ANNUAL REPORT
2023

conquering challenges
RISING STRONG

SCAN ME

This annual report can be accessed and downloaded from Agritech’s website
https://agritech.com.pk/wp-content/uploads/2024/04/AGL-Annual-Financial-Statement-December-31-2023.pdf

COVER STORY

Life throws us curveballs, moments that test our resolve and threaten to knock us down. But within these challenges lies the potential for immense growth. By embracing a determined spirit, we can conquer these obstacles. It's through grit and perseverance that we learn to navigate setbacks, turning them into stepping stones. Each hurdle overcome builds resilience, shaping us into stronger, more capable versions of ourselves. We rise from the ashes, not unscathed, but forged anew, ready to face whatever the future holds.

Agritech Limited's journey embodies this very essence - a narrative of CONQUERING CHALLENGES and RISING STRONG. Emerging from years of hard times, the Company has transformed setbacks into opportunities, charting a course towards success. Despite facing daunting losses, Agritech remained undeterred, channeling its resilience and determination to navigate through turbulent times. Through strategic restructuring and unwavering commitment, Agritech has not only weathered the storm but has also emerged stronger than ever. This year marks a significant milestone as Agritech registers positive bottom-line, a testament to its indomitable spirit and unwavering perseverance.

The theme for this year's Annual Report, "Conquering Challenges, Rising Strong," encapsulates Agritech's journey of resilience, determination, and triumph. It's a story of resilience in the face of adversity, of perseverance in the midst of uncertainty, and of strength forged through trials. As we reflect on the challenges overcome and the victories achieved, we stand poised to embrace the future with confidence, knowing that with every obstacle conquered, we emerge stronger, more resilient, and more determined than ever before.

We believe that journey has just begun. We are conscious of the trials and tribulations that we still need to over come to reach the summit.

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Annual Report 2023

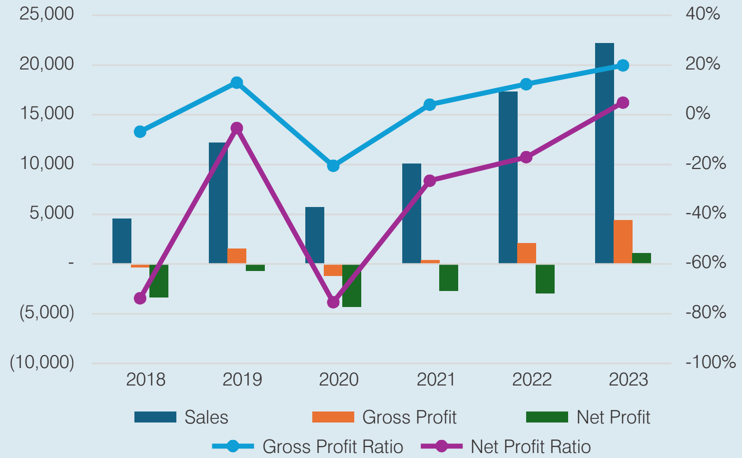
2023 IN NUMBERS

Return on Equity
8.31%

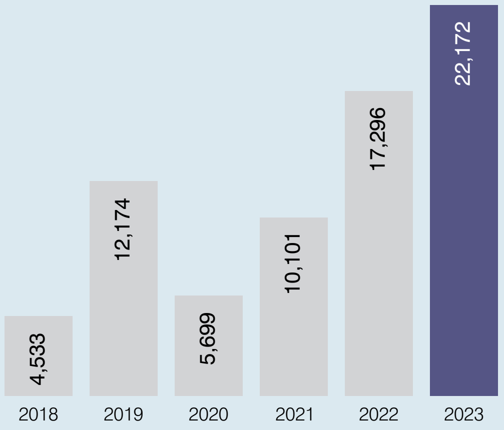
Earnings per Share
Rs. 2.77

Market Value per Share
Rs. 13.62

Profitability
[Rs. in millions]



Revenue
[Rs. in millions]



287K MT
Total Urea Sales

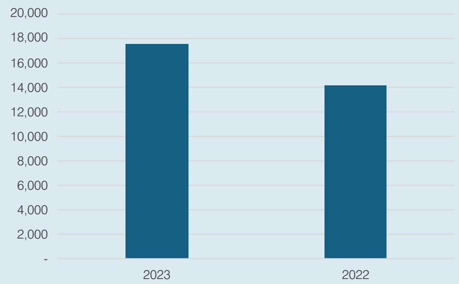
979
Total Workforce

2766
Training Hours

Urea Fertilizer

		2023	2022	YoY%
Production	MT	292,255	353,284	(17)
Production Efficiency	%	67	82	(18)
Sales	Rs. M	17,548	14,158	24
Profit/(loss)	Rs. M	(1,016)	(4,563)	(78)

Urea Fertilizer Sales
(Rs. in millions)



Gross Profit Margin
19.84%

Net Profit
Rs. 1,806 mn

Equity
Rs. 13,073 mn

80K MT

Total
GSSP Sales

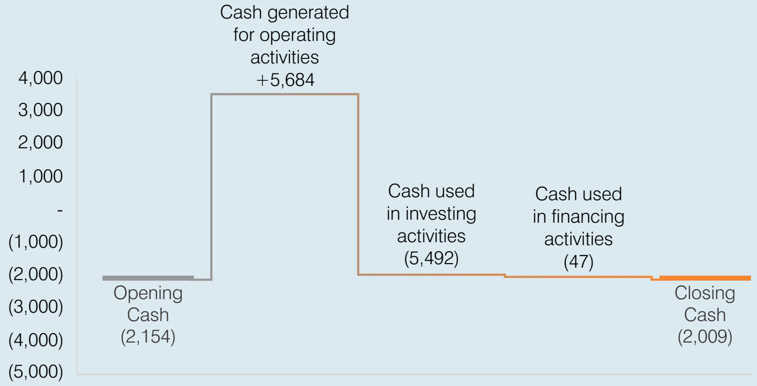
72

Farmers
Engagements

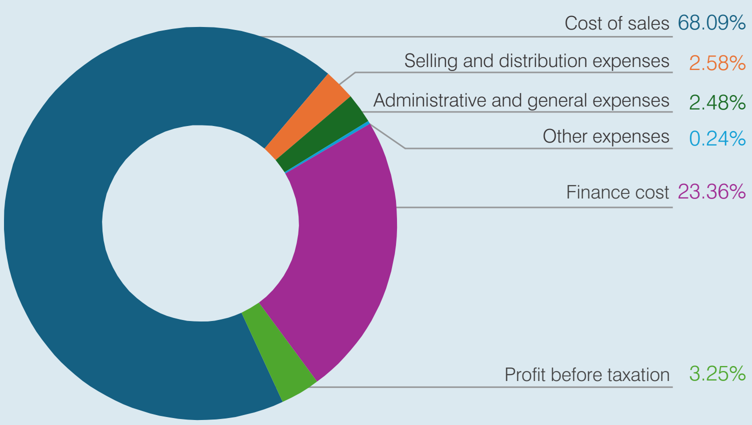
1,157 mn

Contribution to
National Exchequer

Cash Movement
[Rs. in millions]



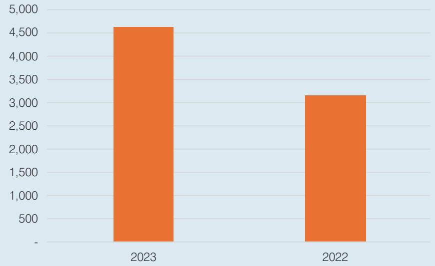
Income Utilization



Phosphate Fertilizer

		2023	2022	YoY%
Production	MT	77,150	63,596	21
Production Efficiency	%	95	79	20
Sales	Rs. M	4,624	3,138	47
Profit/(loss)	Rs. M	1,891	1,359	39

Phosphate Fertilizer Sales
(Rs. in millions)



INTEGRATED REPORTING

Adoption and Adherence with International Integrated Reporting Framework

Agritech Limited has consistently upheld a legacy of adhering to exemplary corporate governance practices, firmly rooted in ethical principles and professionalism. This enduring commitment underscores the company's dedication to generating enhanced value for both the organization and its stakeholders. Furthermore, Agritech is not only focused on achieving sustainable corporate value but also remains steadfast in its commitment to transparent reporting.

In today's increasingly intricate economic, technological, social, political, and environmental milieu, the amalgamation of financial information with non-financial data emerges as a pivotal means for organizations to underscore the significance of aligning sustainability imperatives with business strategies. Recognizing this imperative, Agritech has embraced the 'International Integrated Reporting (IR) Framework to provide a comprehensive portrayal of the Company's business affairs, elucidating all financial and non-financial information in a manner designed to augment user understanding of the Company's concerted efforts to enhance its performance.

The adoption of the IR Framework necessitates a robust commitment from the Company's management, who bear ultimate responsibility for communicating the Company's message to all stakeholders. Additionally, the Board of Directors, elected by shareholders, plays an integral role in upholding an integrated reporting mechanism and fostering long-term value creation while concurrently augmenting transparency for shareholders.

Although the adoption of the International Integrated Reporting Framework hinges upon the unique circumstances of each entity and is deemed to be in its nascent stages, Agritech remains steadfast in its commitment to refining the information provided, thereby enhancing its accessibility and comprehensibility, while considering the perspectives of stakeholders perusing this report. Initially, the Company has incorporated the following content elements for the benefit of report users:

A. Organizational Overview and External Environment

B. Strategy and Resource Allocation

C. Risks and Opportunities

D. Governance

E. Sustainability and Corporate Social Responsibility

F. Directors' Report

G. Future Outlook

H. Stakeholder Relationships and Engagement

I. Audited Financial Statements

J. Annual General Meeting

Embracing Agritech's endeavor to furnish stakeholders with information surpassing traditional financial reporting requirements and other legal mandates, we believe stakeholders gain a deeper understanding of the Company, its operations, strategies, opportunities, risks, business model, governance, and performance, thus constituting a form of value creation for all stakeholders involved.

Unreserved Compliance with Accounting and Reporting Standards Applicable in Pakistan

Agritech prepares its financial statements in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

a) International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;

b) Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

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

The Company has adopted all IFRSs notified under the Companies Act, 2017 and effective for the year 2023 Those IFRSs which have been notified under the Companies Act, 2017 but are not effective for the year 2023 will be adopted on their due dates.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed in preparation and presentation of financial statements.

Navigated through Annual Report 2023

The primary objective of this report is to present a comprehensive overview of Agritech Limited across twelve (12) specified domains. We have diligently outlined the value derived from the efficient allocation of resources and capital, elucidated our robust business model, and detailed our strategies aimed at fostering sustainable value for our stakeholders. Furthermore, our governance model and enterprise risk management system comprehensively address both external and internal factors, thereby contributing to value creation while mitigating key risks and identifying opportunities, in line with our commitment as a socially responsible business entity. The report meticulously breaks down the enterprise value, encompassing both financial and non-financial aspects, and includes key performance indicators [KPIs]. Additionally, forward-looking statements are included to provide insight into our anticipated business trajectory.

The systematic coverage of this report cross-referenced with the Best Corporate Reports 2023 Evaluation Criteria provided jointly by the Institute of Chartered Accountants of Pakistan and The Institute of Cost and Management Accountants of Pakistan.

Domain		Content Elements	Page
01 Organizational Overview and External Environment	1.01	Mission, vision, code of conduct, ethics and values.	A-5,7,8,9
	1.02	Principal business activities and markets (local and international) including key brands, products and services.	A-2
	1.03	Geographical location and address of all business units including sales units and plants.	A-3,4
	1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	A-13
		Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	N/A
	1.05	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	A-13
	1.06	Organization chart indicating functional and administrative reporting, presented with legends.	A-15
	1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	A-14
	1.08	a) Explanation of significant factors effecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response.	A-24
		b) The effect of seasonality on business in terms of production and sales.	A-24
	1.09	The legislative and regulatory environment in which the organization operates.	A-24
	1.10	The legitimate needs, interests of key stakeholders and industry trends.	A-24
	1.11	SWOT Analysis of the company.	A-22
	1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	A-23
	1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	A-24
	1.14	History of major events.	A-10,11
	1.15	Details of significant events occurred during the year and after the reporting period.	A-10
02 Strategy and Resource Allocation	2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	B-1
	2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital, b) Human Capital, c) Manufactured Capital, d) Intellectual Capital, e) Social and Relationship Capital; and f) Natural Capital.	B-1,2,3
	2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	B-3
	2.04	The effects of the given factors on company strategy and resource allocation: technological changes, ESG reporting and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	B-3
	2.05	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	B-1
	2.06	The company's sustainability strategy with measurable objectives/ targets.	B-1

INTEGRATED REPORTING

Domain		Content Elements	Page
02 Strategy and Resource Allocation	2.07	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	B-4
	2.08	a) Information about defaults in payment of any debts with reasons and b) Board strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses.	B-4
03 Risks and Opportunities	3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	C-5
	3.02	A Statement from Board for determining the following: a) company's level of risk tolerance by establishing risk management policies. b) the company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	C-2,4
	3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	C-1,3
	30.4	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	C-5
	30.5	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (is any).	C-4
04 Sustainability and Corporate Social Responsibility	4.01	Board's statement for adoption of best practices for CSR.	E-1
	4.02	Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.	E-3
	4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	F-1
	4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including: a) environment related obligations applicable on the company, b) company progress towards ESG initiatives during the year, and c) company's responsibility towards the staff, health & safety.	E-5
	4.05	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	E-1
	4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	E-7
05 Governance	5.01	Board composition:	D-1
		a) Leadership structure of those charged with governance.	D-1
		b) Name of independent directors indicating justification for their independence.	D-1
		c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience.	D-1
		d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc.	D-3
		e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	D-3
	5.02	A brief description about role of the Chairman and the CEO.	D-7
	5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	D-8
	5.04	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	D-9,F-1
	5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	D-9
	5.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	D-9

INTEGRATED REPORTING

Domain	Content Elements		Page
05 Governance	5.17	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:	D-31
		a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive /Independent directors including the Chairman of the Audit Committee.	D-31
		b) Committee's overall role in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed.	D-31
		c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure.	D-31
		d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	D-31
		e) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	D-31
		f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.	D-31
		g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	D-31
		h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.	D-31
		i) Results of the self-evaluation of the Audit Committee carried out of its own performance.	D-31
		j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	D-31
	5.18	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	J-1
	5.19	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including:	D-28
		a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system;	D-28
		b) management support in the effective implementation and continuous updation;	D-28
		c) details about user training of ERP software;	D-28
		d) how the company manages risks or control risk factors on ERP projects;	D-28
		e) how the company assesses system security, access to sensitive data and segregation of duties.	D-28
	5.20	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.	D-34
	5.21	Chairman's significant commitments and any changes thereto	D-34
	5.22	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	D-34

Domain		Content Elements	Page
06 Analysis of the Financial Information	6.1	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between:	F-1 - F32
		a) Past and current performance;	F-1 - F32
		b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	F-1 - F32
	6.2	a) Analysis of financial ratios (Annexure I).	F-1 - F32
		b) Explanation of negative change in the performance against prior year.	F-1 - F32
	6.3	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	F-1 - F32
	6.4	Graphical presentation of 6.02 and 6.03 above.	F-1 - F32
	6.5	Methods and assumptions used in compiling the indicators.	F-16
	6.6	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	F-28
	6.7	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	F-33
	6.8	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	F-32,34
		b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	F-34
	6.9	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	F-42
	6.10	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	F-43
07 Business Model	7.1	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework.	A-19
	7.2	Explanation of any material changes in the entity's business model during the year.	A-19
08 Disclosures on IT Governance and Cybersecurity	8.1	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	D-25
	8.2	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	D-25
	8.3	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	D-25
	8.4	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	D-25
	8.5	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	D-25
	8.6	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	D-26
	8.7	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	D-26
	8.8	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	D-26
	8.9	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	D-26

INTEGRATED REPORTING

Domain	Content Elements		Page
09 Future Outlook	9.1	Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	G-1
	9.2	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	G-1
	9.3	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	G-2
	9.4	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	G-2
10 Stakeholders Relationship and Engagement	10.1	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	H-2
	10.2	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed.	H-2 - H-4
		These engagements may be with:	H-2 - H-4
		a) Institutional investors;	H-2 - H-4
		b) Customers & suppliers;	H-2 - H-4
		c) Banks and other lenders;	H-2 - H-4
		d) Media;	H-2 - H-4
		e) Regulators; f) Local committees; and	H-2 - H-4
		g) Analysts.	H-2 - H-4
	10.3	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	H-7
	10.4	Investors' Relations section on the corporate website.	H-7
	10.5	Issues raised in the last AGM, decisions taken and their implementation status.	H-7
	10.6	Statement of value added and its distribution with graphical presentation:	H-8
		a) Employees as remuneration;	H-8
		b) Government as taxes (separately direct and indirect);	H-8
		c) Shareholders as dividends;	H-8
		d) Providers of financial capital as financial charges;	H-8
		e) Society as donation; and	H-8
		f) Retained within the business.	H-8
	10.7	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	H-7
	10.8	Highlights about redressal of investors' complaints.	H-7
11 Striving for Excellence in Corporate Reporting	11.1	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	(iii)
	11.2	Adoption of International Integrated Reporting Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles'.	(iii)
	11.3	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	(iv)

Domain	Content Elements		Page
12 Specific Disclosures of the Financial Statements	12.1	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs.	I
	a)	Fair value of Property, Plant and Equipment.	I-40
	b)	Particulars of significant/ material assets and immovable property including location and area of land.	I-42
	c)	Capacity of an industrial unit, actual production and the reasons for shortfall.	I-46
	d)	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	N/A
	e)	Specific disclosures required for shariah compliant companies/ companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	N/A
	f)	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53 (I)/2022 dated January 12, 2022)	N/A
	g)	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	I-14
	h)	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A
	I)	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A

A ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

ABOUT AGRITECH

History

Agritech (Formerly Pak-American Fertilizers Limited) was the first Nitrogenous fertilizer plant built in Pakistan. It was commissioned in 1958 with production capacity of 50000 MTPA of Ammonium Sulphate based on indigenous coal and gypsum as raw materials. The capacity was enhanced to 90000 MTPA in 1968. In 1973 the plant was converted from coal gasification to Natural Gas process. The old Ammonium Sulphate Plant was replaced with new, State of the Art MW Kellogg's Process Ammonia and Toyo's ACES Urea Plants. The new Plant was commissioned in September 1998 and came into commercial production in November 1999.

The Company was privatized by the Government in 2006.

The main business of the Company is the manufacturing and marketing of fertilizers. The Company owns and operates the country's newest and most efficient urea manufacturing plant at Mianwali.

The Company also manufactures SSP [Single Super Phosphate] at its plant at Haripur Hazara, which is the largest Single Super Phosphate [SSP] manufacturing plant in the country.

Products

Having achieved the company's strategic goal to become a diversified fertilizer manufactures producing both nitrogenous and phosphatic fertilizers, the Company's product are sold under one of the most celebrated and trusted brand name "Tara" in the fertilizer market.

Urea Fertilizer

Pakistani soil deficient in Nitrogen 100 percent. Urea Provides 46 percent nitrogen and is the most widely used fertilizer in the Country. Urea is the most trusted fertilizers with guaranteed 46% Nitrogen.

Agritech's urea plant is located about 50 kilometers toward North of Mianwali city. Its location is strategically important from marketing point of view. Major portion of production is sold in 150~200 kilometres' radius thus giving clear advantage over the competitors. Also it is the closest plant to fertilizer consuming areas of Khyber Pakhtunkhwa Province. The plant is designed to produce 810 metric tons per day of Ammonia and 1420 metric tons per day of Urea.

Phosphate Fertilizer

Single Superphosphate [SSP] is currently one of the most widely used fertilizers as an alternative source for phosphorus and sulphur throughout the world.

In Pakistan, SSP is considered as the cheapest source of Phosphate content. Being Acidic in nature it is meant to be the best phosphate Fertilizer for Pakistan's alkaline soils.

The SSP manufacturing unit of superphosphate is located in HARIPUR. It is designed to produce 300 metric tons per day of Granular Single Superphosphate.

CORPORATE INFORMATION

Board of Directors

Mr. Shahid Iqbal Choudhri *(Chairman)*
Mr. Hassan Raza
Mr. Osman Malik
Mr. Asim Murtaza Khan
Mr. Asim Jilani
Mr. Ghazzanfar Ahsan
Ms. Sarwat Salahuddin Khan
Mr. Muhammad Faisal Muzammil *(Chief Executive Officer)*

Audit Committee

Mr. Asim Murtaza Khan *(Chairman)*
Mr. Osman Malik
Mr. Hassan Raza
Mr. Asim Jilani
Mr. Ghazzanfar Ahsan

HR & Remuneration Committee

Ms. Sarwat Salahuddin Khan *(Chairperson)*
Mr. Asim Jilani
Mr. Osman Malik
Mr. Ghazzanfar Ahsan

Chief Finance Officer

Mr. Moeez ur Rehman

Company Secretary & Head of Legal

Ms. Asma Irfan

Management Team

Mr. Muhammad Faisal Muzammil
Chief Executive Officer

Mr. Moeez Ur Rehman
Chief Financial Officer

Ms. Asma Irfan
Company Secretary and Head of Legal

Mr. Rehan Munir
Head of Manufacturing - Urea Plant

Mr. Muhammad Yahya
GM Manufacturing - SSP Plant

Mr. Muhammad Dilpazeer
Head of HR and Sustainability

Mr. Tanweer Raza
Head of Sales and Marketing

Mr. Muhammad Sajjad Anwar
Head of Information Technology

Mr. Muhammad Bashir
Commercial Manager

Head of Internal Audit

Mr. Sohaib Roomy Salih

Head of Risk and Control

Syed Taneem Haider

Legal Advisor

Mr. Wasif Majeed

Shares Registrar

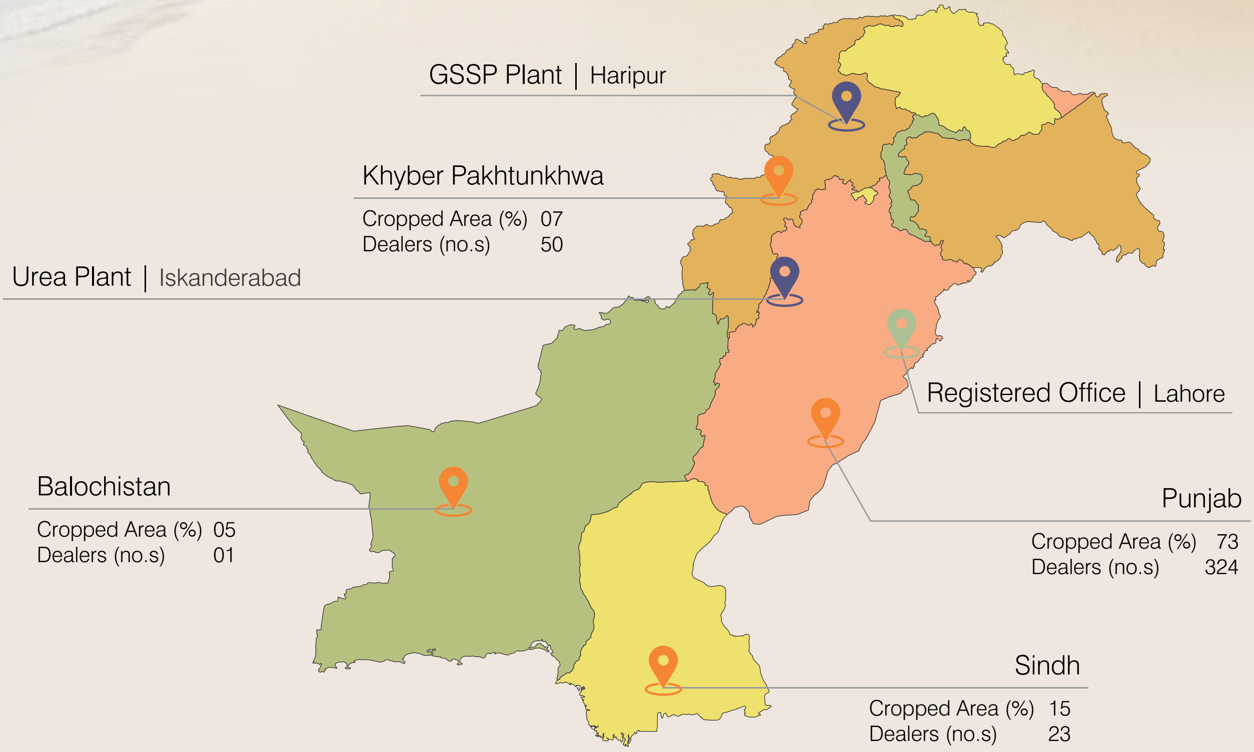
Corplink (Private) Limited

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
Bank Makramah Limited (Formerly Summit Bank Limited)
Silk Bank Limited
Allied Bank Limited
Bank Alfalah Limited
The Bank of Punjab
Bank Islami Pakistan Limited
Askari Bank 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@agritech.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

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

Looking ahead, Agritech Limited remains steadfast in its pursuit of excellence, driven by its unwavering vision and mission.
As it continues to innovate and expand its product portfolio, the Company is poised to play an even greater role in shaping the future of Pakistan's agriculture sector.

Agritech Limited has established itself as a cornerstone in the agricultural landscape of Pakistan, driven by a clear and ambitious vision to become a major regional diversified fertilizer company. Guided by this vision, the Company has diligently pursued its mission to become a diversified manufacturer of both nitrogenous and phosphatic fertilizers, thereby significantly contributing to the development of Pakistan's agriculture sector.

Through strategic foresight and unwavering commitment, Agritech Limited has emerged as a powerhouse in the fertilizer industry. With a remarkable 6% share in the Urea Fertilizer market and an impressive 88% share in GSSP, Agritech stands as the largest GSSP manufacturer in Pakistan. This commanding presence underscores the Company's pivotal role in meeting the agricultural needs of the nation.

Under the banner of its flagship brand, "Tara," Agritech has not only captured market share but also cultivated trust and loyalty among stakeholders. The Company's success can be attributed to a multifaceted approach, blending efficient production processes with a staunch dedication to sustainability. By leveraging state-of-the-art facilities and embracing innovative technologies, Agritech has not only maintained high-quality standards but has also minimized its environmental footprint.

Moreover, Agritech's success story extends beyond mere market dominance. The Company's commitment to excellence is reflected in its robust governance framework, exemplary human resource management, and extensive nationwide dealer network. By fostering strong relationships with suppliers and customers alike, Agritech has fostered a culture of trust and reliability, further solidifying its position as a trusted partner in the agricultural community.

Looking ahead, Agritech Limited remains steadfast in its pursuit of excellence, driven by its unwavering vision and mission. As it continues to innovate and expand its product portfolio, the Company is poised to play an even greater role in shaping the future of Pakistan's agriculture sector. With a strong foundation built on integrity, sustainability, and relentless dedication, Agritech stands ready to lead the charge towards a more prosperous and sustainable agricultural future.

ETHICS AND BUSINESS PRACTICES

We understand the profound impact that our actions can have on our stakeholders, communities, and the environment. Therefore, we are committed to upholding the highest standards of integrity, transparency, and fairness in all aspects of our operations. From manufacturing high-quality products to interacting with customers and employees, ethical considerations guide every decision we make. In the following content, we will delve into our approach to ethics and business practices, exploring how these principles shape our organizational culture and drive our success.

Dedicated Service to the Nation

Our commitment to serving the nation is unwavering, demonstrated through the production of high-quality fertilizer products. This dedication extends beyond mere production; it encompasses a profound sense of responsibility to uphold ethical standards throughout our operations. Every action we take, from manufacturing to distribution, reflects our core values and principles. As directors and employees, we recognize the significance of our role in representing the ethical responsibilities of our company. This commitment drives us to continually strive for excellence in all aspects of our work.

Passionate Commitment to Excellence

Within our organization, there exists a deep-rooted passion for our work. As directors and employees, we are driven by a shared commitment to excellence. This commitment is not merely a professional obligation but a personal ethos that guides our actions both within and outside the workplace. Collaboration is fundamental to our success, as we recognize that our strength lies in our collective efforts towards a common goal. Each of us holds ourselves accountable for our actions, adhering to principles of honesty, integrity, and fairness in all endeavors.

Prioritizing Safety and Reliability

The safety and reliability of our operations are paramount. We understand the importance of safeguarding human life and the resources entrusted to us. Therefore, we maintain an unwavering commitment to creating a workplace environment that prioritizes safety above all else. This commitment extends beyond mere compliance with regulations; it is a fundamental aspect of our organizational culture. We are dedicated to ensuring that every individual within our organization feels secure and valued, knowing that their well-being is our top priority.

Delivering on Promises to Customers

Our success is intertwined with the success of our customers. Therefore, we are dedicated to fulfilling our promises to them. This dedication is evident in our relentless pursuit of excellence in all aspects of our work. Whether internal or external, customer satisfaction is our primary focus. We understand that our reputation hinges on the quality of our products and services, which is why we go above and beyond to exceed customer expectations. By prioritizing customer satisfaction, we ensure the long-term success and sustainability of our business.

Valuing Employee Well-being

Our employees are our most valuable asset. As such, we prioritize their well-being above all else. Each individual within our organization is valued for their unique contributions and treated with the utmost respect and dignity. We understand that a positive work environment is essential for fostering employee morale and productivity. Therefore, we strive to create a workplace culture that promotes inclusivity, fairness, and mutual respect. By prioritizing employee well-being, we ensure that our organization remains strong and resilient in the face of challenges.

Embracing Progress and Growth

Progress and growth are essential components of our organizational ethos. We understand that in order to thrive in a competitive market, we must continually innovate and adapt to changing circumstances. Therefore, we are committed to fostering a culture of continuous improvement within our organization. This involves not only the expansion of our company but also the personal and professional growth of our employees. By providing opportunities for learning and development, we empower our employees to reach their full potential and contribute to the success of our organization.

Maintaining Organizational Discipline

Discipline is the foundation of our organization. We understand the importance of adhering to rules and regulations in order to maintain order and consistency within our operations. Therefore, we are committed to strict compliance with all company policies and procedures. This ensures that every member of our organization understands their responsibilities and is held accountable for their actions. By maintaining organizational discipline, we create a culture of accountability and professionalism that sets us apart from our competitors.

Promoting Ethical Conduct and Collaboration

Ethical conduct and collaboration are fundamental to our success. We understand that by acting with integrity and transparency, we can build trust and credibility with our stakeholders. Therefore, we are committed to promoting ethical behavior at all levels of our organization. This involves not only adhering to legal and regulatory requirements but also upholding principles of fairness, honesty, and respect in all interactions and hence creating an environment where innovation flourishes, and teamwork thrives.

CODE OF CONDUCT

The Code of Conduct of Agritech outlines the Company's commitment to conducting business responsibly, with integrity, and respect for all stakeholders. It emphasizes the importance of ethical and behavioral standards that exceed legal requirements. Employees are encouraged to seek guidance from managers when unsure about applying the code and to report any breaches promptly. Agritech aims to uphold a culture of responsibility, integrity, and respect, fostering excellence at all levels of operation.

