




Sustainable **Food Security**  
with Agritech **Fertilizers**



**ANNUAL  
REPORT  
2022**





"One of sustainable approaches  
to sufficient supply of food is  
sustainable agricultural practices"  
*Lailah Gifty Akita*



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Agritech Limited owns and operates Pakistan's one of the newest and most efficient urea manufacturing plant at Mianwali, Punjab Province. The Company also operates the manufacturing facility of GSSP (Granular Single Super Phosphate) at Haripur Hazara, Khyber Pakhtunkhwa (KPK) Province. The Company markets its fertilizers from these plants under one of the most trusted brand name "TARA" in the fertilizer industry.



***Agritech Urea Fertilizer Plant  
Daudkhel***



AGRI  
TECH  
SOLUTIONS

# VISION

To become a major regional diversified fertilizer company





# MISSION

To become a diversified manufacturer of both nitrogenous and phosphatic fertilizers, significantly contributing to the development of the agricultural sector of Pakistan



MISSION



A young girl with long brown hair, wearing a light-colored straw hat and a white t-shirt, is shown in profile from the chest up. She is holding a bundle of golden wheat stalks in her hands. The background is a bright, clear blue sky with some light clouds, and the foreground is a field of golden wheat. The overall scene is bright and sunny, suggesting a clear day in a rural agricultural setting.

Feeding Pakistan's growing population is a formidable challenge. According to World Food Program, 43% of Pakistanis are food insecure, 18% of whom are facing acute food shortage. In Pakistan, agriculture is a major contributor to food needs and rural employment. Agritech is playing its role in combating food shortage and contributing towards sustainable food security by manufacturing top quality fertilizers.

## COMPANY INFORMATION

### Board of Directors

Mr. Shahid Iqbal Choudhri  
*Chairman (Appointed on 22 Feb 2022)*

Mr. Hassan Raza

Mr. Osman Malik *(Appointed on 22 Feb 2022)*

Mr. Asim Murtaza Khan

Mr. Asim Jilani

Mr. Ghazzanfar Ahsan

Ms. Sarwat Salahuddin Khan

Mr. Muhammad Faisal Muzammil

*(Chief Executive Officer)*

*(Resigned as Director on 21 Feb 2022)*

### Audit Committee

Mr. Asim Murtaza Khan

*Chairman*

Mr. Osman Malik *(Nominated on 28 Apr 2022)*

Mr. Hassan Raza

Mr. Asim Jilani

Mr. Ghazzanfar Ahsan

### HR & Remuneration Committee

Ms. Sarwat Salahuddin Khan

*Chairperson*

Mr. Asim Jilani

Mr. Osman Malik *(Nominated on 23 Sep 2022)*

Mr. Ghazzanfar Ahsan

### Chief Financial Officer

Syed Taneem Haider

### Company Secretary & Head of Legal

Ms. Asma Irfan

### Legal Advisor

Mr. Wasif Majeed

### Shares Registrar

Corplink Pvt Ltd

### Auditors

Grant Thornton Anjum Rahman  
*Chartered Accountants, Lahore.*

### Bankers

National Bank of Pakistan  
Faysal Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Albaraka Bank Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Summit Bank Limited  
Silk Bank Limited  
Allied Bank Limited  
Bank Alfalah Limited  
The Bank of Punjab  
Bank Islami Pakistan Limited  
Askari Bank Limited  
Pak Libya Holding Company (Pvt.) Limited  
Soneri Bank Limited  
Citi Bank N.A.  
Meezan Bank Limited  
United Bank Limited  
JS Bank Limited  
Habib Bank Limited  
MCB Bank Limited

### Registered Office

2nd Floor, Asia Centre, 8-Babar Block,  
New Garden Town, Lahore.

Ph: +92 (0) 42 35860341-44

Fax: +92 (0) 42 35860339-40

Email: corporate@pafl.com.pk

### Project Locations

#### Unit-I

Urea Plant  
Iskanderabad, District Mianwali.  
Ph: +92 (0) 459 392346-49

#### Unit-II

GSSP Plant  
Hattar Road, Haripur.  
Ph: +92 (0) 995 353544 -353641



## CHAIRMAN'S REVIEW



*I am pleased to present the Annual Report of Agritech Limited for the year 2022 that highlights the significant improvement in the operational performance of both the businesses of Company i.e. production and sale of Urea and SSP. Health, Safety & Environment (HSE) remained a key focus area at the site to ensure safe plant and field operations. Post COVID-19, adequate precautions also remained in place for considerable part of the year. The management's resolve to HSE for the teams and community is highly appreciated.*

The gas supply to the Company's Urea plant for the year 2022 for 351 days was the highest ever since gas curtailment to the fertilizer sector started in 2010. Consequently, the Company recorded the highest ever urea production of 353K tons in 12 years. A consistent flow of gas supply and urea production of the Company supported the efforts of Government of Pakistan (GOP) to meet growing Urea demand in the country and bridge Urea shortages through indigenous production. The Company coordinated with the Provincial Governments of Punjab and Khyber Pakhtunkhwa (KPK) for distribution and placement of its Urea production in its command areas of Central & Upper Punjab, and all districts of KPK. Local production of Agritech also helped to save precious foreign exchange and subsidy on expensive imports by GOP.

The support from the relevant Federal Ministries i.e. Ministry of Industries & Production (MoIP); Ministry of Energy (MOE) Petroleum Division; Ministry of National Food Security & Research (MONFSR); Ministry of Finance (MOF) and all Provincial Agriculture Ministries and Departments Punjab and KPK are truly appreciated on the supply of gas and coordination on daily basis, to ensure consistent urea production as well as its availability for the farming community at the peak consumption periods of Kharif and Rabi seasons.

Single Super Phosphate (SSP) Business in the Phosphate Nutrient Category has also shown excellent performance despite the year 2022 being a challenging one, where the first half saw continuity of super commodity cycle, increasing the global phosphate prices while the second half was followed by busting of the said cycle, triggering steep fall of the global phosphate prices. Historically high prices of Phosphates affected the affordability of the farmers and caused phosphate demand reduction in the country. The Company's SSP business while realizing the maximum returns during the boom cycle, managed to sustain the bust period through efficient raw material procurement, production, and sales. As a result of this SSP business, profitability, despite demand destruction of overall phosphate category in the country, was highest ever for the Company. Leadership position in the SSP category was maintained during the year.

An exceptional performance of both businesses contributed to realizing an operating profit for the company unlike the consistent operating losses in past years. However, the macro level economic deterioration and inflationary pressures that caused staggering increase in KIBOR rates resulted in a high finance cost for the Company. Nonetheless, the Company, cognizant of its obligations to its creditors, has started implementation of the Sanctioned Scheme of Arrangements for its Long-Term Exposure. Lahore High Court (LHC) sanctioned the said scheme of the Company in July, 2022. Subsequently, the Company, as part of its implementation, has disbursed two tranches of cashflow available for Debt Servicing (CFAD) to the long-term lenders.

Efforts of the Company and management are laudable for their relentless focus on adhering to the Code of Corporate Governance as per Listed Companies (Code of Corporate Governance) Regulations, 2019. The members of the Board of Directors and respective Board Committees continued to adhere to and extend their guidance to the management to meet the legal and regulatory requirements.

Independent Internal Audit function of the Company is actively overseeing the risks, the measures to mitigate risks and necessary control measures for smooth functioning of the Company. We aim to always conduct the business on an arm's length basis.

As the Chairman of the Company, I see bright future for the Company despite the economic challenges that our country is going through and the Company is prepared to play its positive role to support its economy through local fertilizer productions of Urea and Phosphates for National Food Security. The Board shall continue with its policy of in-depth evaluation, review, and guidance of the organizational matters to the management for the further improvement in the business performance of the Company. Ensuring high standards of Corporate Governance with focus on compliance to all relevant statutory laws and regulations shall be the key component of my working as Chairman of the board.

Resolution of the gas supply on long term and firm basis along with its prices at par with other urea manufacturers shall be the key focus area in the future and the Company expects GOP support on equitable basis on the matter.

My gratitude and acknowledgement shall be conveyed to all the stakeholders of the Company i.e., its shareholders, employees, customers, suppliers, banks for their usual support during the year which is vital for the future progress of the Company.



**Shahid Iqbal Choudhri**

Chairman- Board of Directors

30<sup>th</sup> March, 2023



# DIRECTORS' REPORT

## ڈائریکٹرز رپورٹ

The Board of Directors of Agritech Limited, henceforth called the Company, along with the Management Team is pleased to present the Company's Annual Report accompanied with the Audited Financial Statements for the year ended December 31, 2022.

This Director's Report and financial statements have been endorsed by the Chief Executive Officer, Chief Financial Officer and one of the directors in accordance with requirements of Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

ایگریٹیک لمیٹڈ، کمپنی کے بورڈ آف ڈائریکٹرز اور مینجمنٹ ٹیم، 31 دسمبر 2022ء کو ختم ہونے والے سال کے لئے نظر ثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

یہ ڈائریکٹرز رپورٹ اور مالیاتی گوشوارے کمپنیز ایکٹ 2017 اور مندرجہ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کے مطابق چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور ایک ڈائریکٹر کی طرف سے توثیق کئے گئے ہیں جو کہ بورڈ کی آڈٹ کمیٹی کی طرف سے سفارش کردہ ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ ہیں۔

## Business Review

## کاروباری جائزہ

### Principal Activities

The main business of the Company is the manufacturing and marketing of fertilizers. The Company owns and operates the country's one of the newest and most efficient urea manufacturing plants at Mianwali, Punjab. The Company also manufactures the GSSP (Granular Single Super Phosphate) at its Haripur Hazara, Khyber Pakhtunkhwa (KPK) plant. The Company markets its fertilizers from these plants under one of the most trusted brand name "TARA" in the fertilizer industry.

## پرنسپل سرگرمیاں

کمپنی کا بنیادی کاروبار کھاد کی پیداوار اور ترسیل ہے۔ کمپنی ملک میں موجود توانائی کے لحاظ سے جدید اور موثر ترین کھاد کا پلانٹ چلاتی ہے جو کہ میانوالی پنجاب میں واقع ہے۔ کمپنی ہری پور ہزارہ صوبہ خیبر پختونخواہ (کے پی) میں جی ایس ایس پی (دانے دار سنگل سپر فاسفیٹ) کی پیداوار بھی کر رہی ہے۔ کمپنی کھاد کی صنعت میں قابل اعتماد برانڈ "تارا" کے تحت ان پلانٹس سے کھاد کو مارکیٹ کرتی ہے۔

## Year in Review

## سال کا جائزہ

Financial Results of Agritech Limited for the year ending:

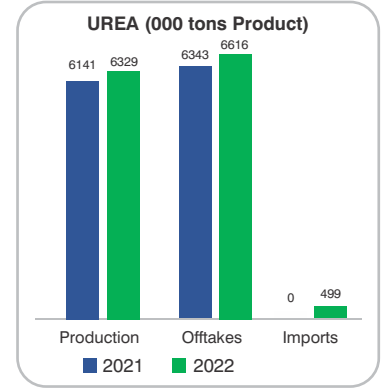
## ایگریٹیک لمیٹڈ کے مالیاتی نتائج سال اختتام

		December 31, 2022	December 31, 2021
Sales - Net	خالص فروخت	17,296,183,225	10,100,923,848
Operating Profit/Loss	آپریٹنگ (نقصان)	1,068,991,132	(212,481,553)
Finance cost	مالیاتی لاگت	(4,284,876,471)	(2,805,272,707)
(Loss) before Tax	قبل از ٹیکس (نقصان)	(3,215,885,339)	(3,017,754,260)
(Loss) after Tax	بعد از ٹیکس (نقصان)	(2,953,326,220)	(2,681,237,690)
(Loss) per share	فی حصص (نقصان)	(7.53)	(6.83)

## Overview of Fertilizer Industry

### Urea industry

Urea registered highest ever offtakes levels of 6,616K tons in 2022 (2021: 6,343K tons) registering an increase of 4.3% over last year. Consecutive two year record Urea offtakes attributed to the continuity of better farm economics on all crops. Higher Offtakes are also due to conversion of Rice and Maize crop from conventional Seed Varieties to Hybrid Seed Varieties that require higher Nitrogen Nutrient requirements with better yield prospects. GOP focus on ensuring Food Security in the country through optimal output of Wheat Crop and announcement of increase in support prices by the Provinces also contributed to the robust urea demand in the country. Moreover, the farmers reduced affordability, of Phosphate fertilizers due to record high prices that caused Phosphate demand reduction has also been a factor of demand push for Urea.



Production of Urea during the year under review also increased by 3.1% (2022: 6,329K tons vs 2021: 6,141K tons) as all urea plants, including plants on SNGPL Network that also includes the Company Urea plant, are supplied with consistent Gas / RLNG supplies during the year. Higher Production of Urea helped save precious Foreign Exchange for the Government during the testing economic situation of the Country and also ensure regular supply to the key consumption markets during peak Kharif and Rabi seasons.

Despite consistent production of urea from all plants in the country, GOP still had to import 499K tons in 2022 versus none last year. Imports requirements were primarily for building up required buffer stock in the country that was depleting due to higher offtakes and demand from farmers.

The Company had one of the best year since the year 2010 when gas curtailment to the fertilizer sector started and urea plant in 2022 was operated for the longest period of 351 days and produced 353K Tons (2021: 227K Tons) vs installed capacity of 433K Tons. The Company sold 351K Tons Urea (2021: 230K Tons). Gas supply to the company Urea plant was initially started in September 2021 Subsequently the plant remained operational throughout the year 2022 till 3 January 2023.

### کھاد کی صنعت کا مجموعی جائزہ یوریا انڈسٹری

سال 2022 میں یوریا کی سب سے زیادہ خریداری کی سطحیں 6,616 ہزار ٹن (2021: 6,343 ہزار ٹن) درج کی گئی، جو گزشتہ سال سے 4.3% کا اضافہ ظاہر کر رہی ہے۔ مسلسل دو سالوں میں یوریا کی ریکارڈ خریداری تمام فصلوں پر بہتر معاشیات کے تسلسل سے منسوب ہے۔ چاول اور کئی کی فصل کو روایتی بیجوں کی اقسام سے باہر بیج کی اقسام میں تبدیل کرنے کی وجہ سے بھی زیادہ خریداریاں ہیں جن کو بہتر پیداوار کے امکانات کے ساتھ نائٹروجن غذائیت کی زیادہ ضرورت ہوتی ہے۔ GOP گندم کی فصل کی بہترین پیداوار کے ذریعے ملک میں غذائی تحفظ کو یقینی بنانے پر توجہ مرکوز کرتی ہے اور صوبوں کی طرف سے امدادی قیمتوں میں اضافے کے اعلان نے بھی ملک میں یوریا کی مضبوط طلب میں حصہ لیا۔ مزید برآں، کاشتکاروں نے فاسفیٹ کھاد کی کم استطاعت، ریکارڈ بلند قیمتوں کی وجہ سے فاسفیٹ کی طلب میں کمی بھی یوریا کی طلب میں اضافے کا ایک عنصر ہے۔ یوریا کی پیداوار میں زبردستی سال کے دوران (2022: 6,329 ہزار ٹن، مقابلہ 2021: 6,141 ہزار ٹن) 3.1% فیصد کا اضافہ درج کیا گیا کیونکہ تمام یوریا پلانٹس، بشمول SNGPL نیٹ ورک پر پلانٹس جس میں کمپنی کا یوریا پلانٹ بھی شامل ہے کو سال کے دوران مسلسل گیس / RLNG سپائیز فراہم کی گئی ہیں۔ یوریا کی زیادہ پیداوار نے ملک کی ٹیسٹنگ معاشی حالت کے دوران اور پیک خریف اور رنج سیزن کے دوران کلیدی کنزیمپشن مارکیٹوں کو باقاعدہ سپلائی کو بھی یقینی بنانے کے دوران حکومت کے لئے قیمتی غیر ملکی زرمبادلہ بچانے میں مدد کی ہے۔

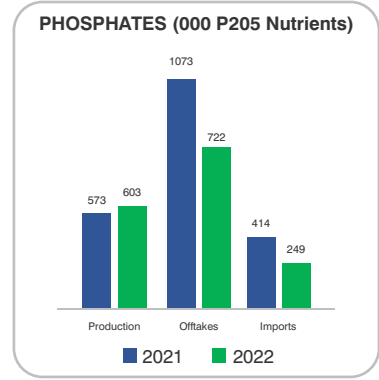
ملک میں تمام پلانٹس سے یوریا کی مسلسل پیداوار کے باوجود، GOP کو اب بھی گزشتہ سال صفر کے مقابلے سال 2022 میں 499 ہزار ٹن درآمد کرنا پڑی۔ درآمد کی ضروریات بنیادی طور پر ملک میں درکار بفرسٹاک کی تعمیر کے لئے تھیں جو کاشتکاروں کی طرف سے زیادہ خریداری اور طلب کی وجہ سے کم ہو گیا تھا۔

کمپنی کے پاس سال 2010 کے بعد سے ایک بہترین سال تھا جب کھاد کے شعبے میں گیس کی قلت شروع ہوئی اور 2022 میں یوریا پلانٹ کو 351 دنوں کی طویل ترین مدت تک چلایا گیا اور اس نے 433 ہزار ٹن کی نصب صلاحیت کے برعکس 353 ہزار ٹن (2021: 227 ہزار ٹن) یوریا بنائی۔ کمپنی نے 351 ہزار ٹن یوریا (2021: 230 ہزار ٹن) فروخت کیا۔ کمپنی کے یوریا پلانٹ کو گیس کی سپلائی ابتدائی طور پر ستمبر 2021 میں شروع کی گئی تھی اس کے بعد یہ پلانٹ پورے سال 2022، 3 جنوری 2023 تک کام کرتا رہا۔



## Phosphates Industry

Phosphate industry faced a challenging year with contrasting commodity market situation. The year started off with bullish sentiments with continuity of commodity super cycle causing extreme volatility of the phosphate prices. Di- Ammonium Phosphate (DAP), being the main phosphate fertilizer, price at the start of year was at US\$ 850-900 per ton CFR Karachi which peaked to US\$ 1050 per ton CFR at the start of Kharif season and later half of the year fell below US\$ 700 per ton and slide continued at present. Furthermore, the significant devaluation of PKR further added to the volatility of the landed prices and DAP prices in Pakistan peaked to more than Rs. 14,000 per bag during the year and other phosphate fertilizer i.e. NP, SSP and NPKs followed the suit. Due to exceptionally high Phosphate prices, the farmers affordability to use these fertilizers as per the recommended doses severely affected which resulted in reduction of Phosphates Nutrient Offtakes by 33% (2022: 722K tons vs 2021: 1,073K tons).



Production of Phosphatic Fertilizers saw an increase of 5% (2022: 603K tons vs 2021: 573K tons) on account of better gas supplies to the DAP and NP manufacturing plants. Imports of Phosphatic Fertilizer led by DAP saw a decline of 40% (2022: 249K tons vs 414K tons) in line with the demand reduction. Furthermore, the Floods during the year 2022 adversely affected the agriculture sector particularly in Sindh which also contributed to the low phosphate use.

The Company, being a major SSP player, produced 63 K tons SSP (2021: 73K tons) and sold 54 K ton (2021: 80K tons). Despite reduction in sales volume due to demand reduction by the farmers, the SSP business profitability performance has been exceptional which contributed to the improve operating profitability of the company.

## فاسفیٹ انڈسٹری

فاسفیٹ کی صنعت کو اجناس کی مارکیٹ کی متضاد صورتحال کے ساتھ ایک مشکل سال کا سامنا کرنا پڑا۔ سال کا آغاز تیزی کے جذبات کے ساتھ کمیوڈٹی سپر سائیکل کے تسلسل کے ساتھ ہوا جس وجہ سے فاسفیٹ کی قیمتوں میں انتہائی اتار چڑھاؤ آیا۔ ڈائی امونیم فاسفیٹ (ڈی اے پی)، فاسفیٹ کی اہم کھاد ہونے کے ناطے، سال کے آغاز میں اس کی قیمت 850-900 امریکی ڈالر فی ٹن CFR کراچی تھی جو کہ خریف سیزن کے آغاز میں 1050 امریکی ڈالر فی ٹن CFR تک پہنچ گئی اور سال کی دوسری ششماہی میں 700 امریکی ڈالر فی ٹن سے نیچے گر گئی اور اس وقت بھی کمی جاری ہے۔ مزید برآں، پاکستانی روپیہ کی قدر میں نمایاں کمی نے زمین کی قیمتوں کے اتار چڑھاؤ میں مزید اضافہ کیا اور پاکستان میں DAP کی قیمتیں سال کے دوران 14,000 روپے فی بیگ سے زیادہ تک پہنچ گئیں اور دیگر فاسفیٹ کھاد یعنی NP، SSP اور NPKs نے اس کی پیروی کی۔ فاسفیٹ کی غیر معمولی زیادہ قیمتوں کی وجہ سے، کاشتکاروں کی تجویز کردہ مقدار کے مطابق ان کھادوں کو استعمال کرنے کی استطاعت بری طرح متاثر ہوئی جس کے نتیجے میں فاسفیٹس کے غذائی اجزاء میں 33 فیصد (2022: 722 ہزار ٹن بمقابلہ 2021: 1,073 ہزار ٹن) کی کمی واقع ہوئی۔

DAP اور NP مینوفیکچرنگ پلانٹس کو بہتر گیس سپلائیز کی وجہ سے فاسفیٹک کھادوں کی پیداوار میں 5% (2022: 603 ہزار ٹن بمقابلہ 2021: 573 ہزار ٹن) اضافہ ہوا۔ طلب میں کمی کے لحاظ سے ڈی اے پی کی قیادت میں فاسفیٹک کھاد کی درآمدات میں 40% (2022: 249 ہزار ٹن بمقابلہ 2021: 414 ہزار ٹن) کی کمی دیکھی گئی۔ مزید برآں، سال 2022 کے دوران آنے والے سیلاب نے خاص طور پر سندھ میں زراعت کے شعبے کو بری طرح متاثر کیا جس نے فاسفیٹ کے کم استعمال میں حصہ لیا۔

کمپنی نے، SSP کے اہم مینوفیکچر رہونے کے ناطے، 63 ہزار ٹن SSP (2021: 73 ہزار ٹن) پیدا کی اور 54 ہزار ٹن (2021: 80 ہزار ٹن) فروخت کی ہے۔ کاشتکاروں کی طرف سے طلب میں کمی کی وجہ سے فروخت حجم میں کمی کے باوجود، SSP کی کاروباری منافع یابی کی کارکردگی غیر معمولی رہی جس نے کمپنی کے آپریٹنگ منافع کو بہتر بنانے میں حصہ لیا۔



## Future Outlook

Urea demand is likely to remain robust on account of better returns to the farmers on all major crops. Moreover, Federal Government intervention on announcing Minimum Support Price for the Cotton likely to recover Cotton crop production in 2023 further indicating the strong urea demand in Kharif. Conversion to Hybrid Seed varieties of Rice and Maize to continue across all Provinces due to better yield and income to farmers of new varieties. GOP for 2023 has envisaged Urea demand of 6,500 K tons with likely shortage of 700K tons to be bridged through production of SNGPL based plants. Moreover, the present economic situation of the country with stressed Foreign Exchange situation and devaluation of PKR has made. Urea imports economically unviable. Subsequent to year end, ECC after winter curtailment approved restoration of System Gas supply to SNGPL based plants including Agritech to meet the supply demand gap.

With the reduction in global Phosphate prices and adjustment of local DAP prices Phosphate demand in the country is likely to recover, however, the continuous devaluation of PKR may increase the retail prices for the farmers which could slow down the recovery of demand. Local production of phosphate likely to remain strong and imports likely to be affected due to volatility, low demand and foreign exchange related LC challenges. AGL SSP Plant is expected to show improved production and sales upon the recovery of the overall Phosphate demand.

## مستقبل کا نقطہ نظر

تمام اہم فصلوں پر کسانوں کو بہتر منافع کی وجہ سے یوریا کی طلب مضبوط رہنے کا امکان ہے۔ مزید برآں، کپاس کی کم از کم امدادی قیمت کا اعلان کرنے پر وفاقی حکومت کی مداخلت سے 2023 میں کپاس کی فصل کی پیداوار بحال ہونے کا امکان ہے جو خریف میں یوریا کی مضبوط طلب کو ظاہر کرتا ہے۔ کسانوں کو بہتر پیداوار اور آمدنی کی وجہ سے تمام صوبوں میں نئی اقسام کے چاول اور مکئی کی ہائبرڈ سیڈ کی اقسام میں تبدیلی جاری رہے گی۔ 2023 کے لیے GOP نے 6,500 ہزار ٹن یوریا کی طلب کا اندازہ لگایا ہے جس میں SNGPL پر مبنی پلانٹس کی پیداوار کے ذریعے 700 ہزار ٹن کی کمی کو پورا کیا جائے گا۔ مزید برآں، غیر ملکی زرمبادلہ کی تناؤ کی صورتحال اور پاکستانی روپیہ کی قدر میں کمی کے ساتھ ملک کی موجودہ معاشی صورتحال نے یوریا کی درآمدات کو اقتصادی طور پر ناقابل عمل بنا دیا ہے۔ سال کے آخر میں، ای سی سی نے موسم سرما میں کمی کے بعد ایس این جی پی ایل پر مبنی پلانٹس بشمول ایگریٹیک کو سسٹم گیس سپلائی کی بحالی کی منظوری دی تاکہ طلب ورسد خلاء کو پورا کیا جاسکے۔

فاسفیٹ کی عالمی قیمتوں میں کمی اور مقامی ڈی اے پی کی قیمتوں میں ایڈجسٹمنٹ کے ساتھ ملک میں فاسفیٹ کی طلب میں بحالی کا امکان ہے، تاہم پاکستانی روپیہ کی مسلسل قدر میں کمی سے کسانوں کی خوردہ قیمتوں میں اضافہ ہو سکتا ہے جس سے طلب کی بحالی سست ہو سکتی ہے۔ اتار چڑھاؤ، کم طلب اور غیر ملکی زرمبادلہ سے متعلق ایل سی چینجز کی وجہ سے فاسفیٹ کی مقامی پیداوار مضبوط رہنے اور درآمدات کے متاثر ہونے کا امکان ہے۔ SSPAGL پلانٹ سے توقع ہے کہ فاسفیٹ کی مجموعی طلب کی بحالی کے باعث پیداوار اور فروخت میں مزید بہتری آئے گی۔



## Changes in accounting policies /Amendments

There are certain amendments to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 01, 2022. However, there is no significant implication of such amendments adopted during the year.

### اکاؤٹنگ پالیسی میں تبدیلیاں /اصطلاحات:

یہاں کچھ ترمیمات اور منظور شدہ اکاؤٹنگ اور رپورٹنگ معیارات کی تشریح کی گئی ہے جو کمپنی کے سالانہ اکاؤٹنگ مدت کے لئے لازمی ہیں جو یکم جنوری، 2022 کو شروع ہوئی تھی۔ تاہم، اس سال کے دوران اپنائے گئے نئے معیارات کا کوئی اطلاق نہیں ہے۔

## Modifications in the Auditor's report

### آڈیٹر کی رپورٹ میں ترمیمات

### Qualification

In auditor's report for the period, auditors raised following concern which states as:

"the management has assessed the recoverability of deferred tax assets on tax losses and tested the impairment of goodwill and asserts that no impairment is required in these financial statements. However, we are unable to obtain sufficient appropriate audit evidence with respect to key assumption used in the business plan i.e., operational days based on the availability of natural gas and cost of raw material based on gas rates since approval from Government of Pakistan for supply of gas to the Company at subsidized rates is not available. Management is, however, confident that the supply of gas will be available on long term basis. Consequently, we were unable to determine whether any adjustment in respect of impairment was necessary for goodwill amounting to Rs. 2,567 million and deferred tax assets amounting to Rs. 6,507 million recognized on tax losses of Rs. 22,438 million in these financial statements."

### کوالیفیکیشن

اس مدت کے لئے آڈیٹر کی رپورٹ میں، آڈیٹرز نے درج ذیل تشویش کا اظہار کیا جس میں کہا گیا ہے کہ "انتظامیہ نے ٹیکس کے نقصانات پر مؤخر ٹیکس اثاثوں کی وصولی کا اندازہ لگایا اور گڈ ویل کی امییزمنٹ کی جانچ کی ہے اور اس بات پر زور دیا ہے کہ ان مالیاتی حسابات میں کسی امییزمنٹ کی ضرورت نہیں ہے۔ تاہم، ہم اس کاروباری منصوبہ یعنی قدرتی گیس کی دستیابی پر مبنی آپریشنل دن اور گیس کی قیمتوں پر مبنی خام مال کی قیمت میں استعمال ہونے والے کلیدی مفروضے کے حوالے سے کافی مناسب آڈٹ ثبوت حاصل کرنے سے قاصر ہیں چونکہ حکومت پاکستان کی جانب سے منظور کردہ کمپنی کو رعایتی نرخوں پر گیس کی فراہمی دستیاب نہیں ہے۔ تاہم انتظامیہ کو یقین ہے کہ گیس کی سپلائی طویل مدتی بنیادوں پر دستیاب ہوگی۔ نتیجتاً، ہم اس بات کا تعین کرنے سے قاصر رہے کہ کیا ان مالیاتی حسابات میں 22,438 ملین روپے کے ٹیکس نقصانات پر تسلیم شدہ 2,567 ملین روپے کی گڈ ویل کے لیے اور 6,507 ملین روپے کے مؤخر ٹیکس اثاثوں کے لیے نقصانات کے حوالے سے کوئی ایڈجسٹمنٹ ضروری ہے۔"

## Material Uncertainty relating to Going Concern

Auditors also raised concern about company ability to operate as going concern which states as

"Notwithstanding the matter discussed in Basis for the Qualified Opinion section, the Company, during the year ended 31 December 2022, has incurred loss before tax amounting to Rs. 3,215 million and, as of that date, its current liabilities exceeded its current assets by Rs. 47,560 million, and its accumulated losses stood at Rs. 25,850 million. These conditions, along with other matters as set forth in note 2.2 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter."

