tax Ordinance 2001 by the Deputy Commissioner Inland Revenue (DCIR) Multan amounting to Rs 1,055 million was annulled. The DCIR had declared the Company’s Trial run production / gain as ‘Commercial production’ thereby imposing consequential income tax towards taxable income for Tax year 2011.

(v) The Department has filed an appeal in the ATIR against the order passed by the CIR(A) whereby the order passed under section 122(5A) of the Income Tax Ordinance passed by the Additional Commissioner Inland Revenue (‘ACIR’) Multan amounting to Rs 1,592 million was annulled. The ACIR had disallowed and added back various admissible deductions claimed by the Company towards its taxable income for Tax year 2017.

(vi) The Department has filed an appeal in the ATIR against the order passed by the CIR(A), whereby the order passed under section 11 of the of Sales Tax Act, 1990 (STA) passed by the assessing officer amounting to Rs 501 million was set aside. The assessing officer had raised the demand by charging sales tax on advances received from customers.

(vii) The Department has filed an appeal in the ATIR against the order passed by the CIR(A), whereby the order passed under section 11 of the of Sales Tax Act, 1990 (STA) passed by the assessing officer amounting to Rs 117 million was set aside. The assessing officer had raised the demand on account of sales tax audit conducted u/s 72B of STA for period from July 2013 to June 2014.

(viii) Alternative Corporate Tax (ACT) at the rate of 17% of accounting profit before tax was introduced by the Finance Act 2014, by inserting Section 113C in the Income Tax Ordinance, 2001 applicable from tax year 2014. The Company earlier filed two suits in the Honorable Sindh High Court (SHC) challenging the levy of ACT for Tax years 2014 and 2015, on grounds that it deprived the Company of certain rights already accrued to it. However, the above suits have been withdrawn on the basis of jurisdiction and constitutional petitions filed before Lahore High Court which are pending for hearing.

Based on the advice of the Company's legal counsels and tax advisor, management considers that reasonable grounds exist that all the above appeals will succeed. Consequently, no provision has been recognized for the above mentioned amounts.

		Note	2020	2019
			(Rupees in thousand)	
13.2	**Commitments**			
(i)	Contracts for capital expenditure		840,709	314,005
(ii)	Contracts for other than capital expenditure		374,600	592,687
(iii)	The amount of future payments under ijarah rentals and short term / low value leases:			
	Not later than one year		247,331	316,401
	Later than one year but not later than five years		303,398	350,795
			550,729	667,196

		Note	2020	2019
14	**Property, plant and equipment**			
	Operating fixed assets	14.1	100,724,565	87,108,526
	Capital work in progress	14.2	4,213,168	13,612,134
			104,937,733	100,720,660

14.1 Operating fixed assets

2020

		Cost			Accumulated Depreciation			Book value	Depreciation
	Note	December 31, 2019	Additions / (deletions)	December 31, 2020	December 31, 2019	charge / (deletions)	December 31, 2020	December 31, 2020	rate
		(Rupees in thousand)							%
Freehold land	14.1.1	2,413,335	67,501	2,480,836	–	–	–	2,480,836	–
Building on freehold land		5,537,692	47,720	5,585,412	1,344,239	223,112	1,567,351	4,018,061	4
Building on leasehold land		30,445	–	30,445	5,074	3,045	8,119	22,326	10
Plant and machinery	14.1.2	89,201,273	14,487,185	103,365,328	12,391,324	1,883,304	14,239,598	89,125,730	4
			(323,130)			(35,030)			
Aircraft		1,567,285	–	1,567,285	130,607	78,364	208,971	1,358,314	10
Catalysts		2,947,650	132,062	3,079,712	2,314,929	333,504	2,648,433	431,279	10 - 33.33
Furniture and fixtures		107,513	7,079	114,335	67,354	9,223	76,320	38,015	10
			(257)			(257)			
Office equipment		72,879	4,265	77,144	35,649	15,287	50,936	26,208	10
Electrical installations and appliances		1,135,623	112,062	1,247,387	769,503	71,612	840,817	406,570	10
			(298)			(298)			
Computers		445,291	123,474	562,908	342,052	57,199	393,659	169,249	25
			(5,857)			(5,592)			
Vehicles		353,157	72,480	425,025	268,618	35,806	303,812	121,213	20
			(612)			(612)			
Right of use assets - plant and machinery		702,486	1,156,485	1,858,971	35,124	130,257	165,381	1,693,590	5 - 12.5
Right of use assets - land and building		366,100	631,741	992,149	67,730	91,957	158,975	833,174	10 - 50
			(5,692)			(712)			
		104,880,729	16,842,054	121,386,937	17,772,203	2,932,670	20,662,372	100,724,565	
			(335,846)			(42,501)			

2019

	Cost			Accumulated Depreciation			Book value	Depreciation
	December 31, 2018	Additions / (deletions)	December 31, 2019	December 31, 2018	charge / (deletions)	December 31, 2019	December 31, 2019	rate
	(Rupees in thousand)							%
Freehold land	1,604,328	809,007	2,413,335	-	-	-	2,413,335	-
Building on freehold land	5,038,279	499,413	5,537,692	1,134,033	210,206	1,344,239	4,193,453	4
Building on leasehold land	30,445	-	30,445	2,030	3,044	5,074	25,371	10
Plant and machinery	87,058,762	2,142,511	89,201,273	10,619,032	1,772,292	12,391,324	76,809,949	4
Aircraft	1,567,285	-	1,567,285	52,243	78,364	130,607	1,436,678	10
Catalysts	2,633,153	314,497	2,947,650	1,891,537	423,392	2,314,929	632,721	10 - 33.33
Furniture and fixtures	104,143	3,370	107,513	58,652	8,702	67,354	40,159	10
Office equipment	66,811	6,140	72,879	30,694	4,980	35,649	37,230	10
		(72)			(25)			
Electrical installations and appliances	1,091,926	49,143	1,135,623	684,821	89,845	769,503	366,120	10
		(5,446)			(5,163)			
Computers	437,669	16,750	445,291	283,102	68,069	342,052	103,239	25
		(9,128)			(9,119)			
Vehicles	300,969	52,188	353,157	235,766	32,852	268,618	84,539	20
Right of use assets - plant and machinery	–	702,486	702,486	–	35,124	35,124	667,362	5
Right of use assets - land and building	–	366,100	366,100	–	67,730	67,730	298,370	13 - 50
	99,933,770	4,961,605	104,880,729	14,991,910	2,794,600	17,772,203	87,108,526	
		(14,646)			(14,307)			

14.1.1 Particulars of land in the name of the Company are as follows:

Descriptions	Location	Land Area
Free hold Land	Sadiqabad District Rahim Yar Khan	1,177 acres and 13 marlas
Free hold Land	Jahangirabad District Multan	113 kanals and 17 marlas
Free hold Land	Chichoki Mallian at Sheikhupura Road	222 acres

14.1.2 During the year, the Company has executed plant sale and purchase agreement with its associated company Pakarab Fertilizer Limited (PFL) on September 01, 2020. This relates to acquisition of production and operating plants including Ammonia, Nitric Acid, Urea, Calcium Ammonium Nitrate, Nitro-phosphate and Clean Development Mechanism for an agreed price of Rs 9,000 million along with all costs and benefits associated with ECC approved gas arrangement available with PFL as approved by shareholders in the extra ordinary general meeting held on November 19, 2018. This addition has been recognized in plant and machinery with corresponding decrease of Rs 4,500 million in CWIP Advances and Rs 2,250 million paid as per agreed installment plan and further recognition of a deferred payable of remaining amount of Rs 2,250 million as per the original agreement entered into with PFL.

Additions also includes capitalization of gas pipeline and allied cost with corresponding decrease of Rs 1,954.37 million in CWIP Advance paid to an associated company Pakarab Fertilizer Limited.

The Company has also obtained utilities plants, land and building on a lease term of 10 years for which the Company is liable to pay lease rentals. This has been recognized as Right of Use Asset under International Financial Reporting Standard 16 “Leases” (IFRS 16) with a corresponding lease liability.