Respect for the Individual

Agritech's commitment to respect for individuals entails treating all employees based on their abilities, irrespective of factors such as race, religion, age, disability, gender, sexual orientation, or marital status. Harassment of any kind is strictly prohibited within the company, and Agritech dissociates from any activities that challenge its commitment to diversity and equal opportunities.

Conflict of Interest

Employees are obligated to act in the best interests of the company and avoid situations where personal interests conflict with those of Agritech. This includes refraining from activities such as personal gain at the expense of the company, participating in competing activities, or holding ownership interests in Agritech's customers, suppliers, or competitors without proper authorization. Any potential conflicts must be promptly disclosed to managers.

Confidentiality

Agritech emphasizes the responsible handling of confidential information received during work activities, stressing that such information should only be used for job-related purposes. Employees are required to prevent inadvertent disclosure of confidential information, and any breaches or suspected breaches must be reported immediately to managers. Compliance with confidentiality agreements with third parties is also required.

Bribery

Agritech strictly prohibits the payment of bribes, kickbacks, or other payments to gain business advantages, whether made directly or through intermediaries. Such actions are deemed inconsistent with the company's integrity standards and can lead to severe consequences. Employees are expected to adhere to ethical standards in all business dealings and report any instances of bribery promptly.

Gifts and Entertainments

While acknowledging the customary nature of business gifts and entertainment, Agritech advises caution in accepting or offering such gestures. Reasonable business-related entertainment is acceptable, but excessive gifts or entertainment that could compromise business judgment or create undue expectations are discouraged. Cash gifts are generally prohibited, except in certain ceremonial or festive occasions with proper approval. Any gifts with a value exceeding a certain threshold must be reported, and strict guidelines apply to interactions with politicians or government officials.

Community Relations

Agritech endeavors to operate as a responsible corporate citizen, considering the impact of its operations on communities. Employees are encouraged to engage in and contribute to local community affairs. Agritech refrains from making contributions to political parties or candidates, focusing instead on responsible business practices.

Competition Law

Agritech supports free enterprise and competitive market systems while fully complying with competition laws in all jurisdictions where it operates. Employees are responsible for familiarizing themselves with relevant competition laws and ensuring compliance in their business activities. The company emphasizes the severity of penalties for non-compliance and encourages consultation with managers or legal experts when in doubt.

Safety, Health and Environment

Agritech maintains a steadfast commitment to safety, health, and responsible environmental practices. Compliance with Occupational Safety and Health Administration (OSHA) standards is mandatory and the company implements specific rules, policies and programs to ensure safety and environmental responsibility across its operations. Compliance with these standards is a condition of employment at Agritech, emphasizing the importance of maintaining a safe and sustainable work environment.

Regulatory Compliance and Corporate Governance

Agritech is committed to full cooperation with governmental and regulatory bodies and maintains high standards of corporate governance. Compliance with listing rules and other applicable regulations is paramount, and the company is committed to providing accurate and transparent information to investors and stakeholders. Agritech emphasizes the importance of ethical conduct and accountability in all aspects of its operations.

Financial and Operational Integrity

Agritech requires strict adherence to accepted accounting rules and procedures, with all transactions being properly recorded and accurately documented. Employees are prohibited from engaging in fraudulent activities and must report any suspected fraudulent behavior promptly. The company emphasizes the importance of financial and operational integrity in maintaining trust with stakeholders and ensuring long-term sustainability.

CORE VALUES

Integrity
Commitment to honesty, ethics and transparency in all actions and decisions.

Respect
Valuing diversity, treating others with dignity and fostering an inclusive environment.

Excellence
Pursuit of high quality, continuous improvement and achievement of the highest standards.

Accountability
Taking responsibility for actions, outcomes and commitments.

Collaboration
Emphasizing teamwork, cooperation and synergy to achieve common goals.

Innovation
Encouraging creativity, embracing change and seeking new solutions.

Customer Focus
Putting customers' needs first, delivering value and building strong relationships.

Sustainability
Commitment to environmental stewardship, social responsibility and long-term viability.

Leadership
Inspiring others, empowering teams and leading by example.

Adaptability
Being flexible, resilient and responsive to evolving circumstances.

CALENDER OF EVENTS

June 2023

Ammonia Condenser built in Pakistan and successfully installed at the Company's Urea Plant. An Ammonia Condenser is a crucial equipment used in production of urea fertilizer for converting ammonia gas into urea. By choosing to indigenise this, the Company demonstrates its commitment to invest in local manufacturing to stimulate economic growth and reducing dependence on imports.

August 2023

Successful signing of Collective Bargain Agreement [CBA] between Agritech Limited and workers.;A historic two-year settlement with the CBA improving workers' compensation package significantly including base salary and allowances. An inflation component was added in the compensation structure. Workers medical and travelling related facilities were also improved.

October 2023

Validation after successful audit of ISO certification for Quality, Environment and Safety indicating that the Company's processes and systems meet the requirements set forth by the International Organization for Standardization [ISO] in the relevant standards pertaining to Quality Management, Environmental Management and Health and Safety Management Systems.

December 2023

Following the sanction of the Scheme of Arrangement for restructuring of the Company's overdue Debt finances and interest/mark-up thereon by the Lahore High Court, the achieved key milestones of reconciliation of balances with lenders, relevant amendments in Memorandum and Articles of Association, disbursement of CFADs of Rs. 1,649 million to the lenders.

OUR JOURNEY THROUGH TIME

Formation of Pak American Fertilizers Limited by Government of Pakistan

1958

Plant commissioned with production capacity of 50000 MTPA of Ammonium Sulphate based on indigenous coal as gypsum as raw materials.

1968

Production capacity of the plant was enhanced from 50000 MTPA to 90000 MTPA.

2009

Hazara Phosphate (Private) Limited was privatized by the Government of Pakistan and acquired by the Company.

2010

The Company's name was changed to Agritech Limited and obtained listing on Pakistan Stock Exchange

2012

Hazara Phosphates was merged with and into Agritech Limited

1973

Plant was converted from Coal Gasification to Natural Gas process.

1998

Plant was switched to Urea manufacturing with brand new Urea and Amonia Plants

2006

The Company was privatized by the Government of Pakistan and acquired by a private company.

2022

Lahore High Court sanction the Scheme of Arrangement for restructuring of the Company's debt finances and interest/mark-up thereon.

ASSOCIATED COMPANIES

National Bank of Pakistan

Associated company by virtue of common directorship.

Shareholding in Agritech: 27.0149%

Faysal Bank Limited

Associated company by virtue of common directorship.

Shareholding in Agritech: 4.5649%

Bank Makramah Limited

Associated company by virtue of common directorship.

Shareholding in Agritech: 0.0003%

Silk Bank Limited

Associated company by virtue of common directorship.

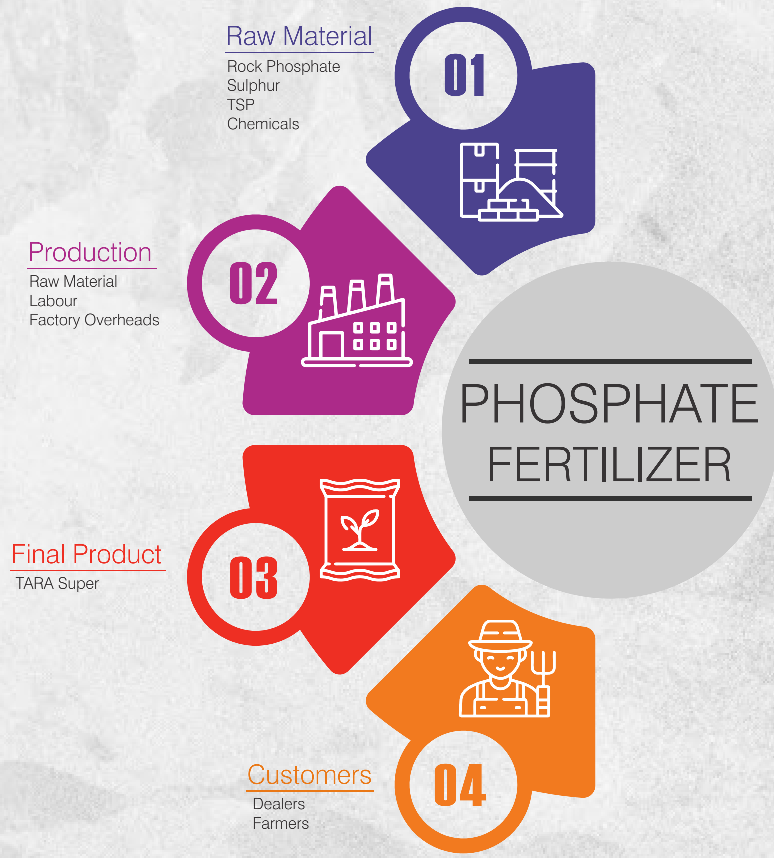
Shareholding in Agritech: 0.0003%

Pak China Investment Company Limited

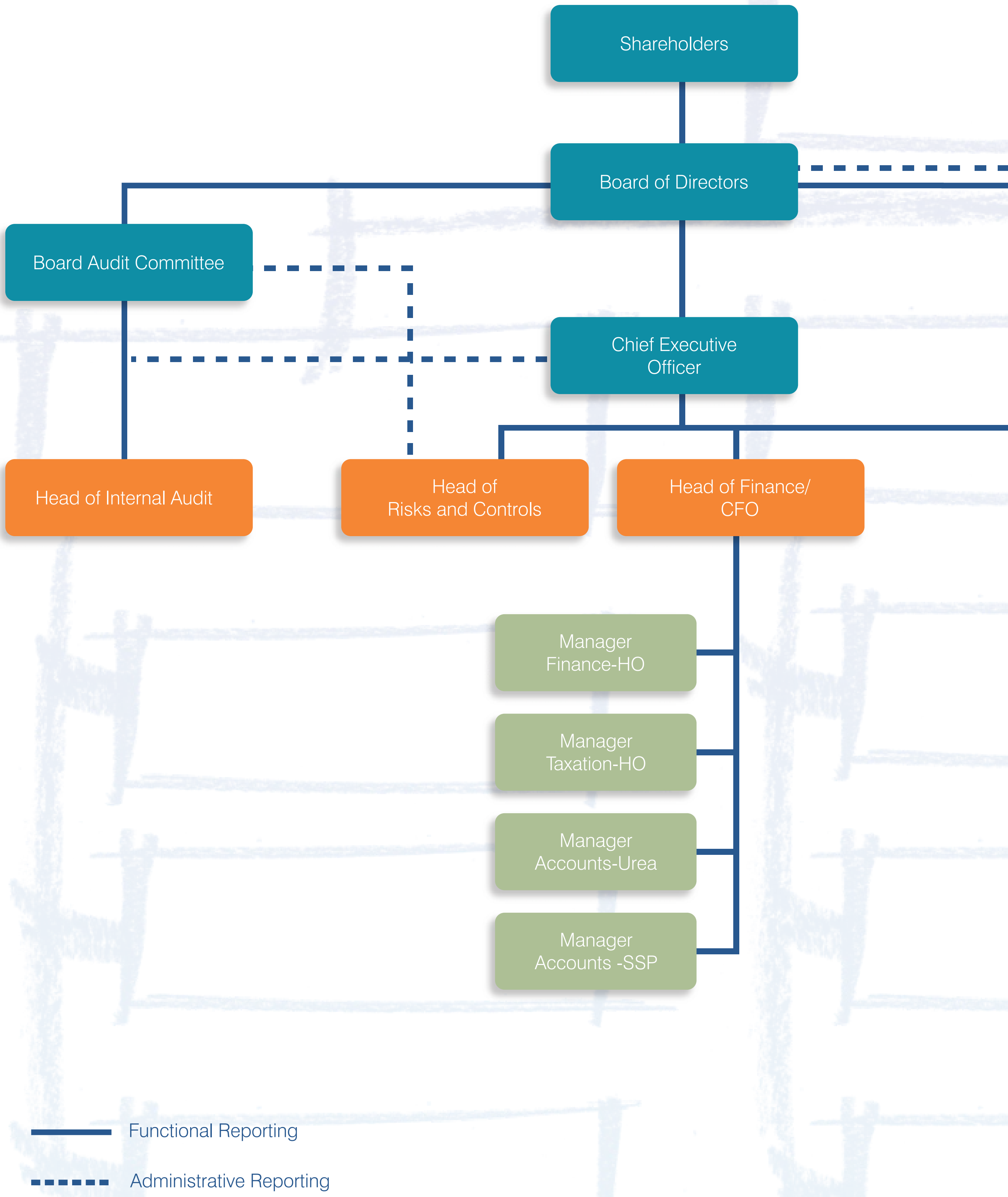
Associated company by virtue of common directorship.

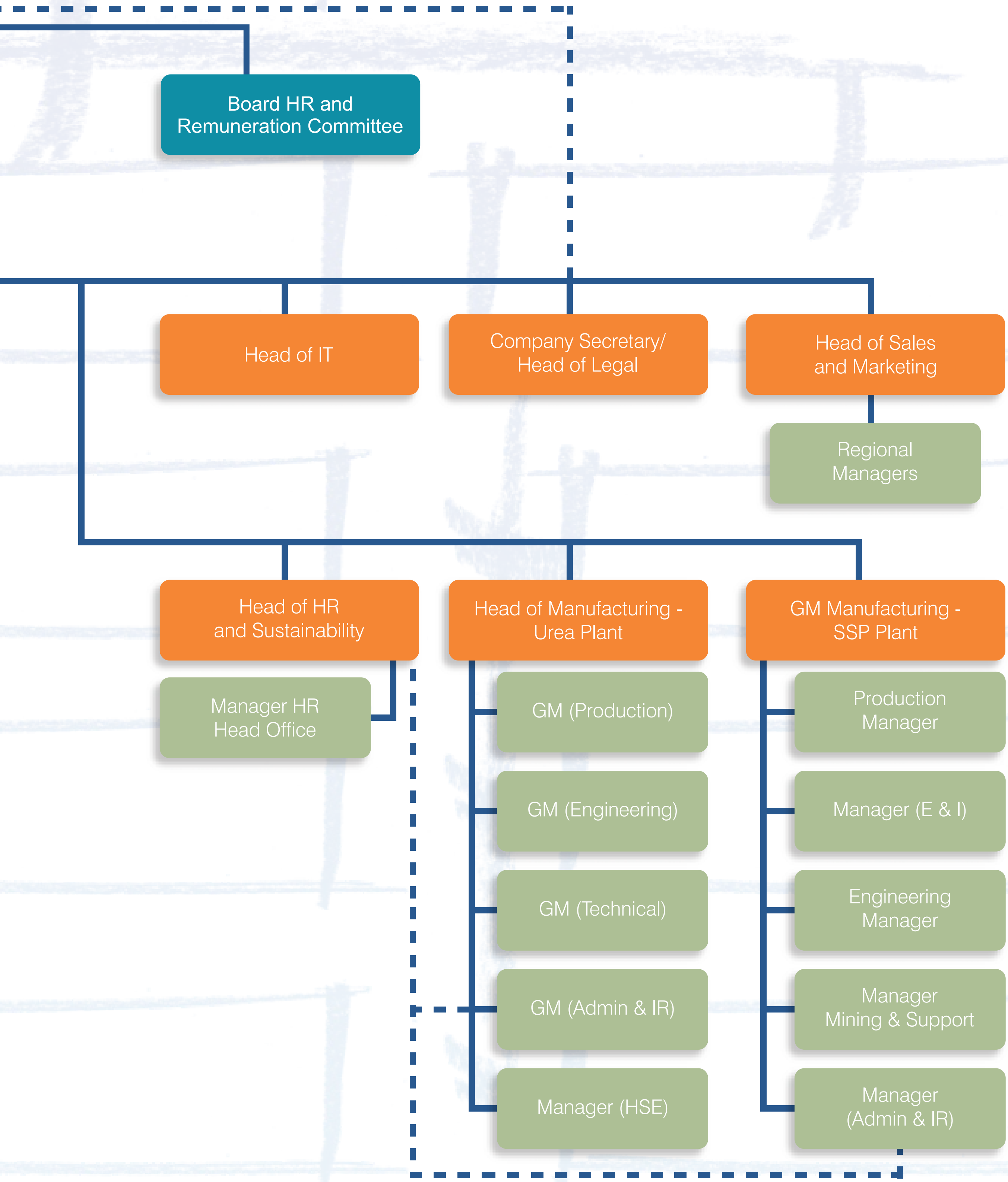
Shareholding in Agritech: 3.0153%

POSITION WITHIN THE VALUE CHAIN



ORGANIZATIONAL CHART





Board HR and Remuneration Committee
Head of IT
Company Secretary/ Head of Legal
Head of Sales and Marketing
Regional Managers
Head of HR and Sustainability
Manager HR Head Office
Head of Manufacturing - Urea Plant
GM (Production)
GM (Engineering)
GM (Technical)
GM (Admin & IR)
Manager (HSE)
GM Manufacturing - SSP Plant
Production Manager
Manager (E & I)
Engineering Manager
Manager Mining & Support
Manager (Admin & IR)

HUMAN CAPITAL

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.

Succession Planing

In terms of succession planning, the Board emphasizes the importance of leadership development and talent pipeline management. Structured programs, mentorship opportunities, and identification of high-potential employees are key components of ensuring a steady supply of future leaders within the organization.

Contingency planning is also a crucial aspect of succession planning, with the policy outlining procedures for identifying key positions and developing strategies to mitigate risks associated with potential leadership gaps or unexpected departures.

The Board takes an active role in overseeing succession planning efforts, regularly reviewing plans to ensure alignment with strategic objectives and long-term goals.

Through proactive oversight and strategic guidance, the Board aims to position the organization for sustained growth and resilience, ensuring seamless transitions in leadership and continuity in operations.

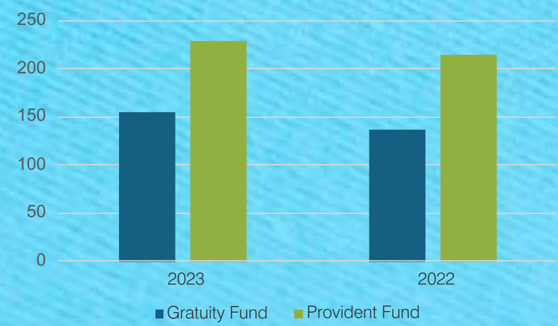
Retirement Benefits

The Company operates an approved defined contributory provident fund for all employees. Equal contributions are made by the Company and employees at 8.33% and 10% of basic salary of executives and workers respectively.

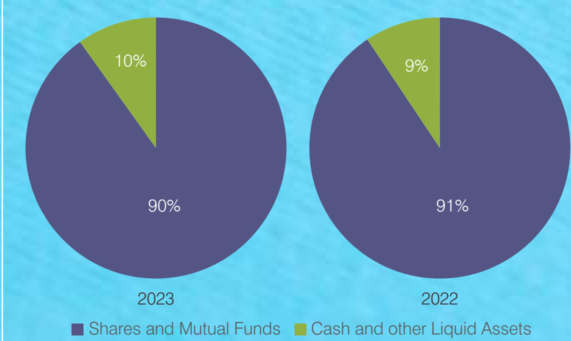
The Company also and operates approved funded gratuity scheme for its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation.

Fund/Plan Assets

[Rs. in millions]



Mix of Investments

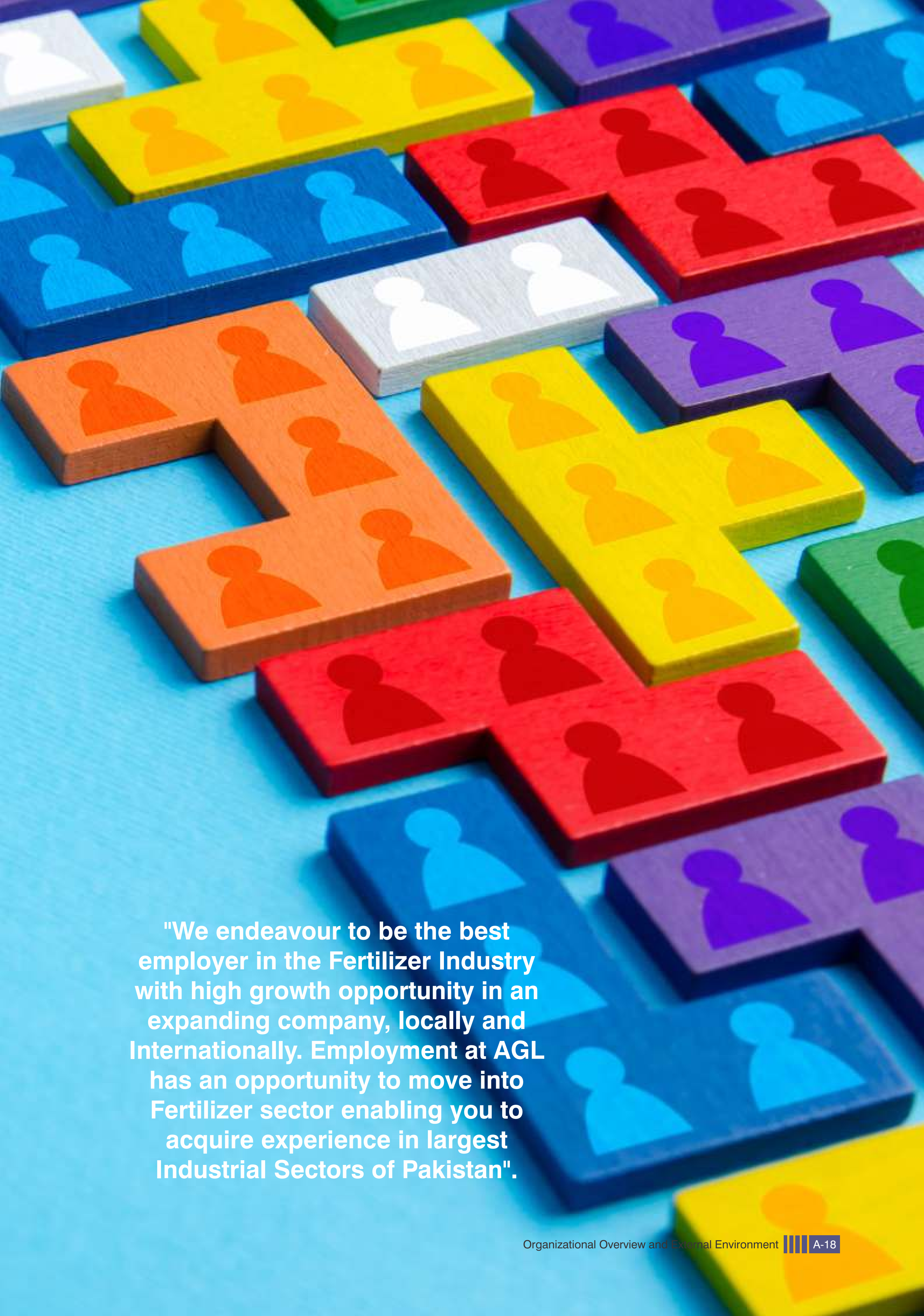


Number of Employees

Total Strength: 979 Employees
Average Strength: 956 Employess

Factory
952 Employees

Head Office
27 Employees



"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".

OUR BUSINESS MODEL

Our business model serves as the central axis of all our endeavors. It delineates the risks and opportunities present in our external surroundings, the resources we utilize, the operations we conduct, the partnerships we rely upon, and the results and impacts we aspire to generate. Ultimately, our aim is to foster sustainable value creation for our stakeholders across short, medium, and long-term horizons.

Strategic Objectives

- Optimize costs, improve energy efficiency & enhance synergies among functions for operational efficiency.
- Sustain growth in fertilizer business.
- Provision of top-quality fertilizers to farmers.
- Demonstrate commitment to sustainable social, environmental and governance.
- Be one of the preferred employers in the country.

Strong Governance Oversight

The Board of Directors is the primary governing body of the Company and operates in stewardship capacity on behalf of the shareholders, responsible for setting strategic direction, overseeing corporate performance, and safeguarding shareholder interests. The Board exercises its authority diligently and responsibly, adhering to thorough deliberation as mandated by the Company's Articles of Association, Companies Act 2017, Listed Companies (Code of Corporate Governance) 2019 and other relevant laws.

The Board operates as the steward of the Company's long-term interests, making high-level strategic decisions while delegating operational management to the executive team. This balanced approach ensures effective governance, strategic alignment, and accountability throughout the Company.

Capitals

Financial

- Rs. 13,073 mn Equity
- 23,306 mn Long Term Debt

Manufactured

- 2 Manufacturing Facilities
- 10 Nation- wide Warehouses
- 398 Nation-wide Dealers

Human

- 1,045 Employees
- People Centered Culture
- Strong Governance

Natural

- Natural Gas
- Water
- Materials
- Rock

Intellectual

- Brands
- Processes
- Knowledge

Social & Relationship

- Sustainability leadership
- Relations with local community, customers, suppliers, and wider stakeholders.

Value Creation and Addition

Continuous optimization of manufacturing facilities

Widening opportunities through top quality fertilizer products with nationwide dealers network

Manufacturing

We use these capitals as input to Manufacture top quality Urea and Phosphate Fertilizers.

Fertilizer Products

Transportation

Through contracted transporters.

Distribution

Through nation-wide dealers network.

Sales Revenue	−	Sales tax and Discounts	=	Net Revenue	−	Cost of Sales	=	Gross Profit
31% to Rs. 23.03bn		296% to Rs. 0.86bn		28% to Rs. 22.17bn		17% to Rs. 17.77bn		107% to Rs. 4.39bn

Outcomes

Working with customers to enhance product utilization and farm productivity

Community Engagement

We work with our employees and local community. We strive to build trust in our company to enhance business and become trusted partner for stakeholders.

Product Use

We serve our customers through a country-wide efficient after sales agri services.

Maintaining the trust of our Stakeholders

- Increasing Shareholders' wealth.
- Equity base strengthening through profits.
- Sustainable business foundations through delivering market competitive products.
- Expanded contribution to national exchequers on account of taxes and duties.
- Use of Energy Efficient production process.

We create and share value with our stakeholders, which ultimately creates value for us.

Shareholders

- Contributed Profits amounting to Rs.1,086 million.

Employees

- Paid Rs. 1,247.69 million as salaries, wages and benefits.
- Provided 2766 hours of extensive in-house, out soured and online training to enhance human resource capacity and workforce skills.
- A thriving culture for nourishing valuable human capital.

Customers

- Company always manages a quality return to customers by delivering top quality fertilizer products.

Community

- Undertaking CSR initiatives to uplift the lives of community and contributing to basic public good.

Regulators

- Compliance with all the regulatory requirements
- Rs. 1,157.39 million to Government exchequer.

Environments

- Protecting the environment through Energy Efficient processes.

− Operating & Financial Cost 37% to Rs. 7.48bn + Other gains 3747% to Rs. 3.92bn = Profit before tax 126% to Rs. 0.85bn + Taxation 9% to Rs. 0.24bn = Profit after tax 137% to Rs. 1.09bn

SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

Agritech is subject to the influence of the external environment in which it operates, alongside various situational variables shaping day-to-day circumstances. Consequently, it becomes imperative for the Company to maintain vigilance and continually assess the environment in which it functions, adapting to fluctuations proactively. Below are several significant factors that impact the external environment of the Company:

Political

Description	Changes from Prior Year	AGL's Response
Political environment determines the extent to which a government may influence the economy or a certain industry.	Government focus on indigenous production of urea fertilizer to save foreign exchange	Effective coordination with Government entities from the platform of Fertilizer Manufacturers Pakistan Advisory Council

Economical

Description	Changes from Prior Year	AGL's Response
Economical factors are determinants of an economy's performance that directly impacts a business and have resonating long term effects.	Rising input costs of raw material and higher interest rates	Energy efficiency projects, managing costs, achieving synergies and restructuring of loans

Social

Description	Changes from Prior Year	AGL's Response
These factors scrutinize the social environment of the market and gauge the demographic characteristics, norms, customs and values of the population within which the organization operates.	Increased awareness in farmer community to increase crops yields	Farmers' awareness programs for increasing crops yield with the use of fertilizers

Technological

Description	Changes from Prior Year	AGL's Response
Technological environment pertains to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably. This refers to automation, research and development and the amount of technological awareness that a market possesses.	Technological advancements and increased IT security risks, particularly those pertaining to cybersecurity	Developed mobile application for product authentication, improved IT controls, new ERP modules implementation

Environmental

Description	Changes from Prior Year	AGL's Response
Environmental factors include all those that influence or are determined by the surrounding environment.	Global warming and climate change	Targeted improvement in plant efficiency are set that shall be translated into less CO2 emission. Fresh water for plantation is prohibited, recycle water is being used for irrigation and plantation.

Legal

Description	Changes from Prior Year	AGL's Response
Legal environment includes laws, rules and regulations that organizations are required to abide by.	Enhanced reporting and compliance requirements FED imposed on sales of fertilizer products	Keeping abreast with changing legal and regulatory environment by engaging internal and external experts and ensuring strict compliance

SWOT ANALYSIS

STRENGTHS

- Most modern and State of Art Plant and machinery
- Market leadership in SSP fertilizer
- Strong legacy and goodwill
- Skilled and experienced technical and support teams
- Demonstrated resilience of the management team against multiple challenges
- Established brand name and dealer network
- Strong governance structure with focus on sustainability, risk and controls, meritocracy, transparency and equal opportunities

WEAKENESSES

- Single source raw material supplier for urea
- Depleting gas reserves in the country and uncertainty about pricing and quantity of imported RLNG
- Limited product line
- Accumulated debt and interest

OPPORTUNITIES

- Implementation of Approved Re-structuring scheme
- Expansion of SSP business
- New products (Ammonium Sulphate etc)
- High cost of imported urea
- Implementation of energy efficiency projects to reduce energy cost
- Increasing market demand and limited local production facilities in the country
- Government's expression of resolve for gas reform with the possibility of uniform gas price for all players in the sector

THREATS

- Inconsistent government policy with respect to gas supply
- Frequent gas price increase alongwith product pricing pressure
- Lack of level playing field in the form of different gas prices for players in the sector
- Frequent currency devaluation

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

Agritech boasts an extensive dealer network catering to farmers nationwide, facilitating timely product delivery and operational efficiency. This network, comprising fertilizer dealers, optimizes logistical and capital resources while ensuring prompt service to farmers.

The myriad challenges confronting farmers present opportunities for Agritech to become a trusted business ally, offering valuable support and guidance through its Agri Advisory Services. The competitive landscape and market positioning are detailed as follows:

Industry Competition

Pakistan's fertilizer retail sector features competitors of various sizes and ownership structures. Indigenous fertilizer manufacturing companies are primary competitors in the Urea market, while both large corporations and smaller independent importers dominate other fertilizer segments. High fixed costs among manufacturers incentivize aggressive market share pursuits, with each percentage gained enabling better cost distribution and enhanced net margins. Agritech captured a 6% market share in Urea and 88% in GSSP Fertilizers during the year.