### گوٹنگ کنسرن کی بابت مادی غیر یقینی

آڈیٹرز نے کمپنی کے چلنے رہنے کی صلاحیت کے بارے میں بھی تشویش کا اظہار کیا جس میں کہا گیا ہے کہ "قابلیت کے بارے میں رائے کے سیکشن بارے میں اس معاملے کے باوجود، کمپنی نے 31 دسمبر 2022 کو ختم ہونے والے سال کے دوران ٹیکس سے پہلے 3,215 ملین روپے کا نقصان اٹھایا ہے اور اب تک، اس کے موجودہ واجبات اس کے موجودہ اثاثوں سے 47,560 ملین روپے سے زائد اور اس کا مجموعی خسارہ 25,850 ملین روپے ہے۔ مالی گوشواروں کے نوٹ 2.2 میں بیان کردہ دیگر امور کے ساتھ یہ

صورت حال، مادی غیر یقینی صورتحال کی نشاندہی کرتے ہیں جس سے کمپنی کی حیثیت سے جاری رہنے کی صلاحیت کے بارے میں اہم شک پیدا ہو سکتا ہے۔ اس معاملے میں ہماری رائے کو الفاٹائیڈ نہیں ہے۔

## Emphasis of Matter Paragraphs

Auditors have also given Emphasis of matter paragraphs to draw attention which states:

*“Note 18.1.2 to the accompanying financial statements, wherein it is stated that the Company could not pay its liabilities on due dates and is now defending legal suits filed by certain financial institutions for recovery of their dues. Our opinion is not qualified in this respect, and*

*Note 43.2.2 to accompanying financial statements wherein it is mentioned that currently, the Company is in process of implementation of Restructuring scheme sanctioned by the Honorable Lahore High Court on July 5, 2022 while related adjustments w. r. t such scheme are not accounted for in the financial statements for the year ended December 31, 2022 for reasons mentioned in said Note. Our opinion is not qualified in this respect.”*

## تاکید

آڈیٹرز نے اس معاملے پر بھی زور دیا ہے جس میں کہا گیا ہے کہ "ہم اس کے ساتھ ساتھ مالی گوشواروں کے نوٹ 18.1.2 کی طرف توجہ مبذول کراتے ہیں، جس میں بتایا گیا ہے کہ کمپنی مقررہ تاریخوں پر اپنے ذمہ واجبات کی ادائیگی نہیں کر سکی اور اب وہ چند مالی اداروں کی طرف سے ان کے واجبات کی ریکوری کے لئے دائر قانونی مقدمات کا دفاع کر رہی ہے۔ اس بابت ہماری رائے کو الفاٹائیڈ نہیں ہے۔"

مالی گوشواروں کے نوٹ 43.2.2 جس میں یہ ذکر کیا گیا ہے کہ فی الحال، کمپنی لاہور ہائی کورٹ کی جانب سے 5 جولائی 2022 کو منظور شدہ ری اسٹرکچرنگ اسکیم کے عمل میں ہے جبکہ متعلقہ ایڈجسٹمنٹ کے ساتھ 31 دسمبر 2022 کو ختم ہونے والے سال کے مالیاتی گوشواروں میں اس طرح کی اسکیم کا ذکر نہیں کیا گیا ہے جن وجوہات کا ذکر مذکورہ نوٹ میں کیا گیا ہے۔ اس سلسلے میں ہماری رائے کو الفاٹائیڈ نہیں ہے۔"

## Explanation of Modifications of Auditor's Report

Gas supply remains the most challenging part of Urea business. Operational and liquidity issues of the Company were mainly caused due to gas curtailments and lower level production than capacity production of urea plant. Furthermore, higher price of Gas / RLNG for plant as compared to other plants allow lower contribution margin that is sufficient to meet the operational costs but not enough to meet the financial obligations. This situation had forced the Company to finance its assets and operations through high level of borrowings since past many years. However, the improved supply of subsidized RLNG in recent past opened a new avenue for the company to support GOP efforts to meet Urea shortages in the country.

In the past, overall gas shortage in Pakistan had also forced the GOP to divert natural gas from fertilizer sector to other sectors particularly power sector during summer season and domestic sector during winters. Lower Urea output levels versus installed capacity in the Pakistan triggered Urea shortages during the year ended 31 Dec 2021. Such gas curtailments has also caused low urea production at the Company's plant versus its available capacity which resultantly causes the operational and liquidity issues including breaches of loan covenants ( as referred to in Note 43.2.2 to the financial statements).

During past three years, gas supply to the Company has witnessed improvements with regular imports of Liquefied Natural Gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. RLNG supplies at subsidized rate restored to the Company Urea plant in Nov, 2021 and plant remained operational for 351 days.

GOP's focus on the Food Security is the most critical aspect of feeding the population of more than 220 million and fertilizer, especially Urea plays a critical role in enhancing the production and yield of the crops. Urea demand in recent past has increased from an average 5.8 million tons to 6.6 million tons in 2022. High demand base required operating all urea plants in the country and GOP also had to import additional volumes to maintain required buffer stocks. Growing urea demands and likely shortages in the country in subsequent years can only be met if all the plants are continued to be operated on regular basis. Local production helps save the country from unprecedented volatility of international supply and prices and direct benefits to GOP exchequer in the form of significant savings on precious Foreign Exchange as well as lower subsidy on expensive urea imports. The company is confident that on these bases, a continuous gas supply



solution is likely to be worked out with GOP for sustained urea production at the Company's urea plant in future years.

Litigations with banks is discussed in following paragraph.

## آڈیٹر کی رپورٹ کی ترمیمات کی وضاحت

گیس کی فراہمی یوریا کے کاروبار کا سب سے مشکل جزو ہے۔ کمپنی کے آپریشنل اور لیکویڈیٹی کے مسائل بنیادی طور پر گیس کی کمی اور یوریا پلانٹ کی پیداواری صلاحیت سے کم سطح کی پیداواری وجہ سے تھے۔ مزید برآں، دیگر پلانٹس کے مقابلے میں پلانٹ کے لیے گیس/RLNG کی زیادہ قیمت کم شراکت مارجن کی اجازت دیتی ہے جو آپریشنل اخراجات کو پورا کرنے کے لیے تو کافی ہے لیکن مالی ذمہ داریوں کو پورا کرنے کے لیے کافی نہیں ہے۔ اس صورتحال نے کمپنی کو اپنے اثاثوں اور آپریشنز کو پچھلے کئی سالوں سے اعلیٰ سطح کے قرضوں کے ذریعے فنانس کرنے پر مجبور کر دیا تھا۔ تاہم، ماضی قریب میں سبسڈی والی RLNG کی بہتر فراہمی نے کمپنی کے لیے ملک میں یوریا کی کمی کو پورا کرنے کے لیے GOP کی کوششوں کی حمایت کے لیے ایک نیا راستہ کھولا ہے۔

ماضی میں، پاکستان میں گیس کی مجموعی قلت نے بھی GOP کو مجبور کر دیا تھا کہ قدرتی گیس کو فریٹلائزر سیکٹر سے دیگر سیکٹرز بالخصوص گرمیوں کے موسم میں پاور سیکٹر اور سردیوں میں گھر بلیو سیکٹر کی طرف موڑ دے۔ 31 دسمبر 2021 کو ختم ہونے والے سال کے دوران نصب شدہ صلاحیت کے مقابلے میں یوریا کی کم پیداواری سطح نے یوریا کی کمی کو جنم دیا۔ اس طرح کی گیس کی کٹوتیاں کمپنی کے پلانٹ میں اس کی دستیاب گنجائش کے مقابلے میں یوریا کی کم پیداواری کا سبب بھی بنتی ہیں جس کے نتیجے میں آپریشنل اور لیکویڈیٹی کے مسائل بشمول قرض کے معاہدوں (جیسا کہ مالی حسابات کے نوٹ 43.2.2 میں حوالہ دیا گیا ہے) کی خلاف ورزی ہوتی ہے۔

گزشتہ تین سالوں کے دوران، کمپنی کو گیس کی فراہمی میں حکومت پاکستان ("GOP") کی جانب سے مائع قدرتی گیس ("LNG") کی باقاعدہ درآمد کے ساتھ بہتری دیکھی گئی ہے۔ ایل این جی کی مسلسل درآمدات نے سوئی ناردرن گیس پائپ لائنز لمیٹیڈ ("SNGPL") میں آریل این جی کے بہاؤ کو بہتر کیا جس سے کھاد کے شعبے سمیت صارفین کو فائدہ ہوا۔ نومبر 2021 میں کمپنی کے یوریا پلانٹ کو عارضی شرح پر آریل این جی کی سپلائی بحال ہوئی اور پلانٹ 351 دنوں تک کام کرتا رہا۔

GOP کی نوڈ سیکورٹی پر توجہ 220 ملین سے زیادہ آبادی کو خوراک پہنچانے کا سب سے اہم پہلو ہے اور کھاد، خاص طور پر یوریا، فصلوں کی پیداوار اور پیداوار کو بڑھانے میں اہم کردار ادا کرتی ہے۔ ماضی قریب میں یوریا کی طلب 2022 میں اوسطاً 5.8 ملین ٹن بڑھ کر 6.6 ملین ٹن ہو گئی ہے۔ زیادہ طلب کی بنیاد پر ملک میں تمام یوریا پلانٹس کو چلانے اور GOP کو مطلوبہ بفر اسٹاک کو برقرار رکھنے کے لیے اضافی مقدار بھی درآمد کرنے کی ضرورت ہے۔ ملک میں یوریا کی بڑھتی ہوئی طلب اور آئندہ سالوں میں ممکنہ قلت کو صرف اسی صورت میں پورا کیا جاسکتا ہے جب تمام پلانٹس کو مستقل بنیادوں پر آپریشن رکھا جائے۔ مقامی پیداوار ملک کو بین الاقوامی سپلائی اور قیمتوں کے بے مثال اتار چڑھاؤ سے بچانے میں مدد کرتی ہے اور قیمتی زرمبادلہ میں نمایاں بچت کے ساتھ ساتھ ہنگے یوریا کی درآمد پر کم سبسڈی کی صورت میں GOP کے خزانے کو براہ راست فائدہ پہنچاتی ہے۔ کمپنی کو یقین ہے کہ ان وجوہات کی بناء پر، آئندہ سالوں میں کمپنی کے یوریا پلانٹ میں یوریا کی مستقل پیداوار کے لیے GOP کے ساتھ گیس کی فراہمی کا مستقل حل ہونے کا امکان ہے۔ بینکوں کے ساتھ قانونی چارہ جوئی پر مندرجہ ذیل پیرا گراف میں بحث کی گئی ہے۔

## Litigations with Banks & Scheme of Arrangement

Gas curtailment to the Company's Urea plant during the past years was the major cause of non-servicing of the debt of the Company and the accumulation of mark-ups has further increased its debt burden. In addition to this, few banks and financial institutions have filed cases for recovery of loans along with accrued markup and other related charges against the Company. The Company is confident that likelihood of any additional liabilities is remote as markup has already been recognized in these financial statements in accordance with terms of loan agreements and such lenders have also given consent to restructuring scheme sanctioned by the Honorable Lahore High Court.

In order to streamline this debt burden, the comprehensive rehabilitation (in the form of Scheme of Arrangement ("the Scheme") to restructure its existing over-due long-term debts, towards creditors and related markup as of 31 December 2013 (proposed effective date) through issuance of preference shares prepared by the Company with the help of its lenders. The said scheme was sanctioned by the Honorable Lahore High Court (LHC) on July 1st 2022 with effect from December 31, 2013. The Company is in the process of effectuating the scheme and has disbursed cash payments amounting to Rs 891 million to entitled lenders and also has successfully increased authorized share capital upto Rs 35,000 million to initiate the process of issuing preference shares. The Company is confident that with the restoration of gas supplies and regular plant production, the remaining CFAD will be paid and issuance of instruments will be carried out in the near future.

## بینکوں کے ساتھ قانونی چارہ جوئی اور انتظامات کی اسکیم

گزشتہ برسوں کے دوران کمپنی کے یوریا پلانٹ میں گیس کی قلت کمپنی کے قرضے کی عدم ادائیگی کی سب سے بڑی وجہ تھی اور مارک اپ جمع ہونے سے اس کے قرضوں کے بوجھ میں مزید اضافہ ہوا ہے۔ اس کے علاوہ، چند بینکوں اور مالیاتی اداروں نے کمپنی کے خلاف جمع شدہ مارک اپ اور دیگر متعلقہ واجبات کے ساتھ قرضوں کی وصولی کے لیے کیسز دائر کیے ہیں۔ کمپنی کو یقین ہے کہ کسی بھی اضافی واجبات کا امکان بہت دور ہے کیونکہ قرض کے معاہدوں کی شرائط کے مطابق مارک اپ کو پہلے ہی ان مالیاتی گوشواروں میں تسلیم کیا جا چکا ہے اور ایسے قرض دہندگان نے عدالت کی طرف سے منظور شدہ تنظیم نو کی اسکیم کی بھی رضامندی دی ہے۔

قرضوں کے اس بوجھ کو ہموار کرنے کے لیے، 31 دسمبر 2013 (مجوزہ موثر تاریخ) تک قرض دہندگان اور متعلقہ مارک اپ کے لیے اپنے موجودہ زائد واجبات الا داد قرضوں کی تنظیم نو کے لیے کمپنی کی طرف سے اپنے قرض دہندگان کی مدد سے جامع بحالی (اسکیم آف رتنجمنٹ ("اسکیم")) کی شکل میں ترجیحی حصص کا اجراء تیار کیا گیا۔ مذکورہ اسکیم کو معزز لاہور ہائی کورٹ (LHC) نے یکم جولائی 2022 کو منظور کیا گیا جس کا اطلاق 31 دسمبر 2013 سے ہوا۔ کمپنی اسکیم کو عملی جامہ پہنانے کے عمل میں ہے اور اہل قرض دہندگان کو 891 ملین روپے کی نقد ادائیگیاں کر دی گئی ہیں اور ترجیحی حصص جاری کرنے کے عمل کو شروع کرنے کے لیے بااختیار حصص کیپٹل میں کامیابی کے ساتھ 35,000 ملین روپے تک اضافہ کر دیا گیا ہے۔ کمپنی کو یقین ہے کہ گیس کی سپلائی کی بحالی اور پلانٹ کی باقاعدہ پیداوار کے ساتھ، بقیہ CFAD ادا کر دیا جائے گا اور آلات کا اجراء مستقبل قریب میں کیا جائے گا۔

### Loss per share

Loss per share of the Company for the period ended on 31 December 2022 is Rs. 7.53 per share.

### فی شیئر نقصان

31 دسمبر 2022 کو ختم ہونے والی مدت کے لئے کمپنی کا نقصان 7.53 روپے فی شیئر ہے۔

### Dividend

Due to circumstances already discussed the Board of Directors does not recommend any dividend for the period ended on 31 December 2022.

### ڈیویڈنڈ

مذکورہ بالا حالات کے باعث 31 دسمبر 2022 کو ختم ہونے والی مدت کے لئے بورڈ آف ڈائریکٹرز نے کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

## Corporate Review

### Corporate Governance and Financial reporting framework

As required by the Code of Corporate Governance, the Directors are pleased to report that:

- The financial statements prepared by the management of company present accurate state of company's financial position, operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards as applicable in Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound and has been effectively implemented and monitored.
- The Board is satisfied that the company is performing well as going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- There are no statutory payment on account of taxes, duties levies and charges which are outstanding as on 31 December 2022, except as those disclosed in the financial statements.



- No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which this relates and the date of the Director's report.

## کارپوریٹ جائزہ

### کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

- کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ، کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:
- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، کمپنی کی مالی حیثیت، آپریشنز کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی اچھی کارکردگی کی صلاحیت پر بورڈ مطمئن ہے۔
- اسٹاک ایکسچینجز کے فہرستی قواعد میں تفصیلی کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہو رہا ہے، سوائے جن کا تعمیل کے بیان میں انکشاف کیا گیا ہے۔
- نیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے، جو 31 دسمبر 2022 کو بقایا ہوں، سوائے جن کا مالیاتی گوشواروں میں انکشاف کیا گیا ہے۔
- مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں کئے گئے جو اس سے متعلق ہوں۔

### Investment in Retirement Benefits

The value of investments made by the employees retirement benefits funds operated by the company as on 31 December 2022 are as follows:

	Value (Rupees)
1. Provident fund	228,027,093
2. Gratuity fund	131,832,448

### ریٹائرمنٹ بینیفٹس میں سرمایہ کاری

31 دسمبر 2022 کو ختم ہونے والی مدت کے لئے کمپنی کے زیر انتظام ایمپلائرز ریٹائرمنٹ بینیفٹس فنڈز کی طرف سے کی گئی سرمایہ کاری کی قیمت حسب ذیل ہے:

1۔ پراویڈنٹ فنڈ	228,027,093 روپے
2۔ گریجویٹی فنڈ	131,832,448 روپے

### Board of Directors

Board of Directors consists of Six (6) male and one (1) female director with following Composition:

Independent Directors:	2
Non-Executive Directors:	5
Executive Director:	0

During the year under review, nine (9) meetings of the Board of Directors were held and the attendance by each director is as follows:

Name of Director	Eligibility	Attended
Mr. Sardar Azmat Babar Chauhan (Chairman) (Resigned on 21.02.2022)	1	1
Mr. Shahid Iqbal Choudhri (Chairman) (Appointed on 22 Feb 2022)	7	6
Mr. Asim Murtaza Khan	9	9
Mr. Asim Jilani	9	9
Mr. Hassan Raza	9	7
Ms. Sarwat Salahuddin Khan	9	8
Mr. Ghazanfar Ahsan	9	7
Mr. Osman Malik (Appointed on 22 Feb 2022)	7	6
Mr. Muhammad Faisal Muzammil (Resigned on 21 Feb.2022 as Director)	1	1

Leave of absence was granted to the directors who could not attend the Board Meetings. The Board also appointed Ms. Asma Irfan as Company Secretary & Head of Legal with effect from January 9, 2023 in place of Mr. Mudassar who left the Company on 29th September 2022.

## بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز چھ (6) مرد اور ایک (1) خاتون ڈائریکٹرز پر مشتمل جس کی تشکیل حسب ذیل ہے:

آزاد ڈائریکٹرز: 2

نان ایگزیکٹو ڈائریکٹرز: 5

ایگزیکٹو ڈائریکٹرز: 0

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے نو (9) اجلاس منعقد ہوئے حاضری کی پوزیشن حسب ذیل تھی:-

شہرت	اہلیت	نام ڈائریکٹر
1	1	جناب سردار عظمت بابر چوہان (چیئرمین) (21 فروری 2022 کو استعفیٰ ہو گئے)
6	7	جناب شاہد اقبال چوہدری (چیئرمین) (22 فروری 2022 کو مقرر ہوئے)
9	9	جناب عاصم مرتضیٰ خان
9	9	جناب عاصم جیلانی
7	9	جناب حسن رضا
8	9	محترمہ شروت صلاح الدین خان
7	9	جناب غضنفر احسن
6	7	جناب عثمان ملک (22 فروری 2022 کو مقرر ہوئے)
1	1	جناب محمد فیصل منزل (21 فروری 2022 کو بطور ڈائریکٹر استعفیٰ ہوئے)



بورڈ کے اجلاس میں شرکت نہ کرنے والے ڈائریکٹرز کو غیر حاضری کی چھٹی دے دی گئی۔ بورڈ نے 29 ستمبر 2022 کو کمپنی چھوڑنے والے جناب مدثر حسن کامران کی جگہ محترمہ آصم عرفان کو 9 جنوری 2023 سے کمپنی سیکریٹری اور ہیڈ آف لیگل کے طور پر مقرر کیا۔

### Audit Committee

During the year under review, Five (5) meetings of the Audit Committee were held.

Name of Director	Eligibility	Attended
Mr. Asim Murtaza Khan (Chairman)	5	5
Mr. Asim Jilani	5	4
Mr. Hassan Raza	5	0
Mr. Ghazzanfar Ahsan	5	5
Mr. Osman Malik (Nominated on 28 Apr 2022)	4	4

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publication. CFO, Head of Internal Audit and a representative of external auditors attended the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed internal audit findings and held separate meetings with internal and external auditors as required under the Listed Companies (Code Of Corporate Governance) Regulations, 2019 (the Regulations). Related party transactions were also placed before the Audit Committee prior to approval of the Board.

### آڈٹ کمیٹی

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے پانچ (5) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نام ڈائریکٹر	اہلیت	شرکت
جناب عاصم مرتضیٰ خان چیئرمین	5	5
جناب عاصم جیلانی	5	4
جناب حسن رضا	5	0
جناب غضنفر احسن	5	5
جناب عثمان ملک (28 اپریل 2022 کو نامزد ہوئے)	4	4

آڈٹ کمیٹی نے مالی گوشوارے بورڈ کو جمع کرانے اور اشاعت سے قبل سہ ماہی، ششماہی اور سالانہ جائزہ لیا۔ سی ایف او، ہیڈ آف انٹرنل آڈٹ اور بیرونی آڈیٹرز کے نمائندہ نے اجلاسوں میں شرکت کی جہاں اکاؤنٹس اور آڈٹ سے متعلقہ مسائل زیر بحث لائے گئے۔ آڈٹ کمیٹی نے بھی داخلی آڈٹ کا جائزہ لیا اور مندرجہ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشن) کے تحت درکار داخلی اور بیرونی آڈیٹرز کے ہاں الگ الگ اجلاس منعقد ہوئے۔ متعلقہ پارٹی لین دین کو بورڈ کی منظوری سے قبل آڈٹ کمیٹی کے روبرو بھی رکھے گئے۔

### HR & Remuneration Committee

During the year under review, Two (2) meetings of the HR & Remuneration Committee were held.

Name of Director	Eligibility	Attended
Ms. Sarwat Salahuddin Khan (Chairperson)	2	2

Name of Director	Eligibility	Attended
Mr. Ghazzanfar Ahsan	2	1
Mr. Asim Jilani	2	1
Mr. Osman Malik (Nominated on 23 Sep 2022)	0	0

## ایچ آر اینڈ ریمریشن کمیٹی

زیر جائزہ سال کے دوران، ہیومن ریسورس & ریمریشن (HR&R) کمیٹی کے دو (2) اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی:-

نام ڈائریکٹر	اہلیت	شرکت
محترمہ ثروت صلاح الدین خان (چیئر پرسن)	2	2
جناب غضنفر احسن	2	1
جناب عاصم جیلانی	2	1
جناب عثمان ملک (23 ستمبر 2022 کو نامزد ہوئے)	0	0

## Directors' Training Program

During the year, the Company had arranged Directors' Training Program for Mr. Osman Malik. Besides, all directors as of 31st December 2022 were certified directors. All the directors are professionals and senior executives, who possess extensive experience in their respective fields. The training is an on-going process and the Company is determined to comply with the directors' training as required by the Code and completion of certification thereof.

## ڈائریکٹرز کا تربیتی پروگرام

سال کے دوران، کمپنی نے جناب عثمان ملک کے لئے ڈائریکٹرز کے تربیتی پروگرام کا انتظام کیا۔ اس کے علاوہ، 31 دسمبر 2022 کو تمام ڈائریکٹرز سرٹیفائیڈ ڈائریکٹرز تھے۔ تمام ڈائریکٹرز پروفیشنلز اور سینئر ایگزیکٹوز ہیں جو وسیع تجربہ کے حامل اور ڈائریکٹرز کے فرائض سے بخوبی آگاہ ہیں۔ ٹریننگ ایک جاری عمل ہے کمپنی ضابطہ کے تحت مطلوبہ ڈائریکٹرز کی تربیت کی تعمیل اور جامع انداز سے آئندہ سالوں میں سرٹیفیکیشن کی تکمیل کے لئے پُر عزم ہے۔

## Directors' Remuneration Policy

### A. Purpose

The Board of Directors of Agritech Limited ("Company") has adopted this policy in compliance with the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019. This policy aims to set out the requirements and methodology for determining the remuneration of Non-Executive Directors including Independent Directors of the Company.

### B. Methodology for determination of Remuneration

The Board of Directors of the Company shall, from time to time, determine and approve the remuneration as follows:

- The remuneration shall be appropriate and commensurate with the level of responsibility and expertise of the Directors;
- It shall be aimed at attracting and retaining the Directors needed to govern the Company and to encourage value addition;
- It shall not be at a level that could be perceived to compromise or influence in any way the independence of the Director;

- d. No Director shall determine his/her own remuneration nor of a Director who may be a related party;
- e. No remuneration shall be paid to Executive Directors, Chief Executive Officer, for attending meeting of the Board and its Committees;
- f. The Board if deem appropriate, may engage independent consultant to determine the appropriate level of remuneration of its Directors and recommend to the Board for consideration and approval;

### C. Reimbursement of Expenses

Any travel and other necessary expenses incurred by the Directors for attending meetings of the Board and its Committees shall be reimbursed at actual by claiming the expenses and submitting original bills to the Company.

### D. Administration

This policy shall be administered by the Corporate Secretary/ Dept. with the support of Human Resource Division and Legal Division of the Company, as required.

## ڈائریکٹرز کی معاوضہ پالیسی

### A- مقصد

ایگریٹیک لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز نے ایگریٹیک لمیٹڈ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کے مطابق یہ پالیسی اختیار کی ہے۔ اس پالیسی کا مقصد کمپنی کے آزاد ڈائریکٹرز سمیت نان ایگریٹیکو ڈائریکٹرز کے معاوضہ کے تعین کے لئے تقاضوں اور طریقہ کار طے کرنا ہے۔

### B- معاوضے کے تعین کا طریقہ کار

کمپنی کا بورڈ آف ڈائریکٹرز، وقتاً فوقتاً، حسب ذیل کے مطابق معاوضے کا تعین اور منظوری دے گا:

- a- معاوضہ مناسب اور ڈائریکٹرز کی ذمہ داری اور مہارت کی سطح کے مطابق ہوگا۔
- b- اس کا مقصد کمپنی کو چلانے کے لیے درکار ڈائریکٹرز کو اپنی طرف متوجہ کرنا اور برقرار رکھنا اور قدر میں اضافے کی حوصلہ افزائی کرنا ہوگا۔
- c- یہ اس سطح پر نہیں ہونا چاہئے جس سے سمجھوتہ یا کسی بھی طرح سے ڈائریکٹرز کی آزادی پر اثر انداز ہونے کا تصور کیا جاسکے۔
- d- کوئی ڈائریکٹر نہ تو اپنے معاوضے کا تعین کرے گا اور نہ ہی کسی ڈائریکٹر کا جو متعلقہ فریق ہو سکتا ہے۔
- e- بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کے لیے ایگریٹیکو ڈائریکٹرز، چیف ایگریٹیکو آفیسر کو کوئی معاوضہ ادا نہیں کیا جائے گا۔
- f- اگر بورڈ مناسب سمجھے تو اپنے ڈائریکٹرز کے معاوضے کی مناسب سطح کا تعین کرنے کے لیے آزاد کنسلٹنٹ کو شامل اور نوروڈ خوش اور منظوری کے لیے بورڈ کو سفارش کر سکتا ہے۔

### C- اخراجات کی ادائیگی

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کی طرف سے کیے گئے کسی بھی سفر اور دیگر ضروری اخراجات کی ادائیگی اصل میں اخراجات کا کلیم کرنے اور کمپنی کو اصل بل جمع کروا کر ادا کی جائے گی۔

### D- انتظامات

ہیومن ریسورس ڈویژن اور کمپنی کے قانونی ڈویژن کے تعاون سے اس پالیسی کا انتظام کارپوریٹ سیکرٹری/حکمہ کرے گا، جیسا کہ ضروری ہے۔

## Appointment of Auditors

The Board of Directors has recommended, as suggested by Audit Committee, the appointment of Grant Thornton Anjum Rahman, Chartered Accountants, the retiring auditors who being eligible, have offered themselves for re-appointment as external auditors of the Company for the ensuing Financial Year, subject to approval of the members in the forthcoming Annual General Meeting.

## محاسب کا تقرر

بورڈ آف ڈائریکٹرز نے آئندہ سالانہ اجلاس عام میں ارکان کی منظوری کے حوالہ سے، آڈٹ کمیٹی کی تجویز کے مطابق، آئندہ مالی سال کے لئے کمپنی کے بیرونی آڈیٹرز کے طور پر گرانٹ تھورنٹن انجم رحمان اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔



## Pattern of Shareholding

The pattern of shareholding as on December 31, 2022 and its disclosure according to the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) is annexed to this report.

## نمونہ حصص داری

31 دسمبر 2022 تک نمونہ حصص داری اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشنز) کی ضرورت کے مطابق اس کا انکشاف اس رپورٹ کے ساتھ منسلک ہے۔

## Subsequent Changes

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of directors' report.

## بعد کی تبدیلیاں

مالی سال کے اختتام جس سے یہ مالیاتی گوشوارے متعلقہ ہیں اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

## Acknowledgement

The Board takes this opportunity to express its deep sense of gratitude and thanks to the shareholders, employees, customers, bankers and other stakeholders for the confidence and faith they have always reposed in us.

## اظہار تشکر

بورڈ کمپنی کے قابل قدر صارفین اور مالیاتی اداروں جن کے اعتماد اور حمایت نے سال کے دوران کاروبار کی ترقی میں اہم کردار ادا کیا ہے، کی باہم مفید تعلق داری کا شکریہ ادا کرتا ہے۔ بورڈ اس موقع پر شیئر ہولڈرز، ملازمین، صارفین، بینکرز اور دیگر اسٹیک ہولڈرز کے ہمیشہ ہم پر اعتماد اور یقین کے لئے ان کا شکریہ ادا کرتا ہے۔

## Corporate Social Responsibility

Disclosure regarding Corporate Social Responsibility has been given as separate section of the financial statements.

## کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داری کے بارے میں انکشاف مالی گوشواروں کے الگ حصے کے طور پر دیا گیا ہے۔



Mr. Muhammad Faisal Muzammil  
Chief Executive Officer



Mr. Asim Murtaza Khan  
Director

## PATTERN OF SHAREHOLDING

as required under section 227(2)(f) of the Companies Act, 2017

The pattern of holding of shares held by the shareholders as at 31 December 2022 is as follows:

Number of shareholders	Shareholding		Total shares held
	From	To	
290	1	100	4,321
497	101	500	239,923
417	501	1,000	409,076
877	1,001	5,000	2,657,929
363	5,001	10,000	3,079,665
144	10,001	15,000	1,899,903
72	15,001	20,000	1,374,708
64	20,001	25,000	1,508,413
43	25,001	30,000	1,228,000
23	30,001	35,000	757,500
24	35,001	40,000	930,060
13	40,001	45,000	560,501
52	45,001	50,000	2,593,500
11	50,001	55,000	586,000
9	55,001	60,000	525,500
9	60,001	65,000	567,014
8	65,001	70,000	548,566
5	70,001	75,000	373,000
7	75,001	80,000	547,000
3	80,001	85,000	251,500
4	85,001	90,000	357,500
1	90,001	95,000	93,500
31	95,001	100,000	3,100,000
1	100,001	105,000	100,001
4	105,001	110,000	428,000
3	110,001	115,000	340,500
2	115,001	120,000	238,000
6	120,001	125,000	733,028
2	125,001	130,000	257,642
2	130,001	135,000	269,500
2	135,001	140,000	277,405
5	140,001	145,000	715,500
10	145,001	150,000	1,483,966
1	150,001	155,000	151,500
3	155,001	160,000	473,836
2	160,001	165,000	325,500
2	170,001	175,000	347,500
1	175,001	180,000	177,000
2	180,001	185,000	370,000
2	185,001	190,000	379,000
8	195,001	200,000	1,599,500
1	200,001	205,000	205,000
1	215,001	220,000	215,500
5	245,001	250,000	1,250,000
1	255,001	260,000	256,000

Number of shareholders	Shareholding		Total shares held
	From	To	
2	260,001	265,000	525,500
1	265,001	270,000	266,500
1	275,001	280,000	280,000
5	295,001	300,000	1,499,000
1	300,001	305,000	302,569
1	320,001	325,000	323,207
1	350,001	355,000	350,500
2	365,001	370,000	736,500
1	370,001	375,000	374,512
2	395,001	400,000	800,000
1	425,001	430,000	429,500
1	445,001	450,000	449,000
1	460,001	465,000	463,000
1	485,001	490,000	486,500
2	495,001	500,000	1,000,000
1	520,001	525,000	522,000
1	525,001	530,000	527,000
1	530,001	535,000	530,500
1	575,001	580,000	576,500
1	595,001	600,000	600,000
1	605,001	610,000	605,138
2	635,001	640,000	1,276,500
1	655,001	660,000	658,000
1	715,001	720,000	715,500
1	770,001	775,000	772,253
1	845,001	850,000	850,000
1	850,001	855,000	851,519
1	880,001	885,000	883,500
1	895,001	900,000	900,000
1	950,001	955,000	953,500
4	995,001	1,000,000	4,000,000
1	1,030,001	1,035,000	1,032,855
1	1,190,001	1,195,000	1,194,500
2	1,330,001	1,335,000	2,664,636
1	1,350,001	1,355,000	1,352,992
1	1,405,001	1,410,000	1,405,500
1	1,470,001	1,475,000	1,471,636
1	1,475,001	1,480,000	1,475,333
1	1,830,001	1,835,000	1,832,836
1	1,885,001	1,890,000	1,887,000
1	1,910,001	1,915,000	1,914,655
2	1,995,001	2,000,000	4,000,000
1	2,270,001	2,275,000	2,273,234
1	2,510,001	2,515,000	2,511,167
1	2,645,001	2,650,000	2,645,250
1	2,800,001	2,805,000	2,804,000
1	3,025,001	3,030,000	3,025,688
1	3,330,001	3,335,000	3,333,333



## PATTERN OF SHAREHOLDING

Number of shareholders	Shareholding		Total shares held
	From	To	
1	3,345,001	3,350,000	3,346,506
1	3,630,001	3,635,000	3,630,825
1	3,755,001	3,760,000	3,755,428
1	4,380,001	4,385,000	4,384,283
1	4,995,001	5,000,000	5,000,000
1	5,210,001	5,215,000	5,213,500
1	9,210,001	9,215,000	9,212,921
2	9,995,001	10,000,000	20,000,000
1	10,910,001	10,915,000	10,912,592
1	11,460,001	11,465,000	11,461,023
1	12,345,001	12,350,000	12,345,051
1	15,620,001	15,625,000	15,624,873
1	16,510,001	16,515,000	16,512,082
1	16,600,001	16,605,000	16,601,113
1	18,985,001	18,990,000	18,989,001
1	34,305,001	34,310,000	34,306,400
1	106,010,001	106,015,000	106,014,632
<b>3113</b>			<b>392,430,000</b>

### Categories of shareholders

Sr #	Name	Number of shares held	Percentage
1	Directors, Chief Executive Officers, and their spouse and minor children	1,501	0.0004%
2	Associated Companies, undertakings and related parties. (Parent Company)	180,609,687	46.0234%
3	NIT and ICP	3,986,500	1.0158%
4	Banks Development Financial Institutions, Non Banking Financial Institutions	74,283,558	18.9291%
5	Insurance Companies	1,655,561	0.4219%
6	Modarabas and Mutual Funds	2,112,056	0.5382%
7	Share holders holding 10% or more	106,014,632	27.0149%
8	General Public		
	a. Local	80,018,902	20.3906%
	b. Foreign	3,000	0.0008%

### Others (to be specified)

Sr #	Name	Number of shares held	Percentage
1	<b>- Joint Stock Companies</b>	30,363,547	7.7373%
2	<b>- Pension Funds</b>	20,000	0.0051%
3	<b>- Investment Companies</b>	12,156,043	3.0976%
4	<b>- Other Companies</b>	7,219,645	1.8397%

No transaction was carried out by Directors, CEO, CFO, Company Secretary and their spouses and minor children during the period ended December 31, 2022.



Agritech is fully committed to adopting international benchmarks governing corporate social responsibility.

## CORPORATE SOCIAL RESPONSIBILITY

### Health Center

Company operates a state of the art hospital at its Daudkhel site which includes essential care facilities including emergency, labour and gynecology and minor surgery. The center provides subsidized medical care to its employees and the community at large.

Additionally, realizing its duties as a responsible corporate citizen, Agritech continued its effort for a greener environment, planting trees in its neighboring communities, providing scholarships for needy students and arranging many activities for the well being of its employees and communities.

We constantly strive to maintain a leadership role in this area and wholeheartedly support and fund outreach programs which have beneficial impact on our environment, employees and the community where we live and work in.



Health check at AGRITECH Hospital



Students of an AGRITECH School

### Community Programs

Agritech is committed to provide quality education for its employees and community. The company has established several educational institutions where over 2000 students are enrolled and managed by over 100 professional staff.

# CERTIFICATIONS & ACHIEVEMENTS

Some of our key certifications and initiatives are mentioned below.



## OSHA Standards

OHS 18001 compliant proactive HSE program aims to prevent work-related injuries, illnesses and fatalities. This effort at Agritech is independently monitored by a high level Corporate Manager of Health, Safety & Environment who has wide ranging mandate and authority to enforce (Health, Safety & Environment (HSE) standards throughout the company. Effort is complemented with Hearts & Minds Winning techniques for sustainable performance.



## ISO 9001

ISO 9001 is a family of standards for quality management systems. ISO 9001 is maintained by ISO, the International Organization for Standardization and is administered by authorized accreditation and certification bodies. The requirements of ISO 9001 include maintaining a set of procedures that cover all key processes in the business, to ensure they are effective, maintain adequate records, check output for defects, with appropriate and corrective action where necessary. The ISO 9001 family of standards also require regular reviews of individual processes and the quality system itself for effectiveness, and to facilitate continuous improvement.



## ISO 14001

ISO 14001 is an organizational system standard for monitoring, controlling, and improving quality of the environment. The ISO 14001 Environmental Management standards exist to help organizations minimize how their operations affect the environment (cause adverse changes to air, water, or land) and comply with applicable laws and regulations.



## PAKISTAN STANDARDS AND QUALITY CONTROL AUTHORITY

The main function of the Authority is to foster and promote standards and conformity assessment as a means of advancing the national economy, promoting industrial efficiency and development, ensuring the health and safety of the public, protecting the consumers, facilitating domestic and international trade and furthering international co-operation relation to standards and conformity assessment in the interest of consumers.

**All these achievements are result of dedicated and consorted efforts of Agritech's team. Management provided the necessary resources and encouragement with a firm commitment to implement these systems in full letter and spirit. For accreditation of above systems, procedures were developed according to the required standards & these are being implemented.**





With the implementation of QMS, EMS & OH&S there have been tremendous improvements at the plant. The following are main benefits.

#### Increased Efficiency

Certification process has given a lot of thought to improve the system and how to maximize quality and efficiency. The processes has been established and guidelines in place for anyone to follow easily, making training, transitions, and trouble-shooting etc.

#### Employee Morale

Employee's morale has been motivated by defining roles and responsibilities, accountability of management, established training systems and a clear picture of how their roles affect quality and the overall success of the company.

#### International Recognition

The company reput has been increased after getting certifications of QM, EM & OH&S systems as these standards are recognized worldwide.

#### Supplier Relationships

Following the processes for documentation and testing has ensured quality of raw materials fed into our production system and finished product. The process also requires thorough evaluation of new suppliers before a change is made and/or consistency with respect to how and where orders are place.

#### Factual Approach to Decision Making

The ISO & OHSAS standards set out clear instructions for audits and process reviews that have facilitated information gathering and decision making based on the data.

#### Documentation

Documentation is the key requirement of ISO & OHSAS standards of all processes and any changes, errors and discrepancies. This ensures consistency throughout production and accountability of all staff. This also guarantees traceable records are available in case of non-compliance.

#### Consistency

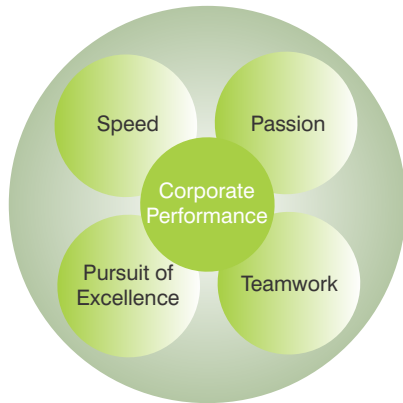
All processes for development, to production, to shipping, are defined, outlined and documented, minimizing room for error. Even the process of making changes to a process is documented, ensuring that changes are well planned and implemented in the best possible way to maximize efficiency.

#### Customer Satisfaction

Client confidence is gained because of the universal acceptance of the ISO & OHSAS standards. Customer satisfaction is ensured because of the benefits to company efficiency, consistency and dedication to quality service.

## OUR HUMAN CAPITAL

The corporate culture at Agritech is based on four essential pillars



Our Corporate culture is nurtured through setting world class performance standards and then focusing, empowering, encouraging and challenging all our employees to develop their capabilities to deliver this mind set transcends all levels of the organization.

This forms the core of the underlying HR policies at Agritech which are designed to deliver outstanding business performance by supporting and developing the Company's most important asset, its people.

Our culture empowers people to contribute to our business objectives and to simultaneously achieve their own personal and career goals. Every day our employees are challenged and motivated to seek the state of the art knowledge and skills required to stay ahead in today's changing business environment.

Teams and individuals are constantly encouraged to develop their professional capabilities, to question the status quo with courage of conviction, and reinvent themselves and their systems of work to confront the dynamics of a fast changing world.

Bureaucracy is constantly pruned to enable people to work with each other without being encumbered and to keep the focus on outcomes and delivery rather than just effort.

We have a strong commitment to meritocracy, and complying with our human resource polices, the Company does not employ any child labor and is an equal opportunity employer.





**"We endeavour to be the best employer in the Fertilizer Industry with high growth opportunity in an expanding company, locally and Internationally. Employment at AGL has an opportunity to move into Fertilizer sector enabling you to acquire experience in largest Industrial Sectors of Pakistan".**





# FINANCIAL HIGHLIGHTS

Six years at a glance

	2022	2021	2020	2019	2018	2017 Restated
<b>Operating performance (Rs. 000)</b>						
Sales-Net	17,296,183	10,100,924	5,699,723	12,174,419	4,533,316	3,551,519
Operating income / (loss)	1,068,991	(212,482)	(1,541,384)	2,329,411	(1,057,087)	(1,751,127)
(Loss) before tax	(3,215,885)	(3,017,754)	(4,486,519)	(971,011)	(3,639,609)	(4,051,607)
(Loss) after tax	(2,953,326)	(2,681,238)	(4,296,900)	(652,777)	(3,343,673)	(4,483,683)
<b>Financial position (Rs. 000)</b>						
Total equity	11,984,180	3,755,792	6,440,664	10,736,092	(4,888,542)	(1,665,904)
Long term debt	19,269,126	19,269,126	19,278,672	19,304,062	19,306,932	19,363,731
Property, plant and equipment	69,925,059	56,965,407	58,535,893	60,043,381	38,592,232	39,773,629
<b>Financial analysis</b>						
Current ratio (ratio)	0.16	0.15	0.12	0.14	0.11	0.12
<b>Profitability analysis</b>						
Operating (loss) / profit to sales (%)	0.06	(0.02)	(0.27)	0.19	(23.00)	(49.31)
(Loss) per share (Rs.)	(7.53)	(6.83)	(10.95)	(1.66)	(8.52)	(11.43)

# 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:-

- The total number of directors are seven as per the following:

Gender	Names
Male	6
Female	1

- The Composition of Board is as follows:

Category	Names
Independent Directors	Mr. Asim Murtaza Khan
	Ms. Sarwat Salahuddin Khan
Non-Executive Directors	Mr. Shahid Iqbal Choudhri
	Mr. Asim Jilani
	Mr. Ghazzanfar Ahsan
	Mr. Hassan Raza
	Mr. Osman Malik

Note: Mr. Sardar Azmat Babar Chauhan and CEO, Mr. Muhammad Faisal Muzammil resigned from directorship of the Company with effect from February 21, 2022. Subsequently, both Mr. Shahid Iqbal Choudhri and Mr. Osman Malik were appointed on February 22, 2022 as Directors of the Company on casual vacancies for the remainder term of the Board.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this 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;
- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company, which have been approved by the Board and record of such approvals and amendments have been maintained;
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of board;

- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- The Board has arranged Director's Training Program for Mr. Osman Malik during the year. The Board members also participated in orientation courses to apprise them about their duties & responsibilities;
- The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Hafiz Mudassar Hassan Kamran resigned from the position of Company Secretary & Head of Legal on September 29, 2022. Moreover, the Board has appointed Ms. Asma Irfan as Company Secretary & Head of Legal with effect from January 9, 2023 in place of Mr. Hafiz Mudassar Hassan Kamran;
- Chief Financial Officer (CFO) and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the board.
- The board has formed committees comprising of members given below:

Audit Committee	
Name	Position
Mr. Asim Murtaza Khan	Chairman
Mr. Ghazzanfar Ahsan	Member
Mr. Asim Jilani	Member
Mr. Hassan Raza	Member
Mr. Osman Malik (Nominated on 28.04.2022)	Member

Human Resource & Compensation Committee	
Name	Position
Ms. Sarwat Salahuddin Khan	Chairperson
Mr. Asim Jilani	Member
Mr. Ghazzanfar Ahsan	Member
Mr. Osman Malik (Nominated on 23.09.2022)	Member

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The Board has outsourced the internal audit function to Messer's EY Ford Rhodes Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

## STATEMENT OF COMPLIANCE

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

15. The number of meetings of the committee were as follows:

Meetings	Frequency
Audit Committee	Five meetings including four quarterly meetings were held during the financial year ended December 31, 2022.
Human Resource & Remuneration Committee	Two meetings were held during the financial year ended December 31, 2022.

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 and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

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



**SHAHID IQBAL CHOUDHRI**

Chairman of the Board

30<sup>th</sup> March, 2023



# INDEPENDENT AUDITORS' REVIEW REPORT

**To the members of Agritech Limited**

**Review Report on the Statement of Compliance  
contained in Listed Companies (Code of Corporate  
Governance) Regulations, 2019**

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**Grant Thornton Anjum  
Rahman**

1-Inter Floor, Eden Centre,  
43-Jail Road, Lahore 54000,  
Pakistan.

**T +92 42 37423621-23**

**F +92 42 37425485**

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

The responsibility for compliance with the Regulations is that of the 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, 2022.



**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Lahore.

Date: 30 March, 2023

UDIN Number: CR202210212sD98aj5iJ

# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF AGRITECH LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

**Grant Thornton Anjum  
Rahman**

1-Inter Floor, Eden Centre,  
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#### **Qualified Opinion**

We have audited the annexed financial statements of Agritech Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, (here-in-after referred to as "the financial statements") and we state that, except for as stated in Basis for Qualified Opinion section, 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, except for the possible effect on financial statements of the matter discussed in Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the loss, total comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Qualified Opinion**

As stated in note 12.2 and 20.2 to the annexed financial statements, the management has assessed the recoverability of deferred tax assets on tax losses and tested the impairment of goodwill and asserts that no impairment is required in these financial statements. However, we are unable to obtain sufficient appropriate audit evidence with respect to key assumption used in the business plan i.e. operational days based on the availability of natural gas and cost of raw material based on gas rates since approval from Government of Pakistan for supply of gas to the Company at subsidized rates for future years is not available. Management is, however, confident that supply of gas will be available on long term basis. Consequently, we were unable to determine whether any adjustment in respect of impairment was necessary for goodwill amounting to Rs. 2,567 million and deferred tax asset amounting to Rs. 6,507 million recognized on tax losses of Rs. 22,438 million in these financial statements.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Material Uncertainty Relating to Going Concern**

Notwithstanding the matter discussed in Basis for the Qualified Opinion section, the Company, during the year ended 31 December 2022, has incurred loss before tax amounting to Rs. 3,215 million and, as of that date, its current liabilities exceeded its current assets by Rs. 47,560 million, and its accumulated losses stood at Rs. 25,850 million. These conditions, along with other matters as set forth in Note 2.2 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.



**Emphasis of Matter Paragraphs**

We draw attention towards:

-Note 18.1.2 to the accompanying financial statements, wherein it is stated that the Company could not pay its liabilities on due dates and is now defending legal suits filed by certain financial institutions for recovery of their dues. Our opinion is not qualified in this respect, and

-Note 43.2.2 to accompanying financial statements wherein it is mentioned that currently, the Company is in process implementation of Restructuring scheme sanctioned by the Honorable Lahore High Court on July 5, 2022 while related adjustments w. r. t such scheme are not accounted for reasons mentioned in said Note. Our opinion is not qualified in this respect.

**Key Audit Matters**

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

Following are the Key audit matters

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<p><b><u>Borrowings, accrued mark up and finance cost</u></b> (Refer to Notes 3.11, 8, 9, 16, 36 and 43.2.2 to the financial statements)</p> <p>The Company has obtained range of long term financing facilities from different financial institutions with varying terms and tenures.</p> <p>This was considered to be a key audit matter as these affects Company's gearing, liquidity and solvency.</p> <p>Further, compliance with debt covenants is a key requirement of these financing arrangements.</p>	<p>Our audit procedures, amongst others, included the followings:</p> <ul style="list-style-type: none"> <li>• Assessing the design and operating effectiveness of the Company's internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non- current and associated costs;</li> <li>• Obtaining confirmations of borrowings as at 31 December 2022 directly from the financial institutions which are not in litigation;</li> <li>• Obtain copies of legal cases and direct confirmations from legal advisors of the Company in respect of borrowings for such financial institutions which are in litigation;</li> <li>• Testing the calculation of markup recognized as expense during the year in accordance with the terms and to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan;</li> <li>• Assessing whether loans maturing within twelve months were classified as current liabilities;</li> <li>• Assessing the Company's compliance with the terms of the loans and assessing the presentation and adequacy of disclosure in the financial statements; and</li> <li>• Obtaining opinion of lawyer regarding effectiveness of the scheme of arrangement.</li> </ul>
2	<p><b><u>Revaluation of fixed assets</u></b> (Refer Note 3.3, 7 and 19 of the financial statements)</p> <p>The Company's freehold land, buildings on freehold land, residential colony assets, plant and machinery and electrical installations were revalued at 31 December 2022 resulting in surplus of Rs. 14,091 million.</p>	<p>Our audit procedures to assess the valuation of assets included the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the qualifications, experience and competence of the external valuer engaged by management and holding discussions with the external valuer to understand their valuation methods and the assumptions applied;</li> </ul>

Sr. No.	Key audit matters	How the matter was addressed in our audit
	We identified fixed asset revaluation as a key audit matter because it has major effect on fixed assets of the Company.	<ul style="list-style-type: none"> <li>• Obtaining the valuation report and assessing the key assumptions adopted in the valuations, including those relating to sales prices, useful life, and the discount rates applied to determine forced sale value, by comparing them with historical rates and available data and considering the possibility of error or biasness in the selection of assumptions adopted; and</li> <li>• Assessing surplus recorded during the year, and reviewing adequacy of related disclosures made in these financial statements.</li> </ul>

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

The Board of Directors are responsible for the other information. Other information comprises the information included in the annual report for the year ended December 31, 2022, but does not include the financial statements and our auditor's report thereon.

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, except as stated in Basis for Qualified Opinion, 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;
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Lahore.

Date: 30 March, 2023

UDIN Number: : AR202210212j3nqmhYdL



# Statement of Financial Position

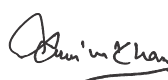
As at 31 December 2022

	Note	2022 Rupees	2021 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized share capital</b>	4	<b>35,000,000,000</b>	15,000,000,000
<b><u>Share capital and reserves</u></b>			
Issued, subscribed and paid-up ordinary share capital	5	<b>3,924,300,000</b>	3,924,300,000
Reserves	6	<b>9,000,000</b>	9,000,000
Accumulated losses		<b>(25,850,797,277)</b>	(23,613,277,966)
Surplus on revaluation of property, plant and equipment - net of tax	7	<b>33,901,677,144</b>	23,435,770,400
		<b>11,984,179,867</b>	3,755,792,434
<b><u>Non-current liabilities</u></b>			
Redeemable capital-secured	8	-	-
Long term finances-secured	9	-	-
Convertible, redeemable preference shares	10	<b>1,593,342,690</b>	1,593,342,690
Long term payable - <i>unsecured</i>	11	<b>551,438,375</b>	1,157,874,632
Deferred liabilities	12	<b>10,875,636,015</b>	8,436,099,563
		<b>13,020,417,080</b>	11,187,316,885
<b><u>Current liabilities</u></b>			
Current maturity of long term liabilities	13	<b>19,269,126,210</b>	19,269,126,210
Short term borrowings-secured	14	<b>3,581,994,123</b>	3,518,449,435
Trade and other payables	15	<b>4,620,048,580</b>	4,022,968,445
Interest / mark-up accrued on borrowings	16	<b>27,088,095,036</b>	23,731,549,868
Preference dividend payable	17	<b>1,906,638,085</b>	1,731,370,386
		<b>56,465,902,034</b>	52,273,464,344
		<b>81,470,498,981</b>	67,216,573,663
<b>Contingencies and commitments</b>	18		
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	19	<b>69,925,058,640</b>	56,965,406,647
Intangible assets	20	<b>2,568,030,431</b>	2,568,318,275
Long term loans and advances-considered good	21	<b>17,123,956</b>	14,024,136
Long term deposits-unsecured considered good	22	<b>54,721,537</b>	57,677,251
		<b>72,564,934,564</b>	59,605,426,309
<b><u>Current assets</u></b>			
Stores, spare parts and loose tools	23	<b>2,246,110,220</b>	2,053,911,764
Advance against restructuring scheme	24	<b>891,198,023</b>	-
Stock-in-trade	25	<b>1,063,281,066</b>	362,453,998
Trade debts	26	<b>513,312</b>	88,592,108
Advances, deposits, prepayments and other receivables	27	<b>4,080,352,277</b>	3,771,231,436
Tax refunds due from Government - <i>net</i>		<b>95,056,593</b>	146,922,765
Short term Investments	28	-	104,200,000
Cash and bank balances	29	<b>529,052,926</b>	1,083,835,283
		<b>8,905,564,417</b>	7,611,147,354
		<b>81,470,498,981</b>	67,216,573,663

The annexed notes from 1 to 53 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Statement of Profit or Loss

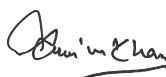
For the year ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Sales - net	30	17,296,183,225	10,100,923,848
Cost of sales	31	(15,174,621,258)	(9,691,405,911)
<b>Gross profit/(loss)</b>		<b>2,121,561,967</b>	409,517,937
Selling and distribution expenses	32	(639,097,299)	(352,478,880)
Administrative and general expenses	33	(480,599,638)	(369,802,913)
Other expenses	34	(37,749,855)	(456,767)
		(1,157,446,792)	(722,738,560)
Other income	35	104,875,957	100,739,070
<b>Operating profit/(loss)</b>		<b>1,068,991,132</b>	(212,481,553)
Finance cost	36	(4,284,876,471)	(2,805,272,707)
<b>Loss before taxation</b>		<b>(3,215,885,339)</b>	(3,017,754,260)
Taxation for the year	37	262,559,119	336,516,570
<b>Loss after taxation</b>		<b>(2,953,326,220)</b>	(2,681,237,690)
<b>Loss per share - basic and diluted</b>	38	<b>(7.53)</b>	(6.83)

The annexed notes from 1 to 53 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Statement of Comprehensive Income

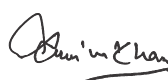
For the year ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
<b>Loss after taxation</b>		<b>(2,953,326,220)</b>	(2,681,237,690)
<b><u>Other comprehensive income</u></b>			
<i>Items that will not be reclassified to statement of profit or loss:</i>			
- Re-measurement of defined benefit liability	12.1.9	<b>20,625,318</b>	(5,118,039)
- Revaluation surplus on property, plant and equipment		<b>14,091,994,983</b>	-
- Related deferred tax liability on revaluation surplus		<b>(2,924,925,305)</b>	-
- Related deferred tax (liability) /asset on gratuity	12.2.3	<b>(5,981,342)</b>	1,484,231
		<b>11,181,713,654</b>	(3,633,808)
<i>Items that will be reclassified to statement of profit or loss:</i>			
		-	-
<b>Total comprehensive income /(loss) for the year</b>		<b>8,228,387,434</b>	(2,684,871,498)

The annexed notes from 1 to 53 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Statement of Changes in Equity

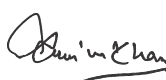
For the year ended 31 December 2022

	Capital Reserve		Revenue Reserves		Total
	Ordinary Share Capital	Surplus on revaluation of property, plant and equipment - net of tax	Reserves	Accumulated loss	
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>As at 01 January 2021</b>	3,924,300,000	24,137,480,414	9,000,000	(21,630,116,483)	6,440,663,931
Loss for the year ended December 31, 2021	-	-	-	(2,681,237,690)	(2,681,237,690)
<u>Other comprehensive income for the year:</u>					
Re-measurement gain on employee retirement benefits	-	-	-	(5,118,039)	(5,118,039)
Related deferred tax liability on re-measurement gain	-	-	-	1,484,231	1,484,231
Total comprehensive loss for the year ended 31 December 2021	-	-	-	(2,684,871,498)	(2,684,871,498)
<u>Surplus transferred to accumulated losses on account of:</u>					
Incremental depreciation on property, plant and equipment - net of deferred tax	-	(701,178,146)	-	701,178,146	-
Disposal of revalued assets during the year net of deferred tax	-	(531,868)	-	531,868	-
	-	(701,710,014)	-	701,710,014	-
<b>As at 31 December 2021</b>	<b>3,924,300,000</b>	<b>23,435,770,400</b>	<b>9,000,000</b>	<b>(23,613,277,967)</b>	<b>3,755,792,433</b>
<b>As at 01 January 2022</b>	3,924,300,000	23,435,770,400	9,000,000	(23,613,277,967)	3,755,792,433
Loss for the year ended 31 December 2022	-	-	-	(2,953,326,220)	(2,953,326,220)
<u>Other comprehensive income for the year:</u>					
Re-measurement gain on employee retirement benefits	-	-	-	20,625,318	20,625,318
Related deferred tax liability on re-measurement gain	-	-	-	(5,981,342)	(5,981,342)
Total comprehensive income for the year ended 31 December 2022	-	-	-	(2,938,682,244)	(2,938,682,244)
<u>Surplus transferred to accumulated losses on account of:</u>					
Incremental depreciation on property, plant and equipment - net of deferred tax	-	(701,162,934)	-	701,162,934	-
Revaluation surplus on property, plant and equipment	-	14,091,994,983	-	-	14,091,994,983
Related deferred tax liability on revaluation surplus	-	(2,924,925,305)	-	-	(2,924,925,305)
Disposal of revalued assets during the year - net of deferred tax	-	-	-	-	-
	-	10,465,906,744	-	701,162,934	11,167,069,678
<b>As at 31 December 2022</b>	<b>3,924,300,000</b>	<b>33,901,677,144</b>	<b>9,000,000</b>	<b>(25,850,797,277)</b>	<b>11,984,179,867</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# Statement of Cash Flows

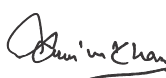
For the year ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
<b><u>Cash flows from operating activities</u></b>			
Cash generated from operations	39	(89,012,597)	932,128,910
Income tax paid		(158,354,778)	(146,182,281)
Staff retirement benefits paid		(14,784,313)	(3,463,544)
Long term loans and advances -net		(3,099,820)	(2,082,260)
Long term deposits -net		2,955,714	1,207,461
<b>Net cash (used in)/ from operating activities</b>		<b>(262,295,794)</b>	<b>781,608,286</b>
<b><u>Cash flow from investing activities</u></b>			
Capital expenditure incurred		(511,409,503)	(36,343,068)
Proceeds from disposal		29,757,390	9,745,656
Short term investments		104,200,000	(104,200,000)
Interest income received		77,501,990	20,627,395
<b>Net cash used in investing activities</b>		<b>(299,950,123)</b>	<b>(110,170,017)</b>
<b><u>Cash flow from financing activities</u></b>			
Decrease in long term finances -net		-	(9,545,502)
Short term borrowings -net		(29,997,111)	-
Finance cost paid		(56,081,128)	(244,860,554)
<b>Net cash used in financing activities</b>		<b>(86,078,239)</b>	<b>(254,406,056)</b>
<b>Net decrease / increase in cash and cash equivalents</b>		<b>(648,324,156)</b>	<b>417,032,213</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(1,505,637,212)</b>	<b>(1,922,669,425)</b>
<b>Cash and cash equivalents at end of the year</b>	40	<b>(2,153,961,368)</b>	<b>(1,505,637,212)</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Notes to the Financial Statements

For the year ended 31 December 2022

## 1 Reporting entity

- 1.1** Agritech Limited ("the Company") was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and remained a wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited ("NFC"), a Government owned Corporation, until 15 July 2006. The shares of the Company are quoted on Pakistan Stock Exchange. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer.

The registered office of the Company is situated at 2nd Floor Asia Center, 8 – Babar Block, Main Boulevard, New Garden Town, Lahore. Geographical locations of the manufacturing facilities of the Company are located at:

- Unit I located at Iskanderabad, District Mianwali; and
- Unit II at Hattar Road, Haripur.