	2020	2019
	(Rupees in thousand)	
14.2 Capital work in progress		
Civil works	369,297	337,144
Plant and machinery	1,605,107	3,024,012
Capital stores	1,662,334	1,375,255
Advances		
- Freehold land	17,887	–
- Plant and machinery	558,543	8,875,723
	576,430	8,875,723
	4,213,168	13,612,134
14.2.1 Movement of capital work in progress		
Opening balance	13,612,134	6,776,845
Addition during the year	1,457,760	8,542,921
	15,069,894	15,319,766
Less: Capitalized during the year	10,850,929	1,705,351
Provision for slow moving capital stores	5,797	2,281
Closing balance	4,213,168	13,612,134
14.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales	2,719,658	2,579,760
Administrative expenses	206,731	209,860
Distribution cost	6,281	4,980
	2,932,670	2,794,600

14.4 Disposal of property, plant and equipment

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal
	(Rupees in thousand)					
Items having net book value above Rs 500,000						
Gas Turbine	323,130	35,030	288,100	288,100	–	Insurance recovery through EFU General Insurance Limited
Items having net book value below Rs 500,000						
Furniture and fixture	257	257	–	84	84	Company policy
Electrical installations and appliances	298	298	–	176	176	Through tender
Vehicles	612	612	–	602	602	Company policy
Computers	5,857	5,592	265	517	252	Company policy
2020	330,154	41,789	288,365	289,479	1,114	
2019	14,646	14,307	339	1,729	1,390	

15 Intangible assets

2020

	Note	Cost			Accumulated Depreciation			Book value	Amortization rate
		December 31, 2019	Additions	December 31, 2020	December 31, 2019	charge / (deletions)	December 31, 2020	December 31, 2020	
		(Rupees in thousand)							%
Bubber Sher Brand	15.2	5,900,000	–	5,900,000	–	–	–	5,900,000	–
Computer software		195,018	51,911	246,929	121,470	34,440	155,910	91,019	25
		6,095,018	51,911	6,146,929	121,470	34,440	155,910	5,991,019	

2019

	Cost			Accumulated Depreciation			Book value	Amortization rate
	December 31, 2018	Additions	December 31, 2019	December 31, 2018	charge / (deletions)	December 31, 2019	December 31, 2019	
	(Rupees in thousand)							%
Bubber Sher Brand	5,900,000	–	5,900,000	–	–	–	5,900,000	–
Computer software	172,653	22,365	195,018	93,906	27,564	121,470	73,548	25
	6,072,653	22,365	6,095,018	93,906	27,564	121,470	5,973,548	

15.1 The amortization charge for the year has been allocated to administrative expenses.

15.2 The Company has made an assessment of recoverable amount of the Bubber Sher brand, through its value in use, to be in excess of the carrying value. The value in use of the brand has been calculated by discounting the cost savings at the weighted average cost of capital of the Company of 6.69%.

In calculating the value in use, the Company has used growth rate of 1.67%. The cost savings have been assessed over perpetuity as the brand is expected to result in the cost savings in the foreseeable future.

16 Investment property

2020

	Note	Cost			Accumulated Depreciation			Book value	Amortization rate
		December 31, 2019	Additions	December 31, 2020	December 31, 2019	charge / (deletions)	December 31, 2020	December 31, 2020	
		(Rupees in thousand)							%
Freehold land	16.1	605,000	129,521	734,521	–	–	–	734,521	–
Building		22,650	–	22,650	77	905	982	21,668	4
		627,650	129,521	757,171	77	905	982	756,189	

2019

	Cost			Accumulated Depreciation			Book value	Amortization rate
	December 31, 2018	Additions	December 31, 2019	December 31, 2018	charge / (deletions)	December 31, 2019	December 31, 2019	
	(Rupees in thousand)							%
Freehold land	–	605,000	605,000	–	–	–	605,000	–
Building	–	22,650	22,650	–	77	77	22,573	4
	–	627,650	627,650	–	77	77	627,573	

16.1 Freehold land consists of 10,505 Kanals situated in District Dera Ismail Khan, Khybar Pakhtunkhwa. The land is in possession and control of the Company and currently it is in the name of the three Directors of the Company, Mr. Fawad Ahmed Mukhtar, Mr. Fazal Ahmed Sheikh and Mr. Faisal Ahmed Mukhtar, which will be transferred in the name of the Company in due course of time.

16.2 The fair value of investment property is not significantly different from carrying amount, as this was purchased recently.

17 Long term investments

	Note	2020 Opening	Share of profit /(loss)	Closing
		(Rupees in thousand)		
In associates				
Fatima Agri Sales & Services (Private) Limited	17.1	88,900	26,855	115,755
Multan Real Estate Company (Private) Limited	17.2	85,806	45	85,851
Fatima Electric Company Limited	17.3	140	(105)	35
Singfert PTE. Limited	17.4	–	–	–
		174,846	26,795	201,641

	2019 Opening	Share of profit	Closing
	(Rupees in thousand)		
Fatima Agri Sales & Services (Private) Limited	59,856	29,044	88,900
Multan Real Estate Company (Private) Limited	85,806	–	85,806
Fatima Electric Company Limited	140	–	140
Singfert PTE. Limited	–	–	–
	145,802	29,044	174,846

17.1 This represents investment in 196,000 fully paid ordinary shares of Rs 10 each of Fatima Agri Sales & Services (Private) Limited (FASS). The investment represents 49% (2019: 49%) of the total issued, subscribed and paid up share capital of FASS.

The principal activity of FASS is to carry on business as a sellers, marketers, importers, exporters, wholesalers, retailers and dealers in all types of agri inputs including fertilizers, micronutrients, pesticides and insecticides, seeds, vaternity and live stock feeds and feeds supplements, fish feeds and its supplements. The registered office of FASS is located at Lahore, Pakistan.

17.2 This represents investment in 858,056 fully paid ordinary shares of Rs 100 each of Multan Real Estate Company (Private) Limited (MREC). The investment represents 39.5% of the total issued, subscribed and paid up share capital of MREC.

The main business of MREC is establishing and designing housing and commercial schemes, to carry on business of civil engineers for construction of private and governmental buildings and infrastructure and provision of labor and building material. The registered office of MREC is located at Lahore, Pakistan.

17.3 This represents investment in 14,000 fully paid ordinary shares of Rs 10 each of Fatima Electric Company Limited (FECL). The investment represents 40% of the total issued, subscribed and paid up share capital of FECL.

The main business of FECL is transmission, manufacture, supply, generation and distribution of electricity and all forms of energy and power. The registered office of FECL is located at Lahore, Pakistan.

17.4 This represents investment in 1 fully paid ordinary share of SGD 1 each of Singfert PTE. Limited (Singfert), a company formed and registered in the Republic of Singapore. The investment represents 25% of the total issued, subscribed and paid up share capital of Singfert. No dividend has been paid by Singfert during the year.

Singfert is a Special Purpose Vehicle (SPV) which will be used to route equity investment in Midwest Fertilizer Company (MFC), USA. MFC is setting up a nitrogen fertilizer project in the State of Indiana, USA.

18 Long term loan to an associated Company

This represents loan of Rs 3,000 million approved in the Extra Ordinary General Meeting of the Company held on December 23, 2016 in favour of Pakarab Fertilizers Limited, an associated Company. As per the terms of the agreement, the loan was for 5 years period with two and a half years as grace period. However in 16th annual general meeting held on April 30, 2019 it was resolved that grace and repayment period is extended for further 3 years. The loan is receivable in 6 semi annual equal installments. Interest is to be settled semi annually. The maximum amount of loan outstanding during the year was Rs 2,999 million.

The loan carries markup rate at 6 months KIBOR plus 2.12% per annum. Effective rate of markup charged during the year ranged from 9.34% to 15.60% (2019: 12.91% to 15.60%).

The loan is fully secured against ranking charge on all present and future fixed assets of the associated Company excluding immovable property i.e. land and buildings and complete carbon dioxide recovery / liquefaction plant (along with storage tank, tools, spares and accessories).

	2020	2019
	(Rupees in thousand)	
19 Stores and spares		
Stores	354,267	406,839
Spares	5,243,101	4,766,262
Catalyst and chemicals	2,709,713	2,540,355
	8,307,081	7,713,456
Less: Provision for slow moving stores and spares	33,247	–
	8,273,834	7,713,456

		Note	2020	2019
			(Rupees in thousand)	
20	**Stock in trade**			
	Raw material {including in transit Rs 1,412.14 million (2019: 1,508.16 million)}		2,634,574	4,778,788
	Packing material		123,572	91,502
			2,758,146	4,870,290
	Mid products			
	Ammonia		290,865	181,244
	Nitric acid		19,489	22,152
	Others		699	441
			311,053	203,837
	Finished goods			
	Own manufactured			
	Urea		805,240	2,332,970
	NP		5,906,647	301,575
	CAN		1,639,528	132,649
	Certified Emission Reductions		21,785	84,286
			8,373,200	2,851,480
	Purchased for resale		2,088,546	3,592,304
			13,530,945	11,517,911
21	**Trade debts**			
	Secured against bank guarantees		4,400,603	7,161,323
	Unsecured - considered good	21.1	49,873	45,647
			4,450,476	7,206,970

21.1 There is no past due debt at year end.

		Note	2020	2019
22	**Short term loans**			
	Reliance Commodities (Private) Limited	22.1	1,241,723	1,241,723
	Pakarab Fertilizers Limited	22.2	2,000,000	2,000,000
			3,241,723	3,241,723

22.1 This represents loan given to an associated company Reliance Commodities (Private) Limited, against approved limit of Rs 1,250 million. The loan is repayable within 30 business days notice of demand. The markup rate on the said loan is 6 months KIBOR plus 2.12% per annum. Effective rate of markup charged during the year ranged from 9.41% to 16.02% (2019: 11.10% to 16.02%). The loan is fully secured against a ranking charge over the present and future current assets of the associated Company. The maximum amount of loan outstanding during the year was Rs 1,241.72 million.

22.2 This represents loan against aggregate approved facility of Rs 2,000 million provided to an associated Company Pakarab Fertilizers Limited to support functionality and business requirements. The loan is repayable within 30 business days notice of demand. The loan is fully secured against a ranking charge over the present and future current assets of the associated Company. The markup rate on the said loan is 6 months KIBOR plus 2.12% per annum. Effective rate of markup charged during the year ranged from 9.47% to 15.46% (2019: 11.73% to 15.46%). The maximum amount of loan outstanding during the year was Rs 2,000 million.