Potential New Entrants

Entry barriers in the fertilizer market, including capital intensity, raw material scarcity, and market saturation, deter new competitors. Significant financial investments in infrastructure, machinery, research, and marketing are prerequisites for entry, while distribution channel access is constrained by existing incumbents' strong ties. Moreover, established players enjoy cost advantages challenging for newcomers to replicate.

Threat of Substitutes

Addressing the escalating demand for food per acre is imperative, necessitating optimal provision of primary and secondary nutrients at the right time. While nutrients are not interchangeable, technological advancements profoundly influence crop yield. Agritech's substantial investment in research and development aims to develop more efficient products, maximizing yield per acre.

Supplier Power

Agritech's sustainable growth hinges on partnerships with reputable suppliers for raw materials, particularly GoP for supply of natural gas, inputs, equipment, and machinery, as well as financing. Uninterrupted gas supply and strategic procurement align with the company's budgetary objectives, ensuring operational continuity.

Customer Power

Agritech prioritizes customer relationship management, offering more than just credit facilities and trade discounts. Through Agri Services, the company drives agricultural innovation and underscores the importance of knowledge dissemination for farmers' economic sustainability. Customer loyalty, brand preference, and efficient supply chain management are vital to Agritech's success and performance.

OTHER INFORMATION

Effect of Seasonality on Business

There are two major Cropping seasons in Pakistan : (a) Kharif (Summer - Apr-Sep) and (b) Rabi (Winter - Oct-Mar). Urea sales peak in June-July-Aug timeframe and Nov-Dec-Jan-Feb timeframe. SSP sales are mostly skewed towards winter (Oct-Dec) at the time of Wheat Sowing. All of these factors are accounted into, while planning for Production, Inventory Management/Sales.

Legislative and Regulatory Environment

Legal considerations encompass existing and forthcoming legislation that may influence various aspects of the industry, including employment, competition, and health and safety. Companies are obligated to adhere to all pertinent legal mandates relevant to their operational sector. Agritech diligently complies with applicable laws such as the Companies Act, 2017, Income Tax Ordinance 2001, SECP Act, and Code of Corporate Governance, as well as regulations concerning labor and environmental standards. The company has established robust checks and balances to ensure adherence to statutory requirements, employing the services of consultants and fostering in-house expertise to achieve this objective.

Legitimate Needs and Interests of Key Stakeholders

At Agritech, we prioritize the legitimate needs and interests of our key stakeholders, which encompass customers, employees, shareholders, suppliers, regulators, and the broader community in which we operate. Management is attuned to the needs and interests of shareholders, taking proactive steps to cultivate trust, loyalty, and a positive reputation. Our business strategy and operations are influenced by industry trends, with our leadership teams ensuring that market conditions, consumer behavior, technology advancements, and regulatory mandates are effectively addressed and integrated into our business processes.

Political Environment

Political dynamics refer to the influence of government policies and actions on the economy, specific industries, and organizations, particularly for entities like Agritech, whose operations rely on a consistent supply of natural gas and are subject to government intervention in pricing. Agritech's management closely monitors potential challenges and allocates resources accordingly to address imminent issues. Moreover, the company remains vigilant about emerging developments that could impact operations in the future, allowing for effective planning and the formulation of strategic alternatives.

Significant Events During the Period

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 (conventional / shariah complaint), privately placed term finance certificates / SUKUKs prepared by the Company with the help of its lenders. The said scheme was sanctioned by the Honorable Lahore High Court (LHC) on June 03, 2022. The Company is in the process of implementing the scheme and has disbursed the 'Cash available for debt servicing' (CFADs) amounting to Rs 1,649 million to entitled lenders and also has successfully increased authorized share capital upto Rs 35,000 million.

Significant Changes from Prior Years

There are no significant changes from prior years regarding information disclosed in this section.

B STRATEGY AND RESOURCE ALLOCATION

01-04

OBJECTIVES, STRATEGIES AND RESOURCES

Strategic Decisions Process

Our strategic decision-making process involves a systematic approach to identifying, evaluating, and selecting the best course of action to achieve Company's goals. It typically begins with business and environmental analysis, where internal and external factors are assessed to understand the current state of the organization and anticipate future opportunities and threats. Based on this analysis, strategic objectives are formulated, outlining the desired outcomes and direction for the Company. Next, alternative strategies are generated and evaluated based on criteria such as feasibility, alignment with objectives, and potential risks and benefits. Once a strategy is selected, it is translated into action through detailed planning, resource allocation, and implementation. Throughout the process, continuous monitoring and evaluation are essential to track progress, adapt to changing circumstances, and ensure that strategic objectives are being met effectively. Our strategic decision-making incorporates collaboration, creativity, and critical thinking, as well as effective communication and leadership to align stakeholders and drive organizational success.

Objectives and Strategies

Our strategy is multifaceted, encompassing various key elements aimed at driving long-term value creation and responsible business practices. We prioritize sustained growth in our fertilizer business, leveraging innovation and market expansion to ensure continued success while minimizing environmental impact. We focus on optimizing costs and fostering synergies among functions to enhance operational efficiencies, enabling us to deliver high-quality products and services in a cost-effective manner. Additionally, we are committed to providing top-quality fertilizer to farmers, supporting agricultural productivity and sustainability while meeting the needs of our customers. Furthermore, we demonstrate our dedication to sustainable practices through proactive efforts in social, environmental, and governance domains, striving to make a positive impact on society and the planet. Lastly, we aspire to be recognized as one of the preferred employers in the country, offering a supportive and inclusive workplace where employees can thrive and contribute to our shared success. Through these integrated strategies, we aim to create value for all stakeholders while advancing our sustainability goals and reinforcing our position as a responsible corporate citizen.

Optimize costs, improve energy efficiency & enhance synergies among functions for operational efficiency

Nature: Medium Term and Long Term

★★★ Priority: High

Strategy

To enhance operational efficiency, our strategic approach involves optimizing costs and fostering synergies among different functions within the organization. This entails identifying areas where costs can be minimized without sacrificing quality or productivity. With rising energy input costs, constant improvement in energy efficiency at urea plant is a critical strategic direction. Streamlining processes, consolidating resources, and leveraging technology are effective ways to achieve cost optimization. Additionally, fostering collaboration and communication among departments fosters synergies, allowing for better coordination and alignment of goals. By implementing these strategies, businesses can achieve higher levels of productivity, reduced expenses, and improved overall performance, ultimately driving sustainable growth and success.

Resources Allocated
Human Capital, Financial Capital, Manufactured Capital

KPIs Monitored
Net Profit Margin and Production Efficiency

Status
On-going Process

Future relevance of KPIs
The KPIs will remain relevant in future

Sustain growth in fertilizer business

Nature: Short Term, Medium Term & Long Term

★★★ Priority: High

Strategy

Our strategy for sustaining growth in the fertilizer business involves continuous innovation in product offerings, expansion into new markets, and prioritizing customer satisfaction through top quality products and agri-services. Operational efficiency is key, achieved through streamlining production processes and optimizing the supply chain. Embracing sustainable practices not only meets consumer demand but also ensures environmental responsibility. Regulatory compliance is crucial, as is investing in branding and marketing efforts to build trust and differentiate products. By fostering research and development initiatives, fertilizer businesses can adapt to market demands and maintain a competitive edge, driving sustainable growth in the industry.

Resources Allocated
Human Capital, Financial Capital, Manufactured Capital, Intellectual Capital and Natural Capital

KPIs Monitored
Production, Sales, Net Profit Margin and Market Share

Status
On-going Process

Future relevance of KPIs
The KPIs will remain relevant in future

Provision of top-quality fertilizers to farmers

Nature: Medium Term and Long Term

★★★ Priority: High

Strategy

Ensuring the provision of top-quality fertilizer to farmers involves a strategic approach focused on several key elements. We have implemented rigorous quality control measures throughout the production process to maintain consistency and reliability in the fertilizer's composition. We invest in research and development to innovate new formulations tailored to specific crop needs and soil conditions in order to enhance effectiveness and yields. Further, establishing strong distribution networks and partnerships with trusted suppliers ensuring timely delivery and accessibility for farmers in remote areas. Finally, providing ongoing agronomic support and education to farmers helps optimize fertilizer usage, leading to improved crop yields and agricultural sustainability.

Resources Allocated
Human Capital, Financial Capital, Social and Relationship Capital, Manufactured Capital

KPIs Monitored
Customer Satisfaction Index, Sales and Net Profit Margin

Status
On-going Process

Future relevance of KPIs
The KPIs will remain relevant in future

Demonstrate commitment to sustainable social, environmental and governance

Nature: Medium Term and Long Term

★★★ Priority: High

Strategy

We demonstrate our commitment to sustainable social, environmental, and governance practices through a multifaceted approach. Firstly, we prioritize environmental stewardship by implementing eco-friendly production processes, reducing waste, and promoting conservation efforts. Secondly, we actively engage with local communities through initiatives such as education programs, job creation, and infrastructure development, contributing to social well-being and economic empowerment. Thirdly, we uphold the highest standards of corporate governance, ensuring transparency, accountability, and ethical business practices in all our operations. By integrating these principles into our business strategy and decision-making processes, we aim to create long-term value for all stakeholders while fostering a more sustainable and equitable future.

Resources Allocated
Human Capital, Financial Capital, Social and Relationship Capital and Natural Capital

KPIs Monitored
Energy Efficiency, No.s of CSR and Sustainability Initiatives and Health and Safety Incidents

Status
On-going Process

Future relevance of KPIs
The KPIs will remain relevant in future

Be one of the preferred employers in the country

Nature: Medium Term and Long Term

★★★ Priority: High

Strategy

We at Agritech put in concerted efforts to prioritize employee satisfaction, growth, and well-being. We aim to achieve this by offering competitive compensation packages, opportunities for career advancement, and a supportive work environment that fosters collaboration and innovation. Additionally, we prioritize employee development through training programs, mentorship initiatives, and continuous feedback mechanisms. By prioritizing the needs and aspirations of our employees, we strive to create a workplace culture where talent is valued, diversity is celebrated, and individuals can thrive both personally and professionally.

Resources Allocated
Human Capital, Social and Relationship Capital

KPIs Monitored
Employee Turnover and Employee Engagement

Status
On-going Process

Future relevance of KPIs
The KPIs will remain relevant in future

OBJECTIVES, STRATEGIES AND RESOURCES

Resource Allocation Plans

In pursuit of the Company's strategic goals, resource allocation plans are devised and resources are assigned to strategic initiatives. These plans encompass the necessary financial and human resources essential for executing the strategy. This ensures that business planning aligns seamlessly with strategic objectives within the Company.

Key Capabilities and Resources to provide Sustainable Competitive Advantage

The Company's competitive advantage stems from a myriad of key resources and capabilities. These include our dynamic and innovative human and intellectual capital, supported by cutting-edge plant and machinery equipped with the latest technology. Market leadership in SSP fertilizer production further solidifies our position, complemented by a robust legacy and goodwill that underscores our reliability and trustworthiness. Our skilled technical and support teams, coupled with the resilience demonstrated by our management in the face of various challenges, further fortify our competitive edge.

Moreover, our established brand name and extensive dealer network enable us to effectively reach and serve our customers, fostering loyalty and market presence. Underpinning these strengths is a robust governance structure that prioritizes sustainability, risk management, and transparency. Our commitment to meritocracy and equal opportunities ensures that talent is recognized and leveraged to its fullest potential, contributing to our sustained success in the market. Together, these factors combine to provide a sustainable competitive advantage, positioning the company for continued growth and prosperity in the ever-evolving business landscape.

Significant Changes in Objectives and Strategies

In response to the ever-evolving business landscape, strategic objectives and their implementation strategies are meticulously developed and executed. While the core strategic objectives and strategies remain unchanged, the Strategic Plan is continuously updated to incorporate new strategic initiatives aligned with these objectives.

Effects of External Factors

ESG Reporting and Challanges

Agritech takes a proactive approach to address emerging trends in technology, sustainability, and environmental, social, and governance (ESG) issues. In formulating its overarching business strategies, the company also considers factors such as demographic shifts, healthcare, poverty reduction, and educational needs, recognizing the evolving external business landscape. These external factors significantly influence the organization's future strategic direction. Each year, Agritech refines its well-developed strategy, converting it into a cohesive action plan. Management continually monitors potential challenges and allocates resources accordingly to prioritize actions. Moreover, the company remains vigilant about forthcoming developments, ensuring effective planning and the formulation of alternative strategies. For further insights into Agritech's ESG journey, please refer to Section E.

Technological Changes

Agritech adeptly navigates the impacts of technological advancements on its company strategy and resource allocation, ensuring agility and resilience in an ever-evolving landscape. As technological innovations continually reshape industries, Agritech remains vigilant, proactively assessing the implications of these changes on its operations. By staying abreast of emerging technologies, the company identifies opportunities to enhance efficiency, improve product offerings, and streamline processes. Moreover, Agritech recognizes the importance of strategic resource allocation in harnessing the benefits of these advancements. Through careful planning and allocation of financial and human resources, the company optimizes its ability to leverage new technologies effectively. This proactive approach enables Agritech to maintain a competitive edge, adapt swiftly to market shifts, and position itself for sustained growth in the dynamic technological environment.

Innovation Initiatives

Agritech promotes a culture of innovation internally by encouraging creativity, experimentation, and knowledge sharing among its employees. The company provides platforms for employees to propose and develop new ideas, fostering a culture of continuous improvement and entrepreneurship.

Resource Shortages

Agritech employs several strategies to address the effects of resource shortages, including foreign currency shortages and liquidity crises, on its company strategy and resource allocation. The Company ensures resilience in its supply chain by maintaining a sufficient inventory of critical supplies to help mitigate the risk of disruptions caused by import restrictions imposed by the government due to foreign currency shortages. Additionally, Agritech explores alternate sources for procurement to diversify its supplier base and reduce dependency on a single source. In response to liquidity crises, Agritech has implemented a comprehensive restructuring scheme sanctioned by the Lahore High Court to address overdue debt finances. Through this scheme, the Company has successfully restructured majority of its overdue debts and accrued mark-up, thereby reducing financial strain and improving liquidity.

Overall, Agritech's proactive measures to address resource shortages demonstrate its commitment to maintaining operational continuity, mitigating risks, and optimizing resource allocation even in challenging circumstances. Through strategic planning and decisive actions, Agritech navigates through resource constraints while sustaining its operations and pursuing its long-term strategic objectives.

DEBT MANAGEMENT

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.The details of overdue financial liabilities are as follows:

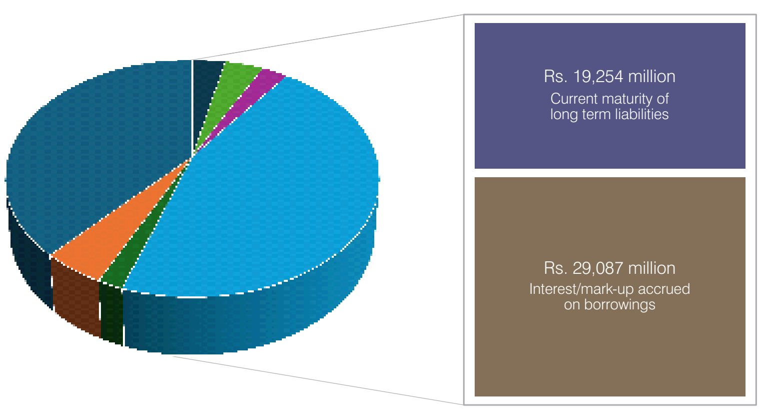
Rs. in million	Principal	Mark-up	Total
Convertible, redeemable preference shares	1,593.34	2,081.90	3,675.24
Short term borrowings	3,413.45	2,825.97	6,239.43
	5,006.79	4,907.87	9,914.67

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. Rs. 6.075 billion) as of 31 December 2013, developed a Comprehensive Rehabilitation Scheme in the form of a Scheme of Arrangement ("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 03 June, 2022 with effect from 31 December, 2013.

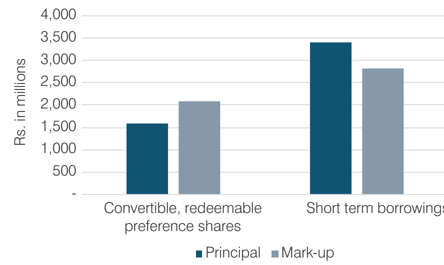
The scheme envisaged the payment of Cashflows Available for Debt Servicing (CFADs) of Rs. 1.65 Billion to the lenders as per the chosen options; issuance of preference shares in lieu of outstanding Long term Debts; issuance of Zero coupon PPTFCs & Sukuks in lieu of accrued markup with corresponding adjustment of markup payable outstanding on 31 December 2013.

In year 2023, subsequent to the approval of the scheme by LHC, the Company has achieved key milestones of reconciliation of balances with lenders, relevant amendments in Memorandum and Articles of Association, disbursement of CFADs of Rs. 1,649 million to the lenders, whereas new instruments (PPTFCs, Sukuks & Preference shares) are in process of issuance. Accordingly, related adjustments have been made in these financial statements.

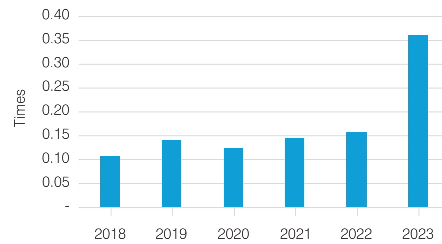
Particulars	Rs. (millions)
Increase in Preference Shares	18,543
Increase in Zero Coupon PPTFCs	2,254
Increase in Zero Coupon Sukuks	916
Increase in Preference Dividend payable	21,771
Overdue markup on long term finances and redeemable capital written back	1,311
Present value adjustment on PPTFCs & SUKUKs	1,896
Cashflows Available for Debt Servicing (CFADs)	1,650
	48,341
Decrease in current maturity of long-term liabilities	19,254
Decrease in interest / mark-up accrued on borrowings	29,087
	48,341



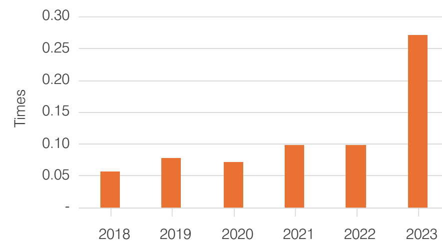
Overdue Debt Finances



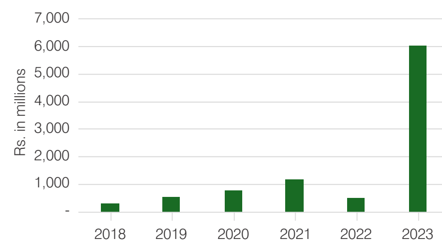
Current ratio



Quick / Acid Test ratio



Liquid Assets



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C RISK AND OPPORTUNITIES 01-12

C-01 Risk Management Framework
C-05 Risks and Opportunities Report

RISK MANAGEMENT FRAMEWORK

Risk and Control Policy

Agritech's Board has approved a risk and control policy to provide guidance regarding the management of risks to support the achievement of organization objectives, protect staff and business assets, company reputation and ensure financial sustainability of the Company and to develop and improve upon the internal controls.

Enterprise Risk Management Framework

The risk management framework established by the AGL Board identify and evaluate the company's level of risk tolerance and provide a way to reduce the detrimental effects of such risks on the company's operations. The framework offers guidance covering important risk areas and explains the process of identifying and managing risks.

The framework enables the organization to proactively manage its risks and reduce their impact to an acceptable level within its risk tolerance.

Risk Governance Structure

The Board of the Company is responsible for the Company's risk management strategy. Furthermore, the Audit Committee of the Board has an oversight role to determine that risk management processes are adequate and effective internal controls are in place including financial and operational controls.

Management of the company is responsible for implementing the Board's strategy and for developing policies and procedures to identify, manage and mitigate risks across the Company operations.

Risk Categories

Agritech has put in place a reliable system for quickly identifying, evaluating, and mitigating the risks and uncertainties to which it is exposed in the regular course of business.

Strategic Risk

Strategic risks arise from organization's strategic decisions, objectives and initiatives. This risk is internal in nature and can compromise the achievement of high-level goals and organizational strategies. Agritech's Board continuously oversees the strategies and takes a proactive role in managing these risks.

Financial Risk

Financial risks are the risks that could lead to financial loss and compromise the credibility of the financial reporting e.g., liquidity risk, credit risk, exchange risk. These risks are explained in detail in financial statements as well. Note 45 to the financial statements may be referred for details.

Operational Risk

Operational risks are the risks that compromise day to day operational effectiveness and efficiency of the functions and hinder the appropriate utilization of available resources. These risks are managed by ensuring robust internal controls, investing in technology and cybersecurity measures and contingency plans to avoid unforeseen events.

Reputational Risk

Reputational risks are those risks that may impact the reputation of the Company resulting in adverse impact over organization's public profile and goodwill with the stakeholders. This can arise from negative public perception, often resulting from actions, events, or circumstances that impact how the organization is perceived by its stakeholders.

Compliance Risk

Compliance risks can arise from non-compliance of applicable laws, rules and regulations and can have an impact on the organization in form of fines, penalties, litigations etc.

Risk Register

Our organization rigorously upholds a thorough risk register throughout all departments, in accordance with our dedication to good corporate governance and risk management standards. Each department's risks are thoroughly documented in this register, which acts as a dynamic repository.

Risk and control function works in collaboration with all the departments to identify, assess and evaluate the risks facing the department and reporting the same to the senior management. Board Audit Committee oversees the critical risks and devised mitigation measures to manage these risks.

Risk Appetite and Tolerance

It is the oversight responsibility of the board to ensure that the effective risk management and internal control systems are in place. The Board's Audit Committee facilitates the Board in discharging this responsibility. The Board Audit Committee ensures that company's activities are carried out in compliance with robust internal controls and control environment is established. This is further driven by identification of risks and alignment of risks appetite and tolerance levels to Strategic, Operational, Financial, Regulatory & Compliance Risks.

Risk mitigation strategies and potential opportunities

Agritech has developed Risk and Control function aiming to identify and mitigate the major risks facing the company. Board Audit Committee has oversight responsibility for risk management and has appointed Risk and Control team to conduct risk assessment for entity-wide objectives and their achievement.

A risk management framework has been designed to identify, analyze and respond to the risks while looking for opportunities as well.

Board sub-committees have their respective roles to contribute in organization risk management.

Board Audit Committee monitors the risk management process periodically with primary focus on high-risk area i.e., financial risks, regulatory risks and strategic risks. Any significant risks which require immediate remedial action are brought to their attention.

IT steering Committee provides direction for overarching IT policies, strategies, stewardship and IT funding along with guidance on evolution of IT solutions through collaboration with key stakeholders and prioritization of technology plan strategic initiatives.

HR and Remuneration Committee focuses on alleviating risks pertaining to human capital of the organization. Market competitive compensation packages and effective succession planning for the growth of employees as well as sustainable human capital for Agritech is their top priority.

The company keeps on exploring the best investment opportunities in the market especially pertaining to retirement funds and occasional surplus reserves. A thorough due diligence is performed before presenting such recommendations to the board including risks and rewards related to them.

Key Sources of Uncertainty

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:

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.

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.

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.

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.

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.

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.

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.

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 13.

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.

Risk of Supply Chain Disruption due to an Environmental, Social or Governance Incident

The Board has conducted a thorough assessment of the potential risks associated with supply chain disruption stemming from environmental, social, or governance incidents. In response, the company has devised a comprehensive strategy aimed at both monitoring and mitigating these risks proactively.

Recognizing the multifaceted nature of supply chain vulnerabilities, the company acknowledges the diverse range of factors that could precipitate disruption. These include, but are not limited to, natural calamities, governmental regulations, fluctuations in gas supply, and import restrictions. Any disruption in the supply chain could result in increased downtime.

To effectively monitor and mitigate these risks, the company has outlined several key strategies:

Enhancement of Vendor Database and Supply Mechanism

The Company will prioritize the management and improvement of its vendor database, ensuring the inclusion of reliable and sustainable suppliers. Additionally, mechanisms for timely and efficient parts supply will be optimized, with a focus on engaging operation and maintenance services experts as required.

Augmentation of Critical Spare Parts Inventory

Recognizing the importance of maintaining uninterrupted operations, the Company will increase its inventory levels of critical spare parts. This proactive measure aims to minimize downtime by ensuring the availability of essential components at all times.

Development of Local Vendor Relationships

In an effort to diversify and strengthen its supplier base, the Company will actively foster relationships with local vendors. By nurturing partnerships with local suppliers, the company aims to reduce reliance on foreign sources and enhance its resilience to supply chain disruptions.

Effective Forex Management

Given the potential impact of currency fluctuations on procurement costs, the Company will implement robust forex management practices. By closely monitoring exchange rate movements and employing hedging strategies where appropriate, the Company aims to mitigate the financial risks associated with international transactions.

In summary, the Company's strategy for monitoring and mitigating the risk of supply chain disruption due to environmental, social, or governance incidents is comprehensive and proactive. By prioritizing vendor management, inventory optimization, and strategic partnerships, the Company aims to safeguard its operations against potential disruptions and ensure the continued reliability of its supply chain.

Risk Assessment

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

The results of risk assessment carried out by the Board, risks identified, capitals affected along with the associated objectives, opportunities and mitigation strategies have been present in the Risks and Opportunities Report presented in the pages to follow.

RISKS AND OPPORTUNITIES REPORT

Material uncertainty that raises doubts about the Company's ability to continue as a going concern.

Strategic Risk | Operational Risk | Financial Risk

Associated Objectives

Sustain growth in fertilizer business.
Optimize costs and enhance synergies among functions to improve operational efficiency.

Opportunities

Restructuring of debt finances and accrued mark-up interest thereon.
Consistent monitoring of cash flows and cost savings.

Mitigating Strategies

Engagement with finance providers and stakeholders to take a fresh look towards stable and long-term view of the Company. Close liaison with elected government to seek long-term arrangements for gas supply.

Source: EXTERNAL

Rating: HIGH

Likelihood: MODERATE

Magnitude: HIGH

Horizon: Immediate to Long Term

Affected Capital: Financial, Manufactured

KPIs Monitored: Liquidity, Profits, Production Efficiency

Natural gas supply disruption/depletion causing discontinuity in manufacturing operations

Strategic Risk | Operational Risk | Financial Risk

Associated Objectives

Sustain growth in fertilizer business.
Improve operational efficiency through cost economization and enhanced synergies among functions.

Opportunities

Implementation of energy efficient technologies to conserve gas.

Mitigating Strategies

Close liaison with newly elected government to seek long-term arrangements in light of latest developments and gas pricing.
Investing in alternate sources of power to ensure sustained gas volume.

Source: EXTERNAL

Rating: HIGH

Likelihood: HIGH

Magnitude: HIGH

Horizon: Immediate to Long Term

Affected Capital: Financial, Manufactured, Natural

KPIs Monitored: Natural Gas Supply, Downtime

Existence of fake products in market

Strategic Risk   Financial Risk

Associated Objectives

Sustain growth in fertilizer business
Provision of top-quality fertilizer to farmers.

Opportunities

Better engagement with farmers and dealers.
Enrichment of brand and agri services.

Mitigating Strategies

Various security features have been introduced to ensure the authenticity of the product in the market. Farmers are educated frequently about these security features.

Source: EXTERNAL

Rating: HIGH

Likelihood: HIGH

Magnitude: MODERATE

Horizon: Immediate to Long Term

Affected Capital: Financial, Manufactured, Social and Relationship

KPIs Monitored: Sales Volume, Farmers Engagement

Global price fluctuation of fertilizer especially DAP impacting the local market prices

Financial Risk

Associated Objectives

Sustained growth in fertilizer business.

Opportunities

Cost controls and optimization of output to maintain margins.

Mitigating Strategies

Collaborating with the government to take an active role in evaluating the supply gap within the country, ensuring that only necessary products with shortages are imported.
Optimize costs of production to gain margins in pricing decisions.

Source: EXTERNAL

Rating: MODERATE

Likelihood: HIGH

Magnitude: MODERATE

Horizon: Short to Medium Term

Affected Capital: Financial, Manufactured

KPIs Monitored: Manufacturing Cost and Margin per Bag

RISKS AND OPPORTUNITIES REPORT

Decline in margins due to government intervention in product prices

Financial Risk

Associated Objectives

Sustain growth in fertilizer business.
Optimize costs and enhance synergies among functions to improve operational efficiency.

Opportunities

Cost controls and optimization of output to maintain margins.

Mitigating Strategies

Close liaison with government to ensure that the product is available to consumer at affordable prices.

Source	Rating	Likelihood	Magnitude
EXTERNAL	MODERATE	MODERATE	MODERATE

Horizon: Short Term

Affected Capital: Financial, Manufactured

KPIs Monitored: Manufacturing Cost and Margin per Bag

Lower forex reserves of government leading to import restrictions, delays in payments to foreign suppliers and disruption in supply chain

Strategic Risk Operational Risk Financial Risk

Associated Objectives

Sustain growth in fertilizer business.
Optimize costs and enhance synergies among functions to improve operational efficiency.

Opportunities

Explore imports substitution from competitive market and identify alternate local suppliers for critical items.

Mitigating Strategies

A sufficient inventory of critical supplies is maintained throughout to ensure continuous operations while alternate sources for procurement are also being explored.

Source	Rating	Likelihood	Magnitude
EXTERNAL	MODERATE	MODERATE	MODERATE

Horizon: Short Term

Affected Capital: Financial

KPIs Monitored: FX Exposure and Gains / Losses

Reduced sales due to unfavourable farm economics, disruption of product supply chain owing to environmental, social or governance incidents.

Operational Risk

Associated Objectives

Sustain growth in fertilizer business.
Optimize costs and enhance synergies among functions to improve operational efficiency.

Opportunities

Diversification of supply chain network and product range.

Mitigating Strategies

Robust inventory management, an extensive dealer network, a diverse pool of supply/service providers, provision of products on a credit basis and the dissemination of knowledge/assistance to farmer.

Source: EXTERNAL

Rating: MODERATE

Likelihood: MODERATE

Magnitude: HIGH

Horizon: Short to Medium Term

Affected Capital: Financial, Manufactured

KPIs Monitored: Inventory Levels, Production and Sales

Fluctuations in foreign currency rates

Financial Risk

Associated Objectives

Optimize costs and enhance synergies among functions to improve operational efficiency.

Opportunities

Explore fertilizers exports.
Implementation of effective FX management.

Mitigating Strategies

Forex change rate fluctuations are managed through efficient treasury management.

Source: EXTERNAL

Rating: HIGH

Likelihood: HIGH

Magnitude: HIGH

Horizon: Short Term

Affected Capital: Financial, Manufactured

KPIs Monitored: FX Exposure and Gains / Losses

RISKS AND OPPORTUNITIES REPORT

Law and order situations / accidents impacting employees, records, property and surrounding community

Operational Risk | Reputational Risk | Compliance Risk

Associated Objectives

Sustain growth in fertilizer business.
Demonstrate commitment to sustainable social, environmental and governance.