## 2 Basis of preparation

### 2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified 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 Going concern assumption

Gas supply remains the most challenging of Urea business. Operational and liquidity issues of the Company mainly caused due to gas curtailment and lower than capacity production of urea plant. Furthermore, the price of Gas / RLNG higher than other plants allow lower contribution margin that is sufficient to meet the operational costs but not enough to meet the financial obligations. This situation had forced the Company to finance its assets and operations through high level of borrowings since past many years. However, the improved supply of subsidized RLNG opened a new avenue for the company to support GOP efforts to meet Urea shortages in the country.

In the past, overall gas shortage in Pakistan had also forced the GOP to divert natural gas from fertilizer sector to other sectors particularly power sector during summer season and domestic sector during winters. Lower Urea output versus installed capacity in the country triggered Urea shortages during the year ended 31 Dec 2022. Such gas curtailments has also caused low urea production from the Company's plant versus its available capacity which resultantly causes the operational and liquidity issues including breaches of loan covenants ( as referred to in Note 43 to the financial statements) and huge accumulated losses.

These conditions indicate existence of material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore, it may not be able to realize its assets and discharge its liabilities in normal course of business.

However, the management of the Company is confident that the company will be able to continue as going concern based on following factors:

- As earlier stated, during past three years, gas supply to the Company has witnessed improvements with regular imports of Liquefied Natural Gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports by GOP has improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. RLNG supplies restored to the Company Urea plant in Nov, 2021 at subsidized rate and plant continued consistently throughout 2022 with regular RLNG supplies.

GOP's renewed focus on the Food Security is the most critical aspect of feeding the population of more than 220 million and fertilizer, especially Urea plays a critical role in enhancing the production and yield of the crops. Urea demand in recent past has increased from an average of 5.8 million tons to 6.6 million tons in 2022.

High demand base has forced all urea plants across Pakistan in operating mode and GOP also had to import additional volumes to maintain buffer stocks levels. Growing urea demand and likely shortages in Pakistan in subsequent years can only be met if all the plants are continued to be operated on regular basis.

Local production always helps in saving the country from unprecedented volatility of international supply and prices and direct benefits to GOP exchequer in the form of significant savings on precious Foreign Exchange as well as lower subsidy on expensive urea imports.

The Company is confident that on these basis, continuous gas supply solution likely to be worked out with GOP for the sustained urea production in future and resultantly, ECC has formed a Committee in March 2023 for streamlining such supply to all Urea plants.

- In order to streamline this debt burden, the comprehensive rehabilitation (in the form of Scheme of Arrangement ("the Scheme") to restructure its existing over-due long-term debts, towards creditors (i.e. Rs. 19.447 billion) and related markup (i.e. 6.075 billion) as of 31 December 2013 (proposed effective date) through issuance of preference shares prepared by the Company with the help of its lenders.
- The said scheme has been sanctioned by Honourable Lahore High Court on July 1st 2022 with effect from December 31, 2013. The Company is in process of effectuating the scheme and has disbursed cash payments amounting to Rs 891 million to entitled lenders on provisional basis and also has increased authorized capital upto Rs 35,000 million required for issuance of new preference shares.

Subsequent to the sanction of the scheme by LHC, the Company is also confident that the suits filed by the Banks/lenders can be better defended in the relevant courts and the Company is confident for the positive outcome.

- The Company also sees good potential in selling its spare land after obtaining necessary legal and commercial approvals. During 2016, 216 kanals of Company's land was acquired by National Highway Authority (NHA) for the construction of China Pakistan Economic Corridor (CPEC) that crosses through the land owned by the Company. With the development of CPEC in coming years, the Company foresees further appreciation of such land. The proceeds from sale of land will also help in settling long term liabilities of the Company.

The management believes that the measures as explained above will generate sufficient financial resources for the continuing operations.

Accordingly, these financial statements are prepared on a going concern basis and do not include any adjustments relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

### 2.3 New standards, interpretations and amendments applicable to the financial statements for the year ended 31 December, 2022.

There are certain amendments to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 01, 2022. However, there is no significant implication of such amendments on these financial statements.

### 2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 1 Presentation of Financial Statements — (Amendments)	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors— (Amendments)	1 January 2023
IAS 12 Income Taxes — (Amendments)	1 January 2023
IFRS 16 Leases — (Amendments)	1 January 2024

The Company is in process of evaluation of impact of these standards on subsequent financial statements.

Following new standards have also been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date
IFRS 17 - Insurance Contracts	01 January 2016
IFRS 2 - Service Concession Arrangements	01 January 2023

## **2.5 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value and / or amortized cost, employees retirement benefits under defined benefit plan at present value and certain items of property, plant and equipment measured at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

## **2.6 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

### **2.6.1 Depreciation method, rates and useful lives of property, plant and equipment**

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

### **2.6.2 Amortisation method, rates and useful lives of intangible assets**

The management of the Company reassesses useful lives, amortisation method and rates for each intangible asset having finite lives annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

### **2.6.3 Recoverable amount of assets / cash generating units and impairment**

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication of impairment.

### **2.6.4 Taxation**

The management of the Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. For recognition of deferred tax assets, estimates of the Company's future taxable profits against which carry forward tax losses can be used are taken into account.

### **2.6.5 Provisions**

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

### **2.6.6 Revaluation of property, plant and equipment**

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

### **2.6.7 Stores, spares, loose tools and stock-in-trade**

The Company reviews the stores, spares, loose tools and stock-in-trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock-in-trade with a corresponding effect on the provision.



### 2.6.8 Staff retirement benefits

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in note 12.

### 2.6.9 Fair values of financial instruments with no active market

Fair values of financial assets and financial liabilities with no active market are determined by discounting estimated future cash flows at effective interest rate; the rate that exactly discounts estimated future receipts / payments through expected life of the financial assets / liabilities or, when appropriate, a shorter period, to the net carrying amount of the financial assets / liabilities.

Other areas where estimates and judgments are involved have been disclosed in the respective notes to the financial statements.

### 2.7 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

## 3 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Property, plant and equipment

#### **Owned**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount and any identified impairment loss, building on freehold land, residential colony assets, electrical installations and plant and machinery which are measured at revalued amount less accumulated depreciation and identified impairment loss. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

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 income during the period in which they are incurred.

The Company recognizes depreciation in statement of profit or loss by applying straight line method over the useful life of each item of property, plant and equipment as specified in Note 19 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in statement of profit or loss.

#### **Capital work-in-progress**

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

#### **Leased**

The Company assesses whether a contract is or contains a lease at the inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the entity obtains substantially all the economic benefits from the use of that asset, and whether the entity has the right to direct the use of that asset.

The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short-term leases of 12 months or less and leases of low value items which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the entity, term and the currency of the contract. Lease payments represent the periodic fixed payments to lessor.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of lease term or useful life of the asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the non-current assets, and the lease obligation is included in the current and non-current long term lease obligation.

### **3.2 Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

### **3.3 Surplus / (deficit) arising on revaluation of property, plant and equipment**

Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses.

Increases in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged to other comprehensive income against this surplus, all other decreases are charged to statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

### **3.4 Intangible assets**

#### **3.4.1 Software**

Intangibles are measured initially at cost. The cost of the intangibles comprise its purchase price, including non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition. Costs incurred after the asset is in the condition necessary for it to operate in the manner intended by the management are recognized in profit and loss account. Subsequent to initial recognition, intangibles are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

All intangibles are amortized over the period of four years on a straight line basis. Amortisation on additions to intangible assets is charged from the month in which an asset is put to use and on disposal upto month of disposal.

#### **3.4.2 Goodwill acquired in business combination**

Goodwill acquired in business combination represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is tested annually for impairment.

### **3.5 Stores, spare parts and loose tools**

These are measured principally at lower of weighted average cost and NRV, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon upto the reporting date. Provision is made in the financial statements for obsolete and slow moving stores and spares on management's estimate as a result of changes in usage pattern and physical form.

### 3.6 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Raw Material	Average purchase cost
Stock-in-transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

### 3.7 Trade debts

Trade debts are carried at original invoice amount which is the fair value of consideration receivable less an allowance for doubtful debts based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off as and when identified.

### 3.8 Employee benefits

#### 3.8.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 3.8.2 Post-employment benefits

##### (a) Defined contribution plan

The Company operates an approved defined contributory provident fund for all employees. Obligations for contributions to defined contribution plan is expensed as the related service is provided. Equal contributions are made by the Company and employees at 8.33% and 10% of basic salary of executives and workers respectively.

##### (b) Defined benefit plan

The Company operates approved funded gratuity scheme for its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to statement of profit or loss.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The main features of the scheme are detailed in Note 12 to the financial statements.

#### 3.8.3 Termination benefits / Voluntary separation scheme ("VSS")

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits or when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### **3.8.4 Leave Encashment**

The certain employees of the Company are entitled to accumulating compensated absence, which are encashable upto a maximum limit of 730 days. Provisions are made on accrual basis.

## **3.9 Financial instruments**

### **3.9.1 Financial assets**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs.

For the purpose of subsequent measurement, financial assets of the Company are classified into the followings:

#### **3.9.1.1 Financial assets at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of profit or loss.

#### **3.9.1.2 Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model 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.

#### **3.9.1.3 Financial assets at fair value through statement of profit or loss**

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through statement of profit or loss.

Changes in fair value of financial assets are normally recognised in statement of profit or loss. However, change in fair value of financial instruments measured at fair value through OCI are subsequently measured through OCI.

#### **3.9.1.4 Financial assets - Derecognition**

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Any gain or loss on the de-recognition of the financial assets is included in the statement of profit or loss for the period in which it arises.

Assets that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

#### **3.9.1.5 Impairment of financial assets**

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments, excluding due from the Government, not held at fair value through statement of profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

Financial assets due from the Government of Pakistan are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset due from the Government of Pakistan is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.



### **3.9.2 Financial liabilities**

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through statement of profit or loss are initially recognised at fair value and transaction costs are expensed in statement of profit or loss.

Financial liabilities, other than those at fair value through statement of profit or loss, are subsequently measured at amortised cost using the effective yield method. Financial liabilities at fair value through statement of profit or loss are subsequently measured at fair value.

#### **3.9.2.1 Financial liabilities - Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in statement of profit or loss.

### **3.10 Offsetting of financial assets and financial liabilities**

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **3.11 Loans and borrowings**

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and redemption value recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Preference shares which are convertible at the option of the holder into variable number of equity instruments and represents a contractual obligation are classified as financial liabilities. The dividend on preference shares is recognized in the statement of statement of profit or loss as finance cost.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Further, liability is not classified as current only because the counted party has an option to require settlement within twelve months in equity instruments issued by the entity.

Finance costs are accounted for on an accrual basis and are included in markup accrued on borrowings to the extent of amount remaining unpaid.

### **3.12 Ijarah**

Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under such leases (net of any incentives received from the lessor) are charged to statement of profit or loss on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the Company's benefit.

### **3.13 Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the amount is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current liabilities.

Liabilities for trade and other payables are carried at fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company. Subsequently, these are measured at amortized cost. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

### **3.14 Provisions and contingencies**

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

### 3.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably and there is no continuing management involvement with the goods.

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.
- Return on deposit is accrued on a time proportion basis by reference to the principal outstanding and applicable rate of return.

Government subsidy on sale of fertilizer is recognized when the right to receive such subsidy is established and the underlying conditions are met. Government subsidy is deducted from cost of sales.

### 3.16 Government grants

Government grants are recognized when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant. Grants related to future expenditure are initially recognized as deferred income. Subsequent to initial recognition grants related to assets are recognized in profit or loss on a systematic basis over the useful life of the assets whereas grants relating to income are recognized in profit or loss on a systematic basis in the same period in which related expenses are recognized.

Grants that compensate the Company for expenses or losses already incurred are recognized in profit or loss in the period in which these become receivable.

Government grants other than related to a biological asset are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in statement of profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognised in statement of profit or loss on a systematic basis in the same period in which the expenses are recognised.

### 3.17 Taxation

#### Current tax

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years arising from assessment framed during the year for such years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognised as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

#### Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not recognized for:

- temporary differences arising on the initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged in the statement of profit or loss, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

### 3.18 Earnings per share (EPS)

Basic EPS is calculated by dividing the statement of profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

### 3.19 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement cash and cash equivalents comprise of cash in hand, cash at banks and outstanding balance of running finance facilities availed by the Company.

### 3.20 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

### 3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

	Note	2022 Rupees	2021 Rupees
<b>4 Authorized share capital</b>			
<i>Ordinary shares of Rs. 10 each</i>			
600,000,000 (2021 : 600,000,000) class A shares	4.1	6,000,000,000	6,000,000,000
200,000,000 (2021 : 200,000,000) class B shares	4.2	2,000,000,000	2,000,000,000
200,000,000 (2021 : 200,000,000) class C shares	4.3	2,000,000,000	2,000,000,000
		<b>10,000,000,000</b>	10,000,000,000
<i>Preference shares of Rs. 10 each</i>			
500,000,000 (2021 : 500,000,000) shares	4.4	5,000,000,000	5,000,000,000
2,000,000,000 (2021 : Nil) shares	4.5	20,000,000,000	-
		<b>25,000,000,000</b>	5,000,000,000
		<b>35,000,000,000</b>	15,000,000,000

4.1 Class A ordinary shares include all ordinary shares of the Company other than non-voting ordinary shares and restrictive rights voting ordinary shares, having all rights and privileges, including voting rights as provided in the Companies Act, 2017.

4.2 Class B ordinary shares are restrictive rights voting ordinary shares that have the restricted or disproportionate rights and privileges.

4.3 Class C ordinary shares are non-voting ordinary shares of the Company that do not have any voting rights attached thereto and do not have any rights to receive notice of, attend, or vote at a general meeting of the Company, however, holders of such shares shall have all other rights of ordinary shares, including right to dividend and to share in the assets of the Company in event of its winding up.

4.4 This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference shares.

4.5 This represents local currency, non-listed, limited voting, redeemable and cumulative preference shares.

	Note	2022 Rupees	2021 Rupees
<b>5 Issued, subscribed and paid-up ordinary share capital</b>			
<i>Class A ordinary shares of Rs. 10 each</i>			
383,430,000 (2021 : 383,430,000) shares issued fully paid in cash		<b>3,834,300,000</b>	3,834,300,000
9,000,000 (2021 : 9,000,000) shares issued for consideration other than cash		<b>90,000,000</b>	90,000,000
	5.1	<b>3,924,300,000</b>	3,924,300,000

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

	2022 (Percentage held)	2021	2022 (Number of shares)	2021
National Bank of Pakistan	<b>27.01%</b>	27.01%	<b>106,014,632</b>	106,014,632
Faysal Bank Limited	<b>4.56%</b>	4.56%	<b>17,914,040</b>	17,914,040
Summit Bank Limited	<b>8.74%</b>	8.74%	<b>34,306,400</b>	34,306,400
Silk Bank Limited	<b>0.00%</b>	0.00%	<b>1,000</b>	1,000

	2022 Rupees	2021 Rupees
<b>6 Reserves</b>		
Revenue reserve	<b>9,000,000</b>	9,000,000
<b>7 Surplus on revaluation of property, plant and equipment - net of tax</b>		
Revaluation surplus as at 01 January	<b>32,399,133,002</b>	33,387,456,966
Surplus arising during the year on revaluation of - Freehold Land, building, plant and machinery	<b>14,091,994,983</b>	-
<i>Surplus transferred to accumulated losses on account of:</i>		
- incremental depreciation charged during the year	<b>(987,553,429)</b>	(987,574,853)
- disposal of assets during the year	<b>-</b>	(749,111)
	<b>(987,553,429)</b>	(988,323,964)
Revaluation surplus as at 31 December	<b>45,503,574,556</b>	32,399,133,002
Less: deferred tax liability on revaluation surplus as at 01 January	<b>8,963,362,602</b>	9,249,976,554
Deferred tax liability on revaluation of - Freehold Land, building, plant and machinery	<b>2,924,925,305</b>	-
<i>Reduction in deferred tax liability due to:</i>		
- incremental depreciation charged during the year	<b>(286,390,495)</b>	(286,396,709)
- surplus related to disposal during the year	<b>-</b>	(217,243)
Deferred tax liability on revaluation surplus as at 31 December	<b>11,601,897,412</b>	8,963,362,602
Revaluation surplus as at 31 December - net	<b>33,901,677,144</b>	23,435,770,400



- 7.1 The Company's freehold land, buildings on freehold land, residential colony assets, plant and machinery and electrical installations (owned) were revalued by Iqbal A. Nanjee & Co. (Pvt) Ltd. , an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, resulting in surplus of Rs. 14,091 million at 31 December 2022. Land was revalued on the basis of prevailing market value and buildings have been revalued on the basis of replacement value. The forced sale value of freehold land, buildings on freehold land, plant and machinery, electrical and other installations and residential colony assets was Rs.5,886.8 million, Rs.1,551.45 million, Rs.44,212.5 million, Rs. 374 million respectively. The basis of revaluation for items of these fixed assets were as follows:

**Freehold land**

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighbourhood and adjoining areas. Neighbouring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

**Buildings on freehold land**

Construction specifications were noted for each building and structure and current construction rates were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

**Residential colony assets**

Construction specifications were noted for each residential colony's building and structure and current construction rates were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

**Plant machinery electrical and other installations**

Plant machinery electrical and other installation have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values were arrived by using current local and foreign market values for the similar type of plant and machinery. These current local and foreign market values were taken into account on basis of technical obsolescence, efficiency, maintenance, replacement and other related factors involved.

	Note	2022 Rupees	2021 Rupees
<b>8 Redeemable capital - secured</b>			
Privately Placed Term Finance Certificates - I	8.2	1,498,602,000	1,498,602,000
Privately Placed Term Finance Certificates - II	8.3	6,894,286,800	6,894,286,800
Privately Placed Term Finance Certificates - III	8.4	495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV	8.5	548,825,000	548,825,000
Privately Placed Term Finance Certificates - V	8.6	618,685,000	618,685,000
Privately Placed Term Finance Certificates	8.7	509,874,996	509,874,996
Privately Placed Sukuk Certificates	8.8	1,599,800,000	1,599,800,000
		12,165,534,546	12,165,534,546
Current maturity presented under current liabilities	13	(12,165,534,546)	(12,165,534,546)
		--	--
<b>8.1 Types of redeemable capital</b>			
Interest / mark-up based financing		10,565,734,546	10,565,734,546
Islamic mode of financing		1,599,800,000	1,599,800,000
		12,165,534,546	12,165,534,546

- 8.2 Privately Placed Term Finance Certificates - I ("PPTFC - I") have been issued on 15 November 2007 by way of private placements with a consortium of investors for redemption of privately placed term finance certificates issued earlier by the Company. The total issue comprises of 300,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC - I is structured to be in fifteen unequal semi-annual installments. First two instalments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, while remaining installments are starting from 29 November 2013 and ending on 29 November 2019.

**Call option**

The Company may redeem the PPTFC - I by way of exercise of call option by giving notice in writing to PPTFC - I holders and the Trustee of not less than thirty days. However, the call option can be exercised only after expiry of two years from the date of issue.

**Return on PPTFC - I**

The issue carries return at six month KIBOR plus 1.75% per annum, payable semi-annually.

**Trustee**

In order to protect the interests of PPTFC - I holders, Pak Brunei Investment Company Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - I holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 1,498.60 million (2021: Rs. 1,498.60 million) and interest amounting to Rs. 1,952.8 million (2021: Rs. 1,712.5 million) were overdue.

- 8.3** Privately Placed Term Finance Certificates - II ("PPTFC - II") have been issued on 14 December, 2007 by way of private placements with a consortium of investors for redemption of privately placed term finance certificates issued earlier by the Company. The total issue comprises of 1,380,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August, 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC - II is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments and due on 31 July 2010 and 31 August 2010 which have been paid, while remaining installments are starting from 14 July 2013 and ending on 14 July 2019.

**Call option**

The Company may redeem the PPTFC - II by way of exercise of call option by giving a notice in writing to PPTFC - II holders and the trustee of not less than thirty days.

**Return on TFCs**

The issue carries return at six month KIBOR plus 1.75% per annum, payable semi-annually.

**Trustee**

In order to protect the interests of PPTFC - II holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case the Company defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - II holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 6,894.28 million (2021: Rs. 6,894.28 million) and interest / mark-up amounting to Rs. 8,806 million (2021: Rs. 7,700.4 million) were overdue.

- 8.4 Privately Placed Term Finance Certificates - III ("PPTFC - III") have been issued on 25 November 2008 by way of private placements with a consortium of investors to finance the acquisition of Hazara Phosphate Fertilizer (Private) Limited ("HPFL"). The total issue comprises of 100,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC - III is structured to be in twenty eight unequal installments. First two installments were just token payments and due on 31 October 2010 and 30 November 2010 which have been partially paid, while remaining installments are starting from 01 September 2013 and ending on 01 December 2019.

**Call option**

The Company may redeem the PPTFC - III by way of exercise of call option by giving a notice in writing to PPTFC - III holders and the trustee of not less than thirty days. Any early redemption of PPTFC - III shall be either in part or whole of the outstanding amount payable in respect of the PPTFC - III. In case of partial redemption the minimum amount of early redemption will be Rs. 100 million.

**Return on PPTFC - III**

The issue carries return at three month KIBOR plus 3.25% per annum, payable quarterly.

**Trustee**

In order to protect the interests of PPTFC - III holders, JS Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case the Company defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - III holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 495.46 million (2021: Rs. 495.46 million) and interest / mark-up amounting to Rs. 710.6 million (2021: Rs. 625.1 million) were overdue.

- 8.5 Privately Placed Term Finance Certificates - IV ("PPTFC - IV") represent restructuring of outstanding mark-up amounting to Rs. 553.83 million related to long term debts. The restructuring agreement was entered on 28 October 2011 effective from 01 July 2011. These were issued by way of private placements with a consortium of investors. The total issue comprises of 110,765 certificates of Rs. 5,000 each. The terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC - IV is structured to be in seven unequal semi annual installments. First installment was just token payment and due on 01 January 2012, remaining installments are starting from 01 July 2012 and ending on 01 January 2015.

**Call option**

The Company shall be allowed to call the PPTFC - IV in full or in multiples of Rs. 500 million after the first day of issuance of PPTFC - IV by providing a notice in writing five days before.

**Trustee**

In order to protect the interests of PPTFC - IV holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - IV holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- ranking hypothecation charge (ranking subordinate and subservient to the charges created in favour of the existing creditors) over all present and future fixed assets (excluding immoveable properties) of the Company; and

- ranking mortgage charge (ranking subordinate and subservient to mortgages created in favour of the existing creditors) over immoveable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 548.83 million (2021: Rs. 548.83 million) was overdue.

- 8.6** Privately Placed Term Finance Certificates - V ("PPTFC - V") have been issued for restructuring of outstanding mark-up amounting to Rs. 618.69 million on long term debts. The restructuring agreement is entered on 28 October 2011 effective from 01 July 2011. These are issued by way of private placements with a consortium of investors. The total issue comprises of 123,737 certificates of Rs. 5,000 each. The terms and conditions of the issue are as follows:

**Principal redemption**

After twelve semi-annual token payments from 01 January 2012 to 01 July 2016, a bullet payment of principal was to be made at the maturity of PPTFC - V which was due on 01 January 2017.

**Call option**

The Company shall be allowed to call the PPTFC - V in full or in multiples of Rs. 500 million after the first day of issuance of PPTFC - V by providing a notice in writing five days before.

**Return on PPTFC - V**

The issue carries fixed return rate of 11.00% per annum, payable semi annually.

**Trustee**

In order to protect the interests of PPTFC - V holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - V holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- ranking hypothecation charge (ranking subordinate and subservient to the charges created in favour of the existing creditors) over all present and future fixed assets (excluding immoveable properties) of the Company; and
- ranking mortgage charge (ranking subordinate and subservient to mortgages created in favour of the existing creditors) over immoveable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 618.69 million (2021: Rs. 618.69 million) and interest / mark-up amounting to Rs. 782.8 million (2021: Rs. 714.7 million) were overdue.

- 8.7** Privately Place Term Finance Certificates ("PPTFCs") represent restructuring of subordinated loan along with the outstanding principal amounting to Rs. 509.87 million by way of Settlement Agreement ("Agreement") between the Company and JS Infocom Limited entered on 22 October 2012 effective from 1 July 2012. The total issue comprises 12 certificates of Rs. 42,489,583 each. The terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC is structured to be in twelve equal semi-annual installments of Rs. 42.49 million each starting from 31 December 2014 and ended on 30 June 2020.

**Return on PPTFCs**

The issue carries mark-up at six month KIBOR plus 1.95% per annum payable semi-annually.

**Security**

The issue is secured by:

- ranking hypothecation charge (ranking subordinate and subservient to the charges created in favour of the existing creditors) over all present and future fixed assets (excluding immoveable properties) of the Company;
- ranking mortgage charge (ranking subordinate and subservient to mortgages created in favour of the existing creditors) over immoveable fixed assets (including land and building) of the Company; and
- demand promissory note amounting to Rs. 679.83 million in favour of JS Infocom.



At the reporting date, principal amounting to Rs. 509.87 million (2021: Rs. 509.87 million) and interest / mark-up amounting to Rs. 595.1 million (2021: Rs. 512.3 million) were overdue.

- 8.8** Privately Placed Sukuk Certificates ("PPSCs") have been issued by way of private placements with a consortium of investors to finance the balancing, modernization and replacement of Company's property, plant and equipment. The total issue comprises of 320,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Master Addendum to Transaction Documents entered on 26 August 2011 effective from 31 July 2011. The terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPSCs is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, while remaining installments are starting from 06 August 2013 and ending on 06 August 2019.

**Call option**

The Company has a call option to redeem the PPSCs having aggregate face value of multiples of Rs. 500 or the entire issued certificates and will be exercisable at any time after the expiry of one year from the execution of the trust deed upon giving to the Sukuk holders not less than thirty days notice in writing.

**Return on PPSCs**

The issue carries return at six month KIBOR plus 2% per annum, payable semi-annually.

**Trustee**

In order to protect the interests of PPSCs holders, Pak Brunei Investment Company Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPSCs holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 1,599.80 million (2021: Rs. 1,599.80 million) and profit amounting to Rs. 2,077.4 million (2021: Rs. 1,816.8 million) were overdue.

- 8.9** In accordance with the financing agreements, the Company is required to comply with certain financial covenants which mainly includes current ratio, interest coverage ratio, debt service coverage ratio and leverage ratio. The Company is not in compliance with these covenants. The Company is also required to comply with certain conditions imposed by the providers of finance to make dividend payments.
- 8.10** As explained in note 2.2, the Honorable Lahore High Court as per the provisions of the repealed Companies Ordinance, 1984 has sanctioned scheme of arrangement as filed by the Company to restructure Company's existing over-due redeemable capital along-with related markup as of 31 December 2013 through conversion into preference shares and zero coupon bonds.
- 8.11** Assets held as collateral are disclosed in Note 46 to these financial statements.

	Note	2022 Rupees	2021 Rupees
<b>9 Long term finances - secured</b>			
Syndicate Term Finance - I	9.2	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	9.3	466,362,600	466,362,600
Syndicate Term Finance - III	9.4	2,840,145,329	2,840,145,329
Bank Islami Pakistan Limited - Term Finance	9.5	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	9.6	132,083,735	132,083,735
Dubai Islamic Bank Limited - Term Finance	9.7	365,000,000	365,000,000
		<b>7,103,591,664</b>	7,103,591,664
Current maturity presented under current liabilities	13	<b>(7,103,591,664)</b>	(7,103,591,664)
		-	-
<b>9.1 Types of long term finances - secured</b>			
Interest / mark-up based financing		<b>6,738,591,664</b>	6,738,591,664
Islamic mode of financing		<b>365,000,000</b>	365,000,000
		<b>7,103,591,664</b>	7,103,591,664

**9.2** Syndicate Term Finance - I ("STF - I") has been obtained on 01 August 2008 from a consortium of banking companies to finance the revamping of operational efficiencies of the Company's plant. This facility was rescheduled by way of Second Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. Terms and conditions of the facility after rescheduling are as follows:

**Principal repayment:**

The principal of STF - I is repayable in thirteen unequal semi-annual installments starting from 30 December 2013 and ended on 30 December 2019.

**Return on STF - I**

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

**Security**

The facility is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 3000.00 million (2021: Rs. 3,000.00 million) and interest / mark-up amounting to Rs. 4,053.8 million (2021: Rs. 3557.7 million) were overdue.

**9.3** Syndicate Term Finance - II ("STF - II") has been obtained from a consortium of various banking companies to finance the acquisition of Hazara Phosphate Fertilizers (Private) Limited. This facility was rescheduled by way of First Supplemental Syndicated Term Finance Agreement entered on 23 February 2009 effective from 28 February 2009. Terms and conditions of STF - II after rescheduling are as follows:

**Principal repayment:**

The principal of STF - II is repayable in sixteen equal quarterly installments with the first installment due after fifteen months from the date of disbursement on 28 February 2010 and last installment was due on 28 November 2013.

**Return on STF - II**

This carries mark-up at three month KIBOR plus a spread of 3.25% per annum, payable on quarterly basis.

**Security**

The facility is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal and interest / mark-up amounting to Rs. 466.3 million (2021: Rs. 466.3 million) and Rs. 693.4 million (2021: Rs. 612.9 million) respectively were overdue.

- 9.4** Syndicate Term Finance - III ("STF - III") represents restructuring of various short term facilities and overdue letters of credit amounting to Rs. 3,026.39 million into long term facility. This facility was rescheduled by way of First Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. Terms and conditions of the facility after rescheduling are as follows:

**Principal repayment:**

The principal of STF - III is repayable in eight unequal semi-annual installments starting from 25 September 2013 and ending on 25 March 2017.

**Return on STF - III**

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

**Security**

The facility is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 2,840.15 million (2021: Rs. 2,840.15 million) and interest / mark-up amounting to Rs. 3,962.9 million (2021: Rs. 3493.3 million) were overdue.

As referred to in note 18.1.2.2, one of the lenders of STF - III, M/s Pak Libya Holding Company (Private) Limited has filed a suit for recovery.

As referred to in note 18.1.2.4, one of the lenders of STF - III, Soneri Bank has filed a suit for recovery of balance amounting to Rs. 738.452 million including markup.

As referred to in note 18.1.2.5, one of the lenders of STF - III, Bank Alfalah Limited has filed a suit for recovery of balance amounting to Rs. 1,969.88 million including markup.

- 9.5** This term finance facility has been obtained from Bank Islami Pakistan Limited (formerly KASB Bank Limited) to meet working capital requirements. This facility was rescheduled by way of First Supplemental Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. Terms and conditions of the facility are as follows:

**Principal repayment:**

The principal of this facility is repayable in fourteen unequal semi-annual installments starting from 30 June 2013 and ending on 30 December 2019.