	Note	2020	2019
		(Rupees in thousand)	

23 Advances, deposits, prepayments and other receivables

	Note	2020	2019
Advances - considered good			
- to employees		13,986	23,827
- to suppliers		820,241	3,109,511
		834,227	3,133,338
Margin deposits held by banks		64,434	37,726
Prepayments		62,040	61,053
Receivable from Government of Pakistan (GoP)			
-Advance sales tax		3,899,702	5,771,049
-Subsidy receivable		1,838,075	1,838,075
Loss allowance on subsidy receivable	23.1	(360,244)	–
		5,377,533	7,609,124
Advance sales tax on receipts		111,548	84,443
Markup receivable		1,380,367	415,635
Others		845,541	503,503
		8,675,690	11,844,822

23.1 This represents loss allowance on subsidy receivable from GoP in accordance with requirement of IFRS 9. However, management is confident for recovering the full amount of subsidy from GoP.

24 Short term investments

	Note	2020	2019
		(Rupees in thousand)	
Investment - FVTPL	24.1	2,324,222	337,557
Investment - FVTOCI	24.2	199,640	192,577
		2,523,862	530,134

24.1 These consist of investments made in equity instruments of various companies.

24.2 Profit rates on these term finance certificates ranging from 7.71% to 14.58% (2019: 8.55% to 14.58%) per annum.

25 Cash and bank balances

	Note	2020	2019
		(Rupees in thousand)	
At banks			
- saving accounts	25.1	289,723	244,833
- current accounts		262,844	267,087
Cash in hand		3,195	2,819
		555,762	514,739

25.1 Balances in saving accounts carry profit rates ranging from 5.50% to 12.50% (2019: 8.00% to 12.50%) per annum.

	Note	2020	2019
		(Rupees in thousand)	
26 Sales			
Revenue from contracts with customers			
Local sales	26.1	71,117,229	74,828,910
Export sales - Certified Emission Reductions		150,087	135,304
		71,267,316	74,964,214

	2020	2019
26.1 Local sales		
Fertilizer products		
- own manufactured	62,040,598	69,575,656
- purchased for resale	11,049,223	7,440,818
Mid products	863,636	787,283
	73,953,457	77,803,757
Less: Sales tax	1,557,228	1,626,593
Discounts	1,279,000	1,348,254
	71,117,229	74,828,910

	Note	2020	2019
27 Cost of sales			
Raw material consumed	27.1	22,848,385	22,382,081
Packing material consumed		1,330,108	1,263,067
Salaries, wages and other benefits	27.2	4,430,574	3,463,260
Fuel and power		6,330,031	6,781,643
Chemicals and catalyst consumed		1,172,764	823,422
Stores and spares consumed		1,891,292	1,311,703
Depreciation	14.3	2,719,658	2,579,760
Technical assistance		162,389	117,169
Repair and maintenance		2,131,497	1,166,483
Insurance		717,812	286,195
Travelling and conveyance		127,142	192,510
Rent, rates and taxes		164,127	134,693
Vehicle running and maintenance		94,318	99,866
Others		131,444	143,208
Subsidy on RLNG released by GoP to SNGPL	27.3	(5,741,609)	(775,734)
Manufacturing cost		38,509,932	39,969,326
Opening stock of mid products		203,837	214,040
Closing stock of mid products		(311,053)	(203,837)
Cost of goods manufactured		38,402,716	39,979,529
Opening stock of finished goods		2,851,480	3,514,931
Closing stock of finished goods		(8,373,200)	(2,851,480)
Cost of sales - own manufactured		32,880,996	40,642,980
Cost of sales - purchased for resale		9,591,534	6,422,351
		42,472,530	47,065,331

27.1 This includes Rs 1,583.54 million paid to an associated company, Pakarab Fertilizers Limited (PFL) for onward payment to Mari Petroleum Company Limited (MPCL) to secure ECC approved gas supply arrangement for Multan Plant of the Company.

27.2 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 244.73 million (2019: Rs 235.87 million).

27.3 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Company (Sheikhupura Plant) by SNGPL and the Gas price capped by GoP for fertilizer plants operating on RLNG.

	Note	2020	2019
		(Rupees in thousand)	
28 Distribution cost			
Salaries, wages and other benefits		228,488	163,367
Fee for services	28.1	691,523	843,806
Rent, rates and taxes	28.2	254,167	190,740
Advertisement and sales promotion		372,688	350,000
Transportation and freight		2,270,461	2,185,592
Technical services to farmers		24,088	23,370
Others		49,393	43,189
		3,890,808	3,800,064

28.1 The company has outsourced its marketing and distribution function. The amount represents fee for marketing and distribution services charged by an associated company - Fatima Agri Sales and Services (Private) Limited.

28.2 This includes rental paid for short term leases (less than one year) amounting to Rs 253.90 million (2019: Rs 190.14 million).

	Note	2020	2019
		(Rupees in thousand)	
29 Administrative expenses			
Salaries, wages and other benefits	29.1	1,225,327	1,077,054
Travelling and conveyance		134,450	183,113
Vehicles running and maintenance		28,835	40,335
Insurance		10,705	18,137
Communication and postage		37,971	41,901
Printing and stationery		15,245	10,503
Repair and maintenance		44,882	37,974
Rent, rates and taxes	29.2	48,352	49,596
Fees and subscription		161,286	70,833
Entertainment		13,704	16,069
Legal and professional		264,811	100,608
Auditors' remuneration	29.3	7,340	7,379
Utilities		24,844	34,457
Aircraft operating expenses		231,262	183,673
Depreciation on operating fixed assets	14.3	206,731	209,860
Depreciation on investment property	16.1	905	77
Amortization	15.1	34,440	27,564
Charity and donation	29.4	811,566	563,142
Others		65,844	106,452
		3,368,500	2,778,727

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2020

29.1 This includes charge on account of employees' retirement benefits namely gratuity, leave encashment and provident fund contribution amounting to Rs 71.85 million (2019: Rs 71.36 million).

29.2 This includes rental paid for low value leases amounting to Rs 14.52 million (2019: Rs 7.42 million).

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
29.3 The breakup of auditors' remuneration including non-adjustable sales tax is as follows:			
Annual audit fee		3,928	3,978
Half yearly review fee		525	583
Others	29.3.1	2,248	2,081
Out of pocket expenses		639	737
		7,340	7,379

29.3.1 Others include special audit fee of Rs 1.82 million (2019: Rs 1.82 million).

29.4 Donations

29.4.1 Donations paid to Mian Mukhtar A. Sheikh Trust (the Trust) exceeds 10% of the Company's total amount of donation.

29.4.2 Donations include the following in which certain directors are interested:

Name of directors	Interest in donee	Name of donees	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Mr. Fawad Ahmed Mukhtar Mr. Faisal Ahmed Mukhtar Mr. Fazal Ahmed Sheikh	Trustees	Mian Mukhtar A. Sheikh Trust	564,000	486,000
Mr. Fawad Ahmed Mukhtar	Member of the Board of Governors of National Management Foundation (NMF) the sponsoring body of LUMS	Lahore University of Management Sciences (LUMS)	4,687	9,500

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
30 Finance cost		
Markup on long term finances	1,307,495	1,851,123
Markup on short term finances	1,665,470	1,488,591
Interest on lease liabilities	102,572	72,086
Bank charges and others	393,766	349,109
	3,469,303	3,760,909

	2020	2019
	(Rupees in thousand)	

31 Other operating expenses

	2020	2019
Workers' Profit Participation Fund	976,876	918,785
Workers' Welfare Fund	369,203	288,441
Exchange loss - net	331,479	273,240
	1,677,558	1,480,466

32 Other income

	2020	2019
Income from financial assets		
Profit on loan to related parties	1,200,505	853,640
Gain on remeasurement of investment classified as fair value through profit or loss	324,315	64,641
Gain on sale of investment classified as fair value through profit or loss	87,736	–
Profit on short term investments and saving accounts	53,574	52,056
Dividend income	56,391	28,660
	1,722,521	998,997
Income from non financial assets		
Rental income	–	8,400
Scrap sales	10,662	7,721
Gain on disposal of property, plant and equipment	1,114	1,390
Others	75,777	73,241
	87,553	90,752
	1,810,074	1,089,749

33 Taxation

	2020	2019
Current Tax		
- Current year	5,093,089	4,513,688
- Prior year	(89,225)	(101,548)
	5,003,864	4,412,140
Deferred Tax	464,200	711,331
	5,468,064	5,123,471

33.1 Assessments for Tax Years upto 2020 (Financial Year ended December 31, 2019) are deemed to have been finalized under the provisions of the Income Tax Ordinance, 2001.