Opportunities

Business continuity and uninterrupted operations.
Implementation of proactive risk based processes.

Mitigating Strategies

SOPs are in place for smooth operations and security management at both plants and head office. Robust safety and security measures are taken to avoid any hazards for both employees of the company, property, records and surrounding community.

Source	Rating	Likelihood	Magnitude
INTERNAL	MODERATE	LOW	MODERATE

Horizon: Short to Medium Term

Affected Capital: Manufactured, Social, Human, Financial

KPIs Monitored: Safety and Security Incidents

Information Technology and Cyber Security

Operational Risk

Associated Objectives

Optimize costs and enhance synergies among functions to improve operational efficiency.

Opportunities

Business continuity and uninterrupted operations.
Implementation of proactive risk based processes.

Mitigating Strategies

Modern IT controls and firewalls have been implemented. Additionally, regular system updates, IT audits, vulnerability assessments, and training sessions are conducted to monitor and mitigate risks effectively.

Source	Rating	Likelihood	Magnitude
EXTERNAL/INTERNAL	HIGH	MODERATE	HIGH

Horizon: Immediate to Long Term

Affected Capital: Financial, Intellectual, Manufactured

KPIs Monitored: Security Breaches, System Downtime

Interest rate risk, credit risk and liquidity risk affecting business and financial performance

Financial Risk

Associated Objectives

Sustain growth in fertilizer business.
Optimize costs and enhance synergies among functions to improve operational efficiency.

Opportunities

Seek out investment opportunities to leverage highger return rates.
Effective customer relationship management and strong financial risk management practices.

Mitigating Strategies

A robust financial risk management system is in place as per Board's approved policies to secure the Company against any adverse credit, interest rate risk and liquidity risk.

Source: EXTERNAL/INTERNAL

Rating: MODERATE

Likelihood: MODERATE

Magnitude: MODERATE

Horizon: Short to Medium Term

Affected Capital: Financial

KPIs Monitored: Liquidity / Capital Structure Ratios, Receivables Days

Non-compliance with Laws and Regulations

Compliance Risk

Associated Objectives

Demonstrate commitment to sustainable social, environmental and governance.

Opportunities

Instilling a culture of compliance across the entire Company

Mitigating Strategies

Our entire business framework is designed to assess and manage regulatory risks relevant to our operations. Latest updates in regulatory frameworks are reviewed regularly to prevent any breaches of laws or regulations.

Source: EXTERNAL/INTERNAL

Rating: MODERATE

Likelihood: LOW

Magnitude: MODERATE

Horizon: Short to Medium Term

Affected Capital: Financial, Social and Relationship

KPIs Monitored: Instances of Non-Compliances

RISKS AND OPPORTUNITIES REPORT

High turnover of trained employees may render the disrupt operations

Operational Risk

Associated Objectives

Sustain growth in fertilizer business.
Be one of the preferred employers in the country.

Opportunities

Retention and growth of talent

Mitigating Strategies

A succession plan is in place assisted by cross-functional training programs. Company has revised its compensation packages in line with market trends to attract and retain best talent.

Source: EXTERNAL/INTERNAL

Rating: HIGH

Likelihood: HIGH

Magnitude: HIGH

Horizon: Immediate To Short term

Affected Capital: Human

KPIs Monitored: Employee Attrition and Engagement

Loss of customer confidence in "Tara" brand

Operational Risk Reputational Risk

Associated Objectives

Sustain growth in fertilizer business.
Provision of top-quality fertilizer to farmers.

Opportunities

Focused brand management aimed at enhancing the Company's business profile.

Mitigating Strategies

Over the years, the Company has upheld its brand value by consistently providing high-quality fertilizers and agricultural services. We prioritize proactive engagement with all stakeholders through effective stakeholder engagement programs.

Source: EXTERNAL/INTERNAL

Rating: HIGH

Likelihood: LOW

Magnitude: HIGH

Horizon: Immediate to Long Term

Affected Capital: Social and Relationship, Intellectual, Financial

KPIs Monitored: Sales, Customer Feedback

Losses due to inadequate insurance cover for Property, Plant and Equipment

Financial Risk | Operational Risk

Associated Objectives

Sustain growth in fertilizer business.

Opportunities

Business continuity and uninterrupted operations.
Implementation of proactive risk based processes.

Mitigating Strategies

Appropriate insurance valuation will be carried out in coming arrangements to suffice the challenge.

Source	Rating	Likelihood	Magnitude
INTERNAL	HIGH	MODERATE	HIGH

Horizon: Immediate To Short term

Affected Capital: Financial, Manufactured

KPIs Monitored: Adequate Insurance Coverage

Liabilities and losses arising out of tax contingencies and litigations

Financial Risk

Associated Objectives

Optimize costs and enhance synergies among functions to improve operational efficiency.

Opportunities

Improved and more effective tax planning and execution

Mitigating Strategies

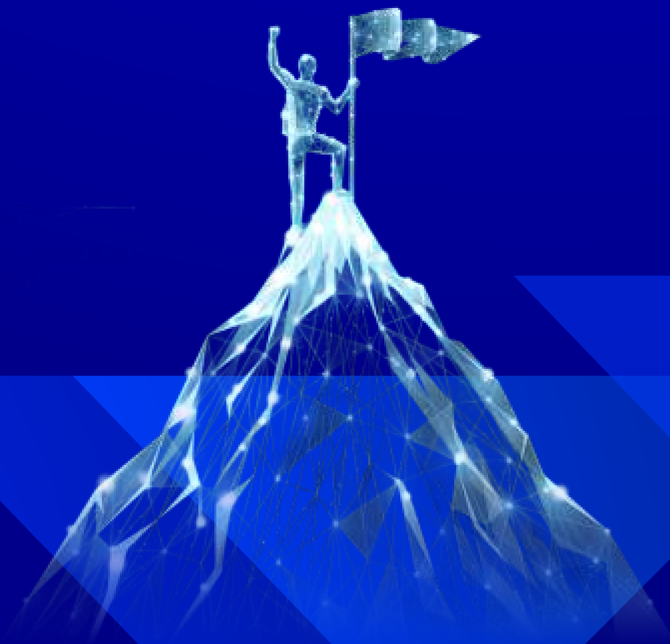
A tax risk management policy has been developed to outline the company's approach to tax planning, compliance and dispute resolution.

Source	Rating	Likelihood	Magnitude
EXTERNAL/INTERNAL	HIGH	MODERATE	MODERATE

Horizon: Immediate to Long Term

Affected Capital: Financial

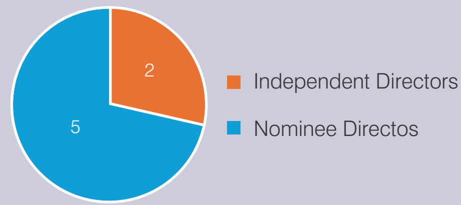
KPIs Monitored: Contingencies



D GOVERNANCE 01-67

BOARD COMPOSITION

To uphold transparency, foster good governance, and ensure that the Company operates smoothly, the Company has implemented the regulatory framework in terms of qualification, experience and composition of the Board of Directors. The Board consists of 7 directors who effectively represent the interests of our shareholders. Among them, all 7 are non-executive directors, including 2 independent directors and 5 nominee directors.



For a comprehensive overview of each Board member, please refer to their detailed profiles presented on page D-03.

Leadership structure of those charged with governance

The leadership structure of the Board of Directors is meticulously designed to ensure effective governance and operational oversight within the Company. At its helm, the Board comprises a diverse group of individuals, each bringing unique expertise and perspective to the table. Central to its operation are the roles of the Chairperson and the CEO. The Chairperson, presides over Board meetings, ensuring adherence to corporate governance standards and facilitating constructive dialogue among members. Meanwhile, the CEO, as the highest-ranking executive, is responsible for the day-to-day management of the Company, implementing the Board's strategic directives and driving organizational performance.

Beneath this executive leadership, the Board is further structured to include various committees tasked with specific functions. These committees, such as the Audit Committee, and Human Resources and Remuneration Committee, are comprised of both non-executive directors and independent directors. Each committee operates autonomously within its designated mandate, conducting in-depth reviews, making recommendations, and providing oversight in their respective areas of focus.

Moreover, the Board operates on principles of accountability and transparency, ensuring that decisions are made in the best interest of shareholders and stakeholders. Regular Board meetings, typically held quarterly or as necessary, serve as forums for strategic discussions, performance evaluations, and policy deliberations. Additionally, the Board fosters open communication channels with management and stakeholders, soliciting feedback and input to informed decision-making processes.

In summary, the leadership structure of the Board of Directors is characterized by a collaborative approach, wherein diverse perspectives converge to guide the Company's strategic direction and uphold its commitment to corporate governance excellence.

Through effective oversight, transparent communication, and robust governance mechanisms, the Board plays a vital role in steering the Company towards sustained success and value creation.

Independent Directors

The Company's Board comprises of two (2) independent directors namely Mr. Asim Murtaza Khan and Ms. Sarwat Salahuddin Khan who are not involved in the Company's management nor are connected with any business or any other relationship that could interfere materially with or appear to affect their judgment.

The Company has ensured that the independent directors meet the qualification criteria of independence in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2019 and Companies Act 2017.

All independent directors have submitted along with their consent to act as director, declaration to the Company that they meet the criteria of independent director as specified under the Companies Act, 2017.

Diversity in the Board

The Board of Directors of the Company embodies a well-rounded composition, comprising a diverse assembly of exceptionally qualified professionals with a comprehensive blend of essential competencies. This amalgamation includes expertise in finance, legal affairs, technology, and operations, ensuring a robust array of perspectives in the decision-making process. The Company prioritizes diversity, recognizing its pivotal role in enriching discussions and fostering innovative solutions.

In alignment with its commitment to inclusivity, the Company upholds female representation on the Board of Directors, ensuring that diverse viewpoints are integral to governance and strategic planning. Currently, the Board includes one female member, whose presence underscores the Company's dedication to gender diversity and equitable representation in leadership positions. This commitment not only reflects the Company's values but also acknowledges the invaluable contributions that diverse perspectives bring to the table.

The leadership structure of the Board of Directors is characterized by a COLLABORATIVE approach, wherein diverse perspectives converge to guide the Company's strategic direction and uphold its commitment to corporate governance EXCELLENCE.

Through effective oversight, transparent communication, and robust governance mechanisms, the Board plays a vital role in steering the Company towards sustained success and VALUE CREATION.

Attendance at Board Meetings

Name of Director	22-Feb-23	30-Mar-23	28-Apr-23	26-Jun-23	28-Aug-23	20-Oct-23	20-Nov-23	Meetings Attended
Mr. Shahid Iqbal Choudhri	✓	✓	✓	✓	✓	✓	✓	7
Mr. Hassan Raza	✓	✗	✓	✓	✗	✓	✓	5
Mr. Asim Murtaza Khan	✓	✓	✓	✓	✓	✓	✓	7
Mr. Asim Jilani	✓	✓	✓	✗	✓	✓	✓	6
Mr. Ghazzanfar Ahsan	✓	✓	✓	✓	✓	✓	✓	7
Ms. Sarwat Salahuddin Khan	✓	✓	✓	✗	✓	✓	✗	5
Mr. Osman Malik	✗	✗	✓	✓	✓	✓	✓	5

BOARD OF DIRECTORS' PROFILE

Mr. Shahid Iqbal Choudhri

Chairperson

Non-Executive

Joined on 22 February 2022

Mr. Choudhri is a seasoned banker and a prominent Finance professional with diverse experience spanning over three decades in top-rated commercial, investment banks and DFIs of Pakistan. He has had the privilege of serving at senior level positions within multi-product environments in various roles including business development, corporate/investment banking, risk management, special assets management and operations. During his assignments in recent past, he has developed and turned around various core banking functions of Corporate and Remedial.

At NBP, He has served as Executive Vice President and Regional Corporate Head, Lahore where he managed one of the largest corporate client portfolios in the country. He has also served as the Divisional Head – Asset Recovery Division North at NBP where he achieved one of the highest ever NPL reductions in his tenure in a time of three years. Earlier, has also served at various senior positions at PAIR Investment Company, Trust Investment Bank, Crescent Commercial Bank and Fidelity Investment Bank.

Presently, he is serving as Group Head CIBG at the National Bank of Pakistan (NBP) Head Office, Karachi where he is spearheading one of the largest corporate asset portfolios of the country.

Mr. Choudhri is a Certified Director, completing his Directors Training Program from LUMS, is an MBA in Finance and also holds a Postgraduate Diploma in Islamic Banking and Insurance from the U.K.

Mr. Muhammad Faisal Muzammil

Chief Executive Officer

Deemed Director

Joined on 14 March 2017

Appointed as Chief Executive Officer (CEO) of Agritech Limited in 2017, Mr. Muhammad Faisal Muzammil brings a wealth of experience and expertise to his role. His journey with Agritech Limited began in 2006, when he joined as Sales and Marketing Manager. Over the years, he has seamlessly transitioned into various leadership roles, consistently demonstrating his ability to navigate complex challenges and drive growth.

Following the successful completion of his earlier tenures as CEO, he is successfully transitioned into his third tenure as CEO starting from 2023. With a strong foundation and profound understanding of the fertilizer sector, he possesses comprehensive knowledge and experience across all critical functions including operations, sales, marketing, financial restructuring, strategy and planning, gas management, government relations and has been instrumental in managing the affairs of Agritech Limited. His leadership role at Agritech underscores his strategic acumen and his unwavering dedication to advancing Agritech Limited's mission and objectives.

Prior to his tenure at Agritech Limited, Mr. Muzammil accumulated valuable diversified corporate experience while working at Engro, DHL and LTV Capital Mordaba. He holds an MBA degree from Quaid-e-Azam University, Islamabad.

Mr. Hassan Raza

Director

Non-Executive

Joined on 16 July 2021

With an illustrious career spanning thirty years, Mr. Hassan, a Senior Banker, boasts a wealth of experience in leadership roles within both multinational and local banking institutions. His journey in the banking sector commenced in 1990 when he embarked on his professional path as a Management Trainee at Standard Chartered Bank.

Throughout his career, he has held pivotal positions in prominent foreign and local banks. His diverse experience includes working at notable establishments such as Bank of America, National Bank of Pakistan, United Bank Limited, Habib Bank Limited and Habib Metropolitan Bank, where his strategic vision and astute leadership have made enduring impacts both domestically and overseas. He has also served as Chief Executive Officer at Habib Bank Uk based in London, UK covering HBL's entire European operations.

At present, he is serving as Managing Director and CEO of Pak China Investment Co. - a joint Venture between Government of Pakistan and Peoples Republic of China.

He is an Aitchisonian from Lahore, an MBA from The International University, USA, Lahore Campus and a Masters in Economics from Karachi.

Mr. Osman Malik

Director

Non-Executive

Joined on 22 February 2022

Mr. Malik has a rich and diversified banking experience of over 30 years working with leading banks in Pakistan and Middle East. After his MBA from LUMS, he started his career with Citibank in 1993.

He has held variety of senior positions at different banks across Pakistan and Middle East. He brings vast experience ranging across Corporate, Commercial, Retail and Remedial portfolio as well as Cash management and Risk management. He was associated with HBL-Dubai as Head of Remedial Corporate Bank prior to joining National Bank of Pakistan (NBP) as Senior Credit Officer.

With his broad experience and acumen, he is presently leading the Special Assets Management Group (SAMG) as Group Head at NBP.

BOARD OF DIRECTORS' PROFILE

Mr. Asim Murtaza Khan

Director

Independent

Joined on 01 June 2015

Mr. Asim Murtaza Khan is a veteran of the petroleum industry. He was recently appointed as the CEO of Sindh Petroleum Limited by the Sindh Government. Prior to that he has worked as pro bono CEO of the Petroleum Institute of Pakistan for nearly seven years.

Earlier, he has worked for Pakistan Petroleum Limited for nearly 33 years and superannuated as the MD/CEO. He was amongst the founder Directors of PPL's overseas subsidiary companies, PPL Europe E&P Ltd. and PPL Asia E&P B.V. for venturing international E&P. At PPL, he also led the mining joint venture with the Government of Baluchistan. He holds a Bachelor's in Mechanical Engineering from NED University of Engineering and Technology, Karachi and a Masters in Mechanical Engineering from the University of Manchester Institute of Science and Technology, UK. He is an alumnus of the Kellogg School of Management, Northwestern University, USA.

Mr. Khan is a Fellow and Member Central Council of the Institution of Engineers Pakistan, Chair of the Petroleum Engineering Advisory Board, Joint Chair of the ORIC and the Business Incubation Centre, Member Academic Council and Member of the Senate of NED University. He has served as the Chair on the Boards of Pakistan LNG Terminals Limited, Petroleum Institute of Pakistan (PIP), and amongst other entities, on the Boards of Pakistan Institute of Corporate Governance (PICG) and the Community Development Board of the Government of Sindh.

He is also on the Board of Directors of Engro Fertilizers Limited.

Mr. Asim Jilani

Director

Non-Executive

Joined on 16 July 2021

Mr. Jilani has been appointed as Director on Board of Agritech Limited as Nominee from Faysal Bank Limited. He is a senior banking professional with sound managerial and leadership experience over 22 years with prime Financial institutions and proven track record of superior performance achieved through effective planning, teamwork and application of professional technical skill set. Mr. Jilani is skilled in corporate and commercial banking, trade Finance products, credit risk and Islamic Finance. He is a strong consulting professional with Masters degree focused in Business Management, Marketing and related Support Services from Quaide-Azam University, Islamabad.

Mr. Asim Jilani is currently working as a Co-Head - Special Asset Management Group of Faysal Bank Limited. He worked as an Assistant General Manager and Unit Head in Samba Financial Group, Saudi Arabia. Also he worked as Vice President and Regional Manager in RBS Pakistan and served as Assistant Vice president in Citi Bank Pakistan.

He is also on the Board of Directors of Dost Steel Mills Limited

Mr. Ghazzanfar Ahsan

Director

Non-Executive

Joined on 16 July 2021

Mr. Ghazzanfar Ahsan is serving in Bank Makramah Limited (BML) since 2007 and is part of Management team. He was associated with Corporate & Investment Banking department as Unit Head uptill 2018 and afterward looking after the affairs as Group Head - Special Assets Management Department (SAMD), Legal Affair Division (LAD) & Islamic Banking Division (IBD) in cadre of Executive Vice President. Also serving as Nominee Director on the Board of Agritech Ltd (AGL) and also part of BAC & BHRC of AGL. Recently also given additional task as Acting Company Secretary of BML.

Earlier, he was associated with Faysal Bank Ltd for 6 years and worked in Investment Banking, Financial Institutions Division & Treasury department in senior capacity.

Mr. Ghazzanfar is Masters in Business Administration & a Law Graduate. He is an Advocate – High Court and member of Sindh Bar Council & Karachi Bar Council. He has also completed Post Graduate Diploma (PGD) from Centre of Islamic Economics (CIE). He is holding certification of Cisco Certified Network Associate (CCNA) & Microsoft Certified System Engineer (MCSE). He also completed certified Director course from IBA. .

He has over 25 years of diversified experience, which comprises his expertise in asset side lending (Conventional & Islamic Banking Products) beside in-depth understanding of transactions related to Commercial, Corporate & Investment Banking, Special Asset Management, legal affairs, Islamic Banking, Treasury, Financial Institutions and Information Technology department with focus on accounting, financial modeling & restructuring, financial analysis, investment evaluation, credit risk analysis, structuring of long term debt / Capital Market /Real estate transactions, IT project implementation with thorough understanding of accounting and administrative issues at operational level.

Ms. Sarwat Salahuddin Khan

Director

Independent

Joined on 16 July 2021

Ms. Khan is a legal professional who has worked in leading law firms, education, oil and gas, and telecom sectors. She has over 19 years of diversified experience in Legal and regulatory, ethics and compliance, investigations and enforcement as well as project management.

She holds an LL.B. from the University of Punjab and an LL.M. from the University of Durham, U.K. She is a Certified Director from Institute of Business Administration and is presently on the Board of Agritech Limited. Ms. Sarwat is also a Certified Trainer and has conducted several Women Executive Leadership trainings.

ROLE OF CHAIRPERSON AND CEO

The Company complies with good corporate governance practices due to which it has designated separate persons for the role of the Chairperson of the Board of Directors and the office of the Chief Executive with clear and transparent division of roles and responsibility. Pursuant to the provisions of Section 192(2) of the Companies Act 2017, the Board of Directors of Company has outlined the roles and responsibilities of the Chairperson as well as the Chief Executive Officer (CEO) of the Company.

Role of Chairperson

The principal role of the Chairperson of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairperson is accountable to the Board. The Chairperson acts as the communicator for Board decisions where appropriate. More specifically, the duties and responsibilities of the Chairperson are as follows:

- acting as a liaison between management and the Board, through the CEO;
- keeping abreast generally of the activities of the Company and its management;
- ensuring that the Directors are properly informed and that sufficient information is provided to them;
- enable the Directors to form appropriate judgements and make informed decisions;
- preparing the review report (to be included with the annual financial statements) on the over all performance of the Board of Directors and effectiveness of the role played by the Board of Directors in achieving the Company's objectives;
- developing and setting the agendas for meetings of the Board;
- acting as Chair at meetings of the Board;
- ensuring that the minutes of Board meetings are appropriately recorded and reviewing and signing minutes of Board meetings;
- presiding over the Board meetings and ensuring that all relevant information has been made available to the Board;
- confirming the quorum of the meeting;
- ensuring that the agenda, notice of meeting along with all relevant material were circulated within stipulated time;
- ensuring that the minutes of the Board meetings are kept in accordance with applicable laws;
- issuing the letter to the directors at the commencement of each three year term of the Directors setting out their role, obligations, powers and responsibilities presiding as Chairperson at every General Meeting of the Company;
- recommending to the Board, after consultation with the Directors and management, the appointment of members of the Committees of the Board; and
- assessing and making recommendations to the Board annually regarding the effectiveness of the Board.

Role of CEO

The CEO is, subject to control and directions of the Board, entrusted with the powers of management of affairs of the Company. In such capacity the CEO's role and responsibilities include:

- planning, formulating and implementing strategic policies;
- ensuring that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- maintaining an ongoing dialogue with the Directors in regard to changes in and implementation of Company's policies and the performance and development of the Company's business;
- ensuring that the Company's interests and assets are properly protected and maintained and all the required Government obligations are complied with in a timely manner;
- maintaining a close liaison with the Government, customers, suppliers and sales offices;
- chalking out human resource policies for achieving high professional standards, overall progress and betterment of the Company as a whole;
- ensuring that proper succession planning for all levels of hierarchy exists in the Company and the same is constantly updated;
- ensuring proper functioning of the Management Committees of the Company of which he is the Chairperson;
- preparing and presenting personally to the Board of Directors following reports/details:
  - a) annual business plan, cash flow projections and long-term plans;
  - b) budgets including capital, manpower and overhead budgets along with variance analysis;
  - c) quarterly operating results of the Company in terms of its operating divisions and segments; and
  - d) promulgation or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.;
- reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personal and other matters of importance to the Company; and
- ensuring that open and progressive atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best.

BOARD OPERATIONS

The Board of Directors is the primary governing body of the Company and operates in stewardship capacity on behalf of the shareholders, responsible for setting strategic direction, overseeing corporate performance, and safeguarding shareholder interests. The Board exercises its authority diligently and responsibly, adhering to thorough deliberation as mandated by the Company's Articles of Association, Companies Act 2017, Listed Companies (Code of Corporate Governance) 2019 and other relevant laws.

The Board operates as the steward of the Company's long-term interests, making high-level strategic decisions while delegating operational management to the executive team. This balanced approach ensures effective governance, strategic alignment, and accountability throughout the Company.

Matters reserved for the Board

At its core, the Board's role encompasses decision-making on matters of significant importance that shape the Company's long-term trajectory and ensure its sustainability. These include but are not limited to:

- approving the Company's strategic plans, including business objectives, growth initiatives, and risk management strategies;
- oversight of financial performance, including approval of budgets, financial statements, major investments, and capital allocation decisions;
- identifying and assessing significant risks to the Company and ensuring appropriate measures are in place to mitigate them;
- appointing, evaluating, and compensating senior executives, including the CEO, and ensuring succession planning is in place for key leadership positions;
- establishing and maintaining effective corporate governance practices, including compliance with legal and regulatory requirements and promoting ethical conduct;
- reviewing recommendations made by Board committees;
- approving related party transactions on the recommendation of the Audit Committee; and
- approving financial statements and dividends.

Risk Governance and Internal Controls

The Board plays a crucial role in overseeing the governance of risk within the Company, tasked with determining the organization's level of risk tolerance and establishing comprehensive risk management policies. To fulfill this responsibility, the Board conducts periodic reviews of the Company's overall risk landscape, ensuring that management maintains a robust framework for risk identification, assessment, and mitigation.

Central to the Board's oversight is the commitment to safeguarding the Company's assets, resources, reputation, and the interests of its shareholders. Through diligent assessment and scrutiny, the Board evaluates both internal and external factors that may pose risks to the Company's operations and strategic objectives. This includes evaluating market dynamics, regulatory changes, competitive pressures, and emerging threats to business continuity.

In establishing risk management policies, the Board aims to strike a balance between prudent risk-taking and the preservation of shareholder value. By defining clear risk parameters and tolerance levels, the Board provides guidance to management in navigating uncertainties while staying aligned with the Company's strategic goals.

Furthermore, the Board ensures that management maintains a sound system of internal controls to effectively manage identified risks and prevent potential adverse impacts. This encompasses implementing robust processes for risk identification, ongoing monitoring, and timely reporting to enable proactive decision-making.

Through its oversight role, the Board fosters a culture of risk awareness and accountability throughout the Company, encouraging open dialogue and transparent reporting of risks at all levels. By promoting a proactive approach to risk management, the Board seeks to enhance the Company's resilience, agility, and ability to capitalize on opportunities in a dynamic business environment.

Delegation of day-to-day operations

While the Board retains ultimate authority over critical strategic decisions, it delegates the responsibility of day-to-day operational management to the executive/management team, spearheaded by the CEO. This delegation encompasses decisions related to routine operations, the implementation of strategic initiatives, and the tactical execution of plans, which are typically entrusted to the management team. The management shoulders the responsibility of ensuring operational excellence, regulatory compliance, and financial integrity, while the Board provides oversight and strategic guidance to steer the Company towards its objectives.

It falls upon the management team to identify and navigate critical risks, capitalize on emerging opportunities, uphold internal controls, and prepare financial statements in compliance with approved accounting standards. This mandate must be carried out in strict adherence to relevant regulations, including the Companies Act 2017, and other guidelines stipulated by the Securities and Exchange Commission of Pakistan.

By delegating these responsibilities, the Board fosters efficient decision-making, encourages innovation, and empowers management to effectively execute the Company's strategic vision.

PERFORMANCE OF THE BOARD

Annual evaluation of the Board's performance

The Company has developed a Board performance questionnaire for the purpose of annual evaluation of the Board's own performance, members of the Board and of its committees in conformity with the Listed Companies (Code of Corporate Governance) Regulations, 2019. Strict level of confidentiality is exercised while conducting the evaluation process. The key salient features of the questionnaire embody the following criteria for an effective evaluation of the performance of the Board, its members, and its key committees:

- Formation and quality assurance
- Understanding the business including risks
- Process and procedures
- Oversight of financial reporting process, including internal controls
- Ethics and Compliance
- Comments section to conclude the overall results taking into account the quantitative results of self-assessment and qualitative factors not considered.

The overall performance of the Board is measured through a robust numeric quantitative assessment mechanism based on a rating scale ranging from 5 to 1 (5 is the highest score whereas 1 is the lowest) in order to quantify the evaluation.

For any shortcomings identified in the evaluation, the Board initiates an action plan to address these deficiencies. This plan may include targeted training sessions, workshops, or seminars to enhance understanding of business risks, improve processes and procedures, strengthen oversight of financial reporting and internal controls, and reinforce ethics and compliance standards. Regular follow-up assessments are conducted to track progress and ensure implementation of corrective measures. Additionally, the Board may consider restructuring committees or adjusting roles and responsibilities to optimize effectiveness.

Chairperson's Review of Board's Performance

The Chairperson reviews the overall performance of the Board and evaluates the effectiveness of its role in achieving the Company's objectives through a multifaceted approach.

This involves analyzing various factors such as the Board's strategic decision-making process, its ability to provide guidance and oversight on critical matters, its engagement with management, stakeholders, and external parties, and its contribution to the company's long-term success.

The Chairperson assesses the outcomes of board discussions, decisions, and actions against established goals and performance metrics. Additionally, the Chairperson solicits feedback from key stakeholders, including senior management, shareholders, and external advisors, to gain insights into the Board's effectiveness and impact. Regular reviews, self-assessments, and benchmarking against industry best practices are integral to this process.

Through these evaluations, the Chairperson identifies areas for improvement, sets priorities for board development, and ensures alignment between board activities and the Company's strategic objectives.

The Chairperson’s Review Report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives is presented on page F-01.

External evaluation of the Board's performance

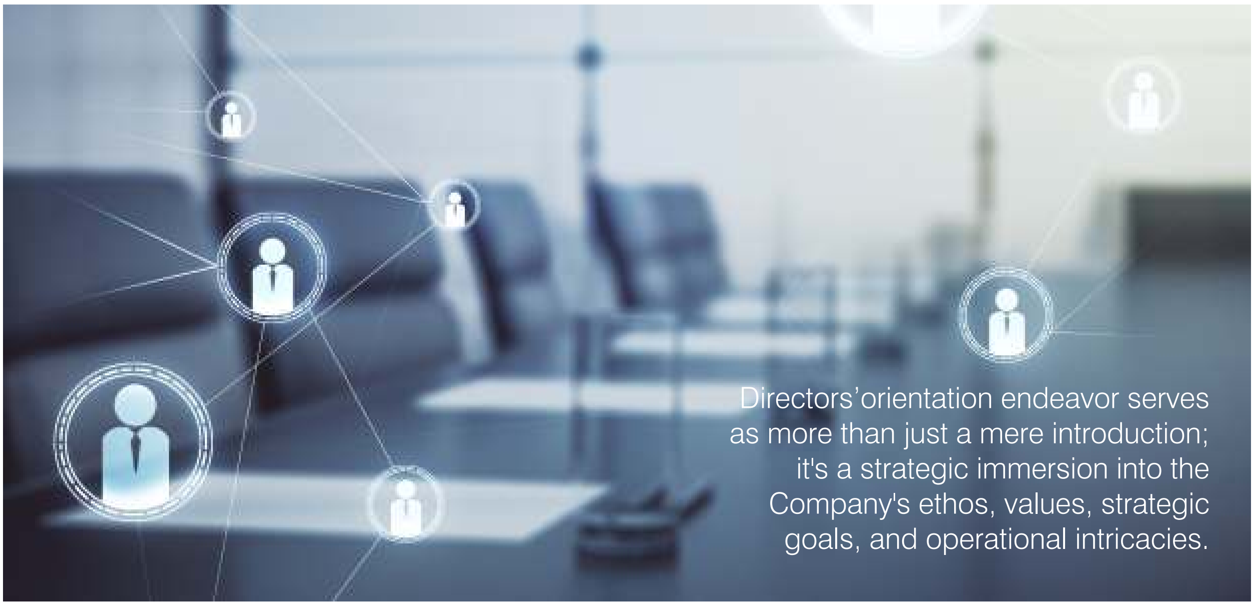
The Company relies solely on its internal mechanisms for evaluating the performance of the Board, opting not to engage external experts. This decision is underpinned by the Company's confidence in the comprehensiveness and robustness of its internal evaluation processes.