**Return on facility**

This carries mark-up at six month KIBOR plus a spread of 2.50% per annum, payable semi-annually.

**Security**

This facility is secured against ranking pari passu charge over all present and future fixed assets (excluding immovable properties) of the Company.

At the reporting date, principal amounting to Rs. 300.00 million (2021: Rs. 300.00 million) and mark-up amounting to Rs. 400.9 million (2021: Rs. 350.6 million) were overdue.

- 9.6 This facility has been obtained from National Bank of Pakistan to finance 'cost over-run' for successful completion and commissioning of revamp project. This facility was rescheduled effective from 20 August 2011. Terms and conditions of the facility are as follows:

**Principal repayment:**

The principal of this facility is repayable in eight equal semi-annual installments starting from 08 November 2013 and ending on 08 May 2017.

**Return on facility**

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

**Security**

The facility is secured by :

- ranking hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 132.08 million (2021: Rs. 132.08 million) and interest /mark-up amounting to Rs. 298.6 million (2021: Rs. 276.8 million) was overdue.

- 9.7 This term finance represents restructuring of short term Istisna facility amounting to Rs. 365 million into long term facility under the restructuring agreement entered on 07 June 2011. The terms and conditions of this facility after restructuring are as follows:

**Principal repayment:**

The principal of this facility is repayable in six unequal semi-annual installments starting from 01 December 2013 and ending on 01 June 2016.

**Return on facility**

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

**Security**

The facility is secured by:

- ranking hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 365 million (2021: Rs. 365 million) and interest / mark-up amounting to Rs. 437.4 million (2021: Rs. 377.06 million) were overdue.

- 9.8 In accordance with financing agreements, the Company is required to comply with certain financial covenants which mainly includes current ratio, interest coverage ratio, debt service coverage ratio and leverage ratio. The Company is not in compliance with these covenants along with certain other covenants. The Company is also required to comply with certain conditions imposed by the providers of finance to make dividend payments.

- 9.9 As explained in note 2.2, the Honorable Lahore High Court as per the provisions of the repealed Companies Ordinance, 1984 has sanctioned scheme of arrangement as filed by the Company to restructure Company's existing over-due redeemable capital along-with related markup as of 31 December 2013 through conversion into preference shares.

- 9.10 Asset held as collateral are disclosed in Note 46 to these financial statements.



	Note	2022 Rupees	2021 Rupees
<b>10 Convertible, redeemable preference shares</b>			
<i>Preference shares of Rs. 10 each</i>			
159,334,269 (2021: 159,334,269)			
shares issued fully paid in cash			
	10.1	<b>1,593,342,690</b>	1,593,342,690

**10.1** This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference shares issued at the rate of Rs. 10 per share under the agreement between the Company and various investors entered on 13 February 2012 ("Completion date") effective from 01 August 2011.

The Company shall have the option to redeem the preference shares plus any accumulated unpaid dividends in full or in part, within ninety days after the expiry of each anniversary of the Completion date by giving at least thirty days notice.

Each Investor will also have the right to convert their preference shares into ordinary shares of the Company. The conversion price is the average price of the ordinary share quoted in the daily quotation of Pakistan Stock Exchange during the 360 working days prior to the relevant conversion date; adjusted for any corporate action / announcement of the Company, including but not limited to right issue, cash dividend to ordinary shareholders, bonus shares, stock split etc., during the last 360 working days prior to the conversion date. The investors shall be entitled to convert up to 100% of their preference shares at the conversion ratio as defined in letters of rights by giving a thirty days notice to the Company prior to any conversion date. For the purpose of this right, a conversion date shall be the last business day of each financial quarter commencing from the fifth anniversary of the Completion date.

The preference shareholders have a preferred right of dividend at the rate of 11% per annum on cumulative basis (on annual basis).

**10.2** Preference shares of the Company held by related / associated undertakings as at year end are as follows:

	2022 (Number of shares)	2021
Faysal Bank Limited	<b>31,035,594</b>	31,035,594
National Bank of Pakistan	<b>3,458,756</b>	3,458,756
	<b>34,494,350</b>	34,494,350

	Note	2022 Rupees	2021 Rupees
<b>11 Long term payable - unsecured</b>			
Payable to SNGPL	15.1.2	<b>551,438,375</b>	1,157,874,632
		<b>551,438,375</b>	1,157,874,632
<b>12 Deferred Liabilities</b>			
Staff retirement benefits	12.1	<b>2,613,321</b>	15,222,105
Deferred taxation-net	12.2	<b>10,873,022,694</b>	8,420,877,458
		<b>10,875,636,015</b>	8,436,099,563

**12.1 Staff retirement benefits**

The latest actuarial valuation of the Company's defined benefit plan was conducted on 31 December 2022 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	<i>Note</i>	<b>2022 Rupees</b>	2021 Rupees
<b>Staff retirement benefits</b>	<i>12.1.1</i>	<b>2,613,321</b>	15,222,105
<b>12.1.1 Statement of financial position liability</b>			
Present value of defined benefit obligations	<i>12.1.3</i>	<b>123,522,857</b>	121,656,108
Fair value of plan assets	<i>12.1.4</i>	<b>(137,941,932)</b>	(125,049,834)
Benefits due but not paid during the year		<b>17,032,396</b>	18,615,831
<b>Net liability</b>		<b>2,613,321</b>	15,222,105
<b>12.1.2 Movement in net liability</b>			
Net liability as at 01 January		<b>15,222,105</b>	6,930,313
Charge to statement of profit or loss for the year		<b>8,535,498</b>	8,121,528
Charge to statement of comprehensive income for the year		<b>(20,625,318)</b>	5,118,039
Contributions made during the year		<b>(518,964)</b>	(4,947,775)
<b>Net liability as at 31 December</b>		<b>2,613,321</b>	15,222,105
<b>12.1.3 Movement in the present value for defined benefit obligations is as follows:</b>			
Present value of defined benefit obligations as at 01 January		<b>121,656,108</b>	122,822,808
Current service cost for the year		<b>8,975,169</b>	8,634,363
Interest cost for the year		<b>13,711,306</b>	10,931,921
Benefits paid during the year		<b>(177,349)</b>	(3,928,703)
Benefits due but not paid during the year		<b>(9,750,937)</b>	(17,644,980)
Actuarial (gains) / losses on defined benefit obligation		<b>577,907</b>	443,110
Experience Adjustments		<b>(11,469,347)</b>	397,589
<b>Present value of defined benefit obligation as at 31 December</b>		<b>123,522,857</b>	121,656,108
<b>12.1.4 Movement in fair value of plan assets is as follows:</b>			
Fair value of plan assets as at 01 January		<b>125,049,834</b>	116,881,801
Expected return on plan assets for the year		<b>14,150,977</b>	11,444,756
Contribution made during the year		<b>-</b>	4,756,716
Benefits paid during the year		<b>(10,992,757)</b>	(3,756,099)
Return on plan assets, excluding interest income		<b>9,733,878</b>	(4,277,340)
<b>Fair value of plan assets as at 31 December</b>		<b>137,941,932</b>	125,049,834
<b>12.1.5 Actual return on plan assets</b>			
Expected return on plan assets		<b>14,150,977</b>	11,444,756
Actuarial losses on plan assets		<b>9,733,878</b>	(4,277,340)
		<b>23,884,855</b>	7,167,416

	2022 Rupees	2021 Rupees
<b>12.1.6 Fair value of plan assets is as follows:</b>		
Shares of HBL	13,440	24,490
CDC Alfalah Bank Limited	-	4,790,150
JS Cash Fund	-	71,854,973
NIT Units	399,410	479,896
Income receivable on investments	-	20,455,336
NAFA NBP CDC	131,419,598	-
Cash at banks	6,109,484	27,444,989
	<b>137,941,932</b>	125,049,834
<b>12.1.7 Plan assets comprise of:</b>		
Equity	95.57%	78.00%
Cash and / or term deposits receipts	4.43%	22.00%
	<b>100.00%</b>	100.00%
<b>12.1.8 Charge for the year in statement of profit or loss</b>		
Current service cost for the year	9,318,405	8,634,363
Interest cost for the year	17,366,073	10,931,921
Expected return on plan assets for the year	(19,497,190)	(11,444,756)
	<b>7,187,288</b>	8,121,528
<b>12.1.9 Actuarial (gains) and losses recognized directly in statement of comprehensive income</b>		
<i>Actuarial losses /(Gains) on present value</i>		
- Changes in financial assumptions	577,907	443,110
- Experience adjustments	(11,469,347)	397,589
	<b>(10,891,440)</b>	840,699
<i>Return on plan assets, excluding interest income</i>	<b>(9,733,878)</b>	4,277,340
(Gains) / losses recognized during the year	<b>(20,625,318)</b>	5,118,039
<b>12.1.10 Historical information</b>		

Comparison of present value of defined benefit obligation, the fair value of plan assets and the deficit of gratuity fund for five years is as follows:

	31 December 2022 Rupees	31 December 2021 Rupees	31 December 2020 Rupees	31 December 2019 Rupees	31 December 2018 Rupees
Present value of defined benefit obligations	123,522,857	121,656,108	122,822,808	113,205,687	106,464,576
Fair value of plan assets	(137,941,932)	(125,049,834)	(116,881,801)	(95,636,466)	(93,335,233)
Benefits due but not paid during the year	17,032,396	18,615,831	989,306	-	404,488
Deficit in the plan	<b>2,613,321</b>	15,222,105	6,930,313	17,569,221	31,758,941
Experience adjustment arising on plan liabilities	(10,891,440)	840,699	3,764,758	4,264,095	(8,930,585)
Experience adjustment arising on plan assets	-	-	1,691,509	3,519,181	9,110,514

**12.1.11 Assumptions used for valuation of defined benefit plan**

	2022	2021
Discount rate used for interest cost	11.75%	9.75%
Discount rate used for year ended obligation	14.50%	11.75%
Expected rates of salary increase in future	13.50%	10.75%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Retirement assumption	60 years	60 years

**12.1.12 The Plan exposes the Company to the actuarial risks such as:****Salary risks**

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

**Mortality / withdrawal risks**

The risks that the actual mortality / withdrawal experiences is different from what was assumed. The effect depends upon beneficiaries' service / age distribution and the benefit.

**Investment risks**

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

**12.1.13** In this funded plan, it is ensured that the long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage its risks has not been changed from previous periods. Investments are well diversified.

**12.1.14** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

**12.1.15** Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. Gratuity is based on the last month basic salary for each year of service.

**12.1.16 Sensitivity analysis**

If the significant actuarial assumptions used to estimate the define benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 31 December 2021 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	2022	2021
	.....Rupees.....	
Discount rate + 100 bps	113,923,484	129,821,982
Discount rate - 100 bps	134,350,810	154,049,851
Future salary increase + 100 bps	134,474,758	154,195,267
Future salary increase - 100 bps	113,650,878	129,496,928

**12.1.17** The average duration of the defined benefit obligation is 9 years (2021: 9 years)



## 12.2 Deferred taxation - net

The liability for deferred taxation comprises temporary differences relating to:

	Note	2022 Rupees	2021 Rupees
<i>Deferred tax liability arising on</i>			
Accelerated tax depreciation/Amortization Allowances		5,791,486,271	5,893,768,840
Revaluation of fixed assets		11,601,965,518	8,963,362,601
<i>Deferred tax asset arising on</i>			
Provision for trade debts		(12,565,698)	(12,531,711)
Provision for gratuity		(757,863)	(4,414,410)
Unabsorbed tax losses	12.2.1	(6,507,105,534)	(6,419,307,862)
		<b>10,873,022,694</b>	<b>8,420,877,458</b>

**12.2.1** Tax losses on account of unabsorbed depreciation and amortization amounting to Rs. 22,438 million (2021: Rs. 22,135.544 million) is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to absorb these losses is expected on the basis of business plan as discussed in note 20.2.

Business losses available for carry forward amounting to Rs. 4,457 million (2021: Rs. 2,884.58 million) and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 amounting to Rs. 655 million (2021: Rs. 482.46 million) are also available to the Company. However, no deferred tax asset on these losses and tax credit has been recognised as sufficient tax profits may not be available to set these off in foreseeable future.

**12.2.2** Deferred tax has been recognized at rates enacted at the reporting date at which these are expected to be settled / realized.

### 12.2.3 Movement in deferred tax balances is as follows:

	2022			
	Charge to / (reversal from)			
	Opening balance	Profit and loss	Equity	Closing balance
	Rupees	Rupees	Rupees	Rupees
<b>Deferred taxation</b>				
<b><u>Taxable / (deductible) temporary difference</u></b>				
Accelerated tax depreciation / amortisation allowances	5,893,768,840	(102,282,569)	-	5,791,486,271
Surplus on revaluation of fixed assets	8,963,362,601	(286,322,386)	2,924,925,303	11,601,965,518
Trade debts	(12,531,711)	(33,987)	-	(12,565,698)
Provision for gratuity	(4,414,410)	(2,324,795)	5,981,342	(757,863)
Unused tax losses	(6,419,307,862)	(87,797,672)	-	(6,507,105,534)
	<b>8,420,877,458</b>	<b>(478,761,409)</b>	<b>2,930,906,645</b>	<b>10,873,022,694</b>

	2021			
	Charge to / (reversal from)			
	Opening Balance	Profit and loss	Equity	Closing Balance
	Rupees	Rupees	Rupees	Rupees
<b><u>Taxable / (deductible) temporary difference</u></b>				
Accelerated tax depreciation allowances	5,972,956,280	(79,187,440)	-	5,893,768,840
Surplus on revaluation of fixed assets	9,249,976,552	(286,613,951)	-	8,963,362,601
Trade debts	(14,201,493)	1,669,782	-	(12,531,711)
Provision for gratuity	(2,009,791)	(920,388)	(1,484,231)	(4,414,410)
Unused tax losses	(6,321,581,741)	(97,726,121)	-	(6,419,307,862)
	<b>8,885,139,807</b>	<b>(462,778,118)</b>	<b>(1,484,231)</b>	<b>8,420,877,458</b>

	Note	2022 Rupees	2021 Rupees
<b>13 Current maturity of long term liabilities</b>			
Redeemable capital	8	12,165,534,546	12,165,534,546
Long term finances	9	7,103,591,664	7,103,591,664
		<b>19,269,126,210</b>	<b>19,269,126,210</b>

**14 Short term borrowings - secured**

These represent short term finances utilized under mark-up arrangements from banking companies.

	2022 Rupees	2021 Rupees
<i>Secured:</i>		
Running finance	2,683,014,294	2,589,472,495
Finance against trust receipt	88,528,540	88,528,540
Istisna / Salam	531,738,064	561,735,176
Demand finance	91,683,224	91,683,224
Bills payable	187,030,000	187,030,000
	<b>3,581,994,123</b>	<b>3,518,449,435</b>

**14.1 Particulars of borrowings**

Interest / mark-up based financing	3,050,256,059	2,956,714,259
Islamic mode of financing	531,738,064	561,735,176
	<b>3,581,994,123</b>	<b>3,518,449,435</b>

**14.2** These short term financing facilities have been obtained from various banking companies under mark-up / shariah based arrangements to meet working capital requirements and are secured by charge over present and future current assets of the Company.

These financing facilities carry mark-up at rates ranging from one to nine months KIBOR plus a spread of 1.00% to 2.75% per annum (2021: one to nine months KIBOR plus a spread of 1.00% to 2.75% per annum), payable on quarterly and semi-annually basis.

The aggregate available short term funded facilities amount to Rs. 5,610.9 million (2021: Rs. 5,738.26 million) out of which Rs. 1989.9 million (2021: Rs.2,219.81 million) remained unavailed as at the reporting date. These funded facilities are majorly sub-limits of non-funded facilities and can interchangeably be used. Out of total sanction facilities, facilities amounting to Rs. 2,132 million were not renewed upto reporting date.

**14.3** At the reporting date, principal and interest amounting to Rs. 2,773 million (2021 : Rs. 2,427 million) and Rs. 2,006 million (2021 : Rs. 1,954 million) respectively were overdue. (Refer Note 43.2.2 for details.)  
14.4 Aggregate limits available for non-funded facilities amount to Rs 1,891.5 million (2021: Rs. 1,591.50 million) out of which limits that remain unutilized as at reporting date amount to Rs. 1,716.33 million (2021: Rs.1,379.43 million). These non-funded facilities mainly include limits for opening letter of credits, guarantees and bills discounting and are secured by lien over underlying documents and overall charge over current assets of the Company.

At the reporting date, bills and markup / interest amounting to Rs. 187.03 million (2021: Rs. 187.03 million) and Rs. 269.3 million (2021: Rs. 239.2 million) respectively were overdue.

**14.5** As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.**14.6** Asset held as collateral are disclosed in note 45 to these financial statements.

	Note	2022 Rupees	2021 Rupees
<b>15 Trade and other payables</b>			
Trade and other creditors	15.1	3,911,562,358	2,832,973,429
Accrued liabilities		172,541,063	197,191,347
Security deposits and retention money	15.2	19,778,604	17,287,331
Advances from customers		455,298,891	897,250,625
Tax deducted at source		9,189,310	8,954,099
Workers' Welfare Fund		9,003,142	9,003,142
Federal Excise Duty		1,370,622	-
Other payables		41,304,590	60,308,472
		<b>4,620,048,580</b>	<b>4,022,968,445</b>

**15.1** Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including Agritech were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments. GIDC was declared payable on the presumption that burden of same has been passed to the customers.

In this regard, Agritech along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on, SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including Agritech and stated that the Government of Pakistan is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments. Accordingly, related adjustment of amortisation had been made in last year's financial statements.

During last year, the Company has also filed a petition with the Lahore High Court against collection of 48 GIDC installments, wherein Honorable Court restrained SNGPL from recovery of GIDC without determination of question pertaining to charging and collection of GIDC from consumers through a committee constituted in this behalf by SNGPL. Accordingly, the Company is not paying GIDC as per schedule.

The Company has also filed a Suit No: 2070 of 2020 before Sindh High Court at Karachi wherein Honorable High Court of Sindh has further restrained the SNGPL from recovering GIDC installments vide its order dated 27-09-2021.

However, pursuant to the above decisions of the SCP and without prejudice to the Writ pending in High Courts, the Company on prudent basis, has measured its GIDC liability payable to SNGPL (on behalf of the Government of Pakistan) at amortized cost which is in line with previous years' amortization schedule.

		2022 Rupees	2021 Rupees
<b>15.1.1</b>	GIDC Payable as on 31 Dec	3,040,811,856	3,040,811,856
	Less accumulated PV adjustment as at 31 Dec	(120,043,339)	(273,810,046)
	GIDC payable (net of discounting) as on 31 Dec	2,920,768,517	2,767,001,810
<b>15.1.2</b>	GIDC payable as on 31 Dec	2,920,768,517	2,767,001,810
	Less transfer to non current portion	(551,438,375)	(1,157,874,632)
	Balance current portion of GIDC payable	2,369,330,142	1,609,127,178

**15.1.3** Besides this, late payment surcharge on GIDC amounting to Rs. 543 million (2021: Rs. 719 million) is also payable as on 31-Dec-2022.

**15.2** These represent amounts received as security deposits from dealers and suppliers of the Company which are being utilized accordingly in the business of the Company.

	2022 Rupees	2021 Rupees
<b>16 Interest / mark-up accrued on borrowings</b>		
Redeemable capital - <i>secured</i>	14,924,820,911	13,081,961,047
Long term finances - <i>secured</i>	9,847,649,862	8,668,826,240
Short term borrowings - <i>secured</i>	2,315,624,263	1,980,762,581
	<b>27,088,095,036</b>	<b>23,731,549,868</b>

The overdue amounts of mark-up / interest are disclosed under their respective financing notes and in Note 43.2.2.

#### 17 Preference dividend payable

This represents preference dividend payable as per the terms described in Note 10.

#### 18 Contingencies and commitments

##### 18.1 Contingencies

##### 18.1.1 Other Contingencies

**18.1.1.1** Certain cases against the Company are pending before labour courts, where the claim cannot be quantified and ascertained at this stage. The Company's legal advisors are confident that the ultimate outcomes of above mentioned cases will be in favour of the Company.

**18.1.1.2** The Company has filed a Civil Suit number 2341 before the Islamabad High Court impugning the decision of Government of Pakistan (Ministry of Industries, Production & Special Initiatives) dated 02 March 2007 wherein it was communicated that since the Company commenced its operations with effect from 13 September 1998 therefore the ten years period for the subsidised rate of feedstock gas under the '1989 Fertilizer Policy' shall end on 12 September 2008. The Company has contended that the Government granted subsidy to other fertilizer companies from the date of their "commercial operations" and is therefore bound under constitutional law to equal treatment and non-discrimination against the Company. The commercial operations of the Company commenced on 29 November 1999 therefore the subsidized period of ten years shall end on 28 November 2009. Through an order dated 09 September 2008 (passed in C. M. No. 697 of 2008), the Islamabad High Court restrained the Oil and Gas Regulatory Authority from notifying an increase in the (subsidized) feedstock gas price subject to Company depositing cash of Rs. 36 million and bank guarantee of Rs. 86.50 million with Islamabad High Court which was deposited by the Company. As per Islamabad High Court's stay order, the Company has been charged subsidised rate on feedstock gas from September 2008 to November 2009 which has a financial impact amounting to Rs. 740.8 million (2021: Rs. 740.8 million). Such case for the Company's eligibility to avail subsidised rate on feedstock gas has been dismissed during the year. The Company has filed an appeal against such order of dismissal dated 23 October, 2021 in Islamabad High Court which is pending for adjudication.

**18.1.1.3** The Company had filed a suit against the recovery proceedings of WAPDA amounting to Rs. 2.24 million in the court of Senior Civil Judge Mianwali. During the pendency of case, G.M.(Operation) WAPDA withdrew the said bill, consequently the suit was withdrawn by the Company. In 2002, WAPDA again started recovery proceedings. The Company again approached Civil Court at Mianwali but the court dismissed Company's case on 02-June-2004. The Company preferred an appeal before Add. Distt. & Session Judge, Mianwali which was accepted vide order dated 12-1-2005. WAPDA preferred an appeal before the Lahore High Court, Lahore on 23-4-2005. Court had adjudicated the case in favor of the Company on 21-11-2015. WAPDA preferred an appeal in Supreme Court of Pakistan which is pending adjudication.

##### 18.1.2 Contingencies relating to Banks

**18.1.2.1** During 2018, a suit has been filed by Allied Bank Limited ("ABL") against the Company under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 201.66 million along with cost of funds, from the date of default by the Company in fulfilling their financial obligations in return of the facility availed. The Company has filed an application for leave to defend in this suit. The legal advisor review expects a good likelihood of success in this matter.

- 18.1.2.2** During 2019, a civil suit no. 1768/2019 has been filed by Pak Libya Holding Company (Private) Limited ("PLHCL") against the Company for Rs. 1,500.92 million under section 9 of the Financial Institution (Recovery Of Finances) Ordinance, 2000 before the Honorable Lahore High Court. The Company filed a petition for Leave to Appear (PLA) number 11058/19 under section 10 of the Financial Institution (Recovery Of Finances) Ordinance, 2000 which entails that the instant suit cannot proceed or tried as the matter is in relation to petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement / restructuring bearing number 21/2016 which is pending adjudication before the Honorable Lahore High Court. This Suit has been dismissed due to non-prosecution on 25 October, 2021. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit was filed by the creditor, who agreed to the scheme of arrangement / restructuring, which has been sanctioned by LHC on July 5, 2022 with effect from December 31, 2013.
- 18.1.2.3** During 2019, civil suit no. 29172/2019 has been filed by Soneri Bank against the Company for recovery of Rs. 738 million. Application for leave to appear and defend the above mentioned suit under the provisions of Financial Institutions (Recovery of Finances), Ordinance 2001 has been filed in the Lahore High Court on behalf of the defendant, which is pending before the Honorable Lahore High Court. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit was filed by the creditor, who agreed to the scheme of arrangement / restructuring, which has been sanctioned by LHC on July 5, 2022 with effect from December 31, 2013.
- 18.1.2.4** During 2020, civil suit no. 23043/2020 has been filed by Bank Alfalah Limited in the Honourable Lahore High Court in its jurisdiction under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 1,969.88 million including markup along with cost of funds and other charges till the realization of whole amount by sale of mortgaged, hypothecated properties and other assets. The Company has filed PLA No. 40218 in the titled suit in response to which the plaintiff Bank filed the replication. The legal advisor review expects a good likelihood of success in this matter.
- 18.1.2.5** A civil suit was filed by National Bank of Pakistan (a related party) in the Honourable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 6,497 million including markup along with cost of funds and other charges.
- 18.1.2.6** During last year, a civil suit has been filed by Bank of Punjab (a related party) in the Honourable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 3,301 million including markup along with cost of funds and other charges. Feeling aggrieved of the Scheme of Arrangement sanctioned by Court, the Bank of Punjab has filed an appeal (CPLA) before the Supreme Court of Pakistan in year 2022. The same is pending adjudication wherein no date of hearing has been fixed yet. The legal advisor review expects a good likelihood of success in this matter.
- 18.1.2.7** During the year, a civil suit has been filed by Summit Bank Limited (a related party) in the Honourable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 1,165 million including markup along with cost of funds and other charges. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit was filed by the creditor, who agreed to the scheme of arrangement / restructuring, which has been sanctioned by LHC on July 5, 2022 with effect from December 31, 2013.
- 18.1.2.8** During the year, a civil suit has been filed by JS Bank of Pakistan (a related party) in the Honourable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 2,880 million including markup along with cost of funds and other charges. The Company has filed PLA. The legal advisor review expects a good likelihood of success in this matter.
- 18.1.2.9** During the year, a civil suit has been filed by Silk Bank (a related party) in the Honorable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 780 million including markup along with cost of funds and other charges. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit cannot be proceeded or tried as the matter is in relation to petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement / restructuring LHC has sanctioned the Scheme on July 05, 2022 with effect from December 31, 2013.
- 18.1.2.10** During the year, a civil suit has been filed by Askari Bank in the Honorable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 2,511 million including markup along with cost of funds and other charges. The Company has filed PLA. The legal advisor review expects a good likelihood of success in this matter.
- 18.1.2.11** During the period, a civil suit has been filed by Unit Trust of Pakistan and JS investment Limited in the Honorable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 333 million including markup along with cost of funds and other charges. The Company has filed PLA. The legal advisor review expects a good likelihood of success in this matter.
- 18.1.2.12** During the year, a civil suit has been filed by JS Income Fund and JS Investment limited in the Honorable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 164 million including markup along with cost of funds and other charges. The Company has filed PLA. The legal advisor review expects a good likelihood of success in this matter.



- 18.1.2.13** During the year, a civil suit has been filed by JS Infocom in the Civil Court Lahore under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 1,281 million including markup along with cost of funds and other charges. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit cannot be proceeded or tried as the matter is in relation to scheme of arrangement sanctioned by LHC on July 05, 2022 with effect from December 31, 2013.
- 18.1.2.14** During the year, a civil suit has been filed by The Federal Employees Benevolent & Group Insurance Funds (FEB&GIF) in the Civil Court Lahore under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 3,255 million including markup along with cost of funds and other charges. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit cannot be proceeded or tried as the matter is in relation to scheme of arrangement sanctioned by LHC on July 05, 2022 with effect from December 31, 2013.
- 18.1.2.15** During the year, a civil suit has been filed by JS Large Capital Fund in the Banking Court Lahore under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 17 million including markup along with cost of funds and other charges. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit cannot be proceeded or tried as the matter is in relation to petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement LHC has sanctioned the Scheme on July 05, 2022 with effect from December 31, 2013.
- 18.1.2.16** The Company filed a petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement / restructuring and the same was decided on 01 July, 2022 by the Honorable Lahore High Court wherein the Scheme of Arrangement was approved. Hence, feeling aggrieved of the Scheme of Arrangement, the The Federal Employees Benevolent & Group Insurance Funds (FEB&GIF) has filed an appeal (CPLA) before the Supreme Court of Pakistan in year 2022. The same is pending adjudication wherein no date of hearing has been fixed yet. The legal advisor review expects a good likelihood of success in this matter.

### **18.1.3 Taxation Contingencies**

- 18.1.3.1** Income tax return for tax year 30 June 2007 was filed under the self-assessment scheme declaring a taxable income of Rs. 615.75 million. Later on, the said return was revised resulting in declaration of loss amounting to Rs 4,064.580 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 30 June 2013 reducing assessed tax loss to Rs. 1,370.418 million and creating demand of Rs. 6.255 million.

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue ("CIR") on 18 July 2013 against the aforementioned order. The appeal was heard on 28 January 2014 and was decided in favor of the department. Resultantly, the Company preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR") which is pending fixation.

- 18.1.3.2** Income tax return for the tax year ended 30 June 2008 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 4,206.80 million and claimed refund of Rs. 26.75 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 31 December 2013 and assessed tax loss at Rs. 1,106.38 million.

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue ("CIR") on 17 June 2014 against the aforementioned order. The appeal was heard on 23rd July 2014 and was partially decided in favor of the Company. Resultantly, the Company preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR") which is pending fixation.

- 18.1.3.3** Income tax return for the tax year ended 30 June 2009 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 5,657.31 million and claiming refund of Rs. 140.27 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Income Tax Ordinance vide his order dated 30 January 2015 whereby creating a demand of Rs. 42.88 million.

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue - Appeals (CIR (A)) on 16 June 2015. The case was decided by CIR (A) vide order no. 05 dated 05 April 2018 wherein demand of Rs. 22.11 million was deleted by CIR (A), against which an appeal effect order was passed. Being aggrieved, an appeal has been filed in Appellate Tribunal Inland Revenue ("ATIR") which is pending for fixation.

- 18.1.3.4** Income tax return for the tax year ended 30 June 2010 was filed under the self-assessment scheme. Subsequently, the company filed revised return declaring loss of Rs. 8,179 million and claiming refund of Rs. 69.027 million. Income tax audit was conducted by DCIR under section 214C of the Ordinance whereby assessment was amended under section 122(1)/122(5) of the Ordinance wherein various additions were made to the tune of Rs. 7,121 million.

The Company, being aggrieved, filed an appeal before CIR-A who, vide Order No. 13 dated 12 June 2013 annulled the order of DCIR and deleted all additions amounting to Rs. 7,121 million The tax authority preferred appeal before ATIR, Lahore which is pending for fixation.