	2020	2019
	(%)	
33.2 Tax charge reconciliation		
Numerical reconciliation between the average tax rate and the applicable tax rate:		
Applicable tax rate	29.00	29.00
Tax effect of :		
Income exempt from income tax or taxed at lower rate	(0.25)	(0.23)
Prior year Adjustment	(0.48)	(0.17)
Others	0.90	1.20
	0.17	0.80
Average effective tax rate charged to statement of profit or loss	29.17	29.80

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2020

34 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties have been disclosed in the relevant notes to the financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

		Note	2020	2019
			(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**			
Associated Companies	Purchase of packing material		1,490,814	1,615,514
	Purchase of raw material		343,438	1,746,317
	Purchase of catalysts		745,934	1,177,829
	Purchase of stores and spares		200,077	314
	Purchase of mid products		144,666	24,968
	Purchase of finished goods		3,278,368	–
	Sale of mid products		125,977	90,366
	Lease rental and license fee		48,000	1,125
	Fee for services		1,363,368	968,062
	Miscellaneous expenses		16,176	24,714
	Markup income		1,200,467	853,624
	Markup expense		87,765	–
	Purchase of plant and machinery	14.1.2	9,000,000	–
	Purchase of CWIP and immoveable property		328,136	355,472
	Settlement related to gas pipeline and allied costs	14.1.2 & 27.1	3,537,918	–
	Dividend paid		1,782,879	1,621,269
Key management personnel	Remuneration		255,604	268,051
	Dividend paid		753,805	550,139
Retirement benefit plans	Retirement benefit paid		316,581	307,235

34.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Name	**Basis of Relationship**	**Aggregate % of shareholding in the Company**
Pakarab Fertilizers Limited	Common directorship	Nil
Reliance Commodities (Private) Limited	Common directorship	Nil
Fatima Agri Sales & Services (Private) Limited	Associated company	Nil
Fatima Packaging Limited	Common directorship	Nil
Air One (Private) Limited	Common directorship	Nil
Arif Habib Corporation Limited	Common directorship	15.19%
Arif Habib Equity (Private) Limited	Common directorship	0.92%
Fatima Holding Limited	Common directorship	3.00%
Fazal Cloth Mills Limited	Common directorship	3.29%
Reliance Weaving Mills Limited	Common directorship	0.13%
Fatima Trade Company Limited	Common directorship	7.64%
Fatima Management Company Limited	Common directorship	7.64%
Fatima Trading Company (Private) Limited	Common directorship	4.64%

34.2 The Company considers its Chief Executive Officer, Executive Director, and Functional Heads as its key management personnel.

		2020	2019
35 Earnings per share - basic and diluted			
Profit attributable to ordinary shareholders	(Rupees in thousand)	13,274,691	12,069,682
Weighted average number of shares	(Number of shares)	2,100,000,000	2,100,000,000
Basic and diluted earnings per share	(Rupees)	6.32	5.75

	2020	2019
	Metric ton	
36 Capacity and production		
Urea		
Designed production capacity	1,037,900	945,500
Actual production	680,889	822,656
CAN		
Designed production capacity	870,000	420,000
Actual production	577,975	403,444
NP		
Designed production capacity	664,500	360,000
Actual production	637,418	407,511

36.1 Sheikhupura plant remained operational as per availability of Natural Gas (RLNG). Multan plant was acquired on September 01, 2020 and has remained operational since after that.

37 Remuneration of directors and management personnel

37.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to full time working Directors and Executives of the Company are as follows:

	Chief Executive		Executive Director		Executives	
	2020	2019	2020	2019	2020	2019
			(Rupees in thousand)			
Short term employee benefits						
Managerial remuneration	18,852	19,071	18,255	18,042	656,426	581,310
Housing	8,484	8,582	8,215	8,119	276,643	244,758
Utilities	–	–	–	–	59,016	52,403
Conveyance allowance and site allowance	–	–	–	–	150,819	135,408
Leave fare assistance and bonus	6,207	8,276	6,207	8,276	244,887	287,658
Others	5,733	3,773	1,592	69	35,763	26,057
	39,276	39,702	34,269	34,506	1,423,554	1,327,594
Retirement benefits						
Contribution to provident fund and gratuity	–	–	–	–	132,452	125,347
Accumulating compensated absences	–	–	–	–	29,850	22,477
	39,276	39,702	34,269	34,506	1,585,856	1,475,418
Number of persons	1	1	1	1	243	215

37.2 Non Executive Directors were paid meeting fee aggregate amount is Rs 1.40 million (2019: Rs 2.85 million).

37.3 The Company also provides the Chief Executive, Executive Director and some of the Executives with Company maintained cars.

38 Financial risk management

38.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro (EUR). Currently, the Company's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2020	2019
	(FCY in thousand)	
Cash at banks – USD	13	400
Trade and other payables – USD	(1,374)	(1,547)
Export Credit Agency Finance – USD	(895)	(6,286)
Net exposure – USD	(2,256)	(7,433)
Cash at banks – EUR	–	3
Trade and other payables – EUR	(818)	(558)
Net exposure – EUR	(818)	(555)

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per USD		
Average rate	158.08	147.23
Reporting date rate	160.80	155.35
Rupees per EUR		
Average rate	185.86	166.58
Reporting date rate	197.67	174.05

If the functional currency, at reporting date, had fluctuated by 5% against the USD and EUR with all other variables held constant, the impact on profit after taxation for the year would have been Rs 26.22 million (2019: Rs 44.42 million), respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is also exposed to equity price risk since there are investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

Fair value sensitivity analysis -Investments through Profit or loss

In case of 5% change in KSE 100 index on December 31, 2020, with all other variables held constant, net profit for the period would increase / decrease by Rs 116.21 million (2019: Rs 11.98 million) as a result of gains / losses on equity securities classified as at fair value through profit or loss.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

Interest rate sensitivity analysis - FVTOCI

In case of 5% change in fair value of TFC's on December 31, 2020, with all other variables held constant, net profit for the period would increase / decrease by Rs 9.98 million (2019: Rs 6.84 million) as a result of gains / losses on TFC's classified as available for sale.

At the statement of Financial Position date, the interest rate profile of the Company's interest bearing financial instruments was:

	2020	2019
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Cash at bank - saving accounts	289,723	244,833
Floating rate instruments		
Financial assets		
Long term loan to an associated company	2,999,000	2,999,000
Short term loans	3,241,723	3,241,723
Short term investment	199,640	192,577
Financial liabilities		
Long term finance	8,917,289	12,478,721
Short term finance - secured	11,443,557	16,264,983

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the Statement of Financial Position date would not affect statement of profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If the markup rate on net finance at reporting date, had fluctuated by 100 basis points with all other variables held constant, the impact on profit after taxation for the year would have been Rs 115.56 million (2019: Rs 158.40 million) respectively higher / lower.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and loans, advances, deposits, prepayments and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	(Rupees in thousand)	
Long term loan to an associated company	2,999,000	2,999,000
Long term deposits	113,679	81,762
Short term loan to associated companies	3,241,723	3,241,723
Advances, deposits and other receivables	2,290,342	956,864
Trade debts	4,450,476	7,206,970
Short term investments	2,523,862	530,134
Bank balances	552,567	511,920
	16,171,649	15,528,373

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2020	2019
	Short term	Long term	Rating Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	3,025	28
Askari Bank Limited	A1+	AA+	PACRA	2,150	2,150
Bank Alfalah Limited	A1+	AA+	PACRA	189	7,323
BankIslami Pakistan Limited	A1	A+	PACRA	–	3
Bank Al Habib Limited	A1+	AA+	PACRA	8,258	68,030
Citibank N.A	P-1	Aa3	Moody's	46	44
Faysal Bank Limited	A1+	AA	PACRA	50,016	16
Habib Bank Limited	A-1+	AAA	JCR-VIS	61,657	85,598
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	13	60,796
Industrial and Commercial Bank of China	P-1	A1	Moody's	–	17,918
JS Bank Limited	A1+	AA-	PACRA	137	393
MCB Bank Limited	A1+	AAA	PACRA	14,130	3,369
Meezan Bank Limited	A-1+	AA+	JCR-VIS	36,990	314
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,617	7,038
Sindh Bank Limited	A-1	A+	JCR-VIS	15	27
Soneri Bank Limited	A1+	AA-	PACRA	10	10
Summit Bank Limited	A-3	BBB-	JCR-VIS	112,089	48,526
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	225,272	209,554
The Bank of Punjab	A1+	AA	PACRA	31,163	326
United Bank Limited	A-1+	AAA	JCR-VIS	5,791	457

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At December 31, 2020 the Company has Rs 8,838.04 million (2019: Rs 7,339.98 million) unutilized borrowing limits from financial institutions and Rs 555.76 million (2019: Rs 514.74 million) cash and bank balances.