Through meticulous design and implementation, these internal mechanisms are tailored to capture the dynamics and intricacies of the Board's performance, ensuring a thorough assessment aligned with the Company's specific needs and objectives.

By leveraging internal expertise and resources, the Company demonstrates a commitment to fostering accountability, transparency, and autonomy in its governance practices, while also optimizing cost-effectiveness and efficiency in the evaluation process.

This strategic approach underscores the Company's dedication to upholding high standards of corporate governance and continuous improvement, while also affirming its trust in the competence and integrity of its internal stakeholders to uphold these standards effectively.

ORIENTATION AND TRAINING



Orientation Courses

The Company has established a robust internal protocol in the form of a comprehensive Directors' Orientation Pack, meticulously designed to empower Board members with a deep understanding of the Company's intricate workings, regulatory framework, and the critical fiduciary duties they bear. This bespoke orientation initiative is strategically timed to coincide with the commencement of a Board member's term or upon appointment to fill any unforeseen vacancies, ensuring a seamless integration into their roles.

Delivered through an engaging presentation format, this orientation endeavor serves as more than just a mere introduction; it's a strategic immersion into the Company's ethos, values, strategic goals, and operational intricacies. From elucidating the Company's mission and vision to navigating the legal and regulatory landscape that governs its operations, every facet is meticulously covered to equip Board members with the requisite knowledge and insights.

Moreover, the orientation session transcends a mere dissemination of information; it fosters an interactive dialogue, encouraging Board members to ask questions, seek clarifications, and engage in critical discussions. By fostering such an environment of open communication and inquiry, the company not only imparts knowledge but also nurtures a culture of collaborative governance and proactive engagement.

This proactive approach underscores the Company's unwavering commitment to governance excellence, transparency, and accountability. By ensuring that Board members are well-equipped and informed right from the outset, the Company not only safeguards its interests but also lays a solid foundation for strategic decision-making and value creation. Through this concerted effort, the Company reinforces its position as a steward of corporate governance best practices, driving sustainable growth, and long-term success.

Directors' Training Programs

Directors serving on the boards of listed companies in Pakistan are mandated to obtain certification through director training programs offered by accredited institutions, whether local or foreign. These programs must meet the stringent criteria set forth by the Securities and Exchange Commission of Pakistan. This certification requirement underscores the imperative for directors to continually enhance their expertise and stay abreast of evolving best practices, regulatory frameworks, and industry trends.

The certification process is designed to ensure that directors acquire practical insights and skills essential for effective governance. These programs generally incorporate a blend of theoretical modules, practical case studies, and interactive workshops, enabling directors to apply their learning to real-world scenarios. By engaging in rigorous training and earning certification, directors demonstrate their commitment to upholding the highest standards of professionalism, integrity, and accountability in their roles. Moreover, the certification mandate serves as a mechanism to strengthen the overall governance framework of listed companies. It instills confidence among investors, regulators, and other stakeholders by ensuring that directors possess the necessary competencies to fulfill their fiduciary duties and safeguard the interests of shareholders.

The Board has arranged a refresher of Director's Training Program for Mr. Asim Jilani (Director) and for Ms. Asma Irfan (Company Secretary/Head of Legal) during the year. Besides, the other Board members have already participated in the Directors' Training Program in the past. 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.

BOARD COMMITTEES

Audit Committee

Objective

The Audit Committee is tasked with overseeing various critical aspects including financial reporting, disclosure requirements, hiring, performance, and independence of external auditors. Additionally, it monitors the performance of the internal audit function, evaluates policies and principles, assesses internal control processes, scrutinizes risk management policies and practices, and ensures compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019.

Composition

The Audit Committee comprises 5 members. Among them all 5 are non-executive directors including 1 independent director and 4 nominee directors. The Chairperson of the Committee is an independent director. The members of the Committee are highly qualified individuals with vast experience spanning Finance, Business, Engineering, Banking and Legal.

Members of Audit Committee	
1. Mr. Asim Murtaza Khan – *Chairperson*	Independent Director
2. Mr. Hassan Raza	Nominee Director
3. Mr. Asim Jilani	Nominee Director
4. Mr. Ghazzanfar Ahsan	Nominee Director
5. Mr. Osman Malik	Nominee Director

Meetings and Attendance

The Committee convened on six occasions during the year. In accordance with regulatory mandates, distinct sessions were conducted with both the Company's external and internal auditors.

Name of Director	05-Jan-23	29-Mar-23	28-Apr-23	23-Jun-23	25-Aug-23	19-Oct-23	Meetings Attended
Mr. Asim Murtaza Khan	✓	✓	✓	✓	✓	✓	6
Mr. Hassan Raza	✗	✓	✓	✓	✗	✗	3
Mr. Asim Jilani	✓	✓	✓	✓	✓	✓	6
Mr. Ghazzanfar Ahsan	✗	✓	✓	✓	✓	✓	5
Mr. Osman Malik	✓	✗	✓	✓	✓	✓	5

Salient Features and Terms of Reference

The Board of Directors of the Company have determined the following term of reference of the Audit Committee:

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

(b) Review of preliminary announcements of results prior to publication and external communication.

(c) Review of quarterly/interim and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with regulations and other statutory, regulatory requirements, and
- All related party transactions.

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

(e) Review of Management Letter issued by External Auditors and management's response thereto;

(f) Coordination between the internal and external auditors of the Company;

(g) Review of the scope and extent of internal audit, audit plan, reporting framework & procedures and that the internal audit function, has adequate resources and is appropriately placed within the Company;

(h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

(i) Ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments; assets and liabilities and the reporting structure are adequate and effective;

(j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and Internal Audit reports;

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

(l) Determination of compliance with relevant statutory requirements;

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

(n) Review arrangement/s and whistle-blow Policy, for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend remedial and mitigating measures;

(o) Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board gives due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;

(p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Objective

The Human Resource and Remuneration Committee is established to provide the Board with recommendations concerning Human Capital matters within its purview. It aids the Board in effectively managing its responsibilities regarding the oversight of the Company's Human Resource policy affairs.

Composition

The Human Resource and Remuneration Committee comprises 4 members. Among them all 4 are non-executive directors including 1 independent director and 3 nominee directors. The Chairperson of the Committee is an independent director.

Members of Human Resource and Remuneration Committee	
1. Ms. Sarwat Salahuddin Khan – Chairperson	Independent Director
2. Mr. Asim Jilani	Nominee Director
3. Mr. Ghazzanfar Ahsan	Nominee Director
4. Mr. Osman Malik	Nominee Director

Meetings and Attendance

The Committee convened on four occasions during the year.

Name of Director	18-Jan-23	14-Mar-23	23-Aug-23	15-Dec-23	Meetings Attended
Ms. Sarwat Salahuddin Khan	✓	✓	✓	✓	4
Mr. Asim Jilani	✗	✓	✓	✓	3
Mr. Ghazzanfar Ahsan	✓	✓	✓	✓	4
Mr. Osman Malik	✓	✓	✓	✓	4

Salient Features and Terms of Reference

The Board of Directors of the Company have determined the following terms of reference of the Human Resource and Remuneration Committee:

a) Recommendation to the Board for consideration and approval a policy framework for determining remuneration of Directors (both Executive and Non-Executive Directors) and members of senior management. The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive level;

b) Undertaking annually a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing therein name and qualifications of such consultant and major terms of his/its appointment;

c) Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;

d) Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer;

e) Where human resource and remuneration consultants are appointed, the HR&R Committee shall enquire their credentials and whether they have any conflict of interest with the Company;

f) Formulation of the human resources management policies and plan for the entire workforce including recruitment, training, performance management, succession planning, compensation philosophy and manpower budget for approval of the Board;

g) Deal with disciplinary cases involving senior management as defined for the purpose of para (a) and monitor for enforcing proper governance all those involving reported fraud and corruption;

h) To ensure that all the Codes and Policies in respect of human resources of the Company are identified, written, gotten approved by the Board and are fully complied with.

l) Any other matter that the BOD desires the HR&R to deal with.

MANAGEMENT TEAM

While the Board retains ultimate authority over critical strategic decisions, it delegates the responsibility of day-to-day operational management to the executive/management team, spearheaded by the CEO. This delegation encompasses decisions related to routine operations, the implementation of strategic initiatives, and the tactical execution of plans, which are typically entrusted to the management team. The management shoulders the responsibility of ensuring operational excellence, regulatory compliance, and financial integrity, while the Board provides oversight and strategic guidance to steer the Company towards its objectives.

Muhammad Faisal Muzammil
Chief Executive Officer

Moeez Ur Rehman
Chief Financial Officer

Asma Irfan
Company Secretary and Head of Legal

Rehan Munir
Head of Manufacturing - Urea Plant

Muhammad Yahya
GM Manufacturing - SSP Plant

Muhammad Dilpazeer
Head of HR and Sustainability

Tanweer Raza
Head of Sales and Marketing

Muhammad Sajjad Anwar
Head of Information Technology

Muhammad Bashir
Commercial Manager

POLICY DISCLOSURES

Governance of Risk and Internal Controls

The Board of Directors recognizes the paramount importance of effective governance in managing risks and ensuring robust internal controls within Agritech. This policy serves as a foundational framework outlining our commitment to overseeing risk management processes and internal control systems across all facets of our operations. At the heart of this policy is the acknowledgment that proactive identification, assessment, and mitigation of risks are essential for safeguarding the Company's assets, reputation, and long-term sustainability. Through diligent oversight and strategic guidance, the Board aims to instill a culture of risk awareness and accountability throughout the Company.

Central to our governance approach is the delineation of roles and responsibilities among key stakeholders, including the Board, management, internal audit, and other relevant functions. The Board assumes the responsibility for setting the Company's risk appetite and tolerance levels, ensuring alignment with our strategic objectives and stakeholders' expectations. Furthermore, management is tasked with implementing and maintaining effective internal controls and risk management practices, supported by clear policies and procedures developed in accordance with industry best practices and regulatory requirements.

Our risk management framework emphasizes a systematic approach to identifying, assessing, prioritizing, and mitigating risks across all operational, financial, and strategic activities. Regular monitoring and reporting mechanisms are established to provide the Board with timely insights into emerging risks, control deficiencies, and mitigation efforts. Additionally, the policy underscores the importance of a robust internal control environment in achieving Company's objectives, encompassing control activities, information and communication channels, and ongoing monitoring activities to ensure compliance and effectiveness.

In conclusion, the Board's policy on Governance of Risk and Internal Controls underscores the Board's unwavering commitment to upholding the highest standards of governance in managing risks and internal controls. By fostering a culture of transparency, accountability, and continuous improvement, the Board aims to enhance stakeholder confidence, drive operational resilience, and create sustainable value for the Company and the communities we serve. Through regular reviews and updates, we will adapt our governance practices to evolving threats and opportunities, ensuring our ability to navigate uncertainties and achieve our strategic objectives in an ever-changing business landscape.

Diversity and Related Metrics

The Board of Directors is deeply committed to promoting diversity, including gender diversity, throughout the Company. This policy underscores our belief that embracing diversity in all its forms fosters innovation, enhances decision-making, and strengthens our ability to effectively navigate the complexities of the modern business environment. Recognizing the inherent value of diverse perspectives and experiences, the Board is dedicated to creating an inclusive culture where every individual is valued, respected, and empowered to reach their full potential.

As part of our commitment to diversity, the Board has established measurable objectives to guide our efforts in implementing this policy effectively. These objectives include:

1. Achieving gender balance at all levels of the Company, with a particular focus on increasing the representation of women in leadership positions.
2. Implementing proactive recruitment and retention strategies to attract and retain diverse talent, including individuals from under represented groups.
3. Providing ongoing training and development opportunities to promote diversity awareness and foster an inclusive workplace culture.
4. Establishing accountability mechanisms to track progress on diversity initiatives and regularly report to stakeholders on our performance against established goals.

In terms of progress on achieving these objectives, the Board is pleased to report significant strides in advancing diversity and gender equality within the Company. The Board has implemented targeted recruitment initiatives to attract diverse candidates. Additionally, The Board has introduced training programs and workshops aimed at promoting diversity awareness and fostering an inclusive workplace culture within the Company.

Furthermore, the Board has established diversity metrics and reporting mechanisms to track progress and hold accountabilities for achieving our diversity objectives. Through regular monitoring and transparent reporting, the Board is able to identify areas for improvement and implement corrective actions as needed to ensure that we continue to make meaningful progress towards our diversity goals.

The Board remains steadfast in its commitment to promoting diversity and inclusion throughout the Company. By setting measurable objectives, tracking progress, and fostering a culture of accountability, we are confident that we will continue to build a more diverse and inclusive organization.

POLICY DISCLOSURES

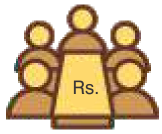
Disclosure of director's interest in significant contracts and arrangements

The Board of Directors recognizes the critical importance of transparency and accountability in managing conflicts of interest related to significant contracts and arrangements involving directors. This policy underscores our commitment to upholding the highest standards of corporate governance and ensuring that all transactions involving directors' interests are conducted in a manner that is fair, ethical, and in the best interests of the Company and its stakeholders. By establishing clear guidelines and procedures for the disclosure of directors' interests, the Board aims to mitigate the risk of potential conflicts and maintain the trust and confidence of our shareholders, employees, and other stakeholders.

Central to this policy is the requirement for directors to disclose any material interests they may have in contracts or arrangements entered into, or proposed to be entered into, by the Company. This includes any direct or indirect financial interests, as well as personal relationships or affiliations that could reasonably be perceived as influencing the director's decision-making. Directors are expected to make full and timely disclosure of their interests to the Board, in accordance with the criteria laid down under section 205 of the Companies Act, 2017, ensuring transparency and enabling appropriate oversight of the transaction in question.

In addition to disclosure requirements, the policy establishes mechanisms for assessing and managing conflicts of interest to ensure that decisions related to significant contracts and arrangements are made objectively and in the best interests of the organization. This includes forming special committees to review and approve transactions involving conflicts of interest, as well as seeking legal or financial advice to ensure compliance with applicable laws, regulations, and ethical standards. By enforcing adherence to this policy, the Board aim's to safeguard the integrity of its decision-making processes and maintain the trust and confidence of stakeholders.

In conclusion, this policy reaffirms the Board's unwavering commitment to transparency, integrity, and accountability in managing conflicts of interest related to significant contracts and arrangements involving directors. Through robust disclosure requirements, independent oversight, and clear consequences for non-compliance, the Board is confident that it will uphold the highest standards of corporate governance and ensure that our decisions are made with the utmost consideration for the best interests of the Company and its stakeholders.



Remuneration of Non-Executive Directors

The Board of Directors has established a formal and transparent policy governing the remuneration of non-executive directors, including independent directors, for their participation in Board and committee meetings, in full compliance with the requirements outlined in the Listed Companies (Code of Corporate Governance) Regulations of 2019. This policy serves as a comprehensive framework outlining the principles and procedures for determining fair and appropriate compensation packages that reflect the level of responsibility and expertise required of directors.

At the core of this policy lies the principle that remuneration should be aligned with the directors' responsibilities and contributions to the Company while ensuring that it does not compromise their independence or integrity. Therefore, the Board is tasked with periodically reviewing and approving remuneration levels, ensuring they are competitive enough to attract and retain qualified directors who can effectively govern the Company and enhance shareholder value.

In order to maintain objectivity and transparency, directors are prohibited from determining their own remuneration or that of any related party. Instead, the Board may opt to engage independent consultants to assess and recommend appropriate remuneration levels, providing an unbiased perspective for consideration and approval. This ensures that decisions regarding directors' compensation are made impartially and in the best interests of the Company and its stakeholders.

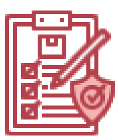
Additionally, the policy recognizes the importance of reimbursing non-executive directors for any travel and other necessary expenses incurred while attending Board and committee meetings. Directors are encouraged to claim expenses incurred during their participation in Company affairs, with reimbursement being provided upon submission of original receipts and bills. This practice promotes fairness and equity among directors, facilitating their active involvement in governance activities without imposing undue financial burden.

In summary, the Board's remuneration policy underscores its commitment to transparency, fairness, and good governance practices in determining compensation for non-executive directors. By adhering to clear principles and procedures, the Board ensures that directors are fairly compensated for their contributions while upholding the highest standards of integrity and independence in decision-making processes.

Retention of Board Fee by Executive Director Earned as Non-Executive Director in Other Companies

The Board of Directors has instituted a stance governing the retention of board fees earned by an executive director through their service as a non-executive director in external entities. This approach encourages a stringent disclosure and approval process, ensuring transparency and accountability in managing potential conflicts of interest. The executive director is obliged to promptly disclose any board fees garnered from external directorships to the Board, offering comprehensive details of the companies involved, the nature of services rendered, and the amount of compensation received. Subsequently, the Board meticulously evaluates the implications of these external affiliations on the executive director's primary responsibilities within the Company, assessing potential conflicts of interest and ensuring alignment with the Company's objectives.

Moreover, the approach delineates recommended guidelines for the retention of board fees by the executive director, emphasizing fairness and prudence in compensation practices to guarantee that any retained compensation is reasonable and does not compromise the executive director's fidelity to their duties within the Company. To this end, the approach encourages that retained board fees align with industry standards and practices, refraining from exerting undue influence on the executive director's decision-making or independence. By adopting this, the Company can maintain the integrity of its governance practices while ensuring that the executive director's external commitments do not detract from their effectiveness or performance within the Company.



Security Clearance of Foreign Directors

Currently, the Company's Board does not include any foreign directors. However, in the event of such appointments, foreign directors are required to furnish necessary documents to the SECP within a specified timeframe to obtain clearance from the Federal Ministry of Interior. The Company extends support in facilitating all necessary preparations in this regard. Appointment of a foreign director is subject to the provision of an official security clearance certificate from the Ministry. Failure to obtain such clearance necessitate appropriate measures by the Company with regards to replacement of said director as deemed necessary.

Board Meetings Held Outside Pakistan

The Company currently does not have any business initiatives or plans for potential overseas ventures, and consequently, has not established a formal policy regarding the holding of Board meetings outside Pakistan. All meetings of the Board and its committees are consistently convened within the borders of Pakistan. This decision reflects the Company's strategic focus and operational priorities, which currently center on domestic activities.

While the absence of a formal policy regarding overseas Board meetings aligns with the Company's current business strategy, the Board remains open to reassessing this stance should circumstances change in the future. As the Company evolves and explores opportunities beyond its domestic market, the Board will carefully evaluate the necessity and feasibility of holding meetings abroad to address specific business needs or strategic imperatives.

Social and Environmental Responsibility

The Board of Directors has established a comprehensive policy to guide the Company's actions concerning social and environmental responsibility, recognizing the critical importance of these factors in today's business landscape. This policy underscores the commitment to conducting business ethically, respecting human rights, and positively contributing to the communities in which the organization operates. Additionally, the Board emphasizes the importance of environmental stewardship and sustainability, advocating for environmentally friendly practices, resource conservation, and the pursuit of renewable energy alternatives to minimize adverse impacts on the environment.

Integration of social and environmental responsibility principles into the organization's overarching business strategy is prioritized, ensuring that sustainability considerations are embedded across all levels of decision-making, from strategic planning to day-to-day operations.

The Board also fosters a culture of continuous improvement in social and environmental performance, setting measurable targets and benchmarks to track progress over time and encouraging innovation and collaboration to identify and implement sustainable solutions that create long-term value for both the organization and society..

POLICY DISCLOSURES

Human Resource Management and Succession Planning

The Board of Directors acknowledges the pivotal role of effective human resource management and succession planning in fostering organizational resilience and long-term success. This comprehensive policy is designed to provide guidance and oversight on key aspects of talent management within the Company.

Human Resource Management

Under this policy, the Board emphasizes the importance of robust recruitment and selection processes that align with the organization's strategic goals and values. Transparency, fairness, and diversity are central tenets in attracting, hiring, and retaining top talent.

Additionally, the policy promotes continuous employee development and training initiatives to enhance skills, capabilities, and job satisfaction. It fosters a culture of accountability and recognition, with structured performance management systems in place to provide regular feedback and evaluation.

Furthermore, the Board prioritizes employee engagement and well-being, recognizing the critical link between a positive work environment and organizational success. Initiatives to promote engagement, work-life balance, and health and wellness programs are integral to maintaining a motivated and productive workforce.

Succession Planning

In terms of succession planning, the Board emphasizes the importance of leadership development and talent pipeline management. Structured programs, mentorship opportunities, and identification of high-potential employees are key components of ensuring a steady supply of future leaders within the organization.

Contingency planning is also a crucial aspect of succession planning, with the policy outlining procedures for identifying key positions and developing strategies to mitigate risks associated with potential leadership gaps or unexpected departures.

The Board takes an active role in overseeing succession planning efforts, regularly reviewing plans to ensure alignment with strategic objectives and long-term goals.

Through proactive oversight and strategic guidance, the Board aims to position the organization for sustained growth and resilience, ensuring seamless transitions in leadership and continuity in operations.

Communication with Stakeholders

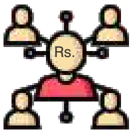
The Board of Directors has established a robust policy regarding communication with stakeholders, recognizing the significance of transparent and effective engagement to foster trust, accountability, and long-term relationships. This policy outlines the principles and procedures guiding communication practices to ensure alignment with the Company's objectives and values.

The Board emphasizes the importance of open and transparent communication with stakeholders, including shareholders, employees, customers, suppliers, bankers, regulators, and the broader community. This entails providing timely and relevant information on the Company's performance, strategy, governance practices, and material developments. The Board commits to facilitating two-way communication channels that enable stakeholders to express their concerns, provide feedback, and seek clarification on matters of interest.

Furthermore, the policy mandates adherence to principles of integrity, accuracy, and confidentiality in all communications with stakeholders. Information shared must be factual, complete, and free from bias or misleading statements. Confidential information is handled with the utmost care and discretion, ensuring compliance with legal and regulatory requirements, as well as ethical standards.

The Board recognizes the diversity of stakeholder interests and preferences and tailors communication strategies and channels accordingly. This includes annual reports, shareholder meetings, press releases, management reports, analyst briefings and direct engagement sessions. The Board ensures that communication materials are accessible, understandable, and culturally sensitive to reach a broad audience effectively.

Regular assessment and review of communication practices are conducted to evaluate effectiveness, identify areas for improvement, and ensure continuous alignment with stakeholder expectations and evolving needs. The Board remains committed to fostering a culture of transparency, accountability, and stakeholder engagement, recognizing that meaningful communication is essential for building and maintaining trust, enhancing organizational reputation, and driving sustainable long-term value.



Investors' Relationship and Grievances

The Company has prepared and implemented the Communication Policy and Investors'/Shareholders' Relations (CIR). This Policy helps the Company to build trust and awareness in the investors and shareholders' community by ensuring that investors/shareholders relation activities are conducted in compliance with relevant rules, regulations and recommended practices. The policy ensures that shareholders, potential investors, the market in general and other stakeholders shall gain simultaneous access to accurate, clear, relevant, comprehensive and up-to-date information about Company.

Salient features of the policy are as follows:

- All communication with the investors/shareholders shall be on an equal treatment basis whether major investors/shareholders or minority investors/shareholders and in compliance with applicable laws and regulation. The Company shall continually provide its investors/shareholders and relevant regulators i.e. Pakistan Stock Exchange (PSX) and Securities and Exchange Commission of Pakistan (SECP) in general with timely and precise information about the Company and its operations. The CIR team comprising of Chief Executive Officer, Chief Financial Officer and Company Secretary, is responsible for all day-to-day contact with the Company's investors/shareholders on behalf of the Company.
- Insider information shall be dealt with in compliance with the legal obligations pertaining to the same. The CIR team may continually communicate with shareholders for the purposes of developing an understanding of the matters affecting the Company from time to time that are of particular importance to its shareholders.
- Relevant information about AGL shall be given in the form of quarterly, half yearly and annual reports, press releases, notices to PSX and investors/shareholders presentations in accordance with what is deemed appropriate from time to time. All such information shall be published on the Company's website www.agritech.com.pk.
- Disclosure and reporting to the financial markets and contact with shareholders, investors and financial analysts shall be based on the following main principles:
    - Compliance with Laws and Regulations: All disclosure, communication and reporting shall be in compliance with the applicable laws and regulations from time to time, in particular the Companies Act, 2017, Securities Act, 2015 and Pakistan Stock Exchange Rule Book as amended from time to time elucidating obligations for listed companies. The Company shall also comply with the relevant recommendations and market practices for reporting financial and other CIR information.
    - Language: All financial and other CIR information shall be published in English and Urdu or as required under law.
    - Information on Value Drivers: The Company shall publish accurate and relevant information about its historical earnings, operations, outlook and any other information that the Company has defined as significant and relevant for the shareholders.
    - CIR Events and Arena: In addition to making information easily available on a timely basis to shareholders and the financial markets in general, the CIR team shall prioritize raising awareness of the investors/shareholders among various market participants - both nationally and internationally as and when required.
    - Corporate Briefing Sessions: Company shall hold regular meetings with investors and financial analysts on yearly and accounting reporting basis as defined by the PSX Rules. Company's ability to provide information to the individual market participants, including investors, stock brokers and analysts shall be limited by the regulations applicable to the listed companies, including the rules on good stock exchange practices and the general requirement of equal treatment.

In conclusion, the Company's implementation of the Communication Policy and Investors'/Shareholders' Relations (CIR) demonstrates its commitment to transparency, compliance, and stakeholder engagement. Through equal treatment of investors/shareholders, timely dissemination of accurate information, and adherence to regulations, the Company builds trust and awareness within the investor community. These efforts contribute to transparency, investor confidence, and long-term relationships, vital for the Company's success and sustainability.

POLICY DISCLOSURES

Employee Health, Safety and Protection

Agritech Limited (AGL) is committed to enhance customer satisfaction through continual improvement, operational excellence and timely delivery of quality products while striving to improve the Health, Safety and Environmental concerns of employees, contractors, visitors and general public with it.

In support of this policy, AGL will ensure that:

1) Health, Safety and Environment are Considered at par with productivity, quality and profitability when arriving at Business Plans and decisions.
2) All employees are made aware of their personal responsibility to deliver timely quality products, fit for internal and external customers.
3) The health and safety of its employees as well as the environment in which they operate are protected through risk and waste minimization.
4) All activities are adequately resourced through well maintained material and machinery and executed by competent and trained personnel who will exercise personal responsibility in preventing harm to themselves, others and environment.
5) Changes are controlled, assessed and monitored to ensure that the desired effect is achieved in all aspects of organizational performance in the areas of health, safety and quality of employees as well as the operating environment.
6) Continuous effort is made to comply with national/international standards and legislations relevant to health, safety and environment as well as the product quality.
7) Contractors adhere to relevant health, safety and environment and quality standards at AGL.
8) All the hazards are identified as well as rated and appropriate steps are taken to nullify/minimize their impact.
9) Adequate safeguards are provided for all hazardous jobs and employees are well trained in their proper use.
10) Continual process procedural improvements and employee's training/awareness are carried out to enhance performance and products quality.

Whistle Blowing and Complain Handling

The Company's Board of Directors, recognizing the critical role of whistleblowing in upholding integrity and accountability, has enacted a comprehensive Whistleblowing Policy to fortify its commitment to transparency and ethical conduct across all levels of the organization. This policy serves as a cornerstone in fostering an environment where employees, stakeholders, and other concerned parties feel empowered to report instances of misconduct, unethical behavior, or violations of laws and regulations without fear of reprisal.

Central to this policy is the establishment of robust mechanisms to receive and handle complaints in a fair, transparent, and confidential manner. Employees are encouraged to report concerns through designated channels, offering options for anonymous reporting where necessary to safeguard whistleblowers' identities.

Moreover, the Board places a strong emphasis on ensuring protection for whistleblowers against any form of victimization or retaliation. The policy explicitly prohibits retaliation against individuals who come forward with reports in good faith, reaffirming the Company's commitment to safeguarding the rights and well-being of those who speak out against wrongdoing.

Upon receiving a whistleblower report, the Company undertakes prompt and thorough investigations, assigning designated authorities or committees to examine the allegations impartially and objectively. These investigations are conducted with the utmost confidentiality, ensuring the privacy of both the whistleblower and individuals involved in the reported incident.

The findings of these investigations are then reported to the Audit Committee for further review and action as necessary. The Audit Committee plays a pivotal role in overseeing the handling of whistleblower reports, ensuring that appropriate measures are taken to address substantiated concerns and prevent recurrence of similar incidents.

Through the implementation of this Whistleblowing Policy, the Company aims to cultivate a culture of integrity, accountability, and ethical behavior. By empowering individuals to raise concerns and facilitating transparent investigations, the Board seeks to strengthen the Company's governance framework, enhance risk management practices, and uphold its reputation as a responsible corporate citizen committed to ethical conduct and compliance with applicable laws and regulations.

Safety of Company Records

The Board of Directors has established a robust policy to ensure the safety and security of the Company's records, recognizing their critical importance in maintaining integrity, compliance, and operational efficiency. This policy encompasses a comprehensive framework aimed at safeguarding records against unauthorized access, loss, damage, or destruction, thereby mitigating risks and protecting sensitive information.

Central to this policy is the implementation of stringent access controls and authentication measures to restrict access to company records only to authorized personnel with legitimate business needs. Access permissions are carefully managed and regularly reviewed to prevent unauthorized disclosure or misuse of confidential information.

Furthermore, the policy outlines protocols for the secure storage and retention of records, including physical documents and digital data. Physical records are stored in locked cabinets or secure facilities, while digital records are password-protected and stored on secure servers with robust backup and disaster recovery mechanisms in place.

The Board emphasizes compliance with relevant laws, regulations, and industry standards governing record keeping and data protection. The policy mandates adherence to applicable legal requirements regarding record retention periods, data privacy, and confidentiality, ensuring that the Company remains fully compliant with regulatory obligations.

Regular audits and assessments evaluate the effectiveness of record keeping practices and identify areas for improvement. These audits assess the adequacy of security controls, the integrity of data storage systems, and the implementation of backup and recovery procedures to ensure resilience against potential threats or incidents.

Additionally, the policy includes provisions for employee training and awareness programs to educate staff on their responsibilities regarding record safety and security. Employees receive training on proper record handling procedures, data protection protocols, and the importance of confidentiality.