- 18.1.3.5** Income tax return for tax year 30 June 2012 was filed under the self-assessment scheme declaring tax loss of Rs. 18,120.36 million and a refund of Rs. 514.29 million was claimed. Later on the said return was revised resulting in increase of refunds to Rs. 542.78 million by incorporating prior years refunds.

The Additional Commissioner Inland Revenue ("Adl CIR") issued an order dated 09 February 2017 to amend the assessment under section 122(5A) of the Income Tax Ordinance, 2001 wherein the Adl CIR charged turnover tax on other income and creating a demand of Rs. 30.73 million. The Company being aggrieved filed an appeal in the office of CIR-A which is pending for adjudication.

- 18.1.3.6** Income tax return for tax year 30 June 2013 was filed under the self-assessment scheme declaring tax loss for the year amounting to Rs. 21.70 billion and refund of Rs. 109.38 million.

Tax department initiated proceedings under section 161/205 of the Ordinance and demand was created to the tune of Rs. 3.82 million. The Company, being aggrieved filed appeal before CIR-A who vide its Order No. 01 dated 04 June 2020 passed ex-parte Order upholding the demand created by tax department. The Company, being aggrieved, filed an appeal before ATIR, Lahore which is pending for adjudication.

The Adl. CIR initiated proceedings under section 122 of the Ordinance for the amendment of assessment whereby passed Order under section 122(5A) of the Ordinance dated 25 June 2019 through which no demand was created, however, depreciation loss amounting to Rs. 1.8 billion was curtailed. The Company, being aggrieved, filed appeal before CIR-A who vide order no. 50 dated 29 October 2021 annulled the order of Adl. CIR with the direction to allow fair opportunity of being heard. The Company, being aggrieved, filed an appeal before ATIR, Lahore which is pending for adjudication.

- 18.1.3.7** The Company filed its income tax return for tax year 2014 (starting from 01 July 2013 to 31 December 2013.), declaring tax loss for the period amounting to Rs. 457.10 million and tax refund amounting to Rs. 24.32 million.

The Company was selected for audit through computerized random balloting by FBR. DCIR passed order under section 122(1) of the Ordinance dated 31 October 2017 wherein loss was curtailed to Rs. 41.61 million and resultantly refunds come to Rs. 24.28 million. Being aggrieved, the Company filed an appeal before CIR-A who vide order no. 21 dated 21-10-2021 upheld the order of DCIR. The Company, being aggrieved, filed an appeal before ATIR, Lahore which is pending for adjudication.

Proceedings under section 161/236G and 236H of the Income Tax Ordinance, 2001 in respect of tax year 2014 was initiated by the department against the Company and a demand of Rs. 34.61 million was created by order dated 24 May 2017. The said demand has been adjusted against refunds of Tax Year 2016 vide adjustment memo dated 23-06-2017. However, the Company filed an appeal to Commissioner Inland Revenue Appeals-I who has given partial relief subject to verification by OIR. The Company, being aggrieved, filed an appeal before ATIR, Lahore which is pending for adjudication.

- 18.1.3.8** The Company had filed income tax return for tax year 2015 declaring loss of Rs. 4.074 billion and claiming a refund of Rs. 84.593 million.

Proceedings under section 161/236G and 236H of the Income Tax Ordinance, 2001 in respect of tax year 2015 was initiated by the department against the Company and a demand of Rs. 16.72 million was created by Order dated 24 May 2017. The Company filed an appeal in the office of Commissioner Inland Revenue Appeals-I who have confirmed the demand created by the department. The Company being aggrieved preferred an appeal with the Appellate Tribunal Inland Revenue which is pending for fixation.

- 18.1.3.9** The Company was selected for sales tax audit under section 72B/25 for tax period July 2010 to June 2011 of the Act wherein the DCIR passed Order by completing the audit proceedings and created demand to the tune of Rs. 4.60 million. The Company, being aggrieved, preferred appeal before CIR-A who reduced the demand to the tune of Rs. 4.19 million vide order No. 06 dated 06 December 2013. Being aggrieved, the Company filed an appeal before ATIR, Lahore which is pending for adjudication.

- 18.1.3.10** The Company has received notice from tax authorities for conduct of sales tax audit and income tax audit for the tax year 2017 to 2020 and 2015 to 2020 respectively. In respect of these audits, Company has obtained stay from the Honorable High Court, Lahore through Order No. W.P No. 29025/2021.

Later on due to non-prosecution by the counsel of the Company, writ petition for stay was dismissed by the Court. Subsequently, Deputy Commissioner Inland Revenue passed the order :

- in tax year 2018 and 2019 for sales tax affairs creating demand of Rs. 5,746.55 and 7,179.19 million respectively; and
- in tax year 2015 and 2016 for income tax affairs creating demand of Rs. 3,702.65 and 3,930.16 million respectively.

These audits were selected specifically for certain sectors on the instructions of Federal Board of Revenue (FBR), however, the Company filed W.P. No. 29025/2021 before the Court and challenged the selection. The court decided the petition in same terms as of judgment in W.P. No. 15880/2021 dated 27-04-2022, in which the Court declared that sector wise selection of income tax and sales tax audit proceedings based on FBR directives has no legal effect.

On the other hand, appeals to Commissioner Inland Revenue –Appeals (CIR-A) have also been filed against the orders issued by DCIR.

- For the Tax Year 2018 and 2019 in Sales Tax affairs the CIR-A passed the orders and confirmed the demand raised by the department. Being aggrieved by the orders, the Company filed appeals in ATIR. The ATIR disposed of the appeals by deleting the demand and remanding back the case to the department with the direction to decide the matter as per the direction of Apex Court.

- For the Tax Year 2016 in Income Tax affairs the CIR-A disposed off the appeal (after year end) with the direction to FBR to reconsider the matter.

- For the Tax Year 2015 in the Income Tax affairs, the case has been heard but pending for decision.

**18.1.3.11** The Deputy Commissioner Inland Revenue ("DCIR") passed an order u/s 11(2) of the Sales Tax Act, 1990 for tax period June 2013 to October 2014 dated 26 January 2015 whereby creating demand of Rs. 165.70 million. The Company being aggrieved preferred an appeal before Commissioner Inland Revenue-Appeals (CIR (A)) dated 31 July 2015 against the said order. The Learned CIR (A) passed an order dated 06 October 2015, annulling the said Order. The department preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (A). The ATIR decided case against department and upheld the order of CIR (A) through order dated 30-01-2023. No further correspondence till date.

**18.1.3.12** The Deputy Commissioner Inland Revenue passed an order dated 29-04-2021, for the adjustment of Inadmissible input tax amounting to Rs. 6.59 million for the tax periods July-2020 to June-2021. Being aggrieved, the Company filed an appeal before CIR-A. The CIR-A confirmed the demand raised by the department. The Company, being aggrieved, filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which set aside the demand and remanded back the case to the department to decide the matter within 60 days from the receipt of the order (order passed and issued by ATIR after year end) dated 03-01-2023. No further correspondence till date.

**18.1.3.13** The Deputy Commissioner Inland Revenue passed an order dated 25-04-2021, for the adjustment of Inadmissible input tax amounting to Rs. 31.48 million for the tax periods July-2021 to November-2021. Being aggrieved, the Company filed an appeal before CIR-A. The CIR-A confirmed the demand raised by the department. The Company, being aggrieved, filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which set aside the demand and remanded back the case to the department to decide the matter within 60 days from the receipt of the order (order passed and issued by ATIR after year end) dated 03-01-2023. No further correspondence from department till date.

Based on opinion of tax advisors handling income tax and sales tax litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.

	Note	2022 Rupees	2021 Rupees
<b>18.2</b>	<b>Commitments</b>		
<b>18.2.1</b>	Commitments under irrevocable letters of credit for		
	- purchase of plant and machinery	43.3.1(a) 17,333,664	58,127,202
	- purchase of raw material	6,798,000	81,754,452
		<b>24,131,664</b>	139,881,654
<b>18.2.2</b>	Guarantees given by banks to Islamabad High Court on behalf of the Company in respect of litigation mentioned in Note 18.1.1.2 amounting to Rs. 86.50 million (2021: Rs. 86.50 million).		
<b>19</b>	<b>Property, plant and equipment</b>		
	Operating fixed assets	19.1 69,460,198,544	56,960,824,702
	Capital work in progress	19.2 464,860,096	4,581,945
		<b>69,925,058,640</b>	56,965,406,647

19.1 Operating fixed assets

	2022														
	As at				Cost / revalued amount				Depreciation				Net book value as at		Depreciation rate (% per annum)
	01 January 2022	Revaluation	Additions	Disposals / Write offs*	As at 31 December 2022	Useful lives in years	As at 01 January 2022	Revaluation	For the year/ Adjustments	Disposals / Write offs *	As at 31 December 2022	As at 31 December 2022			
Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees			
<b>Owned assets</b>															
Freehold land	3,750,575,000	4,005,810,800	-	-	7,756,385,800		-	-	-	-	-	-	-	7,756,385,800	NI
Building on free hold land	3,030,566,677	917,185,353	5,760,937	-	3,983,509,967	45	1,089,182,295	326,754,314	40,017,282	-	1,435,953,891	-	1,435,953,891	2,547,555,076	2-2.22
Plant, machinery, electrical and other installations	84,697,477,652	18,359,745,373	6,946,188	(6,456,098) (73,456,891) *	100,984,204,423	35-45	33,740,021,125	6,810,545,207	1,521,481,444	(1,719,771) (36,231,451) *	42,034,096,954	-	42,034,096,954	58,950,111,869	2-10
Residential colony building	202,012,519	(121,615,644)	18,408	-	80,415,384	45	53,897,910	(58,170,622)	9,712,108	-	25,238,396	-	25,238,396	55,175,988	1.4-30
Road, bridges and culverts	86,742,859	-	-	-	86,742,859	50	27,602,636	-	1,752,245	-	29,254,881	-	29,254,881	59,467,978	2
Furniture, fixtures and office equipment	146,018,953	-	21,771,173	(697,952) (1,625,555) *	165,227,519	3-10	125,877,940	-	4,366,099	(64,765) (2,345,919) *	127,843,265	-	127,843,265	37,384,254	10-33
Vehicles and rail transport	156,175,516	-	3,111,396	(2,734,409) * (83)	156,562,009	5	114,615,434	-	17,795,731	(2,240,250) (83)	130,170,412	-	130,170,412	26,391,597	20
Tools and other equipment	155,287,663	-	13,523,290	(109,501) (1,918,442) *	166,792,950	3-10	154,473,120	-	1,032,651	(2,027,951) *	153,477,820	-	153,477,820	13,365,130	10
Plantation	296,476	-	-	-	296,476		296,476	-	-	-	296,476	-	296,476	-	10
Books and literature	926,479	-	-	(118,891) *	807,588	10	826,470	-	-	(118,892) *	807,588	-	807,588	-	10
Other	286,450,123	-	-	-	286,450,123	3-6	286,102,809	-	4,946,462	-	271,049,271	-	271,049,271	14,400,932	20
	92,513,590,917	21,191,123,862	51,131,352	(87,387,753)	113,668,385,398		35,532,664,215	7,095,128,869	1,691,103,932	(44,736,192)	44,268,189,854	-	44,268,189,854	68,460,196,544	

19.1.1 Title documents of land are in the name of Pak American Fertilizer Limited and Hazara Phosphate Fertilizer Limited.

19.1.2 Ownership of residential colony assets included in the operating fixed assets is shared by the Company jointly with Maple Leaf Cement Factory Limited in ratio of 245:101 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of residential colony establishment for mutual benefits.

	2021										Depreciation rate (% per annum)												
	As at					Cost / revalued amount						Useful lives in years	As at 01 January 2021	As at 31 December 2021	Net book value as at 31 December 2021								
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees						Rupees	Rupees	Rupees					
<b>Owned assets</b>																							
Freehold land	3,750,575,000	-	-	-	3,750,575,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,750,575,000	Nil	
Building on Freehold land	2,682,096,224	17,534,381	-	937,351,865	2,699,630,605	-	-	38,563,875	-	-	-	-	-	-	-	-	-	-	-	-	1,723,714,865	2	
Plant, machinery, electrical and other installations	84,693,065,426	6,299,183	(1,895,957)	32,207,027,049	84,697,471,652	(1,895,957)	(897,329)	9,729,539	(58,685)	(897,329)	(897,329)	(897,329)	(897,329)	(897,329)	(897,329)	(897,329)	(897,329)	(897,329)	(897,329)	(897,329)	50,957,450,527	2.5 - 25	
Residential colony building	545,769,346	524,016	(13,348,671)	137,293,621	532,944,691	(13,348,671)	(58,685)	9,729,539	(58,685)	(58,685)	(58,685)	(58,685)	(58,685)	(58,685)	(58,685)	(58,685)	(58,685)	(58,685)	(58,685)	(58,685)	385,960,226	2	
Road, bridges and culverts	88,742,859	-	-	25,750,355	88,742,859	-	-	1,752,281	-	-	-	-	-	-	-	-	-	-	-	-	61,240,223	2	
Furniture, fixtures and office equipment	141,912,777	5,451,675	(1,344,600)	122,301,916	146,019,852	(1,344,600)	(1,265,024)	4,841,049	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	(1,265,024)	20,141,912	10 - 30	
Vehicles and rail transport	148,829,915	14,213,801	(6,668,200)	110,509,727	156,175,516	(6,668,200)	(5,319,926)	9,425,633	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	(5,319,926)	41,560,082	2	
Tools and other equipment	155,260,163	27,500	-	153,957,694	155,287,663	-	-	515,426	-	-	-	-	-	-	-	-	-	-	-	-	814,543	10	
Plantation	296,476	-	-	296,476	296,476	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
Books and literature	926,479	-	-	926,470	926,479	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	926,470	10	
Catalyst	267,032,638	18,417,465	-	261,770,253	285,450,123	-	-	4,332,556	-	-	-	-	-	-	-	-	-	-	-	-	19,347,314	17-33	
	92,474,510,303	62,466,041	(25,457,428)	33,957,185,426	92,513,520,916	(25,457,428)	(7,540,974)	1,605,051,764	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	(7,540,974)	56,960,624,702		



	Note	2022 Rupees	2021 Rupees
<b>19.1.3 Allocation of depreciation charge</b>			
Cost of sales	31	1,588,555,300	1,594,019,655
Administrative and general expenses	33	12,548,632	9,032,092
		<b>1,601,103,932</b>	<b>1,603,051,747</b>

**19.1.4** Following are the carrying values of freehold land, buildings on freehold land, residential colony assets, electrical and other installations owned and leased plant and machinery that would have been included in the financial statements had the assets been carried under the cost model:

	2022 Rupees	2021 Rupees
<b>Revalued Assets</b>		
Freehold land	3,750,575,000	2,259,588,898
Buildings on freehold land	1,689,458,520	1,400,552,409
Residential colony building	376,286,526	56,534,264
Plant, machinery, electrical and other installations	49,394,090,501	20,623,522,261
	<b>55,210,410,547</b>	<b>24,340,197,832</b>

**19.1.5** Particulars of immovable property (i.e. land and building) are as follows:

Location	Usage of Immovable Property	Total area (acres)	Covered Area (Square Feet)
Iskanderabad, Distt. Mianwali.	Housing colony, Farms and Manufacturing facility	1,547	1,344,675
Hattar Road, Haripur.	Housing colony and Manufacturing facility	58	461,227

**19.1.6** Particulars of disposals are as follows:

Particulars	Cost (Rs.)	Accumulated Depreciation (Rs.)	Book Value (Rs.)	Sale Proceeds (Rs.)	Gain / (loss) (Rs.)	Mode of Disposal	Date of Purchase	Party Name
SINGLE BED WOODEN FRAME	2,000	2,000	-	4,000	4,000	Disposal on retirement of Employee	1-Nov-94	Disposal on retirement of Ex. Employee
SINGLE BED	6,000	6,000	-	4,000	4,000	Disposal on retirement of Employee	1-Dec-96	Disposal on retirement of Ex. Employee
STEEL ALMIRAH	5,000	4,999	1	8,000	7,999	Disposal on retirement of Employee	1-Jun-98	Disposal on retirement of Ex. Employee
IRON CHARPAI 9/09	1,600	1,599	1	3,000	2,999	Disposal on retirement of Employee	1-Sep-09	Disposal on retirement of Ex. Employee
IRON CHARPAI 9/09	1,600	1,599	1	3,000	2,999	Disposal on retirement of Employee	1-Sep-09	Disposal on retirement of Ex. Employee
New Mobile Phone Purchase Vivo Y20 for Mr. Ameer Ahmad Danish-Ameer Ahmad Danish	25,000	1,458	23,542	25,000	1,458	Disposal on retirement of Employee	1-Jun-21	Disposal on retirement of Ex. Employee
Iphone 6 Plus (Grey) for Mr. Imtiaz Ali Khar GM (Engg)	64,171	37,234	26,937	21,000	(5,937)	Disposal on retirement of Employee	1-Jun-21	Disposal on retirement of Ex. Employee
Vehicle AHJ-108 Honda City	1,743,000	1,394,400	348,600	366,191	17,591	Company Policy	1-Jun-21	Muhammad Khalid
LEA-17A-1634 Suzuki Mehran	732,000	658,800	73,200	111,809	38,609	Company Policy	1-Jun-21	Muhammad Ramzan
LEE-14-9355 Pool Car	249,400	186,949	62,451	2,326,390	2,263,939	Auction	1-Jan-14	Hassan Ali
Water Tube Boiler	6,083,721	1,719,771	4,363,950	26,885,000	22,521,050	Auction	1-Jan-65	M/S Latif & Sons
<b>Total</b>	<b>8,913,492</b>	<b>4,014,809</b>	<b>4,898,683</b>	<b>29,757,390</b>	<b>24,858,707</b>			

## 19.2 Capital work in progress

	2022			
	As at 01 January 2022	Additions during the year	Transfers	As at 31 December 2022
Note	Rupees	Rupees	Rupees	Rupees
Civil works	1,067,453	22,339,478	(5,310,430)	18,096,501
Plant, machinery & electric installation	3,514,492	43,468,397	(927,921)	46,054,968
Advance LC for Gas turbine	-	400,708,627	-	400,708,627
19.2.1	<b>4,581,945</b>	<b>466,516,502</b>	<b>(6,238,351)</b>	<b>464,860,096</b>

	2021			
	As at 01 January 2021	Additions during the year	Transfers	As at 31 December 2021
	Rupees	Rupees	Rupees	Rupees
Civil works	1,242,500	1,466,251	(2,708,751)	-
Plant, machinery & electric installation	17,325,795	8,088,154	(20,832,003)	4,581,945
	18,568,295	9,554,405	(23,540,754)	4,581,945

**19.2.1** These represents expenditure on plant and machinery in the course of construction, development and installation and majorly comprises of urea reactor, boiler shell, storage tank for production and material for shed. Further, this also include advance against LC of gas turbine amounting to Rs. 400.7 million.

	Note	2022 Rupees	2021 Rupees
<b>20 Intangible assets</b>			
Oracle computer software and implementation	20.1	<b>719,603</b>	1,007,447
Goodwill acquired in business combination	20.2	<b>2,567,310,828</b>	2,567,310,828
		<b>2,568,030,431</b>	2,568,318,275
<b>20.1 Oracle computer software and implementation</b>			
<b><u>Cost</u></b>			
As at 01 January		<b>43,718,942</b>	42,567,574
Addition during the year		-	1,151,368
<b><u>Accumulated amortisation</u></b>			
Opening		<b>(42,711,495)</b>	(42,567,574)
Amortisation for the year	33	<b>(287,844)</b>	(143,921)
		<b>(42,999,339)</b>	(42,711,495)
As at 31 December		<b>719,603</b>	1,007,447
Rate of amortisation		<b>25%</b>	25%

**20.1.1** The software represents financial accounting software which has been capitalized by the Company. The amortisation of the software represents the total accumulated amortisation charged till the reporting date and is fully amortised.

**20.2** Azgard Nine Limited ("ANL") acquired 100% shares in the Company on 15 July 2006, inclusive of shares offered to the employees of the Company, which were divested by the employees in favour of ANL. As permitted by the terms and conditions of privatization for the purpose of raising finance ANL formed a wholly owned subsidiary; Dominion Fertilizers (Private) Limited ("DFL"). By virtue of agreement ANL transferred 69.19% shares in the Company to DFL, which were later reverted back to ANL on merger of DFL into the Company under the court order dated 07 December 2006.

This goodwill represents the excess of purchase consideration paid by ANL to the Privatization Commission of Pakistan for acquisition of the Company over DFL interest in the fair value of identifiable net assets of the Company. The amount of goodwill was transferred to the Company on merger of DFL into the Company.

The recoverable amount of goodwill was tested for impairment as at 31 December 2022, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The aforesaid plans are stated in detail in note 2.2. The value in use calculations are based on cash flow projections derived from aforesaid business plan which assumes availability of natural gas / RLNG on long term basis and at a subsidized rate. These cash flow projections have been extrapolated beyond five years, by using a steady 5.00% growth rate which is consistent with the long term average growth rate for the country. The cash flows are discounted using a discount rate of 7.42% for its use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation, no impairment of goodwill is required.

	Note	2022 Rupees	2021 Rupees
<b>21 Long term loans and advances - considered good</b>			
Advances to employees - <i>secured</i>	21.1 & 21.2	22,813,183	18,223,840
Less: Current maturity presented under current assets	27	(5,689,227)	(4,199,704)
		<b>17,123,956</b>	<b>14,024,136</b>

**21.1** These represent loans provided to the employees of the Company in accordance with the terms of their employment, under a scheme for house building, purchase of motorcycle/car and soft advances for different purposes. These loans are secured against future salaries and retirement benefits of the employees and in case of motorcycle/car title on the same. The outstanding amount at the end of the year is recoverable over a period of one to ten years. House building loan provided to employees is interest free, while motorcycle/car loan and soft advances carry markup at 10% per annum and 7% per annum, respectively.

**21.2** This includes advances to executives amounting to Rs. 6.01 million (2021: Rs. 2.34 million). The movement is as follows:

	2022 Rupees	2021 Rupees
Balance as at 01 January	2,348,246	4,682,577
Additions during the year	6,509,057	-
Recoveries during the year	(2,844,364)	(2,334,331)
Balance as at 31 December	<b>6,012,939</b>	<b>2,348,246</b>

The maximum aggregate amount outstanding during the year is Rs. 2.34 million (2021: Rs. 4.68 million).

	2022 Rupees	2021 Rupees
<b>22 Long term deposits - unsecured, considered good</b>		
Deposits against musharika assets	-	202,800
Security deposits with utility companies	54,721,537	57,677,251
	<b>54,721,537</b>	<b>57,880,051</b>
Current maturity presented under current assets	-	(202,800)
	<b>54,721,537</b>	<b>57,677,251</b>

<b>23 Stores, spare parts and loose tools</b>		
Stores	226,121,823	140,932,033
Spare parts	2,019,579,459	1,912,357,501
Loose tools	408,938	622,230
	<b>2,246,110,220</b>	<b>2,053,911,764</b>

**24 Advance against restructuring scheme**

This is the amount paid as upfront cash to settle overdue markup of lenders opted for option 1 and principal of lenders opted for option 2 and option 3. Total CFADs (cashflow available for debt servicing) approved by the sanctioned scheme were amounting to Rs. 1.6 billion, out of which 2 tranches amounting to Rs. 891 million cumulatively has been paid during the year.

	2022 Rupees	2021 Rupees
<b>25 Stock in trade</b>		
Raw material	338,867,382	127,974,381
Packing material	38,663,367	21,296,313
Work in process	268,799,188	93,858,186
Finished goods	416,951,129	119,325,118
	<b>1,063,281,066</b>	<b>362,453,998</b>

	Note	2022 Rupees	2021 Rupees
<b>26 Trade debts</b>			
Considered good		513,312	88,592,108
Considered doubtful - <i>unsecured</i>		43,196,191	43,380,085
		43,709,503	131,972,193
Less: provision for doubtful trade debts	26.1	(43,196,191)	(43,380,085)
		513,312	88,592,108
<b>26.1 Movement in provision for doubtful trade debts</b>			
As at 01 January		43,380,085	48,481,045
Reversal of provision for the year - net of recoveries		(183,894)	(5,100,960)
As at 31 December		43,196,191	43,380,085
<b>27 Advances, deposits, prepayments and other receivables</b>			
Advances to suppliers - <i>unsecured, considered good</i>	27.1	340,335,707	669,701,546
Advances to employees - <i>secured, considered good</i>			
- against salaries and post employment benefits	21	5,689,227	4,199,704
- against purchases and expenses		11,985,865	11,832,320
Deposit with High Court	18.1.1.2	36,000,000	36,000,000
Prepayments		7,974,431	10,731,129
Deposits against Ijarah		-	202,800
Receivable from Government of Pakistan	27.2	1,346,250	1,346,250
Receivable from Government of Punjab	27.3	5,546,656	5,546,656
Sales tax receivable - net		2,977,219,117	2,351,664,506
Subsidy receivable	27.4	812,227,932	812,227,932
Other receivables	27.5	108,662,237	92,364,411
Markup receivable on investment		-	2,049,327
		4,306,987,422	3,997,866,581
Less: provision against doubtful advances and receivable	27.6	(226,635,145)	(226,635,145)
		4,080,352,277	3,771,231,436
<b>27.1</b>	This includes Rs. 75.54 million (2021: Rs. 509.73 million) receivable from SNGPL in respect of gas supply. GOP has approved subsidy of differential of capped Gas/RLNG blend price of Rs. 782/MMBTU (inclusive of GIDC) with the OGRA notified Gas/RLNG Blend Prices (inclusive of GIDC) at ratio of 62:38. The subsidy is to be paid by GOP directly to SNGPL. This amount will be adjusted against payable to SNGPL once SNGPL receives the subsidy from GOP in respect of supply of gas to the Company.		
<b>27.2</b>	This represents land acquired by the Government of Pakistan ("GOP") under the Land Acquisition Act, 1894 and rules thereon for infrastructure development including for Inland Water Transport Development Company ("IWTDC"). GOP has taken over the possession of the said land, however, transfer of land title in the name of GOP is in process at the reporting date. 27.3 This represents amount paid against demand notice issued by the Excise & Taxation Department. The Company has argued before the Honourable High Court that there is no property tax on property located in rural area. The case is pending for adjudication.		
<b>27.3</b>	This represents amount paid against demand notice issued by the Excise & Taxation Department. The Company has argued before the Honourable High Court that there is no property tax on property located in rural area. The case is pending for adjudication.		
	Note	2022 Rupees	2021 Rupees
<b>27.4 Subsidy receivable -related party</b>			
- from Ministry of Food, Agriculture and Livestock	27.4.1	550,823,960	550,823,960
- from Ministry of National Food Security and Research	27.4.2	261,403,972	261,403,972
		812,227,932	812,227,932

**27.4.1** This represents receivable from Government of Pakistan against subsidy granted by Ministry of Food, Agriculture, and Livestock ("MINFAL") amounting to Rs. 550.82 million (2021 : Rs. 550.82 million) through letter No. F-4-13/2000-Fert dated 05 September 2008, on Phosphatic and Potassic Fertilizer ("PPF") at the rate of Rs. 19,120 per metric ton. The Company being a producer of PPF, was entitled to the same subsidy for the period commencing on 05 September 2008 and ending on 14 April 2009. However, on 14 April 2009 subsidy regime was withdrawn by MINFAL with retrospective effect from 31 December 2008 which was contended by the Company through filing a legal suit in the Court of 1st Class Civil judge ("the Court") for recovery of subsidy relating to the period from 01 January 2009 to 14 April 2009, on the grounds that the Company had priced and sold its product in said period based on bonafide belief and legitimate expectation that subsidy regime was available and therefore the Company is entitled to the payment of aforesaid amount being the sum of the subsidy claim for said period along with markup. In the year 2017, an ex-parte decision for the recovery of subsidy claim along with markup was given in favor of the Company by the Court. Based on the above decision, the management is pursuing its claim with the concerned authorities. However, provision amounting to Rs. 216 million on account of ECL has been made against this receivable in these financial statements.

**27.4.2** This includes the following:

- Subsidy amounting to Rs. 16.40 million (2021: Rs. 16.40 million) at the rate of Rs. 196 /- per 50 kg bag of SSP Fertilizer sold (based on phosphorous content) as notified by Ministry of National Food Security and Research ("MNFSR"), Government of Pakistan through Notification No. F.1-11/2012/DFSC-II/Fertilizer dated 03 November 2015 and subsidy amounting to Rs. 30.78 million (2018: Rs. 30.78 million) at the rate of Rs. 117/- per 50 kg bag of SSP Fertilizer sold (based on phosphorous content) as notified by Ministry of National Food Security and Research ("MNFSR"), Government of Pakistan through Notification No. F. 1-11/2012/DFSC-II/Fertilizer dated 12 August 2016.
- Receivable from Government of Pakistan against subsidy granted by Ministry of Food Security and Research ("MNFSR") amounting to Rs. 131.88 million (2021: Rs. 131.88 million) through letter No. F-1-11/2012/DFCS-II/Fertilizer dated 25 June 2016, on sale of Urea fertilizer at the rate of Rs. 156/- per 50 kg bag sold and subsidy amounting to Rs. 82.34 million (2021: Rs. Rs. 82.34 million) through revised letter No. 15 (4) CFC/2015-615 dated 07 August 2017, on sale of Urea fertilizer at the rate of Rs. 100/- per 50 kg bag. Under the subject notifications, all manufacturers of urea fertilizer registered with the Federal Board of Revenue under Sales Tax regime will be eligible for receiving cash subsidy. The Company being a producer of urea fertilizer, was entitled to the same subsidy for the periods notified in the respective notices.

**27.5** This mainly includes acknowledged insurance claim amounting to Rs. 50.25 million lodged by the Company in respect of break down of Turbomach gas turbine ("the Turbine Claim") and the consequential losses sustained by the Company from the interruption of its business. The company has filed a legal suit in the court of District and Session Judge Insurance Tribunal, Lahore for the recovery of turbine claim and consequential losses of Rs. 396.79 million and is hopeful of a favorable outcome. This claim is pending processing based on outcome of the case.