The following are the contractual maturities of financial liabilities as at December 31, 2020:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	8,917,289	5,803,222	3,114,067	–
Lease liabilities	2,381,795	480,323	1,901,472	–
Short term finance - secured	11,443,557	11,443,557	–	–
Trade and other payables	17,968,511	17,968,511	–	–
Unclaimed dividend	40,853	40,853	–	–
Long term deposits	110,370	–	110,370	–
Accrued finance cost	450,579	450,579	–	–
	41,312,954	36,187,045	5,125,909	–

The following are the contractual maturities of financial liabilities as at December 31, 2019:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees in thousand)			
Long term finances	12,478,721	6,225,085	6,253,636	–
Future interest payments	2,810,069	847,576	1,962,493	–
Lease liabilities	849,931	571,301	278,630	–
Short term finance - secured	16,264,983	16,264,983	–	–
Trade and other payables	26,483,859	26,483,859	–	–
Unclaimed dividend	189,950	189,950	–	–
Long term deposits	61,267	–	61,267	–
Accrued finance cost	836,743	836,743	–	–
	59,975,523	51,419,497	8,556,026	–

38.2 Fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The company is required to classify financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments of the Company carried at fair value are categorised as follows:

	December 31, 2020			
	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment - FVTPL	2,324,222	–	–	2,324,222
Investment - FVTOCI	199,640	–	–	199,640
Total financial assets at fair value	2,523,862	–	–	2,523,862

	December 31, 2019			
	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Investment - FVTPL	337,557	–	–	337,557
Investment - FVTOCI	192,577	–	–	192,577
Total financial assets at fair value	530,134	–	–	530,134

38.3 Financial instruments by categories

	2020			2019		
	Amortized Cost	Fair value Through P & L	Fair value Through OCI	Amortized Cost	Fair value Through P & L	Fair value Through OCI
	(Rupees in thousand)					
Financial assets as per statement of financial position						
Long term loan to an associated company	2,999,000	–	–	2,999,000	–	–
Long term deposits	113,679	–	–	81,763	–	–
Short term loan to related parties	3,241,723	–	–	3,241,723	–	–
Loans, advances, deposits and other receivables	2,290,342	–	–	956,864	–	–
Trade debts	4,450,476	–	–	7,206,970	–	–
Short term investment	–	2,324,222	199,640	–	337,557	192,577
Cash and bank balances	555,762	–	–	514,739	–	–
	13,650,982	2,324,222	199,640	15,001,059	337,557	192,577

Financial liabilities as per statement of financial position - at amortised cost

	2020	2019
	(Rupees in thousand)	
Long term finance	8,917,289	12,478,721
Short term finance - secured	11,443,557	16,264,983
Trade and other payables	17,968,511	26,483,859
Accrued finance cost	450,579	836,743
	38,779,936	56,064,306

38.4 Capital risk management

The Company's objectives when managing capital are to safeguard Company's ability to continue as a going concern in order to provide maximum return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure as required by the lenders. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of debt to equity ratio.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, issue new ordinary / preference shares, or obtain / repay loans.

	Note	2020	2019
		(Rupees in thousand)	
39 Cash generated from operations			
Profit before tax		18,742,755	17,193,153
Adjustments for :			
Depreciation on property, plant and equipment	14.1	2,932,670	2,794,600
Amortization of intangible assets	15	34,440	27,564
Depreciation on investment property at cost	16	905	77
Finance cost	30	3,469,303	3,760,909
Gain on remeasurement of GIDC		(877,513)	–
Loss allowance on subsidy receivable from GoP		360,244	–
Provision for staff retirement benefits	8.2	212,913	195,850
Exchange loss on translation of foreign currency loan	7.1	48,683	156,222
Gain on sale of investment - through profit or loss	32	(412,051)	(64,641)
Provision for slow moving stores and spares		39,043	8,938
Profit on loan to related parties	32	(1,200,505)	(853,640)
Share of profit from an associate		(26,795)	(24,687)
Profit on saving accounts	32	(53,574)	(52,056)
Gain on disposal of property, plant and equipment	14.4	(1,114)	(1,390)
		4,526,649	5,947,746
Operating cash flows before working capital changes		23,269,404	23,140,899
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		(599,421)	(1,888,569)
Stock in trade		(2,013,034)	(5,417,940)
Trade debts		2,756,494	(4,642,446)
Loans, advances, deposits, prepayments and other receivables		3,773,620	(4,478,950)
(Decrease) / increase in creditors, accrued and other liabilities		(2,199,548)	9,720,197
		1,718,111	(6,707,708)
		24,987,515	16,433,191

	2020	2019
	(Rupees in thousand)	
40 Provident fund		
The following information is based on latest unaudited financial statements of the fund:		
Size of the fund	1,755,058	1,518,474
Cost of investments made	1,556,856	1,381,626
Fair value of investments	1,619,556	1,424,532
Percentage of investments made	89	91

40.1 The breakup of fair value of investments is as follows:

	2020		2019	
	(Rupees in thousand)	% age	(Rupees in thousand)	% age
Mutual Funds	1,123,983	69	467,845	33
Scheduled banks	494,543	31	954,627	67
Redeemable capital	1,030	0	2,060	0
	1,619,556	100	1,424,532	100

40.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

40.3 An amount of Rs 134.792 million (2019: Rs 121.33 million) has been contributed during the year to the provident fund.

	2020	2019
41 Number of employees		
Average number of employees during the year	2,502	2,389
Number of employees at end of the year	2,604	2,400

42 Shariah compliance disclosure

	2020		
	Conventional	Shariah Compliant	Total
	(Rupees in thousand)		
Finance cost			
Long term loans	694,657	612,838	1,307,495
Short term borrowings	1,590,482	74,988	1,665,470
Lease liabilities	102,572	–	102,572
Liabilities			
Long term loans	3,972,095	4,945,194	8,917,289
Short term borrowings	11,013,861	429,696	11,443,557
Lease liabilities	2,381,795	–	2,381,795
Accrued markup			
Long term loans	194,146	52,316	246,462
Short term borrowings	179,058	25,059	204,117
Finance income			
Long term loan	410,545	–	410,545
Short term loan	789,960	–	789,960
Banks	30,042	–	30,042
Term finance certificates	23,532	–	23,532
Cash at bank	552,567	–	552,567

	2019		
	Conventional	Shariah Compliant	Total
	(Rupees in thousand)		
Finance cost			
Long term loans	855,385	995,738	1,851,123
Short term borrowings	1,364,564	124,027	1,488,591
Lease liabilities	72,086	–	72,086
Liabilities			
Long term loans	6,715,054	5,763,667	12,478,721
Short term borrowings	15,637,604	627,379	16,264,983
Accrued markup			
Long term loans	271,575	118,525	390,100
Short term borrowings	401,530	45,113	446,643
Finance income			
Long term loan	422,718	–	422,718
Short term loan	430,922	–	430,922
Banks	27,757	2	27,759
Term finance certificates	24,297	–	24,297
Cash at bank	510,052	1,868	511,920

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended December 31, 2020

43 Non adjusting events after reporting date

The Board of Directors of the Company in its meeting held on March 26, 2021 proposed a final dividend of Rs 2.50 (2019: Rs 2.00) per share for the year ended December 31, 2020, aggregating Rs 5,250 million (2019: Rs 4,200 million) for approval of the members at the Annual General Meeting to be held on April 26, 2021.

44 Reclassification of corresponding figures

Advance income tax has been reclassified from Advances, deposits, prepayments and other receivables to a separate line item on the face of the Statement of Financial Position in accordance with para 54(n) of the International Accounting Standard 1 (IAS - 1) “Presentation of Financial Statements”.

45 COVID-19 impact assessment

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown.

Manufacturing, transportation, distribution and selling of seeds, fertilizers and pesticides, being essential commodities, was permitted by the Government even during the lock down period. Consequently, the Company’s plants have continued uninterrupted operations during this pandemic.

The management is of the view that COVID-19 pandemic has not materially affected the financial performance of the Company as the activities of the Company remained continued during the lock down period. Keeping in view the latest updates regarding the pandemic, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

46 Date of authorization of issue

These financial statements have been authorized for issue on March 26, 2021 by the Board of Directors of the Company.

47 General

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.

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

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

Item 5 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company, however, the directors have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors

1) Mr. Fawad Ahmed Mukhtar

2) Mr. Fazal Ahmed Sheikh

3) Mr. Faisal Ahmed Mukhtar

The Directors have carried out the required due diligence for the purpose of this loan.