In summary, the Board's policy on the safety of company records underscores its commitment to protecting sensitive information, maintaining compliance with regulatory requirements, and safeguarding the organization's reputation and interests. Through robust security measures, regular audits, and employee training initiatives, the Board aims to mitigate risks, enhance data security, and ensure the integrity and confidentiality of company records.

Managing and Reporting Policies like Procurement, Waste and Emissions

The Company has adopted a comprehensive approach to managing and reporting related to procurement, waste management, and emissions, reflecting its commitment to sustainability, efficiency, and environmental responsibility. Such approach is integral to the Company's broader efforts to minimize its environmental footprint, optimize resource utilization, and comply with relevant regulations and industry standards.

Procurement Policy

The Company's procurement policy emphasizes the importance of responsible sourcing, ethical business practices, and value optimization in procurement activities. It outlines guidelines for supplier selection, contract negotiation, and procurement decision-making processes to ensure transparency, fairness, and integrity. Moreover, the policy encourages engagement with suppliers who prioritize sustainability, diversity, and social responsibility in their operations. Regular monitoring and evaluation mechanisms are in place to assess supplier performance, identify opportunities for improvement, and promote continuous enhancement of procurement practices.

Waste Management Policy

The Company's waste management policy focuses on minimizing waste generation, promoting recycling and reuse initiatives, and ensuring proper disposal of waste in accordance with applicable laws and regulations. It outlines procedures for waste segregation, handling, storage, and disposal across all company facilities, aiming to minimize environmental impact and promote resource conservation. Additionally, the policy encourages employee awareness and participation in waste reduction efforts through training programs, awareness campaigns, and incentivized initiatives to foster a culture of waste reduction and sustainability within the Company.

Emissions Management Policy

The Company's emissions management policy addresses the reduction of greenhouse gas emissions and other pollutants associated with its operations. It sets targets for emission reduction, energy efficiency improvements, and adoption of cleaner technologies to mitigate environmental impact and contribute to climate change mitigation efforts. The policy encompasses measures to monitor and report emissions data, assess emissions sources, and implement strategies to minimize emissions through operational optimization, energy conservation, and investment in renewable energy solutions. Furthermore, the policy emphasizes stakeholder engagement and transparency in reporting emissions data, ensuring accountability and demonstrating the Company's commitment to environmental stewardship.

RELATED PARTIES

Approved policy for related party transactions

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 and all transactions are done as per direction of the Board of Directors. All related party transactions are reviewed by the Audit Committees and recommended for approval to the Board of Directors.

Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis

All transactions entered into with related parties were in the ordinary course of business.

Director's interest in related party transactions

None of the directors was directly or indirectly interested any of the transactions with related parties except in his/her capacity as director of Agritech Limited. However, this exclusion does not apply to directors nominated by holders of special interests.

Policy for Disclosure of Conflict of Interest

Agritech has implemented a comprehensive code of business ethics aimed at fostering an environment of integrity and transparency while mitigating any actual or perceived conflicts of interest among stakeholders, including members of its Board of Directors.

As part of this initiative, it is mandatory for all members of the Board to disclose any personal interests they may have prior to engaging in any business. Upon receipt of this information, the Company Secretary meticulously incorporates these disclosures into the agenda for Board meetings.

Furthermore, directors are required to refrain from participating in discussions or decisions pertaining to matters or transactions in which they have a vested interest. In cases where a significant portion of the Board holds such interests, the issue must be brought forth at a general meeting for collective consideration and approval. This rigorous framework ensures transparency and accountability within the decision-making processes of the Company.

Transactions with Related Parties

Details of transactions with related parties during the year 2023 are as follows:

National Bank of Pakistan

	Rupees
Mark-up/Interest expense	736,251,231
Preference dividend	52,113,467
Payment under Rehabilitation Scheme	144,650,045
Non Convertible Preference shares (Rehabilitation Scheme)	2,486,399,100
PPTFCs under Rehabilitation Scheme	1,037,405,000
Net decrease in bank balances	2,578,507

Nature and basis of relationship

Associated undertaking by virtue of common directorship and shareholding in Agritech.

Faysal Bank Limited

Mark-up/Interest expense	437,898,464
Mark-up/Interest on borrowings paid	8,805,261
Payment under Rehabilitation Scheme	85,598,384
Preference dividend	34,139,153
Long term loans repaid	15,000,000
Trustee fee	4,534,172
Increase / decrease in short term borrowing	200,000,000
Non Convertible Preference shares (Rehabilitation Scheme)	1,641,527,430
Sukuks under Rehabilitation Scheme	602,430,000
Net decrease in bank balances	43,887,429

Nature and basis of relationship

Associated undertaking by virtue of common directorship.

Silk Bank Limited

Mark-up/Interest expense	153,603,512
Payment under Rehabilitation Scheme	872,360
Non Convertible Preference shares (Rehabilitation Scheme)	172,778,660

Nature and basis of relationship

Associated undertaking by virtue of common directorship.

Bank Makramah Limited

Mark-up/Interest expense	265,829,562
Payment under Rehabilitation Scheme	23,569,281
Non Convertible Preference shares (Rehabilitation Scheme)	552,023,020
PPTFCs under Rehabilitation Scheme	160,615,000
Net decrease in bank balances	130,216

Nature and basis of relationship

Associated undertaking by virtue of common directorship.

Pak China Investment Company Limited

Mark-up/Interest expense	47,297,093
Payment under Rehabilitation Scheme	9,328,461
Non Convertible Preference shares (Rehabilitation Scheme)	187,872,150
PPTFCs under Rehabilitation Scheme	65,245,000

Nature and basis of relationship

Associated undertaking by virtue of common directorship.

Provident fund and Gratuity trust

Contribution to Provident Fund Trust	26,052,416
Contribution to Gratuity Trust	7,603,636

Nature and basis of relationship

Post-employment benefit plans.

CEO, Directors and Executives

Short term employee benefits	163,538,347
Post employment benefits	6,156,813
Meeting fee	9,600,000

Nature and basis of relationship

Key management personnel.

IT GOVERNANCE

The Board of Directors has implemented a comprehensive IT Governance framework to ensure effective management and oversight of information technology resources and processes within the Company. This framework serves as a strategic foundation for aligning IT initiatives with business objectives, managing IT-related risks, and enhancing overall organizational performance. The responsibility for overseeing IT governance rests with the Board, which plays a vital role in shaping the organization's IT strategy, policies, and practices.

Through the IT Governance framework, the Board, with oversight from the CEO, sets clear direction and priorities for IT investments, projects, and initiatives, ensuring they are in line with the organization's strategic goals and objectives. The CEO provides guidance and recommendations to the Board on IT-related matters, leveraging IT team’s expertise to assess the potential impact of IT investments on business outcomes and risk management.

Moreover, the framework establishes accountability and responsibilities for IT governance across the organization, with the IT leadership playing a key role in overseeing the implementation of IT policies, procedures, and controls. The CEO collaborates with executive management and IT leadership to ensure that IT-related risks are identified, assessed, and effectively managed in accordance with the organization's risk appetite and regulatory requirements.

The Board also promotes a culture of continuous improvement and innovation within the IT function, encouraging the adoption of best practices, emerging technologies, and industry standards to drive efficiency, effectiveness, and innovation. It conducts regular assessments and evaluations of IT performance, working closely with IT leadership to identify areas for improvement and drive ongoing enhancements to IT governance processes and practices.

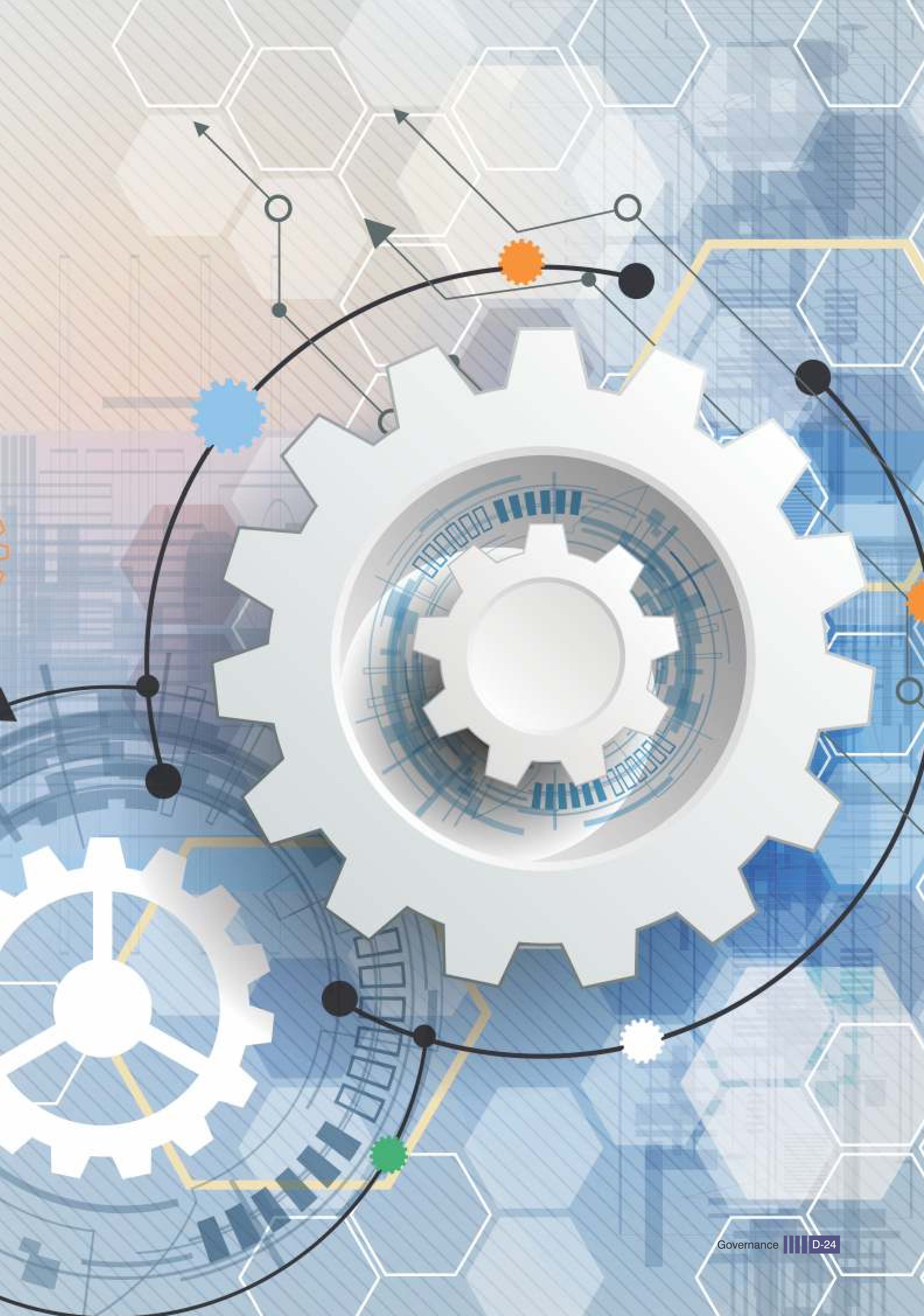
Furthermore, the executive management collaborates with internal and external auditors to ensure that IT-related controls and processes are adequately tested and evaluated for compliance with relevant laws, regulations, and industry standards. It oversees the implementation of corrective actions and recommendations arising from audits and assessments, ensuring that the organization remains vigilant in addressing IT-related risks and vulnerabilities.

In summary, the IT Governance framework, with oversight by the Board, reflects the Board's commitment to ensuring that IT resources and processes are effectively managed, aligned with business objectives, and contribute to the Company's long-term success and sustainability.

Board's Review of the Business Continuity and Disaster Recovery

The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of the Company's business and operations in case of any extraordinary circumstances, aiming to ensure that any adverse or unforeseen events cause minimum disruption. The comprehensive plan is designed to ensure the protection of the Company's overall IT/ERP/Database operations and assets, along with regular archival and system backups at remote sites. The Board has ensured that management has put in place adequate systems for IT Security, real-time data backup, off-site storage of data backup, establishment of a disaster recovery facility (alternate Data Centre), and identification of critical persons for disaster recovery. It has also ensured that the disaster recovery plan is regularly tested to ensure the readiness of the IT systems in case of any disaster.

The Board of Directors has reviewed the Company's Business Continuity and Disaster Recovery Plan and is satisfied that the Company is well protected against disruptions of operations as result of any disaster or unforeseen event.



IT GOVERNANCE

Cyber Security Risk Management

The Company maintains a robust system for Cyber Security Risk Management, prioritizing the safeguarding of its digital assets and sensitive information. Through comprehensive risk assessments, proactive monitoring, and continuous improvement initiatives, the Company ensures that its cybersecurity measures remain resilient against evolving threats.

Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks

The Board, including the IT leadership, proactively evaluates and enforces legal and regulatory implications of cyber risks. In case of breaches, the IT leadership collaborates with executive management to swiftly direct necessary actions, ensuring adherence to responsibilities. This involves activating incident response protocols, assessing breach severity, and restoring operations efficiently. Transparent communication channels are established to provide stakeholders with updates, ensuring trust and confidence. Post-incident, the IT leadership conducts thorough reviews to identify lessons and enhance cybersecurity measures, reflecting the Board's commitment to prioritizing cybersecurity as a core business imperative.

Cybersecurity Programs, Policies and Procedures and Industry Specific Requirements for Cybersecurity and Strategy in Place

The Company has implemented a robust framework comprising Standard Operating Procedures (SOPs) and guidelines to ensure the security of its IT assets and data. These encompass various policies, including Information Security, Access Control, Network Security, and Systems Development, among others. Regular awareness sessions on cybersecurity risks are conducted by the IT team across all locations to educate employees and instill a culture of vigilance. Additionally, email updates on emerging cyber threats are regularly disseminated to relevant personnel, ensuring that employees stay informed about evolving risks. Furthermore, specific trainings on cybersecurity issues are provided upon request or as needed by departments, tailoring education to address specific concerns or challenges. These efforts aim to equip employees with the knowledge and skills needed to effectively mitigate cybersecurity risks, thereby enhancing the Company's resilience against cyber threats and safeguarding its digital assets.

How Cybersecurity Fits into the Board's Risk Oversight Function

Cybersecurity is a cornerstone of the Board's risk oversight function. Through regular assessments and discussions with the management, the Board evaluates the Company's cyber resilience, reviewing reports on incidents and risk assessments. Collaboration fosters a holistic approach to cybersecurity governance, ensuring open communication between IT, risk management, and business units. This proactive engagement enables effective mitigation of cyber risks while aligning cybersecurity strategies with overall risk appetite and strategic goals. Additionally, the Board has established a specialized IT leadership to delve deeper into cybersecurity matters and stay informed about emerging threats.

Overall, the Board's engagement with management on cybersecurity reflects its commitment to effective governance and risk management, ensuring the Company remains resilient in the face of evolving cyber threats.

Oversight of the IT Governance and Cybersecurity Matters

The Board entrusts oversight of IT governance and cybersecurity matters to the IT leadership, ensuring effective management within the Company's technological landscape. IT leadership rigorously reviews IT policies, procedures, and controls, while assessing cybersecurity risks and mitigation strategies. Collaborating with executive management and external advisors, the IT leadership monitors the Company's IT infrastructure and cybersecurity frameworks, remaining vigilant against emerging threats and industry best practices. Adequate resources are allocated to address cybersecurity risks, and robust incident response plans are established to manage potential disruptions.

In administering its IT risk oversight function related to cybersecurity risks, the Board adopts a proactive approach. Regular updates from the IT leadership enable the Board to assess the effectiveness of existing controls and policies, identifying areas for improvement to bolster the organization's resilience against cyber threats. Emphasizing collaboration and communication, the Board ensures alignment with key stakeholders, fostering a holistic strategy for IT risk oversight and safeguarding the Company's digital assets and reputation.

Controls and Procedures about "Early Warning System"

The Company has enacted controls and procedures to identify, assess, address, and disclose cybersecurity risks and incidents. This system involves continuous monitoring and utilizes advanced threat detection tools to identify potential risks in real-time. Vulnerability assessments are conducted on our IT infrastructure,to identify potential weaknesses. This proactive approach enables us to address vulnerabilities before they can be exploited. Furthermore, the Company has established clear communication channels, ensuring timely reporting of cybersecurity incidents along with awareness drives.

In the event of detecting a cybersecurity risk or incident, designated response teams are promptly mobilized to investigate and implement appropriate countermeasures. Additionally, the Company has implemented protocols to ensure timely disclosures and communications in loop regarding cybersecurity matters. This transparent approach underscores the Company's commitment to safeguarding digital assets, protecting sensitive information, and maintaining stakeholder trust. By prioritizing robust governance and proactive risk management, the Company remains vigilant in addressing evolving cybersecurity threats.

Security Assessment of Technology Environment

Comprehensive security assessments of the Company's technology environment are conducted, including thorough evaluations of third-party risks, through internal processes with sufficient regularity. These assessments are crucial in identifying and mitigating potential vulnerabilities or threats within the Company's IT infrastructure and systems. By regularly evaluating its technology environment, the management ensures proactive measures are in place to safeguard against cyber threats and protect sensitive data. The internal assessments allow the Company to maintain a proactive stance in addressing security concerns and ensure compliance with industry standards and regulatory requirements. However, the management believes that an independent external assessment is unnecessary as the Company's IT team possesses the necessary expertise and capabilities to effectively address all security-related matters. With a skilled and knowledgeable IT team in place, the Company remains confident in its ability to handle any security challenges or incidents that may arise. This confidence reflects the organization's commitment to maintaining a robust and secure technology infrastructure, further reinforcing its dedication to protecting its assets and maintaining the trust of its stakeholders.

Contingency and Disaster Recovery Planning

Agritech Limited prioritizes the continuity of its business operations and has undertaken proactive measures by implementing Business Continuity Plans (BCPs) to effectively prepare for unforeseen adverse events, thereby minimizing potential disruptions. The IT leadership plays a pivotal role in this process, as it routinely conducts thorough reviews of these BCPs, ensuring their relevance and effectiveness in addressing evolving cyber security risks and challenges. Furthermore, the Company has fortified its resilience against disasters by adopting a robust Disaster Recovery Plan (DRP), which serves as a critical component of its overall risk management strategy. This plan is meticulously designed to mitigate the impact of disasters, facilitating a seamless transition to backup operations and enabling the prompt restoration of normal data center operations in the event of an incident.

The comprehensive planning undertaken by the Company is strategically crafted to uphold essential functions with minimal disruption, underscoring the organization's commitment to maintaining operational continuity and safeguarding its stakeholders' interests. By proactively preparing for potential disruptions and implementing resilient measures, the Company demonstrates its proactive approach to risk management and its dedication to ensuring the seamless functioning of its business operations, even in the face of unforeseen challenges.

Leveraging 4.0 Industrial Revolution

The Company has initiated the implementation of cloud computing and Oracle's process manufacturing system with the objective of interconnecting machines, thereby aiming to elevate transparency, reporting mechanisms, and governance standards within its operations. This strategic move underscores the Company's commitment to leveraging cutting-edge technology to streamline its processes and enhance operational efficiency. By adopting cloud computing solutions, the Company seeks to capitalize on the scalability and flexibility offered by cloud-based platforms, enabling seamless integration across various departments and functions. Moreover, the integration of Oracle's process manufacturing system is anticipated to revolutionize the Company's manufacturing processes, facilitating real-time monitoring and analysis of production activities.

Education and Training Efforts of the Company to Mitigate Cybersecurity Risks

We are dedicated to fortifying cybersecurity measures throughout our organization. Our education and training initiatives are cantered on empowering our team with the requisite knowledge and skills to adeptly identify and mitigate cybersecurity risks. We continuously enhance our cybersecurity posture through ongoing education programs and training sessions tailored to our employees' needs.

The IT team conducts regular awareness sessions on cybersecurity risks across all locations to educate employees and cultivate a culture of vigilance. Additionally, email updates highlighting emerging cyber threats are regularly circulated to relevant personnel, ensuring that employees remain informed about evolving risks. Furthermore, specialized training on cybersecurity issues is provided upon request or as required by departments, customizing education to address specific concerns or challenges. These initiatives aim to equip employees with the proficiency needed to effectively mitigate cybersecurity risks, thereby fortifying the Company's resilience against cyber threats and safeguarding its digital assets.


ERP

IT GOVERNANCE

Use of Enterprise Resource Planning (ERP) Software

Agritech has effectively deployed a cutting-edge Oracle E-Business Suite. The project received full approval from the Board of Directors, who appointed a specialized management team to supervise its documentation, assessment, negotiation, and implementation across all departments within the Company.

Management and integration of core business processes

The Company has implemented Oracle E-Business modules, including Oracle Financials, Oracle Order Management, Oracle Purchasing, Oracle Human Resources, and Payroll System. Integration across these modules is achieved through a centralized database, shared data model, and standardized business processes. This integration allows for real-time data flow between different functional areas, reducing manual data entry and ensuring data consistency across the organization. Additionally, Oracle E-Business Suite provides a unified platform for reporting and analytics, allowing organizations to gain insights into their overall business performance. Overall, Oracle E-Business Suite is designed to provide a comprehensive and integrated solution for managing core business processes efficiently and effectively.

Management support in the effective implementation and continuous updation

The Board actively supports the effective implementation and continuous updates of Oracle E-Business modules. This support is demonstrated through dedicated resources, regular monitoring, and a commitment to providing necessary resources and guidance for successful integration and ongoing improvements.

User training of ERP software

User training for Oracle E-Business modules involves module-specific, hands-on learning, role-based customization, access to online resources, interactive training etc.

The aim is to empower users with the skills needed for effective system utilization and ongoing proficiency.

Managing control risk factors on ERP projects

The Company manages risks on ERP E-Business Modules through a comprehensive approach, including risk assessments, mitigation plans, access controls, monitoring, user training, disaster recovery planning, compliance measures, incident response protocols, and close collaboration with ERP vendor. This integrated strategy aims to identify, assess, and control risks, ensuring the security, integrity, and optimal functioning of the ERP system.

Assessment of system security, and segregation of duties

The Company assesses system security through audits, vulnerability assessments, and monitoring. Access to sensitive data is controlled through role-based permissions, and segregation of duties is enforced to prevent conflicts of interest and maintain internal controls.

The Company's endeavor to integrate core business processes and modules with one unified system was realized through the implementation of Oracle E-Business Suite comprising module such as Financials, Order Management, Purchasing, Human Resources and Payroll.

CORPORATE GOVERNANCE

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

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

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

Gender	No.s
Male	6
Female	1

2. 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

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company, which have been approved by the Board and record of such approvals and amendments have been maintained;

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

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

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

9. The Board has arranged a refresher of Director's Training Program for Mr. Asim Jilani (Director), Mr. Asim Murtaza Khan (Director) and for Ms. Asma Irfan (Company Secretary/Head of Legal) during the year. Besides, the other Board members have already participated in the Directors' Training Program in the past;

10. 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; Moreover, the Board has appointed Mr. Moeez ur Rehman as Chief Financial Officer in place of Syed Taneem Haider with effect from June 21, 2023. The Board has outsourced the internal audit function to Messer's EY Ford Rhodes Chartered Accountants. Syed Shakir Ali resigned from the position of Manager Internal Audit on 16 August, 2023 and w.e.f. 18 March 2024, the Board has appointed Mr. Shoaib Roomy Salih, a fulltime employee, as its Head of Internal Audit.

11. Chief Financial Officer (CFO) and Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the board.

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

Audit Committee

Mr. Asim Murtaza Khan	Chairman
Mr. Ghazzanfar Ahsan	Member
Mr. Asim Jilani	Member
Mr. Hassan Raza	Member
Mr. Osman Malik	Member

Human Resource and Remuneration Committee

Ms. Sarwat Salahuddin Khan	Chairperson
Mr. Asim Jilani	Member
Mr. Ghazzanfar Ahsan	Member
Mr. Osman Malik	Member

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

14. 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;

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

Meetings	Frequency
Audit Committee	Six meetings including four quarterly meetings were held during the financial year ended December 31, 2023.
Human Resource and Remuneration Committee	Four meetings were held during the financial year ended December 31, 2023.

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.

19. Regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 requires that "each listed company shall have at least two or one third members of Board, whichever is higher, as independent directors". At the time of election of Directors, the Company assessed its compliance with this Regulation. One third of the Company's total member of Directors results in a fractional number i.e. 2.33. The fraction has not been rounded up, therefore, the Board of Directors currently has 2 independent directors.

Shahid Iqbal Choudhri
Chairperson of the Board

27 March 2024

Muhammad Faisal Muzammil
Chief Executive Officer

27 March 2024

CORPORATE GOVERNANCE

Report of the Audit Committee
on compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Composition

The Audit Committee of AGL Board of Directors comprises of five (5) Non-Executive Directors. Chairperson of the Committee is independent.

All the Committee members are financially literate and the Committee as a whole possesses significant economic, financial and business acumen.

Names of the Audit Committee members are as follows:

• Mr. Asim Murtaza Khan	Chairperson
• Mr. Hasan Raza	Member
• Mr. Asim Jilani	Member
• Mr. Ghazzanfar Ahsan	Member
• Mr. Osman Malik	Member

The Head of Internal Audit attends all Audit Committee meetings, whereas, the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company attend the meetings by invitation to elaborate on operational matters. The Audit Committee also separately meets the external auditors at least once in a year without the presence of CFO and Head of Internal Audit. Meetings of the Audit Committee are held at least once every quarter. During the year, six (6) Audit Committee meetings were held. The Head of Internal Audit also functions as the Secretary of the Committee.

Charter of the Committee

The Terms of Reference of the Committee are clearly defined in the Charter of the Committee which is duly approved by the Board of Directors. The salient features are stated below:

- Review of annual and interim financial statements of the Company including Director's Report, prior to their approval by the Board of Directors.
- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements.
- Review of the scope, terms of reference and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- Review the annual business plan/budget, including cash flow projections, forecasts and strategic plan before recommending it to the Board.
- Facilitating the Board for effectiveness of risk management procedures.
- Ensuring effectiveness of whistle blowing mechanism.
- Monitoring compliance with laws and regulations.

Role of the Audit Committee

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, and internal & external audit functions of the Company. The Committee believes that it has fulfilled its responsibilities, in accordance with Terms of Reference.

The Committee, based on its annual review of the Company's performance, financial position and cash flows, reports that:

- The financial statements of the Company for the year ended December 31, 2023 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The auditors have issued modified audit reports in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.
- The Chairperson of the Board, Chief Executive Officer, one director and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by Chairperson and Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with the codes and policies of the Company has been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- No trading of Company shares by Directors and executives or their spouses and dependent children was undertaken during the year. As a practice, trading and holding of Company's shares by Directors & executives or their spouses and dependent children are notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction, if any, which are notified by the Company Secretary to the Board. All such holdings, if any have been disclosed in the Pattern of Shareholdings.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Risk Management and Internal Control

- The Company has developed a sound mechanism for identification of risks, assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent Risk and Control function.
- The Risk and Control function is responsible for monitoring of controls, inherent and other risks associated with operations of the Company.
- The Company's approach towards risk management has been disclosed in the risk assessment portion of the Annual Report. The types and detail of risks along-with mitigating measures are disclosed therein.

Internal Audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Audit Committee. Further, the Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.
- The Internal Audit function is outsourced to M/s. EY Ford Rhodes, Chartered Accountants who have ensured the staffing of personnel with sufficient internal audit acumen. The Head of Internal Audit appointed by the Company has direct access to the Chairperson of the Audit Committee. The function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
- The Audit Committee reviewed the procedures established for receipt, retention and treatment of concerns including anonymous complaints. Effective whistle blowing mechanism is in place and is being handled in a fair and transparent manner while providing protection to the complainant against victimization.

External Audit

The Audit Committee without interfering with the independence of external and internal auditors encouraged coordination between them in the discharge of their respective duties.

- The external auditors of the Company, M/s. Grant Thornton Anjum Rahman, Chartered Accountants, have completed their audit assignment of the financial statements and the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" of the Company for the year ended December 31, 2023 and shall retire on the conclusion of the upcoming Annual General Meeting.
- The Audit Committee has reviewed and discussed the modifications, Key Audit Matters and observations with the external auditors.
- M/s. Grant Thornton Anjum Rahman, Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP.
- The Audit Committee has recommended the re-appointment of existing auditors as External Auditors of the Company for the year ending December 31, 2024.

Annual Report 2023

The Company has issued a comprehensive Annual Report which besides presentation of the financial statements and the Directors' Report of the Company, also discloses other information to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholder of the Company.

The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual Report 2023 gives a detailed view of how the Company evolved, its state of affairs and future prospects.

Asim Murtaza Khan
Chairperson Audit Committee
27 March 2024

Grant Thornton

Grant Thornton Anjum Rahman
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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

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, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions 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, 2023.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Lahore.

Date: 27 March 2024

UDIN Number: CR202310212dmtv56nPJ

OTHER GOVERNANCE MATTERS

Chairperson's Significant Commitments

Mr. Shahid Iqbal Choudhri was appointed as Chairperson of the Board on 22 February 2022. He is a seasoned banker and a prominent finance professional with the diverse experience spanning over three decades in top-rated commercial and investment banks, and DFIs of Pakistan.

Mr. Choudhri is presently serving as Group Head CIBG at the National Bank of Pakistan (NBP) Head Office, Karachi where he is spearheading one of the largest corporate asset portfolios of the country.

Apart from the foregoing, Mr. Khan has no other significant committments.

External Oversight

The Company has outsourced its internal audit function to an external firm of chartered accountants.

Engaging an external firm significantly enhances the credibility of internal controls and systems within the Company. By engaging an independent and objective third-party, the Company benefits from an independent perspective and unbiased assessment of its internal processes and controls.

The external firm brings a wealth of expertise and experience to the table. Having specialized knowledge in auditing and risk management allows them to identify weaknesses or gaps in the Company's internal controls more effectively. Their familiarity with industry best practices and regulatory requirements ensures that the Company's internal controls are aligned with standards and expectations. This provides an impartial evaluation of the Company's operations, assuring stakeholders, including shareholders, regulators, and customers, of the reliability and integrity of its internal control systems.

Additionally, outsourcing internal audit functions also brings cost efficiencies for the Company. Having access to specialized tools, technologies, and methodologies, the external firm can streamline the audit process and improve its effectiveness. This can result in cost savings compared to maintaining an in-house internal audit team.

Furthermore, external firm provides valuable insights and recommendations for improving internal controls and processes. Their independent assessment identifies areas for enhancement and helps the Company implement corrective actions to strengthen its internal control environment. This proactive approach to risk management mitigates potential financial losses and regulatory non-compliance.

Appointment of the Chairperson and Non-Executive Directors

No external search consultancy has been used in the appointment of the Chairperson or a non-executive director.

Government of Pakistan policies related to Company's Business/Sector

Disclosure of the Government of Pakistan policies related to company's business/sector has been made in Directors' Report presented in section F of this report.

Chairperson’s Review Report on the overall performance of the Board

The chairperson's review on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives is presented on page F-01.