	Note	2022 Rupees	2021 Rupees
<b>27.6</b>	<b>Movement in provision for doubtful advances and receivables</b>		
	As at 01 January	226,635,145	219,897,199
	Provision for the year	-	6,737,946
	As at 31 December	226,635,145	226,635,145
<b>28</b>	<b>Short term investment</b>		
	Investment in Term Deposit Receipts	28.1	104,200,000
		-	-
		--	104,200,000
<b>28.1</b>	This represents investment made in term deposit receipts issued by United Bank Limited carries mark up at 6.71% & 7.25%.		
	Note	2022 Rupees	2021 Rupees
<b>29</b>	<b>Cash and bank balances</b>		
	Cash in hand	458,002	616,843
	Cash at bank - local currency		
	Current accounts	29.1	442,087,767
	Saving accounts	29.2	86,507,157
		528,594,924	1,083,218,440
		529,052,926	1,083,835,283



**29.1** These include bank accounts of Rs. 72.9 million (2021: Rs. 62.99 million) maintained under Shariah compliant arrangements.

**29.2** These carry mark-up at the rates ranging from 8.25% to 14% per annum (2021: 6% to 8.26% per annum).

	Note	2022 Rupees	2021 Rupees
<b>30 Sales - net</b>			
Sale of fertilizers			
- Local		17,422,373,584	10,234,563,248
Other products		162,924,537	191,196,720
<b>Gross sales</b>		<b>17,585,298,121</b>	<b>10,425,759,968</b>
Sales tax		(156,185,396)	(238,416,821)
Trade discounts		(132,929,500)	(86,419,298)
<b>Net sales</b>		<b>17,296,183,225</b>	<b>10,100,923,848</b>
<b>31 Cost of sales</b>			
Raw and packing material consumed		9,926,676,919	5,548,995,109
Salaries, wages and other benefits	31.1	593,664,448	542,730,918
Fuel and power		2,739,332,696	1,361,023,199
Stores, spare part and loose tools consumed		410,716,895	237,193,504
Travelling, conveyance and entertainment		73,667,316	45,446,782
Rent, rates and taxes		535,544	445,174
Insurance expenses		35,088,535	30,746,402
Repair and maintenance		39,504,932	35,132,511
Depreciation on property, plant and equipment	19.1.3	1,588,555,300	1,594,019,655
Printing and stationery		3,589,324	2,511,194
Communication		5,212,892	5,077,794
Loading and handling	31.2	47,020,750	41,387,191
Ijarah lease rentals	31.3	30,280,000	774,327
Contract services		3,184,082	3,268,400
Security		57,832,063	47,769,916
Others	31.4	92,326,575	47,235,098
		<b>15,647,188,271</b>	<b>9,543,757,174</b>
Opening work-in-process		184,220,606	171,132,352
Closing work-in-process		(268,799,188)	(184,220,606)
		<b>(84,578,582)</b>	<b>(13,088,254)</b>
Cost of goods manufactured		<b>15,562,609,689</b>	<b>9,530,668,920</b>
Opening finished goods		28,962,698	189,699,689
Closing finished goods		(416,951,129)	(28,962,698)
		<b>(387,988,431)</b>	<b>160,736,991</b>
Cost of goods sold		<b>15,174,621,258</b>	<b>9,691,405,911</b>

**31.1** These include charges in respect of employees' retirement benefits amounting to Rs. 15.33 million (2021: Rs. 5.48 million) and Rs. 18.26 million (2021: Rs 15.33 million) on account of gratuity and provident fund respectively and include charges in respect of Iskanderabad Welfare Trust (IWT) amounting to Rs. 29.1 million (2021: 35.9 million).

**31.2** These include charges related to Iskanderabad Welfare Trust (IWT) amounting to Rs. 24.71 million (2021: Rs. 17.2 million).

**31.3** This includes rental paid against gas generator hired from allied rental modaraba.

**31.4** Other expenses include housing colony expenses aggregating to Rs. 66.88 million (2021: Rs. 66.24 million).

	Note	2022 Rupees	2021 Rupees
<b>32 Selling and distribution expenses</b>			
Salaries, wages and other benefits	32.1	34,506,080	33,253,912
Freight and other expenses		567,356,472	292,792,216
Communication		881,580	722,172
Travelling and conveyance		5,861,685	3,789,894
Advertisement		17,062,948	5,190,549
Rent, rates and taxes		4,673,677	8,785,328
Insurance		2,173,901	2,803,090
Vehicle running and maintenance		597,702	249,209
Printing and stationery		381,465	231,771
Security services		4,700,176	4,155,238
Miscellaneous		901,613	505,501
		<b>639,097,299</b>	<b>352,478,880</b>

**32.1** These include charges in respect of employees retirement benefits amounting to Rs. nil (2021: Rs. 0.024 million) and Rs. 1.21 million (2021: Rs. 1.30 million) on account of gratuity and provident fund respectively and it also includes charges related to Iskanderabad Welfare Trust (IWT) amounting to Rs. 0.36 million (2021: Rs. 0.79 million).

	Note	2022 Rupees	2021 Rupees
<b>33 Administrative and general expenses</b>			
Salaries and other benefits	33.1	250,930,614	209,027,606
Travelling, conveyance and entertainment		23,352,883	12,096,137
Rent, rates and taxes		6,988,350	6,340,518
Printing and stationery		5,691,513	3,926,368
Communication		2,893,469	2,718,284
IT consultancy		8,708,372	14,684,420
Legal and professional	33.2	93,581,125	82,877,036
Depreciation on property, plant and equipment	19.1.3	12,548,632	9,032,092
Ammortisation on intangible assets		287,844	143,921
Guest house expenses		2,955,609	2,452,995
Utilities		21,756,835	13,300,017
Repair and maintenance		2,910,698	3,971,605
Insurance		1,934,163	1,693,096
Fee & Subscription		33,176,011	248,129
Security Charges		202,800	13,598
Miscellaneous		12,680,720	7,277,091
		<b>480,599,638</b>	<b>369,802,913</b>

**33.1** These include charges in respect of employees' retirement benefits amounting to Rs. 4.33 million (2021: Rs. 2.65 million) and Rs. 5.2 million (2021: Rs. 4.67 million) on account of gratuity and provident fund respectively and it also includes charges related to Iskanderabad Welfare Trust (IWT) amounting to Rs. 36.62 million (2021: Rs. 31.5 million).

	Note	2022 Rupees	2021 Rupees
<b>33.2</b>	<b>These include following in respect of auditors' remuneration:</b>		
Statutory audit fee for the year		6,606,600	6,006,000
Review report under Code of Corporate Governance		95,288	86,625
Interim review		1,484,175	1,349,250
Taxation and other services		458,750	458,750
Out of pocket expenses		615,000	615,000
		<b>9,259,813</b>	<b>8,515,625</b>
<b>34</b>	<b>Other expenses</b>		
Loss from experimental farm - net	34.1	-	456,767
Loss on disposal of property, plant and equipment/ assets write-off		37,749,855	-
		<b>37,749,855</b>	<b>456,767</b>

**34.1** Depreciation amounting to Rs. Nil (2021: Rs. Nil) has been netted off in this balance.

	Note	2022 Rupees	2021 Rupees
<b>35</b>	<b>Other income</b>		
	<b><u>Income from financial assets</u></b>		
Profit on a profit and loss sharing bank balance	29	74,864,023	20,042,854
Mark-up on advances to employees		588,618	584,541
		<b>75,452,641</b>	<b>20,627,395</b>
	<b><u>Income from non-financial assets</u></b>		
Sale of scrap		262,579	36,550,637
Liabilities written back		133,805	36,228,802
Gain from experimental farm - net		2,105,067	-
Gain on disposal of property, plant and equipment		24,858,707	7,119,178
Miscellaneous		2,063,158	213,058
		<b>29,423,316</b>	<b>80,111,675</b>
		<b>104,875,957</b>	<b>100,739,070</b>
<b>36</b>	<b>Finance cost</b>		
Interest / mark-up on:			
- Redeemable capital		1,842,859,864	1,151,185,004
- Long term finances		1,178,823,623	732,657,068
- Short term borrowings		389,196,997	349,215,163
- Late payment surcharge		543,215,768	176,384,019
		<b>3,954,096,252</b>	<b>2,409,441,254</b>
Dividend on preference shares	10	175,267,699	175,267,699
Amortisation of present value of GIDC		153,766,708	208,897,276
Bank charges and commission		1,745,812	11,666,478
		<b>4,284,876,471</b>	<b>2,805,272,707</b>

	Note	2022 Rupees	2021 Rupees
<b>37 Taxation</b>			
For the year			
- Current tax		216,202,290	126,261,548
- Deferred tax	12.2.3	(478,761,409)	(462,778,118)
		<b>(262,559,119)</b>	<b>(336,516,570)</b>
<b>38 Loss per share - basic and diluted</b>			
Loss attributable to ordinary shareholders		(2,953,326,220)	(2,681,237,690)
		<b>----- Number of shares -----</b>	
Weighted average number of ordinary shares outstanding during the year		392,430,000	392,430,000
Loss per share - <i>basic and diluted</i>	<b>(Rupees)</b>	<b>(7.53)</b>	<b>(6.83)</b>
The effect of conversion of preference shares into ordinary shares is anti-dilutive, accordingly the diluted loss per share (LPS) is restricted to basic EPS.			
	Note	2022 Rupees	2021 Rupees
<b>39 Cash generated from operations</b>			
<b>Loss before taxation</b>		<b>(3,215,885,339)</b>	<b>(3,017,754,260)</b>
<b><u>Adjustments for non-cash items:</u></b>			
Interest / mark-up / dividend expense		3,741,660,703	2,628,888,688
Depreciation on property, plant and equipment		1,601,103,932	1,603,051,747
Amortization of computer software		287,844	143,921
Staff retirement benefits		16,819,505	8,121,528
Loss /(Gain) on disposal of property, plant and equipment		12,891,148	(7,119,178)
Mark-up / interest income/reversal of markup (discount income)		(75,452,641)	(20,627,395)
		<b>5,297,310,491</b>	<b>4,212,459,312</b>
<b>Operating profit before changes in working capital</b>		<b>2,081,425,152</b>	<b>1,194,705,052</b>
<b><u>Changes in working capital:</u></b>			
Stores, spare parts and loose tools		(192,198,456)	(1,995,896)
Stock-in-trade		(700,827,068)	94,127,091
Trade debts		88,078,796	(88,102,488)
Advances, deposits, prepayments and other receivables		(1,202,368,191)	(1,201,519,816)
		<b>(2,007,314,919)</b>	<b>(1,197,491,109)</b>
<b><u>Increase in current liabilities:</u></b>			
Trade and other payables		(163,122,830)	934,914,967
		<b>(89,012,597)</b>	<b>932,128,910</b>
<b>40 Cash and cash equivalents</b>			
Running finance - <i>secured</i>	14	(2,683,014,294)	(2,589,472,495)
Cash and bank balances	29	529,052,926	1,083,835,283
		<b>(2,153,961,368)</b>	<b>(1,505,637,212)</b>
<b>41 Transactions and balances with related parties</b>			

Related parties include associated undertakings, key management personnel (including the Chief Executive and Directors), post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties.

	2022 Rupees	2021 Rupees
<b>41.1 Transactions with related parties</b>		
<b>41.1.1 Associated Undertakings</b>		
<b><u>Shareholding and common directorship</u></b>		
<b>National Bank of Pakistan</b>		
Mark-up expense for the year	512,243,047	317,057,733
Preference dividend for the year	3,804,632	3,804,632
Cash payment against Restructuring scheme	172,066,048	-
(Decrease) / Increase in bank balances - <i>net</i>	(751,205)	3,339,369
<b><u>Common directorship</u></b>		
<b>Faysal Bank Limited</b>		
Mark-up expense for the year	300,002,455	185,116,611
Mark-up paid during the year	-	631,470
Cash payment against Restructuring scheme	101,309,332	-
Preference dividend for the year	34,139,153	34,139,153
Loan repaid during the year	-	5,174,400
Trustee fee for the year	-	2,500,000
(Decrease) / Increase in bank balances - <i>net</i>	46,220,889	13,627,385
<b>Silk Bank Limited</b>		
Cash payment against Restructuring scheme	937,301	-
Mark-up expense for the year	102,450,927	66,860,106
Markup paid during the year	-	72,685,269
(Decrease) / Increase Short term borrowings - <i>net</i>	47,965	(1,047,807)
<b>Summit Bank Limited</b>		
Cash payment against Restructuring scheme	27,813,691	-
Mark-up expense for the year	182,878,503	116,763,071
Markup paid during the year	39,258,545	123,676,058
(Decrease) / Increase Short term borrowings - <i>net</i>	(62,078)	(127,538,041)
(Decrease) / Increase in bank balances - <i>net</i>	(216,316)	(278,296,370)
<b>41.1.2 Post employment benefit plans</b>		
- Provident fund trust-contribution	23,981,858	21,305,350
- Gratuity trust-contribution	16,819,505	8,121,528
<b>41.1.3 Key management personnel</b>		
The remuneration paid to Chief Executive Officer, directors and executives (key management personnel) in terms of their employment is disclosed in note 42 to the financial statements.		
	2022 Rupees	2021 Rupees
<b>41.2 Balances with related parties</b>		
<b>41.2.1 Associated Undertakings</b>		
<b><u>Shareholding and common directorship</u></b>		
<b>National Bank of Pakistan</b>		
Long term finances	2,467,083,735	2,467,083,735
Redeemable capital	462,057,100	462,057,100
Bills payable	187,030,000	187,030,000



	2022 Rupees	2021 Rupees
Preference shares	34,587,560	34,587,560
Mark-up payable	4,304,758,328	3,792,515,281
Preference dividend payable	193,796,029	189,991,398
Bank account balances	5,021,257	5,772,462
Advisory fee payable	738,600,000	738,600,000
Advance for transaction cost	23,200,000	23,200,000
<b><u>Common directorship</u></b>		
<b>Faysal Bank Limited</b>		
Redeemable capital	1,499,109,500	1,499,109,500
Long term finances	344,325,600	344,325,600
Preference shares	310,355,940	310,355,940
Mark-up payable	2,424,520,188	2,124,517,733
Preference dividend payable	371,415,283	337,276,129
Bank account balances	63,661,080	17,440,191
Trustee fee payable	5,668,582	5,668,582
<b>Silk Bank Limited</b>		
Long term finances	130,607,546	130,607,546
Short term borrowings	550,948,624	550,948,624
Mark-up payable	378,750,190	276,299,263
<b>Summit Bank Limited</b>		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	671,888,070	671,950,148
Mark-up payable	680,820,831	539,637,439
Bank account balances	337,363	553,679
<b>Others</b>		
Iskanderabad welfare Trust Payable	6,490,814	7,345,538
Housing colony receivable	34,195,762	17,914,652
<b>41.2.2 Post employment benefit plans</b>		
Payable to Gratuity trust	2,613,321	15,222,105

All transactions with related parties have been carried out on arm's length basis.

**42 Remuneration of Chief Executive Officer, Directors and Executives**

The aggregate amount charged in financial statements in respect of Chief Executive Officer, Directors and Executives on account of managerial remuneration, perquisites and benefits, post employment benefits and the number of such Directors and Executives are as follows:

	<b>2022</b>			
	<b>Directors</b>			<b>Executives</b>
	<b>Chief Executive Officer</b>	<b>Executive Directors</b>	<b>Non-executive Directors</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Managerial remuneration	15,428,568	-	-	44,199,078
House rent allowance	4,628,568	-	-	12,577,842
Utility allowance	1,542,864	-	-	2,244,721
Other	-	-	-	25,681,295
Post employment benefits	1,285,200	-	-	3,194,176
Meeting fee	-	-	3,985,940	-
Bonus	1,928,571	-	-	3,321,608
	<b>24,813,771</b>	<b>-</b>	<b>3,985,940</b>	<b>91,218,720</b>
Number of persons	<b>1</b>	<b>-</b>	<b>7</b>	<b>25</b>
	<b>2021</b>			
	<b>Directors</b>			<b>Executives</b>
	<b>Chief Executive Officer</b>	<b>Executive</b>	<b>Non-executive</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Managerial remuneration	15,428,568	-	-	39,473,391
House rent allowance	4,628,568	-	-	11,321,873
Utility allowance	1,542,864	-	-	1,853,319
Other	-	-	-	21,827,027
Post employment benefits	1,285,200	-	-	3,025,332
Meeting fee	-	-	4,530,003	-
Bonus	-	-	-	5,746,817
	<b>22,885,200</b>	<b>-</b>	<b>4,530,003</b>	<b>83,247,759</b>
Number of persons	<b>1</b>	<b>-</b>	<b>6</b>	<b>20</b>

Chief executive officer and certain executives are provided with free use of Company maintained car. Other terms and conditions are as per the terms of reference of the respective employment contracts.

### 43 Financial risk management

The Company's activities expose it to a variety of financial risks which affect its revenues, expenses, assets and liabilities. These risks are as follows:

- Credit risk
- Liquidity risk; and
- Market risk (including currency risk, interest rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board has developed a risk policy that sets out fundamentals of risk management framework.

#### **Risk Management Framework**

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

#### **43.1 Credit risk and concentration of credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

##### **43.1.1 Exposure to credit risk**

Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Out of total financial assets of Rs. 788 million (2021: Rs. 1,388 million), the financial assets that are subject to credit risk amount to Rs. 1,882 million (2021: Rs. 2,007 million).

The maximum exposure to credit risk at the reporting date is as follows:

	2022 Rupees	2021 Rupees
Long term deposits	54,721,537	57,880,051
Trade debts	513,312	88,592,108
Advances and other receivables	466,673,036	778,097,981
Bank balances	528,594,924	1,083,218,440
	<b>1,050,502,809</b>	<b>2,007,788,580</b>

**43.1.2 Concentration of credit risk**

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2022 Rupees	2021 Rupees
Customers	513,312	88,592,108
Banking companies and financial institutions	528,594,924	1,083,218,440
Others	521,394,573	835,978,032
	<b>1,050,502,809</b>	<b>2,007,788,580</b>

**43.1.3 Credit quality and impairment**

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

**43.1.3(a) Counterparties with external credit ratings**

These include banking companies and financial institutions, which are counterparties to cash deposits, bank guarantees, security deposits and margin deposits. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

**Banks and financial institutions**

Bank	Rating		Rating Agency	2022 Rupees	2021 Rupees
	Long term	Short term			
<b><u>Bank balances</u></b>					
AlBaraka Bank (Pakistan) Limited	A	A1	VIS	3,392,427	3,396,427
Allied Bank Limited	AAA	A1+	PACRA	25,115	25,115
Askari Bank Limited	AA+	A1+	PACRA	33,991,048	32,501,330
Bank Alfalah Limited	AA+	A1+	PACRA	72,190	72,190
Bank Islami Pakistan Limited	A+	A1	PACRA	1,519,487	1,519,489
Dubai Islamic Bank Pakistan Limited	AA	A1+	JCR-VIS	11,198,230	1,548,199
Faysal Bank Limited	AA	A1+	JCR-VIS	63,661,080	17,437,694
Habib Bank Limited	AAA	A1+	JCR-VIS	79,982,811	79,034,371
MCB Bank Limited	AAA	A1+	PACRA	82,606,158	84,845,434
Meezan Bank Limited	AAA	A1+	JCR-VIS	1,967	40,212,297
National Bank of Pakistan	AAA	A1+	JCR-VIS	3,885,894	4,412,462
NIB Bank Limited	AAA	A1+	PACRA	14,190	12,646
Soneri Bank Limited	A1+	AA-	PACRA	24,649	24,649
Standard Chartered Bank (Pakistan) Limited	AAA	A-1+	PACRA	917,927	917,927
Summit Bank Limited	A1	A-	JCR-VIS	337,363	553,679
The Bank of Punjab	AA+	A1+	PACRA	2,765	2,765
United Bank Limited	AAA	A1+	JCR-VIS	246,961,623	816,701,766
				<b>528,594,924</b>	<b>1,083,218,440</b>

**43.1.3(b) Counterparties without external credit ratings**

These include customers which are counter parties to trade debts. Major sales of the Company are on advance basis, however for few customers the Company is exposed to credit risk in respect of trade debts. Major portion of sales made to customers are secured against bank guarantees. The analysis of age of trade debts at the reporting date is as follows:

	2022		2021	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees	Rupees	Rupees	Rupees
Neither past due nor impaired	-	-	-	-
Past due by 3 to 6 months	513,312	-	88,592,108	-
Past due by 6 to 12 months	-	-	-	-
Past due by more than one year	43,196,191	43,196,191	43,380,085	43,380,085
	<b>43,709,503</b>	<b>43,196,191</b>	131,972,193	43,380,085

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it will not receive the amount due from the particular customer. Based on historical default rates, the Company believes that no impairment allowance other than already provided is necessary in respect of trade receivables not past due or those past due by less than one year, since these relate to customers who have had good payment record with the Company. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited to income statement.

#### 43.1.4 Credit risk management

As mentioned in note 43.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk. The Company also avoids any significant exposure to a single customer.

#### 43.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

##### 43.2.1 Exposure to liquidity risk

##### 43.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, include estimated interest payments and exclude the impact of netting agreements.

	2022				
	Carrying amount	Contractual cash flows	Less than one year	One to three years	More than three years
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Non-derivative financial liabilities</b>					
Redeemable capital - secured	12,165,534,546	12,165,534,546	12,165,534,546	-	-
Long term finances - secured	7,103,591,664	7,103,591,664	7,103,591,664	-	-
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690	-	-	1,593,342,690
Long term payable	551,438,375	551,438,375	-	551,438,375	-
Short term borrowings - secured	3,581,994,123	3,581,994,123	3,581,994,123	-	-
Trade and other creditors	3,911,562,358	3,911,562,358	3,911,562,358	-	-
Accrued liabilities	172,541,063	172,541,063	172,541,063	-	-
Security deposits and retention money	19,778,604	19,778,604	19,778,604	-	-
Other payables	41,304,590	41,304,590	41,304,590	-	-
Mark-up accrued on borrowings	27,088,095,036	27,088,095,036	27,088,095,036	-	-
Preference dividend payable	1,906,638,085	1,906,638,085	1,906,638,085	-	-
	<b>58,135,821,134</b>	<b>58,135,821,134</b>	<b>55,991,040,069</b>	<b>551,438,375</b>	<b>1,593,342,690</b>



	2021				
	Carrying amount	Contractual cash flows	Less than one year	One to three years	More than three years
	Rupees	Rupees	Rupees	Rupees	Rupees
<b><u>Non-derivative financial liabilities</u></b>					
Redeemable capital - <i>secured</i>	12,165,534,546	12,165,534,546	12,165,534,546	-	-
Long term finances - <i>secured</i>	7,103,591,664	7,103,591,664	7,103,591,664	-	-
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690	-	-	1,593,342,690
Long term payable	1,157,874,632	1,157,874,632	-	1,157,874,632	-
Short term borrowings - <i>secured</i>	3,518,449,435	3,518,449,435	3,518,449,435	-	-
Trade and other creditors	2,832,973,429	2,832,973,429	2,832,973,429	-	-
Accrued liabilities	197,191,347	197,191,347	197,191,347	-	-
Security deposits and retention money	17,287,331	17,287,331	17,287,331	-	-
Other payables	60,308,472	60,308,472	60,308,472	-	-
Mark-up accrued on borrowings	23,731,549,868	23,731,549,868	23,731,549,868	-	-
Preference dividend payable	1,731,370,386	1,731,370,386	1,731,370,386	-	-
	54,109,473,800	54,109,473,800	51,358,256,478	1,157,874,632	1,593,342,690

#### 43.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company continues to face a liquidity shortfall, as a result of which it was unable to meet its obligations in respect of various debt finances and is not in compliance with certain financial covenants as referred to in note 8 and 9. The details of overdue financial liabilities are as follows:

	Note	2022		
		Principal	Interest / mark up	Total
		Rupees	Rupees	Rupees
<b><u>Nature of liability</u></b>				
Redeemable capital	8	12,165,534,546	14,924,820,911	27,090,355,457
Long term finances	9	7,103,591,664	9,847,649,862	16,951,241,526
Short term borrowings	14	2,773,246,749	2,006,739,620	4,779,986,369
		22,042,372,959	26,779,210,393	48,821,583,352
		2021		
		Principal	Interest / mark up	Total
		Rupees	Rupees	Rupees
<b><u>Nature of Liability</u></b>				
Redeemable capital	8	12,165,534,546	13,081,961,047	25,247,495,593
Long term finances	9	7,103,591,664	8,668,826,240	15,772,417,904
Short term borrowings	14	2,427,814,856	1,954,560,018	4,382,374,874
		21,696,941,066	23,705,347,305	45,402,288,371

The Company, in order to streamline and to restructure its existing over-due long-term debts towards creditors (i.e. Rs. 19.447 billion) and related markup (i.e. 6.075 billion) as of 31 December 2013, developed a Comprehensive Rehabilitation Scheme in the form of Scheme of Arrangement ("the Scheme") under Section 284 to 288 of the Companies Ordinance 1984. Subsequent to approvals of the lenders and shareholders, the Scheme was filed with Honorable Lahore High Court (LHC) in June, 2016. LHC has sanctioned the Scheme on July 5th, 2022 with effect from December 31, 2013.

The scheme envisaged the payment of CFADs of Rs. 1.65 Billion to the lenders as per the chosen options; issuance of preference shares in lieu of outstanding Long term Debts; waiver of Markups as at 31 December 2013; and issuance of Zero coupon PPTFCs in lieu of accrued markups outstanding on 31 December 2013 as per chosen options.

The Company is in process of implementation of sanctioned scheme. After sanctioning of the scheme by LHC, key milestones achieved from reconciliation of balances with lenders, amendment in Memorandum of Articles and Association of the Company to increase authorized capital upto Rs. 35,000 million and disbursement of cash payments of Rs 891 million to the lenders, while last tranche of Rs. 758 million to lenders and issuance of new instruments is yet to be made by the Company. Due to these pending milestones the Company has not incorporated related adjustments required for full implementation of such scheme.

Possible impact of restructuring scheme on future financial statements will be as follows:

Particulars	Note	2022
		Rupees
Decrease in current maturity of long term liabilities		19,269,126,210
Decrease in interest / mark-up accrued on borrowings		24,772,157,035
Increase in Preference Shares		18,557,697,891
Increase in Zero Coupon PPTFCs	43.2.2.1	5,066,793,453
Increase in Pref. Dividend payable	43.2.2.2	17,784,905,860
Restructuring income including wavier of mark-up		981,886,041

**43.2.2.1** This represents face value of zero coupon privately placed term finance certificates (PPTFCs). This doesn't include impact of PV adjustment.

**43.2.2.2** This represent accumulated unpaid dividend payable on the face value of preference shares since 2014 onwards. This doesn't include impact of PV adjustment as payment date of such dividend is uncertain.

### 43.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

#### 43.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros, JPY and US dollars.

#### 43.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2022 Rupees	2021 Rupees
<b><i>Off balance sheet items</i></b>		
Outstanding letters of credit:		
US \$	17,333,664	58,127,202
EUR €	6,798,000	81,754,452
<b>Net exposure</b>	<b>24,131,664</b>	139,881,654

**43.3.1(b) Exchange rates applied during the year**

The following significant exchange rates have been applied during the year:

		2022 Rupees	2021 Rupees
<i>Reporting date spot rate:</i>			
- buying	<b>US \$</b>	<b>226.27</b>	180.40
- selling	<b>US \$</b>	<b>226.68</b>	179.10
Average rate for the year	<b>US \$</b>	<b>226.26</b>	169.80
<i>Reporting date spot rate:</i>			
- buying	<b>EUR €</b>	<b>240.94</b>	202.20
- selling	<b>EUR €</b>	<b>241.38</b>	200.45
Average rate for the year	<b>EUR €</b>	<b>240.94</b>	195.98
<i>Reporting date spot rate:</i>			
- buying	<b>GBP</b>	<b>272.51</b>	239.10
- selling	<b>GBP</b>	<b>273.03</b>	236.60
Average rate for the year	<b>GBP</b>	<b>272.51</b>	224.80
<i>Reporting date spot rate:</i>			
- buying	<b>CHF</b>	<b>244.90</b>	160.90
- selling	<b>CHF</b>	<b>245.35</b>	160.00
Average rate for the year	<b>CHF</b>	<b>244.90</b>	168.08
<i>Reporting date spot rate:</i>			
- buying	<b>JPY</b>	<b>1.70</b>	1.55
- selling	<b>JPY</b>	<b>1.71</b>	1.58
Average rate for the year	<b>JPY</b>	<b>1.71</b>	1.51

**43.3.1(c) Sensitivity analysis**

A reasonably possible strengthening / (weakening) of 1% in Pak Rupee against the foreign currencies would have affected the measurement of financial instruments denominated in foreign currency and affected profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2022 Rupees	2021 Rupees
US \$	<b>173,337</b>	581,272
EUR €	<b>67,980</b>	817,545
	<b>241,317</b>	1,398,817

**43.3.1(d) Currency risk management**

Since the maximum amount exposed to currency risk is minimal, any adverse / favorable movement in functional currency with respect to Euros, JPY US dollar will not have any material impact on the operational results.

**43.3.2 Interest / markup rate risk**

Interest / markup rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

**43.3.2(a) Fixed rate financial instruments**

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	2022		2021	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees	Rupees	Rupees	Rupees
<b><u>Non-derivative financial instruments</u></b>				
Redeemable capital	-	618,685,000	-	618,685,000
Convertible, redeemable preference shares	-	1,593,342,690	-	1,593,342,690
Long term advance to employees	17,123,956	-	14,024,136	-
	17,123,956	2,212,027,690	14,024,136	2,212,027,690

**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 profit / mark-up / interest rates at the reporting date would not affect profit or loss.

**43.3.2(b) Variable rate financial instruments**

	2022		2021	
	Financial asset	Financial liability	Financial asset	Financial liability
	Rupees	Rupees	Rupees	Rupees
<b><u>Non-derivative financial instruments</u></b>				
Redeemable capital	-	10,998,024,546	-	10,998,024,546
Long term finances	-	7,103,591,664	-	7,103,591,664
Short term borrowings - secured	-	3,581,994,123	-	3,518,449,435
Bank balances - saving accounts	86,507,157	-	696,187,344	-
	86,507,157	21,683,610,333	696,187,344	21,620,065,645

**43.3.2(c) Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates as at the reporting date would have (increased) / decreased loss by amounts presented below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	2022 Rupees	2021 Rupees
<b><u>Increase of 100 basis points</u></b>		
Variable rate instruments	(215,971,032)	(209,238,783)
<b><u>Decrease of 100 basis points</u></b>		
Variable rate instruments	215,971,032	209,238,783

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and the outstanding liabilities of the Company at the year end.

**43.3.2(d) Interest/markup rate risk management**

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Most of the loans have variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

**43.3.3 Price risk**

Price risk represents the risk that the fair value or future cash flows of 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. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

**43.4 Fair value measurement of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

#### 43.4.1 Financial instruments by category

The following table show the categories as well as carrying amounts and fair values of financial assets and financial liabilities according to their respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value.