The information required under S.R.O 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required
(a) Disclosure for all types of Investments		
(A) Disclosure regarding associated company		
(i)	Name of associated company or associated undertaking	Reliance Commodities (Pvt) Limited (RCL)
(ii)	Basis of relationship	Due to common directorship by the following: 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar
(iii)	Earnings per share for the last three years	PKR 9.67 for the year 2018 PKR 26.05 for the year 2019 PKR 25.06 for the year 2020
(iv)	Break-up value per share, based on latest audited financial statements	PKR 292.37
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the un-audited Financial Statements for the period ended December 31, 2020 PKR in Million Authorized Capital 100 Paid-up capital and reserves 2,058 Surplus on revaluation of property, plant and equipment 367 Non-Current Liabilities 0.688 Current Liabilities 5,616 Current Assets 7,332 Non-Current Assets 710 Revenue 1,778 Gross Profit 194 Finance Cost 74 Profit After Tax 85
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: (I) Description of the project and its history since conceptualization; (II) starting date and expected date of completion of work; (III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	Not applicable

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(B) General Disclosures		
(i)	Maximum amount of investment to be made	Loan Investment up to PKR 5,000 Million (PKR 1,250 Million already made).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To support the functionality and operations of the associated undertaking and to make an investment of the Company's funds at an attractive rate of mark-up.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Already given/Own sources of the Company.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Salient terms of the agreement to be entered as follows: 1. The parties agree to enhance the existing running finance facility limit from PKR 1,250 million to an aggregate amount of PKR 5,000 million and renewal thereof for a further period of one year. The limit in the nature of Running Finance Facility shall be renewable in the next general meeting(s) for a further period(s) of one year. 2. Markup will be charged on the entire loan at the rate of 6M KIBOR+2% but not less than the borrowing cost of Fatima. Markup is payable on a quarterly basis. 3. On repayment of the loan, the charge over the present and future currents assets of the investee company is to be vacated.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The following directors of the Company are also the directors in the investee company, however, the directors have no direct or indirect interest except to the extent of shareholding/directorship in the investee company: Directors 1) Mr. Fawad Ahmed Mukhtar 2) Mr. Fazal Ahmed Sheikh 3) Mr. Faisal Ahmed Mukhtar
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	A loan of an aggregate amount of up to PKR 1,250 million in the nature of a renewable running finance facility has already been granted to RCL. The Company is now seeking enhancement of this running finance facility from PKR 1,250 million to an aggregate amount of PKR 5,000 million and renewal thereof for a further period of one year at the mark-up rate of 6M KIBOR + 2% but not less than the borrowing cost of Fatima and to be repaid within 30 days of the notice of demand. There is no impairment or write-offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None
(b) Additional Disclosures regarding Loan Investment		
(i)	Category-wise amount of investment	Loan Investment up to PKR 5,000 Million (PKR 1,250 Million already made).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	The average borrowing cost of investing company is 10.60%.

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(b) Additional Disclosures regarding Loan Investment		
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	6M KIBOR+2% per annum but not less than the borrowing cost of Fatima.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	The security for the loan shall increase and continue in the form of a charge over the present and future currents assets of RCL and the charge shall be vacated on the repayment of the entirety of the loan.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	None
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The Loan will be repayable within a year within 30 days of the notice of demand unless renewed by mutual consent of the parties, provided shareholders of Fatima approve any renewal.

Item 6 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors

1) Mr. Arif Habib
2) Mr. Fawad Ahmed Mukhtar
3) Mr. Fazal Ahmed Sheikh
4) Mr. Faisal Ahmed Mukhtar
5) Mr. Muhammad Kashif Habib

Relative

1) Mrs. Ambreen Fawad

The Directors have carried out the required due diligence for the purpose of this loan.

The information required under S.R.O. 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required
(a) Disclosure for all types of Investments		
(A) Disclosure regarding associated company		
(i)	Name of associated company or associated undertaking	Pakarab Fertilizers Limited (PFL)
(ii)	Basis of relationship	Due to common directorship by the following: 1) Mr. Arif Habib 2) Mr. Fawad Ahmed Mukhtar 3) Mr. Fazal Ahmed Sheikh 4) Mr. Faisal Ahmed Mukhtar 5) Mr. Muhammad Kashif Habib
(iii)	Earnings per share for the last three years	PKR (8.76) for the year 2017 PKR (18.25) for the year 2018 PKR (9.17) for the year 2019
(iv)	Break-up value per share, based on latest audited financial statements	PKR 10.88

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(A) Disclosure regarding associated company		
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the audited Financial Statements for the year ended December 31, 2019 PKR in Billion Authorized Capital 10.0 Paid up capital and reserves (4.9) Surplus on revaluation of operating fixed assets 9.8 Non-Current Liabilities 6.6 Current Liabilities 31.5 Current Assets 14.4 Non-Current Assets 19.7 Assets classified as held for sale 9.0 Revenue 6.1 Gross Loss 0.9 Finance Cost 3.2 Loss After Tax 4.1
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: (I) Description of the project and its history since conceptualization; (II) starting date and expected date of completion of work; (III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not applicable
(B) General Disclosures		
(i)	Maximum amount of investment to be made	Loan Investment up to PKR 2,000 Million already made.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To support the functionality and operations of the associated undertaking and to continue investment of Company's funds at an attractive rate of mark-up for a further period of one year.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Already given/Own sources of the Company.
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Agreement: 1. The parties agree to extend the repayment period of the Running Finance Facility to be repaid within 30 days of the notice of demand for a further period of one year. The limit in the nature of Running Finance Facility shall be renewable in the next general meeting(s) for a further period(s) of one year. 2. Markup will be charged on the Loan at the rate of 6M KIBOR+2% per annum but not less than the borrowing cost of Fatima. Markup is payable on a quarterly basis. 3. On repayment of the loan, the charge over the current assets of the investee company is to be vacated

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(B) General Disclosures		
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/ relative have no direct or indirect interest except to the extent of shareholding/directorship in the investee company: Directors 1) Mr. Arif Habib 2) Mr. Fawad Ahmed Mukhtar 3) Mr. Fazal Ahmed Sheikh 4) Mr. Faisal Ahmed Mukhtar 5) Mr. Muhammad Kashif Habib Relative 1) Mrs. Ambreen Fawad
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Long term loan of an aggregate amount of up to PKR 3.00 billion and a corporate guarantee facility limit of up to PKR 2.00 billion is already given to PFL. There is no impairment or write-offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None
(b) Additional Disclosures regarding Loan Investment		
(i)	Category-wise amount of investment	Loan investment up to PKR 2,000 million already made.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	The average borrowing cost of investing company is 10.60%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	6M KIBOR+2% per annum but not less than the borrowing cost of Fatima.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Security for the loan was previously obtained in the form of a charge over the current assets of the investee company. This charge shall be vacated on the repayment of the entirety of the loan.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	None
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The Loan will be repayable within a year within 30 days of the notice of demand unless renewed by mutual consent of the parties, provided shareholders of Fatima approve any renewal.

Item 7 of the Agenda:

The transactions carried out with associated companies/related parties have been approved by the Board as recommended by the Audit Committee on a quarterly basis pursuant to provisions of applicable laws. However, the majority of Company Directors were interested in certain related party transactions due to their common directorship and holding of shares in the associated companies/related parties, the Board has recommended the same for placement before the shareholders of the Company in general meeting for ratification/approval.

All these related party transactions during the mentioned period were executed at Arm's Length Price in a fair and transparent manner and there was no departure from the guidelines mentioned in the Code of Corporate Governance for such transactions.

Pursuant to the above, these transactions have to be approved/ratified by the shareholders in the General Meeting.

The directors and their relatives have no direct or indirect interest in the aforesaid except to the extent of their shareholding/common directorship with associated companies/related parties.

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

Item 8 of the Agenda:

Due to the composition of the Board of Directors of the Company, many Directors may be deemed to be treated as interested in transactions with certain related parties due to their common directorships and/or shareholding. Therefore the shareholders are being approached to grant a broad and prior approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board and irrespective of its composition and interest of directors due to their common directorship and holding of shares in the associated companies/related parties, triggering approval of shareholders under section 207 and/or 208 of the Companies Act, 2017, for the year ending December 31, 2021, which transactions shall be deemed to be approved by the shareholders. The Company shall ensure that such transactions with related parties, if needed, continue to be carried out in a fair and transparent manner and at Arm's Length Basis.

Transactions intended to be carried out by the Company include, but are not limited to, sale and purchase of stores and spares, shared expenses, toll manufacturing, sale and purchase of products/raw material, and purchase of packaging material with the following related parties but are not limited to:

Company Name and Nature of Relationship

1. Pakarab Fertilizers Limited - Associated company
2. Fatima Packaging Limited - Wholly owned subsidiary of Pakarab Fertilizers Limited (an associated company)

The shareholders should note that it is not possible for the Company or the directors to accurately predict the nature of related party transaction or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad/ prior approval of the shareholders that the Board may cause the Company to enter into related party transactions in its discretion and in accordance with the policy of the Company. Such transactions shall be presented in the next annual general meeting of shareholders for their formal approval/ratification.

The following directors of the Company are also the directors in PFL and the following relative of the director is also the shareholder of PFL, however, the directors/relative have no direct or indirect interest except to the extent of their shareholding/directorship in PFL:

Directors	**Relative**
1) Mr. Arif Habib	
2) Mr. Fawad Ahmed Mukhtar	1) Mrs. Ambreen Fawad
3) Mr. Fazal Ahmed Sheikh	
4) Mr. Faisal Ahmed Mukhtar	
5) Mr. Muhammad Kashif Habib	

The Directors are interested in the resolution only to the extent of their shareholding and/or common directorships in such related parties

Item 9 of the Agenda:

As per the disclosure requirement of Para 4(1) of the S.R.O. 1240(I)/2017 dated December 06, 2017, it is informed that the following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/relative have no direct or indirect interest except to the extent of shareholding/directorship in the investee company:

Directors	**Relative**
1) Mr. Arif Habib	
2) Mr. Fawad Ahmed Mukhtar	1) Mrs. Ambreen Fawad
3) Mr. Fazal Ahmed Sheikh	
4) Mr. Faisal Ahmed Mukhtar	
5) Mr. Muhammad Kashif Habib	

The Directors have carried out the required due diligence for the purpose of issuance of corporate guarantees.