Shareholding Structure

Sr.	Name	No. of Shares	Percentage
1.	Directors, Chief Executive Officer and their spouse and minor children	1,501	0.0004%
2.	Associated Companies, undertakings and related parties	135,763,508	34.5956%
3.	NIT and ICP	3,986,500	1.0158%
4.	Banks Development Financial Institutions, Non Banking Financial Institutions	79,956,060	20.3746%
5.	Insurance Companies	1,655,561	0.4219%
6.	Modarabas and Mutual Funds	3,353,556	0.8546%
7.	Share holders holding 10% or more	106,014,632	27.0149%
8.	General Public		
	a. Local	63,905,808	16.2846%
	b. Foreign	40,500	0.0103%

E SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY 01-08

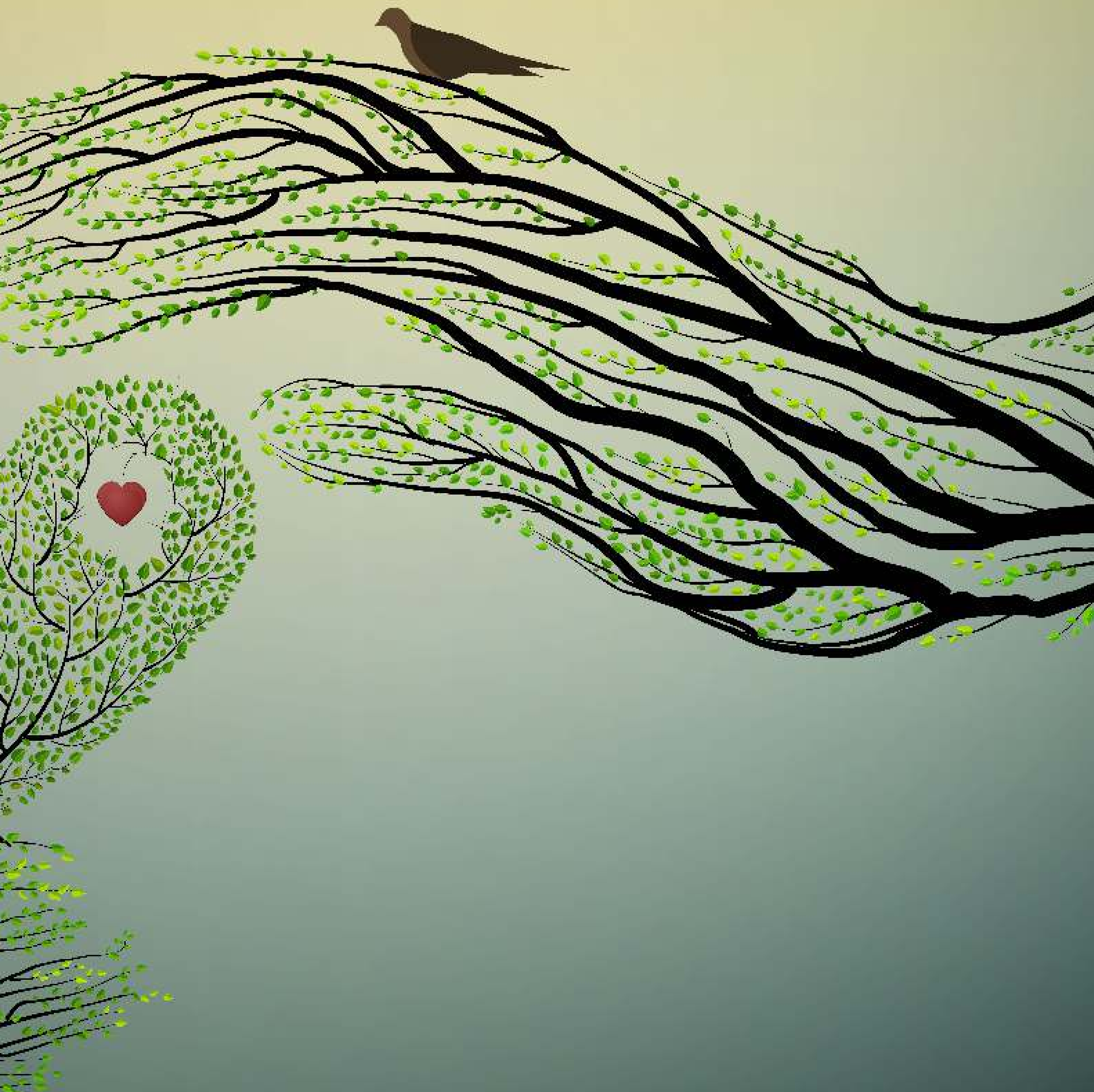
E-01 Adoption of best practices for CSR
E-03 Strategic Objectives on ESG/Sustainability Reporting
E-04 Sustainability Highlights and CSR Initiatives
E-07 Certifications and Achievements

ADOPTION OF BEST PRACTICES FOR CSR

Agritech views Corporate Social Responsibility [CSR] as an essential component of our overall business strategy. We clearly understand our responsibility toward the community and the environment we operate in and continuously endeavor to do our bit for a positive impact. We actively support philanthropic initiatives around our manufacturing facilities.

Our Board of Directors unanimously endorses adoption of comprehensive CSR best practices in line with our commitment towards harmonizing business imperatives with social contribution.

Further, Agritech is in the process for adoption of Corporate Social Responsibility (Voluntary) Guidelines, 2013. These guidelines have been issued by the Securities and Exchange Commission of Pakistan in order to promote responsible business conduct that supports community growth for public interest, eliminates adverse practices impacting the public sphere and ensures corporate accountability. The Company intends to be fully compliant with these guidelines and to move beyond the recommended minimum provisions by the end of year 2024.



STRATEGIC OBJECTIVES ON ESG/SUSTAINABILITY REPORTING

Agritech's Board of Directors has formally approved a Sustainability Policy encompassing Environmental, Social and Governance [ESG] parameters which include but are not limited to health and safety aspects in business strategies that promote sustainability, corporate social responsibility initiatives and other philanthropic activities, donations, contributions to charities and other matters of social welfare. This policy is a guiding document for the management of the Company in the following areas:

- Environmental Stewardship

  Emission Reductions; Resource Efficiency; Waste Management; Biodiversity Conservation.

- Social Responsibility

  Health & Safety; Ethical Practices; Community Engagement; Philanthropic Activities; Non Discrimination; Diversity & Inclusion.

- Strong Governance Practices

  Compliance; Transparency; Ethical Practices; Risk and Controls.

Environmental Stewardship

Emissions Reduction: AGL will actively work to reduce carbon and greenhouse gas emissions, air pollutants, and other emissions associated with its operations.

Resource Efficiency: AGL will always endeavor to optimize the use of natural resources, including water and energy, in its manufacturing processes to minimize waste and environmental impact.

Waste Management: AGL will implement waste reduction, recycling, and responsible disposal practices to minimize environmental impact.

Bio-diversity Conservation: AGL will promote land use practices that protect and enhance local bio-diversity around its manufacturing facilities.

Social Responsibility

Health and Safety: AGL will provide a safe and healthy workplace for the employees and contractors' staff ensuring compliance with all relevant health and safety regulations. Health, Safety and Environment (HSE) will always be considered at par with productivity, quality and profitability in all business planning and decision making.

Ethical Practices: AGL will conduct its business with the highest ethical standards, promoting fair labour practices and zero tolerance for corruption.

Community Engagement: AGL will actively engage with local communities, support local initiatives, and contribute to community development.

Philanthropic Activities: AGL will actively support philanthropic initiatives and contribute to charities and social welfare programs that are aligned with its mission and values. AGL's philanthropic activities/donations/contributions will primarily be focused assisting the disadvantaged in the areas adjoining its manufacturing facilities.

Non-discrimation, Diversity, Equity and Inclusion (DEI): AGL will always be committed to fostering an inclusive work environment where every individual is valued, respected and provided with equitable opportunities. AGL will have zero tolerance for all forms of discrimination, harassment, and bias-based behaviours within the organization.

Strong Governance Practices

Compliance: AGL will ensure total compliance with all applicable laws and regulations governing its operations, including but not limited to corporate governance regulations, corporate laws, environmental laws, competition laws and labour laws.

Transparency: AGL will maintain transparency in its governance practices, ensuring open and honest communication with stakeholders and meeting all regulatory disclosure requirements.

Ethical Leadership: AGL will promote ethical leadership and decision-making at all levels of the organization based on its Code of Conduct.

Risk and Controls: A structured Risk & Controls function will ensure that appropriate processes are in place for identification, assessment, monitoring and mitigation of operational, financial and reputational risks.

SUSTAINABILITY HIGHLIGHTS AND CSR INITIATIVES

Environmental

Agritech is aware of the challenges imposed by the climate. During 2023, the Company continued its commitment to acting in an environmentally responsible manner and integrating sustainability in all its operations.

Greenhouse Gas (GHG) Emissions

Reducing carbon and greenhouse gas (GHG) emissions is the foremost priority of our sustainability efforts. During the year 2023, GHG emissions form the Urea Plant operations were 30% less than those of the year 2022, primarily due to efficient management of operations.

Energy Efficiency

A total of 5.8 MMBTU energy was directly used for Urea operations in the year 2023 while indirect use was 21K BTU. An investment of Rs. 16.8 million incurred on energy efficiency projects with the objective of making the process more efficient and reducing GHG emissions. This included installation of energy efficient BFW pumping system at powerhouse and installation of variable frequency drives at electric motor to at different pumps to reduce input power.

At the SSP manufacturing facility, a ten percent (10%) reduction is estimated through installation of invertors and replacement of traditional bulbs, emergency lights and tube rods with energy efficient LED and SMD lights. Studies are being done to shift to solar panel as a next step toward energy efficiency.

Water Usage

Total water consumption related to urea production was 3.2 million M^3 while.1.9 million M^3 was recovered in the form of steam condensate/jacket water/process condensate/waste water for irrigation. Water usage at the SSP Plant was 0.48 million M^3.

Environmental Operations

Agritech has a formal environmental policy and follows NEQs protocols in respect of specific waste, water, energy and recycling policies.

Climate Change Mitigation

Agritech is ISO-14001:2015 certified and is following Clean and Green Environment Initiative, ensuring implementation of NEQ's and Environment Management System. The Company's vision is to optimize resources and energy consumption and aspire to minimize effluents and waste. Under the Clean and Green Environment Initiative, over 10,000 plants were planted around its urea manufacturing facility during the year 2023 in addition to development of two olive orchards having 1400 trees.

Social

Health, Safety & Environment (HSE)

Agritech's prime objective is to assure high standards of Health, Safety and Environment for its employees and all stakeholders. To ensure the commitment level, the Company has obtained certification in ISO-9001:2015, ISO:14001:2015 and ISO:45001:2018 and ensured the implementation of HSEQ policies and procedures to comply with NEQ's standards for emissions and effluents.

In the Urea business, we have achieved 3.17 million manhours without lost time injury (LTI). Last LTI occurred on 8 May 2021. Two LTIs occurred in the SSP business during the year 2023.

Ethical Practices

Agritech is committed to ensuring highest ethical standards promoting fair labour practices and zero tolerance for corruption. The Company's Code of Conduct outlines specific guidelines on respect for the individual, conflict of interest, confidential information, bribery, gift and entertainment, community and international relations, health, safety and environment, competition law, regulatory compliance and corporate governance, financial and operational integrity, insider trading, protection and proper use of company assets, weapons, workplace violence, illegal drugs, alcohol and gambling, use of information systems, corporate opportunities, workplace harassment, fair dealings, responding to inquiries from the press and others, families and relatives, etc.

During the year 2023, the Board of Directors approved modification in the Code to make it compliant with the Guidelines on Code of Conduct for Listed and Public Sector Companies, issued by the Securities and Exchange Commission of Pakistan in July 2023.

Diversity, Equity & Inclusion (DEI)

The Board of Directors has set up a Diversity and Inclusion Policy for the organization. The policy envisages at least 5% female population at the head office within three years' time. Concurrently, female candidates are to be proactively encouraged to take up technical and support positions at the two Plants and leadership roles in the Company. We currently have 21% female population at the head office and females have also been inducted at the Plant through Company's training and there are women in leadership roles.

Company's Anti-Sexual Harassment Policy provides a robust and structured framework for reporting and addressing any incident of harassment, abuse or intimidation. Whistle-blower Policy provides another forum for reporting of any ethical breach. No sexual harassment incident was reported during 2023. The Company ensures equal pay for work of equal value and female employees are provided opportunities of training and skill development. Diversity is one of the KPIs for the senior management.

The Board also monitors Company's diversity efforts in compliance with SECP Circular No. 7 of 2021 dated 12 March 2021.

SUSTAINABILITY HIGHLIGHTS AND CSR INITIATIVES

Corporate Social Responsibility

The Company actively engages with local communities, supports local initiatives, and contributes to community development. Further, Agritech actively engages in philanthropic initiatives and contributes to charities and social welfare programs that are aligned with its mission and values. AGL's philanthropic activities/donations/contributions will primarily be focused assisting the disadvantaged in the areas adjoining its manufacturing facilities.

Key CSR initiatives include:

- Medical center in Isknadarbad provides essential medical care facilities to employees and the community including emergency, labour and gynecology and minor surgery. A state-of-the-art Dialysis Centre provides dialysis services to the people of the area.
- The Company operates a school for areas adjoining its manufacturing facilities. Around 2000 students are enrolled in five schools being operated by the Company.
- Through a local Trust, the Company provides sustenance assistance to around 200 less-privileged families living in the area. An amount of Rs. 6 million was spent for this purpose during the year 2023.

Governance

Compliance

The Company ensures total compliance with all applicable laws and regulations governing its operations, including but not limited to corporate governance regulations, corporate laws, environmental laws, competition laws and labour laws.

Transparency

The Company maintains transparency in its governance practices, ensuring open and honest communication with stakeholders and meeting all regulatory disclosure requirements.

Ethical Leadership

Agritech promotes ethical leadership and decision-making at all levels of the organization based on its Code of Conduct

Risk and Controls

A structured Risk and Controls function at Agritech ensures that appropriate processes are in place for identification, assessment, monitoring and mitigation of operational, financial and reputational risks.

Agritech actively engages in philanthropic initiatives and contributes to charities and social welfare programs that are aligned with its mission and values. Agritech's philanthropic activities, donations and contributions will primarily be focused assisting the disadvantaged in the areas adjoining its manufacturing facilities.

CERTIFICATIONS AND ACHIEVEMENTS

The following 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 and these are being implemented.

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 and Environment who has wide ranging mandate and authority to enforce Health, Safety and Environment (HSE) standards throughout the Company. Effort is complemented with Hearts and Minds Winning techniques for sustainable performance.

45001

ISO 45001

ISO 45001 is an international standard that specifies requirements for an occupational health and safety (OH&S) management system. It provides a framework for organizations to manage risks and improve OH&S performance. The standard establishes criteria for an OH&S policy, objectives, planning, implementation, operation, auditing and review. Key elements include leadership commitment, worker participation, hazard identification and risk assessment, legal and regulatory compliance, emergency planning, incident investigation and continual improvement.

9001

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.

14001

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.

CM/L-197/2017(R)

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.

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 repute 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 and 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 and OHSAS standards of all processes and any changes, errors and discrepancies. This ensures consistency throughout production a n d accountability of all staff. This also guarantees traceable records are available in case of noncompliance.

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 and OHSAS standards. Customer satisfaction is ensured because of the benefits to company efficiency, consistency and dedication to quality service.

F DIRECTORS’ REPORT

01-50

CHAIRPERSON'S REVIEW

Dear Stakeholders,

Your Company is well positioned to contribute towards Green Pakistan Initiative (GPI) through the consistent supply of the key agriculture input from its state of the art Urea manufacturing plant. Growing demand of Urea and its availability to the farmers has been one of the key challenges facing the Government during the last year and the Company has played its part to supply Urea to the major food baskets of Punjab and Khyber Pakhtunkhwa (KPK) Provinces. As one of the major GSSP-producing Company in Pakistan, we take immense pride in our role and remain dedicated to supporting the Government and the farming community through the supply of low pH phosphate nutrient source to make our humble contributions towards the transformation of the agriculture sector of Pakistan.

"In the year 2023, marked by the promises and implementation of key policy measures for the economic revival of Pakistan, we find ourselves at the forefront of change."

The year 2023, in terms of it's production and operations, has been one of the best years for the Company during the last ten years whereby the Company's operational profitability has significantly improved due to steady supply of gas to urea plant. Furthermore, the improved consolidated financial health of the company has been instrumental in engaging its lenders for the payments of CFADs as part of the implementation of the sanctioned Scheme of Arrangement.

The intent and efforts of the Company towards 'conquering challenges, rising strong' shall be continued in future for the complete turnaround of the Company. Board has been very cognizant of the stakeholders (i.e. shareholders, creditors, customers, employees, vendors and above all, the society at large) whom the Company serves. The Board has spent a great deal of time to formulate strategies to maximize stakeholders' worth and it has set annual goals and targets for the management in all major performance areas. The Board routinely monitors and follows up on overall corporate strategy, overhauling key financial benchmarks and other budgetary targets.

Moreover, the Board members diligently followed process and procedure to maintain high standards of good-governance and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The Board met frequently enough to adequately discharge its responsibilities.

The Board has constituted an adequate number of Committees like Audit Committee and Human Resource and Remuneration Committee. The Committees performed well according to their Terms of Reference. The Board has also set the tone-at-the-top for implementation of the Court sanctioned Scheme of Arrangement.

A bright and prosperous future awaits ahead.

Shahid Iqbal Choudhri
Chairperson of the Board

27 March 2024

چیئر پرسن کا جائزہ

معزز حصص داران

آپ کی کمپنی اپنے جدید ترین یوریا مینوفیکچرنگ پلانٹ سے کلیدی زرعی ان پٹ کی مستقل فراہمی کے ذریعے گرین پاکستان انیشی ایٹو میں حصہ ڈالنے کے لیے اچھی پوزیشن میں ہے۔ یوریا کی بڑھتی ہوئی مانگ اور کسانوں کو اس کی دستیابی گزشتہ سال کے دوران حکومت کو درپیش کلیدی چیلنجوں میں سے ایک رہی ہے اور کمپنی نے پنجاب اور خیبر پختونخوا صوبوں کی زرعی پیداوار کو یوریا کی فراہمی میں اپنا کردار ادا کیا ہے۔ پاکستان میں جی ایس ایس پی پیدا کرنے والی ایک بڑی کمپنی کے طور پر ہم اپنے کردار پر بے حد فخر محسوس کرتے ہیں اور پاکستان کے زرعی شعبے کی بہتری کے لیے اپنی معمولی شراکت کے لیے کم پی ایچ فاسفیٹ غذائی ذرائع کی فراہمی کے ذریعے حکومت اور کاشتکار برادری کی مدد کے لیے وقف ہیں۔

سال2023 پیداوار اور آپریشنز کے لحاظ سے پچھلے دس سالوں کے دوران کمپنی کے لیے بہترین سالوں میں سے ایک رہا ہے جس میں یوریا پلانٹ کو گیس کی مستقل فراہمی کی وجہ سے کمپنی کے آپریشنل منافع میں نمایاں بہتری آئی ہے۔ مزید برآں، کمپنی کی بہتر مجموعی مالی صحت نے منظور شدہ اسکیم کے نفاذ کے تحت ''سی ایف اے ڈی'' کی ادائیگیوں کے لیے اپنے قرض دہندگان کو شامل کرنے میں اہم کردار ادا کیا ہے۔

کمپنی کے چیلنجوں پر قابو پانے اور مضبوط ہونے کے ارادوں اور کوششوں کو کمپنی کی مکمل تبدیلی کے لیے مستقبل میں بھی جاری رکھا جائے گا۔ بورڈ اپنے اسٹیک ہولڈرز (یعنی حصص داران، قرض دہندگان، گاہکوں، ملازمین، دکانداروں اور سب سے بڑھ کربڑے پیمانے پر سوسائٹی) ، جن کی خدمت کیلئے کمپنی کو شا ں ہے ، کی ضروریات کو سمجھتی ہے ۔ بورڈ نے اسٹیک ہولڈرز کی قدر کو زیادہ سے زیادہ کرنے کے لیے حکمت عملی تیار کرنے میں کافی وقت صرف کیا ہے اور اس نے کارکردگی کے تمام بڑے شعبوں میں انتظامیہ کے لیے سالانہ اہداف طے کیے ہیں۔ بورڈ باقاعدگی سے مجموعی کارپوریٹ حکمت عملی کی نگرانی کرتا ہے اور اس کی پیروی کرتا ہے، کلیدی مالیاتی معیارات اور دیگر بجٹ کے اہداف پر نظر ثانی کرتا ہے ۔

مزید برآں، بورڈ کے اراکین نے اچھی گورننس کے اعلی معیار کو برقرار رکھنے کے لیے عمل اور طریقہ کار پر تندہی سے عمل کیا اور کاروباری حکمت عملیوں، کارپوریٹ مقاصد، منصوبوں، بجٹ، مالیاتی گو شوارے اور دیگر رپورٹوں کا مکمل جائزہ لیا، ان پر تبادلہ خیال کیا اور ان کی منظوری دی۔ اسے بورڈ اور کمیٹی کے اجلاسوں سے پہلے منا سب وقت میں واضح اور مختصر ایجنڈے اور معاون تحریری مواد موصول ہوا۔ بورڈ نے اپنی ذمہ داریوں کو مناسب طریقے سے نبھانے کے لیے باقاعدگی سے میٹنگز کا اہتمام کیا۔

بورڈ نے آڈٹ کمیٹی اور انسانی وسائل اور معاوضے کی کمیٹی تشکیل دی ہیں۔ کمیٹیوں نے اپنی ذمہ داریوں کے مطابق اچھی کارکردگی کا مظاہرہ کیا۔ بورڈ نے عدالت کی طرف سے منظور شدہ اسکیم کے نفاذ کے لیے بھی ذمہ داری کا مظاہرہ کیا۔

ایک روشن اور خوشحال مستقبل ہمارا منتظر ہے ۔

Shahid Chaudhri

شاہد اقبال چوہدری
چیئرپرسن بورڈ

27 مارچ 2024

CEO's REMARKS

"Consistently achieving no matter how small but significant goals ensures sustainable long term value creations in future"

Dear Stakeholders

The year 2023 delivers yet another step towards the economic revival and turnaround of the company that has been our definitive goal. Significant value creations for the shareholders and other stakeholders in the form of attaining the highest annual topline, gross profit and operating profit in the last ten years.

Urea production unit witnessed a step forward towards being a strategic producing unit for the country that is geographically placed around the major demand centers of Punjab and Khyber Pakhtunkhwa province. Urea business immensely contributed towards meeting the growing urea demand in the country and the company made its humble contribution to the exchequer in the form of more than US$ 100 million foreign exchange saving and huge subsidy bill savings on import substitution through its urea production. Urea industry maintained its historical offtakes level of more than 6.6 million tons that necessitated the full capacity utilization of all the plants through most of the year.

Attaining operational excellence, through achieving energy efficiency improvement milestones in order to enhance the plant reliability, remained one of the key focus areas in 2023. Multiple initiatives concluded during the year to improve the urea plant energy efficiency level for the optimal utilization of the gas molecule for the maximum urea output and it remains an ongoing quest as key operating future target for the company. Continuity of the gas supply for the urea plant at the uniform price at par with other major players is a challenging yet an ongoing work in progress with the Govt and its realization adds immense value towards the well being of the key stakeholder i.e. farmer in the form of uniform affordable urea prices. For company, this level playing competitive landscape shall be a welcoming contest and with the efforts towards further improving the energy efficiency shall provide the required impetus for enhancing the shareholders' value and complete turnaround of the company.

Phosphate business of the company through the production and marketing of SSP (Single Superphosphate) achieved the highest sales in last 10 years and sustained the leadership position in the category and contribution towards the operating profitability of the company. Phosphate demand in the country recovered in 2023 after historically high prices previous year affecting farmer affordability. Despite the supply related disruptions and volatility, the company has managed the sustained supply chain of the major raw materials to ensure optimal SSP production. SSP business is well set to unlock the capacity enhancement potential that can add a step-up growth towards the overall financial stability of the company.

Reducing the debt burden both of long term and short term debts has been a key activity throughout the year 2023. Despite limited financial resources and cashflow, the company disbursed Rs. 1,649 million up to 31 December 2023 as part of the sanctioned scheme of arrangement to its long term lenders and the effect of the scheme has already taken into effect in the financial statements of 2023. The required regulatory and legal process for the complete implementation of the scheme are underway and shall be completed in due course.

A more prosperous and growth oriented future awaits us !

Muhammad Faisal Muzammil
Chief Executive Officer

27 March 2024

سی ای او کے تاثرات

معزز حصص داران

سال 2023 کمپنی کی معاشی بحالی اور بہتری کی طرف ایک اور قدم ثابت ہوا ہے جو ہمارا حتمی ہدف رہا ہے۔ پچھلے دس سالوں میں سب سے زیادہ سالانہ آمدنی مجموعی منافع اور آپریٹنگ منافع کی شکل میں حصص یافتگان اور دیگر اسٹیک ہولڈرز کے لیے اہم قدروں کی بڑھوتی ہوئی۔

یوریا پروڈکشن یونٹ نے ملک کے لیے ایک اسٹریٹجک پروڈکشن یونٹ بننے کی طرف ایک قدم آگے بڑھایا جو جغرافیائی طور پر صوبہ پنجاب اور صوبہ خیبر پختونخوا کے بڑے مانگ مراکز کے آس پاس واقع ہے۔ یوریا کے کاروبار نے ملک میں یوریا کی بڑھتی ہوئی مانگ کو پورا کرنے میں بے پناہ تعاون کیا اور کمپنی نے یوریا کی پیداوار کے ذریعے 100 ملین امریکی ڈالر سے زیادہ کی زرمبادلہ کی بچت اور درآمدی متبادل پر بھاری سبسڈی بل کی بچت کی شکل میں سرکاری خزانے میں اپنا معمولی تعاون دیا۔ یوریا کی صنعت نے اپنی تاریخی خرید کی سطح 6.6 ملین ٹن سے زیادہ برقرار رکھی جس کی وجہ سے سال کے بیشتر حصے میں تمام پلانٹس کی مکمل پیداواری صلاحیت کے استعمال کی ضرورت پڑی۔

پلانٹ کی مستحکم پیداواری کو بڑھانے کے لیے توانائی کی کارکردگی میں بہتری کے سنگ میل کے حصول کے ذریعے آپریشنل اتکرجتا حاصل کرنا، 2023 میں کلیدی توجہ کا مرکزرہا۔ گیس مالیکیول کے بہترین استعمال کے ذریعے یوریا کی زیادہ سے زیادہ پیداوار اور پلانٹ کی توانائی کی کارکردگی کی سطح کو بہتر بنانے کے لیے سال کے دوران متعدد اقدامات انجام دیے گئے اور یہ کمپنی کے لیے مستقبل کے کلیدی آپریٹنگ ہدف کے طور پر ایک مسلسل جستجو بنی ہوئی ہے۔ دیگر بڑی کھادکمپنیوں کو یکساں قیمت پر یوریا پلانٹ کے لیے گیس کی فراہمی کا تسلسل ایک چیلنج ہے لیکن حکومت کے ساتھ جاری کام اور اس کی تکمیل کلیدی اسٹیک ہولڈر یعنی کسانوں کی ،سستی یوریا قیمتوں کی شکل میں فلاح و بہبود کے لیے بے پناہ قدر کا اضافہ کرتی ہے۔ کمپنی کے لیے،اس سطح کا مسابقتی منظر نامہ خوش آئند ہوگا اور توانائی کی کارکردگی کو مزید بہتر بنانے کی کوششوں سے حصص یافتگان کی قدر اور کمپنی کی مکمل تبدیلی کو بڑھانے کے لیے مطلوبہ محرک فراہم ہوگا۔

ایس ایس پی (سنگل سپر فاسفیٹ) کی پیداوار اور مارکیٹنگ کے ذریعے کمپنی کے فاسفیٹ کاروبار نے گزشتہ 10 سالوں میں سب سے زیادہ فروخت کی اور اس زمرے میں قیادت کی پوزیشن کو برقرار رکھا اور کمپنی کے آپریٹنگ منافع میں حصہ ڈالا۔ پچھلے سال کسانوں کی استطاعت کو متاثر کرنے والی تاریخی طور پر زیادہ قیمتوں کے بعد 2023 میں ملک میں فاسفیٹ کی مانگ میں بہتری آئی۔ سپلائی سے متعلق رکاوٹوں اور اتار چڑھاؤ کے باوجود، کمپنی نے ایس ایس پی کی زیادہ سے زیادہ پیداوار کو یقینی بنانے کے لیے بڑے خام مال کی مسلسل سپلائی چین کا انتظام کیا ہے۔ ایس ایس پی کاروباری صلاحیت میں اضافی پیداوارکے لیے اچھی طرح سے تیار ہے جو کمپنی کے مجموعی مالی استحکام کی طرف ایک قدم ترقی کا اضافہ کر سکتا ہے۔

طویل مدتی اور قلیل مدتی قرضوں کے بوجھ کو کم کرنا پورے سال 2023 میں ایک اہم سرگرمی رہی ہے۔ محدود مالیاتی وسائل کے باوجود، کمپنی نے 31 دسمبر2023 تک منظور شدہ سکیم کے تحت قرض دہندگان کو 1,649 ملین روپے تقسیم کیے جس کا اثر2023 کے مالیاتی گو شواروں میں لیا جا چکا ہے۔ اسکیم کے مکمل نفاذ کے لیے مطلوبہ ریگولیٹری اور قانونی عمل جاری ہے اور اسے مقررہ وقت میں مکمل کیا جائے گا۔

ایک خوشحال اور ترقی پر مبنی مستقبل ہمارا منتظرہے۔

محمد فیصل مزمل
چیف ایگزیکٹوآفیسر

27 مارچ 2024

ECONOMIC AND INDUSTRY REVIEW

The Board of Directors of Agritech Limited is pleased to present the Company's Annual Report accompanied with the Audited Financial Statements for the year ended December 31, 2023.

Macro Economic Overview

Throughout the year, the nation encountered unprecedented challenges, ranging from escalating interest rates and currency devaluation to the adverse effects of climate change and political uncertainty. Notably, the impacts of these challenges were magnified by a global instability that strained demand-supply balances, resulting in a slowdown of global economic growth. Moreover, the country grappled with fiscal deficits, mounting public debt, and a circular debt situation, contributing to a substantial decline in real GDP growth to a mere 0.29% in 2023, compared to the robust 5.97% growth seen in the previous year.

Within the agriculture sector, maintaining momentum is paramount for safeguarding the nation's food security and advancing rural development. Despite its significant contribution to the national GDP, the sector experienced a modest growth of only around 1.55%, compared to 4.3% growth in the previous year. This decline is primarily attributed to adverse weather conditions and rising inflation, which adversely affected key crops such as cotton and rice.