Particulars	Carrying amount				Fair Value			
	Amortised Cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>December 31, 2022</b>								
<i>Financial assets not measured at fair value</i>								
Long term loans and advances	17,123,956	-	-	17,123,956	-	-	-	-
Trade debts	513,312	-	-	513,312	-	-	-	-
Long term deposits	54,721,537	-	-	54,721,537	-	-	-	-
Advances and other receivables	162,337,329	-	-	162,337,329	-	-	-	-
Cash and bank balances	554,052,926	-	-	554,052,926	-	-	-	-
<b>Total</b>	<b>788,749,060</b>	<b>-</b>	<b>-</b>	<b>788,749,060</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	Carrying amount				Fair Value			
	Amortised Cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>December 31, 2021</b>								
<i>Financial assets not measured at fair value</i>								
Long term loans and advances	14,024,136	-	-	14,024,136	-	-	-	-
Trade Debts	88,592,108	-	-	88,592,108	-	-	-	-
Long term Deposits	57,677,251	-	-	57,677,251	-	-	-	-
Advances and Other receivables	144,599,235	-	-	144,599,235	-	-	-	-
Cash and Bank	1,083,835,283	-	-	1,083,835,283	-	-	-	-
<b>Total</b>	<b>1,388,728,013</b>	<b>-</b>	<b>-</b>	<b>1,388,728,013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

43.4.2 The Company does not hold any financial liability at fair value. Remaining financial liabilities are as follows:

	2022 Rupees	2021 Rupees
<b><u>Financial liabilities at amortized cost</u></b>		
Redeemable capital	12,165,534,546	12,165,534,546
Long term finances	7,103,591,664	7,103,591,664
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690
Long term payable	551,438,375	1,157,874,632
Short term borrowings	3,581,994,123	3,518,449,435
Trade and other payables	3,911,562,358	2,832,973,429
Accrued liabilities	172,541,063	197,191,347
Security deposits and retention money	19,778,604	17,287,331
Other payables	41,304,590	60,308,472
Mark-up accrued on borrowings	27,088,095,036	23,731,549,868
Preference dividend payable	1,906,638,085	1,731,370,386
	<b>58,135,821,134</b>	<b>54,109,473,800</b>



### 43.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

## 44 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises redeemable capital preference shares and long term finances and liabilities. Total capital employed includes total equity as shown in the balance sheet, including surplus on revaluation of property, plant and equipment. Gearing ratio of the Company as at the reporting date is as follows:

	2022 Rupees	2021 Rupees
Total debt	20,862,468,900	20,862,468,900
Total equity (including surplus)	11,984,179,867	3,755,792,434
Total capital employed	32,846,648,767	24,618,261,334
Gearing - rate	64%	85%

There were no changes in the Company's approach to capital management during the year. The Company's debt is at the same level as the management is planning to convert its long term as explained in note 2.2 and 43.2.2. The Company has filed a scheme for conversion of its over-due long term debts and related markup into preference shares in accordance with a scheme of arrangement to be approved by the Honorable Lahore High Court under the provisions of repealed Companies Ordinance, 1984. The proceedings of the Court are in progress at the reporting date. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date.

45 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Equity				Total preference shares	
	Long term finances	Redeemable capital	Short term borrowings	Short term running finances - note 40	Accrued finance cost	Convertible, redeemable preference shares	Preference Dividend Payable	Ordinary Share Capital		Reserves
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 01 January 2022</b>	7,103,591,664	12,165,534,546	928,976,940	2,589,472,495	24,709,083,024	1,593,342,690	1,731,370,386	3,924,300,000	9,000,000	54,754,671,744
<b>Cash flows</b>										
Net decrease in long term finances	-	-	-	-	-	-	-	-	-	-
Short term borrowings received net of payments	-	-	(29,997,111)	-	-	-	-	-	-	(29,997,111)
Finance cost paid	-	-	-	-	(56,081,128)	-	-	-	-	(56,081,128)
<b>Total changes from financing cash flows</b>	-	-	(29,997,111)	-	(56,081,128)	-	-	-	-	(86,078,239)
<b>Non-cash charges</b>										
Preference dividend expense	-	-	-	-	-	-	175,267,699	-	-	175,267,699
Changes in running finances	-	-	-	93,541,799	3,741,660,703	-	-	-	-	93,541,799
<b>Total liability related other changes</b>	-	-	-	93,541,799	3,741,660,703	-	175,267,699	-	-	4,010,470,201
<b>Closing as at 31 December 2022</b>	<b>7,103,591,664</b>	<b>12,165,534,546</b>	<b>898,979,829</b>	<b>2,683,014,294</b>	<b>28,394,662,599</b>	<b>1,593,342,690</b>	<b>1,906,638,085</b>	<b>3,924,300,000</b>	<b>9,000,000</b>	<b>58,679,063,706</b>
<b>Balance as at 01 January 2021</b>	7,113,137,166	12,165,534,546	928,976,940	2,718,008,076	22,325,054,890	1,593,342,690	1,556,102,687	3,924,300,000	9,000,000	52,333,456,995
<b>Cash flows</b>										
Net decrease in long term finances	(9,545,502)	-	-	-	-	-	-	-	-	(9,545,502)
Short term borrowings received net of payments	-	-	-	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	(244,860,554)	-	-	-	-	(244,860,554)
<b>cash flows</b>	<b>(9,545,502)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(244,860,554)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(254,406,056)</b>
<b>Non-cash charges</b>										
Preference dividend expense	-	-	-	-	-	-	175,267,699	-	-	175,267,699
Changes in running finances	-	-	-	(128,535,581)	2,628,888,888	-	-	-	-	2,500,353,107
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(128,535,581)</b>	<b>2,628,888,888</b>	<b>-</b>	<b>175,267,699</b>	<b>-</b>	<b>-</b>	<b>2,675,620,806</b>
<b>Closing as at 31 December 2021</b>	<b>7,103,591,664</b>	<b>12,165,534,546</b>	<b>928,976,940</b>	<b>2,589,472,495</b>	<b>24,709,083,024</b>	<b>1,593,342,690</b>	<b>1,731,370,386</b>	<b>3,924,300,000</b>	<b>9,000,000</b>	<b>54,754,671,744</b>

	2022 Rupees	2021 Rupees
<b>46 Restriction on title, and assets pledged as security</b>		
<b><u>Mortgages and charges</u></b>		
Hypothecation of stocks and movables	<b>2,248,027,095</b>	2,758,496,957
Hypothecation of book debts and receivables	<b>2,574,910,035</b>	2,574,910,035
Mortgage over land and building	<b>5,495,319,359</b>	5,495,319,359
Hypothecation of plant and machinery	<b>52,465,328,649</b>	52,465,328,649
Charge over stocks - (pledge)	<b>544,081,089</b>	544,081,089

#### 47 Segment reporting

**47.1** The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The following summary describes the operations in each of the Company's reportable segments:

##### Reportable Segments

Urea fertilizer segment

Phosphate fertilizer segment

##### Operation of reportable segments

production of Urea fertilizer and ammonia from natural gas

production of Phosphate fertilizer from rock phosphate

Information regarding the Company's reportable segments is presented below:

#### 47.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
External revenues	14,158,170,006	7,694,580,008	3,138,013,219	2,406,343,840	17,296,183,225	10,100,923,848
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	14,158,170,006	7,694,580,008	3,138,013,219	2,406,343,840	17,296,183,225	10,100,923,848
Reportable segment (loss) /profit before tax	(4,562,609,431)	(4,070,838,725)	1,358,892,580	1,053,084,465	(3,203,716,851)	(3,017,754,260)

#### 47.3 Other segment information

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Interest income	56,709,220	14,378,280	18,743,421	6,249,115	75,452,641	20,627,395
Interest expense	4,284,507,930	2,805,098,041	368,541	174,665	4,284,876,471	2,805,272,706
Depreciation	1,536,187,284	1,537,031,584	64,916,648	65,711,176	1,601,103,932	1,602,742,760
Capital expenditure incurred during the year	40,274,326	63,576,024	10,857,026	2,498,162	51,131,352	66,074,186

#### 47.4 Segment assets and liabilities

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Reportable segment assets	80,537,596,080	62,618,806,857	9,478,797,402	4,597,766,805	90,016,393,482	67,216,573,662
Reportable segment liabilities	72,092,100,404	62,575,273,403	1,568,136,883	885,507,824	73,660,237,287	63,460,781,227

**47.5 Reconciliations of reportable segment loss, assets, liabilities and other material items.**

	2022 Rupees	2021 Rupees
<b>47.5.1 Profit or loss</b>		
Total loss for reportable segments	(3,203,716,851)	(3,017,754,260)
Unallocated corporate expenses	250,390,627	344,490,191
Consolidated loss after tax	(2,953,326,224)	(2,673,264,069)
<b>47.5.2 Assets</b>		7,973,621
Total assets for reportable segments	90,016,393,482	70,025,879,415
Elimination of inter-segment assets	(8,299,496,434)	(2,809,305,752)
Consolidated total assets	81,716,897,048	67,216,573,663
<b>47.5.3 Liabilities</b>		
Total liabilities for reportable segments	73,660,237,287	65,744,813,713
Elimination of inter-segment liabilities	(3,796,243,996)	(2,809,305,752)
Consolidated total liabilities	69,863,993,291	62,935,507,961

**47.5.4 Other material items**

The inter-segment transactions related to other material items are insignificant.

	2022 Rupees	2021 Rupees
<b>47.6 Geographical information</b>		
Sales are made by the Company in the following countries:		
Pakistan	17,296,183,225	10,100,923,847
	17,296,183,225	10,100,923,847

The Company manages and operates manufacturing facilities and sales offices in Pakistan only.

**47.7** 100% (2021: 100%) of the sales of the Company are made to customers located in Pakistan.

**47.8** All non-current assets of the Company as at 31 December 2022 are located in Pakistan.

**48 Plant capacity and actual production**

<b>Urea fertilizer</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>
Rated capacity	Metric tons	433,125	433,125
Actual production for the year	Metric tons	353,284	226,768
Production efficiency	%age	82%	52%
<b>Phosphate fertilizer</b>			
Rated capacity	Metric tons	81,000	81,000
Actual production for the year	Metric tons	63,596	73,244
Production efficiency	%age	79%	90%

The low production is due to working capital and raw material constraints.

**49 Provident Fund Trust**

The following information is based on latest audited financial statements of the Provident Fund Trust.

		30 June 2022	30 June 2021
Size of fund - total assets	<b>Rupees</b>	220,192,588	220,192,588
Cost of investments made	<b>Rupees</b>	166,409,942	166,409,942
Percentage of investments made	<b>Percentage</b>	75.57%	75.57%
Fair value of investments	<b>Rupees</b>	214,811,613	203,615,434

The breakup of fair value of investments is as follows:

	30 June 2022		30 June 2021	
	Rupees	Percentage	Rupees	Percentage
Shares of listed companies	19,182	0.01%	25,698	0.01%
NAFA funds (AMC)	106,242,308	49.46%	102,205,458	46.72%
Mutual Funds	79,049,256	36.80%	77,209,708	1.26%
MCB Arif Habib Funds (AMC)	2,532,098	1.18%	2,909,824	40.82%
Saving certificates	-	0.00%	13,150,000	8.52%
Cash at bank	26,968,769	12.55%	8,114,746	2.67%
	<b>214,811,613</b>	<b>100.00%</b>	<b>203,615,434</b>	<b>100.00%</b>

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.

#### 50 Number of employees

The Company has employed following number of persons including regular and contractual staff:

	2022	2021
	(Number of persons)	
<i>Total number of employees as at 31 December</i>		
-Head Office	23	17
-Iskanderabad Factory	683	700
-Haripur Factory	253	254
	<b>959</b>	<b>971</b>
<i>Average number of employees during the year</i>		
-Head Office	19	16
-Iskanderabad Factory	694	661
-Haripur Factory	255	239
	<b>968</b>	<b>916</b>

#### 51 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison and better presentation. However, no significant reclassification has been made in these financial statements.

#### 52 Date of authorization for issue

These financial statements were authorized for issue on 30 March 2023 by the Board of Directors of the Company.

#### 53 General

Figures have been rounded off to the nearest rupee.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the members of **Agritech Limited** (the Company) that an **Annual General Meeting for Financial Year ended 31 December 2022** of the Company is scheduled to be held on April 28, 2023 at 11:00 AM at Park Lane Hotel, 107-B3, M.M. Alam Road, Gulberg III, Lahore, as well as through video link, to transact the following business:

## Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on April 28, 2022;
2. To receive, consider and adopt the financial statements for the year ended on December 31, 2022, together with Director's and Auditor's reports thereon;
3. To appoint external auditors for the financial year ending December 31, 2023 and to fix their remuneration.

## Special Business:

4. To consider and if deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) by the members to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink, as recommended by the Board of Directors of the Company:

**"RESOLVED THAT** QR enabled code and weblink of the annual audited financial statements of the company be circulated to members, subject to the requirements of Notification No. S.R.O. 389(I)/2023 of Securities & Exchange Commission of Pakistan dated 21st March 2023 instead of CD/DVD/USB.

**FURTHER RESOLVED THAT** notice of general meeting be dispatched to members, as per the requirement of the Companies Act, 2017, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act.

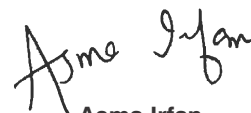
**FURTHER RESOLVED THAT** the annual audited financial statements be also circulated to members through email, in case email has been provided by the members of the company, without receiving consents from the members.

**FURTHER RESOLVED THAT** the company shall provide hard copy of all the future annual audited financial statements to those members only who request the company in writing to receive hard copies."

5. Any other business with the permission of the Chair.

Date: 30<sup>th</sup> March, 2023  
Place: Lahore

By Order of the Board



Asma Irfan  
Company Secretary

**NOTES:**

1. Share transfer books of the Company will remain closed from April 22, 2023 to April 28, 2023 (both days inclusive). Share transfers received at the address of M/s Corplink Private Limited at Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on April 21, 2023 will be treated in time, for the purpose of entitlement to the transferees.
2. A copy of the annual report of the Company is available on Company's website. Any member interested to receive hard copy of the report is requested to write an email along with complete postal address and folio/CDC account number at corporate@pafl.com.pk.
3. A member entitled to attend and vote at the meeting may appoint any person/member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
4. Members who have not yet submitted photocopies of the Computerized National Identity Card (CNIC) are requested to send the same at the earliest.
5. CDC Account Holders will further have to follow the guidelines as laid down by the Securities and Exchange Commission of Pakistan.

**A. FOR ATTENDING THE MEETING:**

- i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**B. ONLINE PARTICIPATION IN AGM:**

- i. Members may avail video conference facility for this General Meeting, provided the Company receives request at least 10 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding from respective location. Any member interested to join meeting through video link is requested to provide CNIC Number, Folio/CDC Account Number at the following email address corporate@pafl.com.pk. Video link will be shared a day prior to the meeting.
- ii. The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the shareholders.

**C. FOR APPOINTING PROXIES:**

- i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements. Proxy form is attached herewith and also uploaded on Company's website in Urdu and English languages.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

## NOTICE OF ANNUAL GENERAL MEETING

6. Members are requested to intimate any change in their registered addresses to the Share Registrar of the Company. Those members who have not yet submitted copy of their CNICs/NTN (in case of corporate entity) are also requested to send the same at the earliest.
7. For any query/problem/information, Members may contact the Company at email Corporate@pafll.com.pk and/or the Share Registrar of the Company at (+92 42) 35916714, 35916719, 35839182, email shares@corplink.com.pk. Members may also visit website of the Company www.pafll.com.pk for notices/information.
8. In accordance with the Companies (Distribution of Dividend) Regulation 2017, shareholders are advised to provide International Bank Account Number (IBAN) details, if they have not already done so, to our Share Registrar (if shares are held in physical form) at their above referred office address or to the respective Participants/Broker (if any share are held through CDS Account) with-out any delay.
9. Those shareholders who have physical share certificates are requested to convert them into book entry form as per Section 72 of the Companies Act, 2017.

### STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

The following statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company at 11:00 AM on Friday, April 28, 2023 at Park Lane Hotel, 107-B3, M.M. Alam Road, Gulberg III, Lahore:

*Subject to the requirements of Notification No. S.R.O. 389(I)/2023 of Securities & Exchange Commission of Pakistan dated 21st March 2023, the company is desirous to obtain members approval in order to circulate annual audited financial statements to its members thorough QR enabled code and weblink instead of circulating the same via CD/DVD/USB.*

None of the Directors of the Company have any personal interest in the aforesaid Special Business except in their capacity as Shareholders or Directors of the Company.

Lahore  
30<sup>th</sup> March, 2023

  
Company Secretary

## اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا ایگریٹیک لیمیٹڈ (کمپنی) کے ممبران کو مطلع کیا جاتا ہے کہ کمپنی کا 31 دسمبر 2022 کو ختم ہونے والے مالی سال کے لئے سالانہ اجلاس عام، مورخہ 28 اپریل، 2023 کو صبح گیارہ بجے پارک لین ہوٹل، B3-107، ایم ایم عالم روڈ، گلبرگ III، لاہور نیز ویڈیولنک کے ذریعے، مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

عام امور:

1-28 اپریل 2022 کو منعقدہ سالانہ عمومی اجلاس کی کارروائی کی توثیق؛

2-31 دسمبر 2022 کو ختم ہونے والے مالی حسابات بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی وغور و منظوری؛

3-31 دسمبر 2023 کو ختم ہونے والے مالی سال کے لئے بیرونی آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین کرنا۔

خصوصی امور:

4- اراکین کی جانب سے سالانہ بیننس شیٹ، پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹران اور ڈائریکٹران کی رپورٹس وغیرہ (سالانہ مالیاتی آڈٹ شدہ حسابات) اپنے اراکین کو QR فعال کوڈ اور ویب لنک کے ذریعے ترسیل کی مندرجہ ذیل قراردادوں پر غور و خور کرنا اور اگر مناسب سمجھا جائے تو ان میں ترامیم، اضافہ یا حذف کے ساتھ یا اس کے بغیر بورڈ آف ڈائریکٹرز کی مجوزہ قراردادوں پر غور و خور اور اسکی منظوری:

**"RESOLVED THAT** QR enabled code and weblink of the annual audited financial statements of the company be circulated to members, subject to the requirements of Notification No. S.R.O. 389(I)/2023 of Securities & Exchange Commission of Pakistan dated 21st March 2023 instead of CD/DVD/USB.

**FURTHER RESOLVED THAT** notice of general meeting be dispatched to members, as per the requirement of the Companies Act, 2017, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act.

**FURTHER RESOLVED THAT** the annual audited financial statements be also circulated to members through email, in case email has been provided by the members of the company, without receiving consents from the members.

**FURTHER RESOLVED THAT** the company shall provide hard copy of all the future annual audited financial statements to those members only who request the company in writing to receive hard copies."

5- چیئرمین کی اجازت سے کسی دوسرے امور کی سرانجام دہی۔

بنگم بورڈ

تاریخ: 30 مارچ، 2023

جگہ: لاہور

Asma Iqbal  
عاصمہ عرفان  
کمپنی سیکریٹری

## نوٹس:

- 1- کمپنی کی شیئرز ٹرانسفر کتا میں مورخہ 22 اپریل 2023 تا 28 اپریل 2023 (بشمول دونوں دن) تک بند رہیں گی۔ شیئرز ٹرانسفر کی درخواست جو کہ مورخہ 21 اپریل 2023 کو کاروباری اوقات کے اختتام تک میسرز کارپ لنک (پرائیوٹ) لمیٹڈ کے پتے ڈنگل آرکیڈ، K-1، کمرشل، ماڈل ٹاؤن، لاہور پر موصول ہوگی، انٹونٹلی کا استحقاق حاصل ہوگا۔
- 2- کمپنی کی سالانہ رپورٹ کی کاپی کمپنی کی ویب سائٹ پر مہیا کر دی گئی ہے۔ ایسے ممبران جو انفرادی طور پر رپورٹ کی کاپی چاہتے ہیں ان سے گزارش ہے کہ وہ یہ درخواست بمعہ اپنا مکمل پتہ اور فوٹیو/ایو/ایڈریس کاؤنٹ نمبر corporate@pafll.com.pk پر بھیج دیں۔
- 3- مینٹنگ میں شرکت اور ووٹ ڈالنے کا اہل ممبر کسی بھی شخص/ممبر کو اپنی جگہ پر رائے دہندگی کے لئے اپنا پراسی مقرر کر سکتا ہے۔ ہر لحاظ سے مکمل کی گئیں موثر پراسیاں اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازمی وصول ہو جانی چاہئے۔
- 4- وہ ممبر جنہوں نے ابھی تک کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقول جمع نہیں کروائی ہیں، ان سے جلد از جلد ارسال کرنے کی درخواست کی جاتی ہے۔
- 5- سی ڈی سی (CDC) کاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی درج ذیل طے شدہ ہدایات پر عمل کرنا ہوگا۔
  - A. اجلاس میں شرکت کے لئے:
    - i. حصص یافتگان کو اجلاس میں شرکت کے وقت اپنا اصل CNIC یا سپورٹ دکھا کر اپنی شناخت ثابت کرنی ہوگی۔
    - ii. اجلاس میں حصہ لینے کے لئے کارپوریٹ کی صورت میں (اگر پمپلے پراسیا فارم کے ساتھ نہیں دیا گیا ہے) بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نمونہ دستخط کمپنی کو فراہم کرنا ہوگا۔
  - B سالانہ اجلاس عام AGM میں آن لائن شرکت:
    - i. مجموعی طور پر 10% یا اس سے زیادہ شیئرز ہولڈنگ والے مقام پر رہائش پزیر ممبران و ڈیولونک کی سہولت اپنی متعلقہ لوکیشن پر حاصل کر سکتے ہیں بشرطیکہ وہ کمپنی کو مینٹنگ کی تاریخ سے کم از کم 10 دن قبل آگاہ کریں۔ اگر آپ اجلاس میں وڈیولونک کے ذریعے شرکت کرنا چاہتے ہیں تو اپنا شناختی کارڈ نمبر، فوٹیو/ایو/ایڈریس پر بھیج دیں corporate@pafll.com.pk۔
    - ii. ممبران اپنی تصدیق اور شناخت کے لئے درکار تمام باضابطہ تقاضوں کو مکمل کرنے کے بعد اپنے سہارٹ فونز یا کمپیوٹر آلات کے ذریعے اجلاس کی کاروائی میں لاگ۔ ان ہوں گے اور اس میں حصہ لے سکیں گے۔
- C. پراسیا کے تقرر کے لئے:
  - i. افراد کی صورت میں اکاؤنٹ ہولڈرز/یاسب اکاؤنٹ ہولڈرز، مندرجہ ذیل قواعد کے مطابق پراسیا فارم جمع کروائیں۔ پراسیا فارم، نوٹس کے ساتھ منسلک ہے اور کمپنی کی ویب سائٹ پر انگریزی اور اردو زبانوں میں مہیا کر دیا گیا ہے۔
  - ii. پراسیا فارم، دو افراد جن کے نام، پتے اور CNIC نمبر فارم پر مقرر ہو سکتے، کے گواہی شدہ ہونے چاہئیں۔
  - iii. beneficial owner اور پراسیا ہولڈر کے شناختی کارڈ یا سپورٹ کی مصدقہ نقول پراسیا فارم کے ساتھ جمع کرانا ہوگی۔
  - iv. پراسیا ہولڈر، اجلاس کے موقع پر اپنا اصلی CNIC یا اصل سپورٹ فراہم کرے گا۔
  - v. کارپوریٹ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نمونہ دستخط پراسیا فارم کے ساتھ کمپنی کو فراہم کرنا ہوگا (اگر پمپلے فراہم نہیں کیا گیا ہے)۔
  - 6- وہ ارکان جو فزیکل حصص کے حامل ہیں ان سے گزارش ہے کہ رجسٹرڈ ایڈریس میں تبدیلی کی صورت میں کمپنی کے شیئرز رجسٹر ارا کو مطلع کریں۔ جن ممبران نے اپنی کمپیوٹرائزڈ شناختی کارڈ/این ٹی این (کارپوریٹ ادارے کی صورت میں) کی کاپی جمع نہیں کروائی وہ فوراً ارسال کریں۔
  - 7- کسی بھی سوال/مسئلہ/معلومات کے لئے ممبر کمپنی کے ای میل corporate@pafll.com.pk پر یا کمپنی کے شیئرز رجسٹرار کے ای میل shares@corplink.com.pk فون نمبر +92 (35916714, 35916719, 35839182) پر رابطہ کر سکتے ہیں۔ ممبران، نوٹس/معلومات کے لئے کمپنی کی ویب سائٹ www.pafll.com.pk بھی ملاحظہ کر سکتے ہیں۔
  - 8- کمپنیز (ڈیویڈنڈ کی تقسیم) ریگولیشن 2017 کے مطابق، شیئرز ہولڈرز بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) کی تفصیلات فراہم کریں (اگر پمپلے فراہم نہیں کیا)، اگر حصص فزیکل فارم میں ہیں تو ہمارے شیئرز رجسٹرار کو ان کے مذکورہ بالا دفتر کے ایڈریس پر اور اگر حصص سی ڈی ایس اکاؤنٹ کے ذریعے رکھے گئے ہیں تو متعلقہ پائیس پیمنٹ/بروکر کو کسی تاخیر کے بغیر فراہم کریں۔
  - 9- ایسے شیئرز ہولڈرز جن کے پاس شیئرز فزیکل حالت میں موجود ہیں ان سے گزارش ہے کہ وہ اپنے شیئرز رجسٹرار کی ایکٹ کی سیکشن 72 کے تحت الیکٹرانک فارم میں تبدیل کروائیں۔



## اطلاع برائے سالانہ اجلاس عام

کمپنی ایکٹ 2017 کے سیکشن (3) 134 کے تحت کیفیت نامہ

مندرجہ ذیل کیفیت نامہ کمپنی کے سالانہ عمومی اجلاس عام بہ مقام پارک لین ہوٹل، B3-107، ایم ایم عالم روڈ، گلبرگ III، لاہور میں مورخہ 28 اپریل، 2023 کو صبح گیارہ بجے ہونے والے عمومی سالانہ اجلاس عام میں منظوری کے لیے پیش کیے جانے والے خصوصی امور سے متعلق اہم حقائق کا احاطہ کرنا ہے:

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ نوٹیفیکیشن نمبر S.R.O 389(I)/2023 مورخہ 21 مارچ 2023 کی ہدایات کے پیش نظر کمپنی اپنے اراکین کو سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ترسیل کو CD/DVD/USB میں کرنے کے بجائے فعال QR کوڈ اور ویب لنک کے ذریعے بھیجنے کے لیے اراکین کی منظوری حاصل کرنا چاہتی ہے۔

خصوصی قراردادوں میں ڈائریکٹران کی ماسوائے بحیثیت حصص یافتگان یا کمپنی ڈائریکٹرا کی کوئی دلچسپی نہیں ہے۔

*Arme Irfan*  
کمپنی سیکریٹری

لاہور۔

مورخہ 30 مارچ 2023



## Form of Proxy

Agritech Limited



I/We \_\_\_\_\_  
 son/daughter of \_\_\_\_\_  
 a member of Agritech Limited and holder of \_\_\_\_\_ shares as  
 per Registered Folio No. \_\_\_\_\_ do hereby appoint Mr./Ms. \_\_\_\_\_  
 son/daughter of \_\_\_\_\_ or failing him/her  
 Mr. Ms. \_\_\_\_\_  
 son/daughter of \_\_\_\_\_  
 who is also member of the Company vide Registered Folio No. \_\_\_\_\_

as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 28, 2023 at 11:00 AM at Park Lane Hotel, 107-B3, M.M. Alam Road, Gulberg III, Lahore and at any adjournment thereof.

In witness whereof on this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

### WITNESSES:

1. Signature: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 CNIC: \_\_\_\_\_

Affix Revenue  
Stamp

2. Signature: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 CNIC: \_\_\_\_\_

Member's Signature

### NOTE:

1. The Form of Proxy should be deposited at the Registered Office of the Agritech Limited situated at 2nd Floor Asia Centre, 8-Babar Block, New Garden Town, Lahore not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their national Identity Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose





## ایگری ٹیک لمیٹڈ پراکسی فارم

میں/ہم ----- پسر/دختر ----- بحیثیت رکن ایگری ٹیک لمیٹڈ اور مالک  
----- حصص بمطابق رجسٹرڈ فولیو نمبر/ CDC اکاؤنٹ نمبر -----

بذریعہ ہذا:-

محترم/محترمہ ----- پسر/دختر ----- یا اسکی غیر موجودگی میں محترم/محترمہ  
جورجے رجسٹرڈ فولیو ----- پسر/دختر ----- کو اپنے  
صبح گیارہ بجے بمقام پارک لین ہوٹل، 107-B3، ایم ایم عالم روڈ گلبرگ III، لاہور پراکسی کی حیثیت سے کبھی کے سالانہ جنرل اجلاس میں شرکت کرنے، بولنے اور حق رائے دہی استعمال اور کسی بھی التوا کی صورت میں اپنا/ہمارا ایلو ریٹار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔  
آج بروز ----- بتاریخ ----- 2023 میرے/ہمارے دستخط اور گواہوں کی تصدیق کے ساتھ جاری ہوا۔

### گواہان

رسیدی نکتہ یہاں چسپاں کریں

1-

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

2-

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

### اہم نوٹ:

- 1- پراکسی فارم کبھی کے رجسٹرڈ دفتر بواقع دوسری منزل ایٹیا سنٹر، 8 بار بلاک، نیو گارڈن ٹاؤن، لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اٹھتالیس) گھنٹے قبل لازماً جمع ہو جانا چاہئے۔
- 2- اجلاس ہذا میں شرکت اور ووٹ دینے کا مستحق سی ڈی سی حصص داران کو اپنی شناخت ثابت کرنے کے لئے اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اصل ہمراہ لانا چاہئے اور پراکسی کی صورت میں اپنے CNIC یا پاسپورٹ کی کاپی لفٹ کرنی چاہئے۔ کارپوریٹ ارکان کے نمائندگان کو ایسے مقصد کے لئے معمول کے دستاویزات ہمراہ لانا چاہئیں۔







AGRITECH LIMITED

Head Office: 2<sup>nd</sup> Floor Asia Centre, 8-Babar Block New Garden Town, Lahore.

Ph: 042 - 35860341-44, Fax: 042 - 35860339-40