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

The information required under S.R.O. 1240(I)/2017 is provided below:

Sr. No.	Description	Information Required
(a) Disclosure for all types of Investments		
(A) Disclosure regarding associated company		
(i)	Name of associated company or associated undertaking	Pakarab Fertilizers Limited (PFL)
(ii)	Basis of relationship	Due to common directorship by the following: 1) Mr. Arif Habib 2) Mr. Fawad Ahmed Mukhtar 3) Mr. Fazal Ahmed Sheikh 4) Mr. Faisal Ahmed Mukhtar 5) Mr. Muhammad Kashif Habib
(iii)	Earnings per share for the last three years	PKR (8.76) for the year 2017 PKR (18.25) for the year 2018 PKR (9.17) for the year 2019
(iv)	Break-up value per share, based on latest audited financial statements	PKR 10.88
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	As per the audited Financial Statements for the year ended December 31, 2019 PKR in Billion Authorized Capital 10.0 Paid up capital and reserves (4.9) Surplus on revaluation of operating fixed assets 9.8 Non-Current Liabilities 6.6 Current Liabilities 31.5 Current Assets 14.4 Non-Current Assets 19.7 Assets classified as held for sale 9.0 Revenue 6.1 Gross Loss 0.9 Finance Cost 3.2 Loss After Tax 4.1
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: (I) Description of the project and its history since conceptualization; (II) starting date and expected date of completion of work; (III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not applicable

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(B) General Disclosures		
(i)	Maximum amount of investment to be made	Corporate Guarantee(s) limit of up to an aggregate amount of PKR 2,000 Million.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To support the functionality and operations of the associated undertaking.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis	Not applicable
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Renewal of limit for issuance of Corporate Guarantee(s) of up to an aggregate amount of PKR 2,000 million. Corporate Guarantee(s) will be issued by Fatima Fertilizer Company Limited, as and when needed, in favor of any bank / financial institution/company, etc. in connection with financing or other facilities availed / to be availed by Pakarab Fertilizers Limited.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The following directors of the Company are also the directors in the investee company and the following relative of the director is also the shareholder of the investee company, however, the directors/ relative have no direct or indirect interest except to the extent of shareholding/directorship in the investee company: Directors 1) Mr. Arif Habib 2) Mr. Fawad Ahmed Mukhtar 3) Mr. Fazal Ahmed Sheikh 4) Mr. Faisal Ahmed Mukhtar 5) Mr. Muhammad Kashif Habib Relative 1) Mrs. Ambreen Fawad
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Long-term loan of an aggregate amount of up to PKR 3.00 billion and running finance facility of an aggregate amount of PKR 2.00 billion is already given to PFL. There is no impairment or write-offs for this loan.
(vii)	Any other important details necessary for the members to understand the transaction	None

STATEMENT UNDER SECTION
134(3) of the Companies Act, 2017

Sr. No.	Description	Information Required
(b) Additional Disclosures regarding Loan Investment		
(i)	Category-wise amount of investment	Corporate Guarantee(s) limit of up to an aggregate amount of PKR 2,000 million.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	The average borrowing cost of investing company is 10.60%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	In line with prevailing commercial rates for similar unfunded facilities.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Charge over current assets of the investee company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	None
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The limit of Corporate Guarantee(s) will be for a period of one year and shall be renewable in the next general meeting(s) for a further period(s) of one year(s).

PATTERN OF SHAREHOLDING
as at December 31, 2020

Category - Wise

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their Spouse and Minor Children	601,545,739	28.65
Associated Companies, Undertakings and Related Parties	891,439,688	42.45
Sponsors	335,803,995	15.99
Executive	508,697	0.02
Public Sector Companies and Corporations	12,999,955	0.62
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds	83,658,349	3.98
Mutual Funds	2,955,196	0.14
General Public		
a. Local	53,241,872	2.54
b. Foreign	770,497	0.04
Foreign Companies	3,519,430	0.17
Others	113,556,582	5.41
TOTAL	**2,100,000,000**	**100.00**

Disclosure Requirement under the Code of Corporate Governance

	Details of holding as on December 31, 2020	Shares held	Percentage
1	**Associated Companies, Undertakings and Related Parties**		
	Fatima Trade Company Limited	160,430,261	7.64
	Fatima Management Company Limited	160,430,261	7.64
	Arif Habib Corporation Limited	319,000,206	15.19
	Fazal Cloth Mills Limited	69,114,031	3.29
	Fatima Holding Limited	62,967,373	3.00
	Reliance Weaving Mills Limited	2,625,166	0.13
	Arif Habib Equity (Private) Limited	19,409,500	0.92
	Fatima Trading Company (Private) Limited	97,462,890	4.64
2	**Directors, CEO and their Spouse and Minor Children**		
	Mr. Fawad Ahmed Mukhtar	80,900,389	3.85
	Mr. Fazal Ahmed Sheikh	101,016,205	4.81
	Mr. Faisal Ahmed Mukhtar	131,932,979	6.28
	Mr. Muhammad Arif Habib	179,490,294	8.55
	Mrs. Ambreen Fawad	15,473,526	0.74
	Mr. Asad Muhammad Sheikh	24,364,808	1.16
	Mr. Mohid Muhammad Ahmed	5,942,301	0.28
	Farah Faisal	56,250	0.00
	Fatima Fazal	70,311	0.00
	Mohammad Kashif	62,293,675	2.97
	Anja Elisabeth Nielsen	5,000	0.00
	Tariq Jamali	1	0.00
3	**Sponsors**	335,803,995	15.99
4	**Executives**	508,697	0.02
5	**Public Sector Companies and Corporations**	12,999,955	0.62

PATTERN OF SHAREHOLDING
as at December 31, 2020

Details of holding as on December 31, 2020		Shares held	Percentage
6	Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds	83,658,349	3.98
7	Mutual Funds	2,955,196	0.14
8	Shareholders holding 10 % or more voting interest		
	Arif Habib Corporation Limited	319,000,206	15.19

No. of Shareholders	From	Having Shares	To	Shares Held
2181	1	to	100	79,108
3713	101	to	500	1,515,022
1107	501	to	1000	991,134
1438	1001	to	5000	3,876,724
465	5001	to	10000	3,714,452
190	10001	to	15000	2,410,139
107	15001	to	20000	1,958,170
72	20001	to	25000	1,657,382
37	25001	to	30000	1,042,922
27	30001	to	35000	874,900
19	35001	to	40000	715,399
23	40001	to	45000	981,310
45	45001	to	50000	2,221,308
11	50001	to	55000	581,000
19	55001	to	60000	1,105,652
10	60001	to	65000	624,842
8	65001	to	70000	551,055
9	70001	to	75000	647,574
3	75001	to	80000	235,250
2	80001	to	85000	169,000
1	85001	to	90000	85,500
3	90001	to	95000	280,400
17	95001	to	100000	1,699,500
2	100001	to	105000	205,187
5	105001	to	110000	541,334
2	110001	to	115000	226,787
6	120001	to	125000	746,333
2	125001	to	130000	258,865
1	130001	to	135000	134,500
2	135001	to	140000	278,000
2	140001	to	145000	288,008
6	145001	to	150000	896,400
4	155001	to	160000	633,000
1	160001	to	165000	165,000
2	165001	to	170000	334,000
1	170001	to	175000	171,225
1	185001	to	190000	185,566
5	195001	to	200000	995,115
1	200001	to	205000	204,250
1	210001	to	215000	210,419

PATTERN OF SHAREHOLDING

as at December 31, 2020

No. of Shareholders	From	Having Shares	To	Shares Held
3	215001	to	220000	651,000
1	220001	to	225000	225,000
1	225001	to	230000	229,000
2	230001	to	235000	464,000
1	235001	to	240000	235,752
1	240001	to	245000	240,784
4	245001	to	250000	1,000,000
1	250001	to	255000	252,000
1	260001	to	265000	264,562
1	265001	to	270000	269,500
2	270001	to	275000	550,000
2	295001	to	300000	600,000
1	300001	to	305000	305,000
1	305001	to	310000	309,500
2	320001	to	325000	645,000
1	335001	to	340000	335,581
2	345001	to	350000	694,000
2	360001	to	365000	730,000
1	365001	to	370000	370,000
1	370001	to	375000	372,500
3	375001	to	380000	1,131,263
1	415001	to	420000	418,490
1	445001	to	450000	450,000
1	460001	to	465000	465,000
2	475001	to	480000	958,000
1	480001	to	485000	485,000
1	485001	to	490000	486,000
2	495001	to	500000	1,000,000
1	505001	to	510000	505,241
2	585001	to	590000	1,176,361
1	605001	to	610000	609,292
1	670001	to	675000	675,000
2	695001	to	700000	1,400,000
1	745001	to	750000	749,500
1	750001	to	755000	753,687
1	755001	to	760000	758,797
2	780001	to	785000	1,567,950
2	975001	to	980000	1,959,000
1	995001	to	1000000	1,000,000
1	1030001	to	1035000	1,032,542
1	1095001	to	1100000	1,095,270
1	1150001	to	1155000	1,155,000
1	1240001	to	1245000	1,240,017
1	1245001	to	1250000	1,250,000
2	1345001	to	1350000	2,699,050
1	1350001	to	1355000	1,351,357
1	1355001	to	1360000	1,360,000
1	1540001	to	1545000	1,541,878
1	1590001	to	1595000	1,591,500
1	1630001	to	1635000	1,630,500
2	2015001	to	2020000	4,030,430

PATTERN OF SHAREHOLDING
as at December 31, 2020

No. of Shareholders	From	Having Shares	To	Shares Held
1	2165001	to	2170000	2,166,000
1	2400001	to	2405000	2,403,669
1	2625001	to	2630000	2,625,166
1	2795001	to	2800000	2,800,000
1	2920001	to	2925000	2,925,000
1	2980001	to	2985000	2,981,177
1	3805001	to	3810000	3,806,000
1	3920001	to	3925000	3,924,459
1	5115001	to	5120000	5,116,285
3	5155001	to	5160000	15,474,978
2	5355001	to	5360000	10,718,543
1	5370001	to	5375000	5,373,907
3	5375001	to	5380000	16,125,084
1	5655001	to	5660000	5,658,075
1	6090001	to	6095000	6,094,000
1	7425001	to	7430000	7,429,576
2	7735001	to	7740000	15,474,978
1	8035001	to	8040000	8,038,869
1	8830001	to	8835000	8,831,000
1	8865001	to	8870000	8,866,946
2	10015001	to	10020000	20,039,578
1	10065001	to	10070000	10,066,585
1	11165001	to	11170000	11,170,000
1	11925001	to	11930000	11,927,500
1	12490001	to	12495000	12,492,349
2	16625001	to	16630000	33,254,639
1	17910001	to	17915000	17,913,706
2	18785001	to	18790000	37,579,583
1	19405001	to	19410000	19,409,500
1	34635001	to	34640000	34,636,529
1	34825001	to	34830000	34,829,963
1	39255001	to	39260000	39,258,014
1	39510001	to	39515000	39,512,487
1	41160001	to	41165000	41,163,375
1	44670001	to	44675000	44,673,000
1	46610001	to	46615000	46,610,769
1	47470001	to	47475000	47,472,543
1	53875001	to	53880000	53,878,336
1	62145001	to	62150000	62,147,500
1	62275001	to	62280000	62,279,926
1	62290001	to	62295000	62,293,675
1	62965001	to	62970000	62,967,373
1	64795001	to	64800000	64,800,000
1	69110001	to	69115000	69,114,031
2	75535001	to	75540000	151,076,076
2	84890001	to	84895000	169,784,446
1	91900001	to	91905000	91,900,380
1	97460001	to	97465000	97,462,890
1	179490001	to	179495000	179,490,293
1	254200001	to	254205000	254,200,206
9684				2,100,000,000

FINANCIAL CALENDER

The financial results will be announced as per the following tentative schedule:

Annual General Meeting	April 26, 2021
1st Quarter ending March 31, 2021	Third week of April, 2021
2nd Quarter ending June 30, 2021	Third week of August, 2021
3rd Quarter ending September 30, 2021	Third week of October, 2021

FORM OF PROXY
18th Annual General Meeting

I/We ____

of ____

being a member(s) of Fatima Fertilizer Company Limited hold ______________________________

Ordinary Shares hereby appoint Mr. / Mrs. / Miss ______________________________

of ____________________ or falling him / her ______________________________

of ____________________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 18th Annual General Meeting of the Company to be held on Monday, April 26, 2021 and / or any adjournment thereof.

As witness my/our hand/seal this ____________________ 2021.

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 office of our Shares Registrar not later than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
(ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
(iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

AFFIX
CORRECT
POSTAGE

Company Secretary
FATIMA FERTILIZER COMPANY LIMITED
E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.

پراکسی فارم

18واں سالانہ عمومی اجلاس

فاطمہ فرٹیلائزر کمپنی لمیٹڈ

میں / ہم --

ساکن ---بطور ممبر(ز) فاطمہ فرٹیلائزر کمپنی لمیٹڈ

حامل ------------------------------عام حصص، محترم / محترمہ --

ساکن --یا ان کے حاضر نہ ہو سکنے کی صورت میں------------------------------

ساکن ---کو اپنے/ہمارے ایما پر کمپنی کے مورخہ 26 اپریل 2021

بروز پیر کو ہونے والے یا کسی بھی التوا کی صورت میں 18واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

بطور گواہ آج -----------بتاریخ-----------اپریل2021-------------------------کی موجودگی میں دستخط ہوئے۔

پانچ روپے کے ریسدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیئے جائیں گے۔

3۔ سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یاپاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہو گی۔

AFFIX
CORRECT
POSTAGE

Company Secretary
FATIMA FERTILIZER COMPANY LIMITED
E-110, Khayaban-e-Jinnah,
Lahore Cantt., Pakistan.

Fatima
Fertilizer Company Limited
a JV of Fatima and Arif Habib Groups

If undelivered, please return to:
The Company Secretary
Fatima Fertilizer Company Limited
E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.
UAN:111FATIMA (111-328-462) Fax: 042-36621389
www.fatima-group.com

MANDATORY REQUIREMENT OF BANK ACCOUNT DETAILS FOR ELECTRONIC CREDIT OF CASH DIVIDEND PAYMENT AS PER THE COMPANIES ACT, 2017

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is **mandatory** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information **to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) OR to our Share Registrar CDC Share Registrar Services Limited ,CDC House, 99-B, B lock B,S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form)**:

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No. (Copy attached)	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) “**Mandatory**”	**PK**________________________________ **(24 digits)** (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank’s name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly. ______________________ **Signature of shareholder**	

Fatima Fertilizer Company Limited
a JV of Fatima and Arif Habib Groups

موصول نہ ہونے کی صورت میں، براہِ کرم یہاں واپس بھیج دیں:

کمپنی سیکرٹری

فاطمہ فرٹیلائزر کمپنی لمیٹڈ

E-110، خیابانِ جناح لاہور کینٹ، پاکستان

یو اے این: (111-328-462) 111FATIMA، فیکس: 042-36621389

www.fatima-group.com

کمپنیز ایکٹ 2017 کے مطابق کمپنی منافع (ڈیویڈنڈ) کی نقد ادائیگی کے واسطے الیکٹرانک کریڈٹ کے بینک اکاؤنٹ تفصیلات کی لازمی شرائط

معزز شیئر ہولڈر،

آپ کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق، **نقد کی صورت میں ادا کیے جانے والے کسی بھی کمپنی منافع کو (ڈیویڈنڈ) صرف الیکٹرانک ذریعہ سے حقدار شیئر ہولڈر کی طرف سے نامزد کردہ بینک اکاؤنٹ میں براہِ راست ادا کیا جائیگا۔** براہِ مہربانی نوٹ فرمائیں کہ کمپنی منافع (ڈیویڈنڈ) ادائیگیوں کے لئے بینک مینڈیٹ کا دیا جانا **لازمی** ہے اور اس انضباطی شرط کے مطابق عمل در آمد کے لئے نیز کمپنی منافع (ڈیویڈنڈ) کی رقم کی اپنے بینک میں براہ راست منتقلی کی سہولت سے بہرہ مند ہونے کے لئے، آپ سے درخواست کی جاتی ہے کہ براہِ مہربانی **اپنے متعلقہ سی ڈی سی حصہ دار / سی ڈی سی سرمایہ کار اکاؤنٹ سروسز (آپ کے شیئر ہولڈنگ کے بک انٹری فارم میں ہونے کی صورت میں) یا ہمارے شیئر رجسٹرار سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہِ فیصل کراچی۔74400 (آپ کا شیئر ہولڈنگ فزیکل فارم میں ہونے کی صورت میں) کو درج ذیل معلومات فراہم کریں:**

شیئر ہولڈر کی تفصیلات	
شیئر ہولڈر کا نام	
فولیو / سی ڈی ایس اکاؤنٹ نمبر	
کمپیوٹرائزڈ شناختی کارڈ نمبر (لف شدہ کاپی)	
شیئر ہولڈر کا سیل فون نمبر	
شیئر ہولڈر کا لینڈ لائن نمبر، اگر کوئی ہو تو	
ای میل	
بینک اکاؤنٹ کی تفصیلات	
بینک اکاؤنٹ کا عنوان	
بین الاقوامی بینک اکاؤنٹ نمبر (آئی بین) "لازمی"	**(24 حروف) ______________________ PK** (براہ مہربانی اپنے متعلقہ بینک برانچ سے مشورہ کر کے اپنا درست آئی بین نمبر فراہم کریں کیونکہ آئی بین نمبر میں کسی بھی غلطی یا بھول چوک کے باعث آپ کے نقد کمپنی منافع (ڈیویڈنڈ) ادائیگی میں نقصان یا دیر ہو جانے کی صورت میں کمپنی کسی بھی طرح ذمہ دار نہ ہو گی)
بینک کا نام	
برانچ کا نام اور پتہ	

فراہم کی گئی درج بالا تمام معلومات بالکل درست ہیں اور اان میں کسی بھی قسم کی تبدیلی واقع ہونے کی صورت میں، میں / ہم فوری طور پر حصہ دار / شیئر رجسٹرار کو مطلع کریں گے۔

____

دستخط شیئر ہولڈر

NOTES

NOTES

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