Fiscally, Pakistan faced tight budgetary conditions intensified by the aftermath of the late 2022 floods, which devastated major crop cultivating areas. However, progress was made later in the year with the successful implementation of a Stand-By Arrangement (SBA) agreement with the IMF. Additionally, the government prioritized imports to address macroeconomic imbalances and implemented a tight monetary policy, which helped alleviate the worsening of key economic indicators.

Despite various economic challenges, tax revenues saw significant growth, driven by a substantial rise in FBR tax collection.

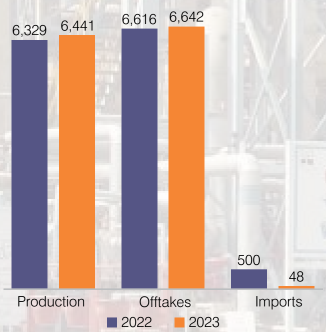
In response to escalating inflationary pressures, the State Bank of Pakistan adopted a more stringent monetary policy, significantly raising policy rates to 22% by the end of the year. This decision aimed to mitigate the risks of inflation and balance of payment issues stemming from global and local factors.

On a global scale, ongoing geopolitical conflicts threaten to disrupt supply chains further, exacerbating existing challenges. The national headline CPI inflation surged significantly due to rising prices of electricity, gas, food, fuel, and commodities, compounded by currency depreciation affecting the import bill.

Industry Overview

Urea Industry

The Offtakes of Urea in 2023 achieved the highest ever offtakes on the back of strong farmer demand, and offtakes reached at 6,642 K tons in 2023 (2022: 6,616 K tons) registering an increase of 0.4% over last year. Continuity of conversion of Rice and Maize crop from conventional Seed Varieties to Hybrid Seed Varieties (requiring higher Nitrogen Nutrient with better yield prospects); increase in wheat support price and overall positive farm economics of all major crops are the key reasons of the increase in Urea offtakes.



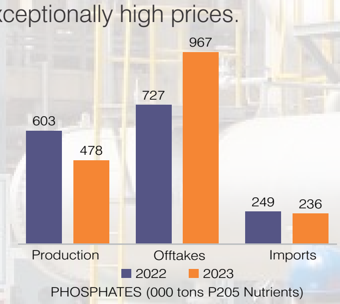
UREA (000 tons Production)

The volatility of the urea market both internationally and locally due to varied gas prices to the urea manufacturers that has caused the prevalence of multiple urea prices also contributed towards strong urea demand from the channel as well as farmers.

Gas supply to the fertilizer sector improved during the year under review which has resulted in higher Production of Urea by 1.8% (2023: 6,441 K tons vs 2022: 6,329 K tons), however, the overall production remained lower than the available capacity due to the winter curtailment of SNGPL based plant during first quarter of the year. Lower than capacity production, increase in demand and multiple urea prices by various manufacturers caused the imbalance in the Urea supply demand during the year that has led to the market manipulation and farmer price remained above the prescribed maximum retail price levels. GOP in order to address this has procured 220 K tons of imported urea to build up the required buffer stock, out of which 48K tons arrived in Dec 2023 (2022: 500K tons imports) and balance was available during Rabi 2023/24.

Phosphates Industry

Demand of the phosphate recovered during the year as phosphate offtakes in nutrient terms increased by 33% to 967 K tons (2022: 727 K tons). Offtakes for all key phosphate fertilizers used in Pakistan i.e. Di-Ammonium Phosphate (DAP), Nitro Phosphate (NP) and Single Super Phosphate (SSP) has shown significant increases over last year when the phosphate use saw massive demand destruction due to exceptionally high prices.



PHOSPHATES (000 tons P205 Nutrients)

Offtakes increase in 2023 is mainly attributed to the reduction in international DAP prices to average US$ 588 per ton CFR Karachi which were 35% lower than last year's average price of US$ 904 per ton CFR Karachi. However, the devaluation of PKR and high inflation resulted in lower reduction of phospahte prices than in the international market prices.

AGRITECH REVIEW

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.

Having achieved the Company’s strategic goal to become a diversified fertilizer manufacturer producing both nitrogenous and phosphatic fertilizers, the Company’s products are sold under one of the most celebrated and trusted brand name “Tara” in the fertilizer market.

The Company's Urea plant operated with 277 days of gas supply (2022: 351 days) and produced 292K Tons (2022: 353K Tons) vs installed capacity of 433 K Tons. The Company sold 287K Tons Urea (2022: 351K Tons). Gas supply to the Company's Urea plant resumed in March 2023 after the winter curtailment on the basis of prescribed gas price rate with no subsidy bill to the Govt exchequer and later the plant remained operational throughout the year.

It is pertinent to mention that GOP in first of quarter of 2024 has allocated the imported Urea to the fertilizer producers as per their production capacity which is to be sold on weighted average urea price basis with the local production to avoid any subsidy burden on the Federal Exchequer. The share of the company is 13,565 tons in urea imported by the GOP.

Production of phosphate fertilizer saw a decline of 21% to 478 K tons phosphate nutrients (2022: 603 K tons) with major reduction witnessed in DAP production that was reduced by 22% due to the lower gas supply and pressure. However, the production of SSP of the company has been increased to 77K tons (2022: 63K tons). The company also sold higher SSP during the year to 80K tons (2022: 54K tons). The SSP segment of the company contributed towards the improvement in operating profitability of the company through another profitable year due to higher production and offtakes.

CONQUERING CHALLENGES is the path to **RISING STRONG**; it’s in overcoming obstacles that we find our true strength.

FINANCIAL CAPITAL

Financial Key Performance Indicators

Sales

Rs. in Millions

2023	2022	Change	KPI Relevance	2023 Performance
22,172	17,296	28.2% ▲	Sales reflects the topline and provides insights into overall value of inventory sold by the Company during the year.	Improved due to high prices of fertilizer and continuous operation of plant due to availability of raw material.

Gross Profit

Rs. in Millions

2023	2022	Change	KPI Relevance	2023 Performance
4,399	2,122	107.3% ▲	Gross profit reflects the profitability of core business activities by showing the excess of sales revenue over direct costs of production. Monitoring gross profit helps assess operational efficiency and pricing strategies.	Gross profit for the year 2023 stood at 20% compared to last year of 12%. Improvement is due to hike in price of fertilizer and efficient use of raw materials.

Operating Profit

Rs. in Millions

2023	2022	Change	KPI Relevance	2023 Performance
3,738	1,069	249.6% ▲	Operating profit reflects the efficiency of the Company's core operations in generating profits, excluding certain non-operating expenses, providing a clear measure of its profitability from primary business activities.	Operating profit improved during the year 2023 on account of increase in sales and economies in production and selling expenses as compared to the previous financial year.

Investment Income

Rs. in Millions

2023	2022	Change	KPI Relevance	2023 Performance
330	75	337.8% ▲	Investment Income reflects the Company's ability to generate returns from its financial assets and make strategic use of surplus funds to enhance overall profitability.	Strategic use of surplus funds to generate income from short-term investments.

Net Profit Margin

Rs. in Millions

2023	2022	Change	KPI Relevance	2023 Performance
1,086	(2,953)	136.8% ▲	Net profit reflects the overall efficiency of the Company's operations, indicating the amount left after deducting all expenses from total revenue, thereby showing the earning potential.	Net profitability improved during 2023 due to hike in fertilizer selling prices, gain on restructuring and higher returns on investments.

Earnings/(Loss) per Share

Rs. in Millions

2023	2022	Change	KPI Relevance	2023 Performance
2.77	(7.53)	136.8% ▲	Earnings per share reflects the profitability allocated to each outstanding share, providing insight into the Company's ability to generate profits for its ordinary shareholders on a per-share basis.	The Company recorded earnings per share of Rs 2.77 during 2023 compared to loss per share of Rs 7.53 for the previous year.

Market Value per Share

Rupees

2023	2022	Change	KPI Relevance	2023 Performance
13.62	4.39	210.3% ▲	Market value per share reflects investor perception of its current and future prospects, directly influencing its ability to raise capital and pursue growth opportunities.	The increase in market value per share is due to improved operating performance of the Company and positive investor sentiment.

Return on Assets

2023	2022	Change	KPI Relevance	2023 Performance
1.31%	(3.97%)	132.9% ▲	Return on assets measures the Company's efficiency of utilizing its assets to generate profits, providing insight into how effectively the Company is deploying its resources to create value.	Due to proper and efficient allocation and utilization of scarce resources, the Company managed to earn positive return on assets of 1.31% for the year 2023.

Break-Up Value per Share

Rupees

2023	2022	Change	KPI Relevance	2023 Performance
33.31	30.54	9% ▲	Break-up value per share reflects the value of shareholders' funds on a per share basis and depicts the strength of the Company's net assets.	Break-up value per share increased to Rs. 33.31 per share at the close of 2023 from Rs. 30.54 per share for the previous year due to increase in profitability.

Financial Positon Analysis

Share Capital and Reserves

2023 | 13.07 bn   2022 | 11.98 bn

Aggregate share capital and reserves improved during the year due to profit after tax of Rs. 1,086 million.

Borrowings

2023 | 23.31 bn   2022 | 20.86 bn

Increase in observed in long term borrowings (including current maturity) due to the impact of Scheme of Arrangement approved by the Lahore High Court, whereby overdue redeemable capital/long term finances along-with related markup as of 31 December 2013 has been restructured into preference shares and zero coupon bonds/ sukuks.

Trade and Other Payables

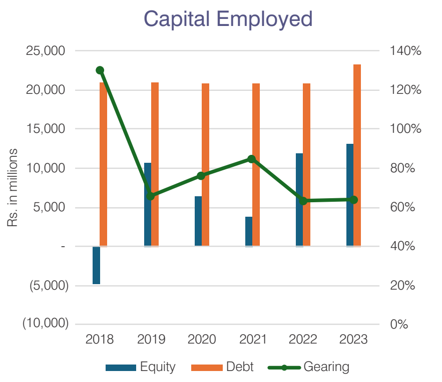
2023 | 7.93 bn   2022 | 4.62 bn

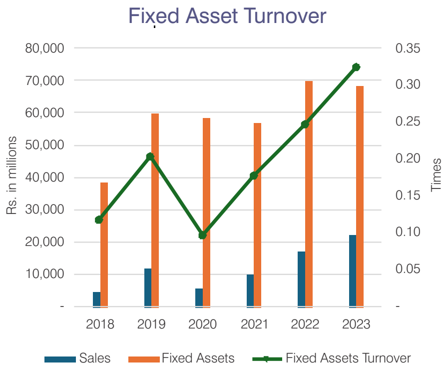
Trade and other payables has registered increase of 72% over the previous year. The increase is mainly attributable to provision of unbilled gas bills and surcharge on GIDC. Advances from customer surged on account of increased fertilizer off take activity.

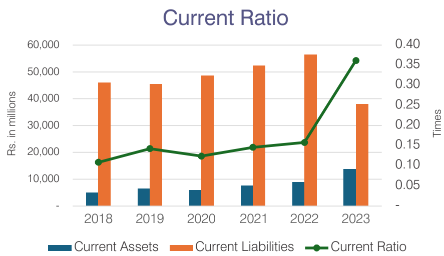
Accrued Interest / Mark up / Dividend

2023 | 26.68 bn   2022 | 28.99 bn

During 2023, the Company implemented a Scheme of Arrangement for restructuring of debt finances whereby accrued mark-up was converted into preference dividend payable causing accrued interest/mark-payable on borrowings to fall by 90% with a corresponding increase in preference dividend payable.







Property, Plant and Equipment

2023 | 68.34 bn   2022 | 69.93 bn

A sum of Rs. Rs. 764 million was spent on capital expenditure, mainly plant and machinery resulting in efficiency enhancement and integrity of operations. The increase was however offset by depreciation charge for the year and disposals made during the year.

Advance against Restructuring Scheme

2023 | nil   2022 | 0.89 bn

The Company has paid Rs. 1,649 million to lenders according to the chosen options in lieu of approved Scheme of Arrangement sanctioned by the Lahore High Court for restructuring of over due debt finances and accrued mark-up/interest thereon.

Short Term Investments

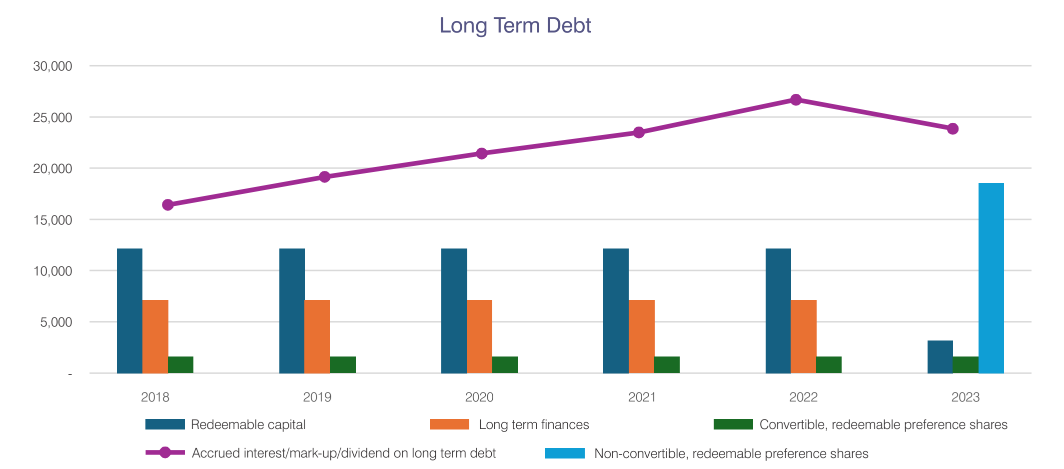
2023 | 5.53 bn   2022 | nil

The liquidity position of the Company improved substantially at the close of 2023. The surplus funds were invested in Treasury Bills; short-term, highly liquid securities issued by the Government of Pakistan.

Stock in Trade

2023 | 1.19 bn   2022 | 1.06 bn

No significant change is observed.



FINANCIAL CAPITAL

Financial Performance Analysis

Rupees in million

	2023 *Actual*	2022 *Actual*
Sales-Net	22,172	17,296
Operating profit	3,738	1,069
Finance cost	6,098	4,285
Profit/(loss) before tax	847	(3,216)
Profit/(loss) after tax	1,086	(2,953)
Earnings/(loss) per share - Rupees	2.77	(7.53)

Sales

2023 | 22.17 bn   2022 | 17.29 bn

The Company has achieved phenomenal sales growth, averaging 30% annually since 2018. This momentum culminated in a record-breaking Rs. 22 billion in revenue in 2023, showcasing the Company's ability to navigate inflationary and cost challenges.

Cost of Sales

2023 | 17.77 bn   2022 | 15.18 bn

The cost of sales has increased by an average of 24% annually from 2018, primarily due to rising raw material prices and inflationary effects.

Gross Profit

2023 | 4.39 bn   2022 | 2.12 bn

The Company achieved a remarkable 107% surge in gross profit to Rs. 4,399 million compared to 2022. This leap can be attributed to process optimization, efficient resource management, cost control measures, and a favorable trend in fertilizer prices.

Other Income

2023 | 0.72 bn   2022 | 0.1 bn

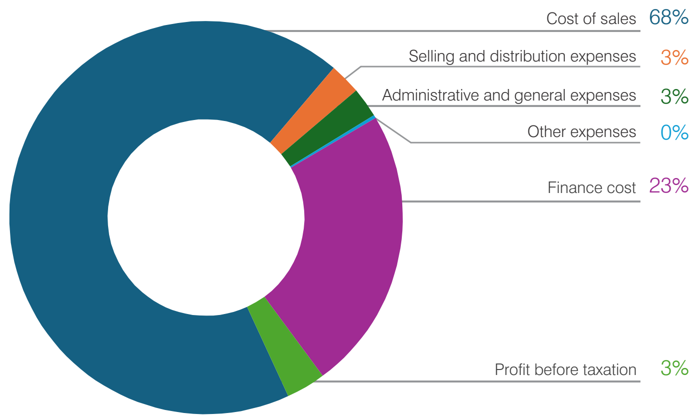
The Company's 'other income' increased nearly sevenfold in 2023, reaching Rs. 722 million compared to Rs. 105 million in 2022. This significant leap is credited to effective working capital management and prevailing high returns. Specifically, the Company earned Rs. 329 million in deposit income/return on T bills and an additional Rs. 364 million from settling a short-term loan.

Gain on Restructuring

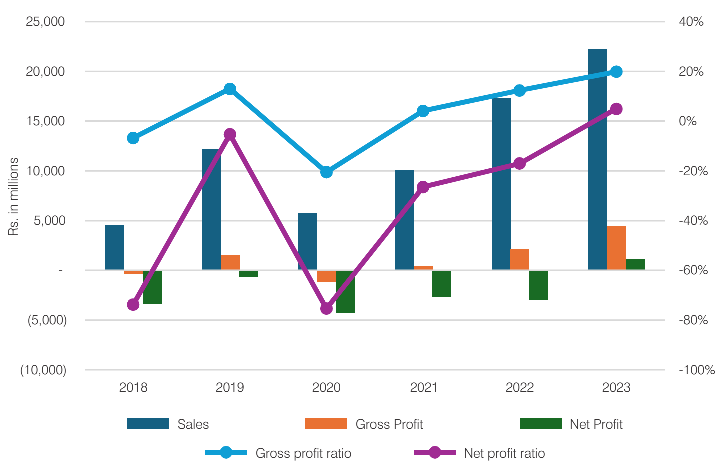
2023 | 3.21 bn   2022 | nil

This one-time gain of Rs. 3,207 million has arisen in lieu of the Scheme of Arrangement as approved by the LHC. Reported Profit after tax of Rs. 1,086 million has materialized after incorporating impact of the above gain on restructuring. Without this gain, the Company would have reported Loss after tax of Rs. 2,122 million.

Income Utilization



Profitability



Cash Flow Analysis

Cash flows from operating activities

2023 | 5.68 bn   2022 | (0.262) bn

The Company has generated Rs. 5,684 million from operating activities due to better working capital management and increased profitability. Operating profit before changes was reported at Rs. 4.18 billion due attributable to profit for the year adjusted for non-cash items. Efficient working capital management added Rs. 1.81 billion to the cash generated from operations. Payments for income tax, staff retirement benefits etc offset the total cash inflow by Rs. 309.59 million to arrive at net cash generated from operating activities to Rs. 5.68 billion.

Cash flows from investing activities

2023 | (5.49) bn   2022 | (0.299) bn

The liquidity position of the Company improved substantially as at the close of 2023. The surplus funds amounting to Rs. 5.46 billion were invested in Treasury Bills; short-term, highly liquid securities issued by the Government of Pakistan which coupled with capital expenditure of Rs. 305.27 million partially offset by interest income of Rs. 267.84 million resulted in net cash used in investing activities of Rs. 5.49 billion.

Cash flows from financing activities

2023 | (47.16) mn   2022 | (86.09) mn

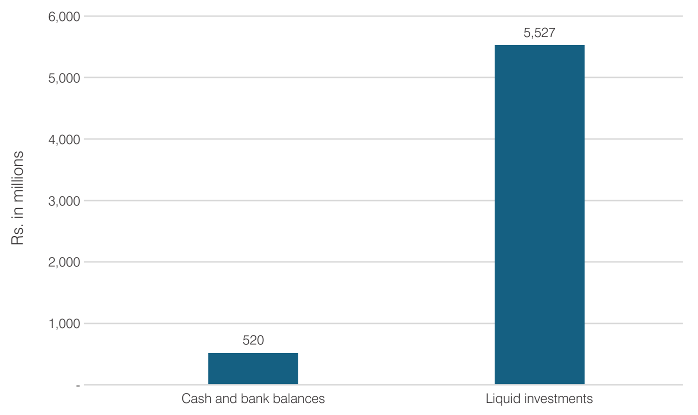
Cash amounting to Rs. 47.16 million utilized in financing activities mainly on account of repayment of long term and short term borrowings and interest/mark-up payments.

Cash and cash equivalents

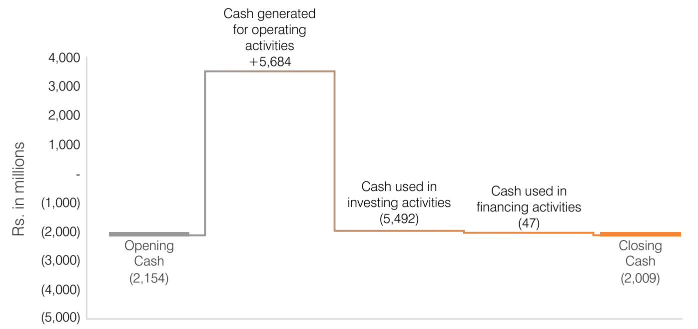
2023 | (2.01) bn   2022 | (2.15) bn

Enhanced business activity, profitability and healthier returns on deposits/investments has resulted in improvement in cash and cash equivalents at the close of 2023.

Liquid Assets



Cash Movement



NON-FINANCIAL CAPITAL

Non-Financial Key Performance Indicators

Manufactured Capital

Energy Efficiency
6%
Improvement in Energy Index

Farmers Engagements
72
Farmers Engagement Events Held

Warehouses
10

Human Capital

Workforce
979

Total Training Hours
2766

Cultural & Sports Events
7

Natural Capital

Banian Trees Reserve Protection and Maintenance

Plantation Drives
2

Horticultural Events
3

Social and Relationship Capital

Contribution to National Exchequer
1,157 M

Community Programmes
5 Schools
2 Medical & Dialysis Center

Intellectual Capital

FBR Track & Trace System Implemented

OSHA Standards
ISO 9001, 14001, 45001
PSQC Authority Certifications

Manufactured Capital

Objectives	KPI's Monitored	2023 Performance	Future Relevance
Production Quality The objective is to consistently produce high quality fertilizer products that meet industry standards and customer specifications, ensuring reliability, efficiency and compliance with regulatory requirements while minimizing waste and defects.	Product Quality Index	Maintained the highest level of quality of product competitive with the market.	Maintaining quality of production will continue to be the top priority of Agritech as it is the most important KPI in the service of the farmers, community and the country.
Increased Energy Efficiency Achieving Increased Energy Efficiency is important for contribution towards energy conservation and improving economics of the plant.	Energy Efficiency Index	AGL has achieved 4% higher energy efficient plant operations in 2023	Importance of optimizing energy efficiency will remain in the list of top priorities when manufactured capital is considered. Agritech plans to deploy CAPEX for further improving the plant energy efficiency
Warehousing Having sufficent no. of warehouses nationwide to achieve distruibution efficiencies and enhance customer reach.	No. of warehouses	The Company has 10 warehouses across the country.	This KPI is an important factor in achieving distruibution efficiencies and enhancing customer reach.
Farmers Engagement Events Hold regular and frequent farmer engagement events to build their confidence in "Tara" brand.	No. of Farmers Engagement Events	Grow More Wheat Campaign and Grow more Cotton Campaign was conducted in 2023. A total 72 farmer engagement events like seminars, demos etc. conducted in 2023	Frequency and no. farmer engagement is important for building customer confidence.

NON-FINANCIAL CAPITAL

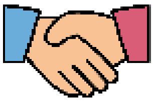
Human Capital

Objectives	KPI's Monitored	2023 Performance	Future Relevance
Providing Employment			
The Company is committed to retaining this skilled workforce by providing competitive and market-based remuneration, job security, appealing retirement benefits, and opportunities for skill enhancement and career development. This holistic strategy is designed to attract and retain capable individuals across all areas of operation, including plants, marketing offices, and the head office.	• Employee Retention Ratio • Time to Fill • Talent Acquisition Costs • Turnover Rate • Human Capital ROI • Employee Performance Ratings	As of December 31, 2023, AGL employs 979 professionals across its manufacturing sites, country-wide marketing networks, and head office.	The provision of healthy work environment and retention of employees will remain a critical KPI for organizations in the future as they navigate evolving workforce dynamics, talent shortages, and the changing expectations of employees.
Developing Skills and Talent			
The objective is to cultivate a workforce that is equipped with the necessary knowledge, competencies, and capabilities to drive organizational success. Ultimate goal is to enhance individual and organizational performance, increase employee engagement and retention, and adapt to evolving business needs and industry trends.	• Training hours per employee • Training Satisfaction Rate • Total Training Hours • Training program Completion Rate	Human Resource Department of AGL has arranged 2760 hours of training for its employees across the sites including customized trainings as well open enrolment based trainings. The Company is committed to providing excellent training opportunities to its employees.	Skills development and training will continue to play a vital role in AGL's human capital management, enabling it to remain agile, innovative, and competitive in a rapidly changing business landscape. By investing in employee development, organizations can build a skilled workforce equipped to tackle future challenges.
Workforce Planning and Leadership development			
To align the organization's current and future workforce needs with its strategic objectives. By analyzing internal and external factors, HR aims to anticipate talent requirements, identify skill gaps, and implement strategies to ensure the right people are in the right roles at the right time, maximizing organizational performance and agility.	• Vacancy Rate • Succession Pipeline • Workforce Utilization Rate • Leadership Bench Strength	AGL demonstrated strong performance in workforce planning by maintaining a low turnover rate and effectively filling vacancies within a timely manner. Additionally, the company's robust leadership development initiatives were evident through the high percentage of internal promotions to leadership positions.	Effective workforce planning will ensure the organization has the right talent to meet future demands, while leadership development will empower leaders to navigate complex challenges and drive innovation in a dynamic energy landscape.
Providing Equal Opportunities			
The objective is to eliminate discrimination and bias in all HR practices, including recruitment, hiring, promotions, and compensation, ensuring that every employee has an equal chance to succeed based on merit and qualifications, fostering a diverse and inclusive workplace culture.	• Workforce Diversity Metrics • Equal Pay Ratio • Promotion and Advancement Rates • Diversity Training Participation • Representation in Leadership Roles.	AGL demonstrated commitment to diversity and equal opportunities by conducting regular diversity training sessions for all employees, fostering awareness of inclusion principles. The Company maintained equitable practices in recruitment, promotion, and compensation, ensuring fair opportunities for all employees.	The future relevance of equal opportunity objectives for human capital at AGL is paramount as it aligns with broader societal shifts towards diversity, equity, and inclusion. By prioritizing equal opportunity initiatives, AGL can attract and retain a diverse talent pool, fostering innovation and creativity within the organization.

Natural Capital

Objectives	KPI's Monitored	2023 Performance	Future Relevance
Investment in Preserving Planet The objective to mitigate environmental degradation, protect natural resources, and promote sustainability. Ultimate goa is to safeguard the planet's ecosystems, biodiversity, and climate stability for current and future generations.	• Carbon Footprint Reduction • Renewable Energy Capacity • Resource Conservation	AGL demonstrated strong commitment to preserving the planet by significantly reducing its carbon footprint through preserving Banian Trees Reserve near River Sindh and launching 2 plantation drives during 2023. Three horticulture events and Flower exhibitions were also conducted in 2023.	Preserving the planet is crucial for protecting human health, fostering resilience against natural disasters, and promoting social equity and economic stability. In the face of mounting environmental threats, investing in preservation efforts is not only a moral imperative but also a strategic necessity for securing a livable and prosperous future for generations to come
Increasing Green Footprints Objective is to minimize environmental impact and promote sustainability by adopting practices that reduce carbon emissions, conserve resources, and support renewable energy sources.	• Carbon Emission Reduction • Energy Efficiency Improvements • Renewable Energy Procurement • Increasing Environmental awareness	AGL excelled in increasing green footprints by achieving substantial reductions in carbon emissions through energy efficiency measures and renewable energy investments. Additionally, the company carried out plantation campaigns, horticulture events and flower exhibitions to raise awareness about environment	Increasing green footprints is vital for AGL's future, aligning with industry shifts towards renewable energy and bolstering its reputation as an environmentally responsible leader, ensuring competitiveness amid growing stakeholder demands for sustainability.

NON-FINANCIAL CAPITAL



Social and Relationship Capital

Objectives	KPI's Monitored	2023 Performance	Future Relevance
Create Value as Trusted Business Partner			
The objective is to establish and maintain mutually beneficial relationships based on trust, integrity, and reliability. This involves understanding the needs and priorities of stakeholders, delivering high-quality products or services, and consistently exceeding expectations to foster long-term partnerships.	• Value-added Services: • Revenue Growth from Partnerships: • Long-term Relationship Value	AGL has benefited from long term relationships with its dealers and suppliers alike in 2023. AGL strengthened its partnerships and solidified its reputation as a trusted advisor and dependable business partner in the industry.	It will be crucial for AGL to foster collaborative relationships, drive innovation, and navigate complex business landscapes, ensuring long-term success and competitive advantage in evolving markets.
Create and Share Value in Communities AGL Operates			
The objective is to contribute positively to the socio-economic development and well-being of the communities in which it operates. This involves fostering mutually beneficial relationships, supporting local initiatives, and addressing community needs through sustainable practices, economic empowerment, and social investments.	• Community Engagement Activities • Health facilities made available • Economic Impact on the local communities	AGL has taken various initiatives, notably in economic impact, by creating job opportunities and investing in essential community infrastructure. By establishing an hospital and a dialysis center, AGL not only provided critical healthcare services but also generated employment opportunities for local residents.	It will remain essential for AGL as we adapt to changing societal expectations, build trust, and foster long-term relationships, ultimately contributing to sustainable growth and shared prosperity.
Create Value as Socially Responsible Company			
The objective is to proactively address social, environmental, and ethical concerns while simultaneously pursuing business goals. This involves integrating sustainable practices into operations, supporting community development, promoting diversity and inclusion, and upholding ethical standards throughout the organization's activities.	• Corporate Social Responsibility (CSR) Spending. • Environmental Impact Reduction • Community Engagement • Diversity and Inclusion • Employee Satisfaction • Ethical Sourcing • Stakeholder Engagement	Being a socially responsible Company, AGL has not only contributed towards national exchequer of Rs. 1157 million but also adopted practices to give back to society through a number of initiatives in environment protection , providing health care services through a hospital and dialysis center.	The importance of this will continue to grow, as consumers, investors, and stakeholders increasingly prioritize ethical and sustainable business practices, driving demand for transparency, accountability, and positive social and environmental impact.
Health and Safety Performance			
The objective is to safeguard the well-being of employees, contractors, and the environment by preventing accidents, injuries, and occupational hazards. This involves implementing robust safety protocols, and maintaining compliance with regulatory standards to create a safe and secure work environment.	• No of days without any incident • Total Recordable Incident Rate (TRIR) • Near Miss Reporting Rate • Emergency Response Time	AGL has achieved no incident record in the year 2023. Safety and trainings have been made necessary for each new visitor to the plant. Regular trainings were conducted in the year.	Health and safety remains essential due to evolving technological, regulatory, and workforce dynamics. Prioritizing health and safety ensures compliance, mitigates risks amidst changing environmental and societal expectations.

Intellectual Capital

Objectives	KPI's Monitored	2023 Performance	Future Relevance
Commitment to Highest Quality of Processes			
Objective is to systematically identify, analyze, and enhance organizational processes to optimize efficiency, quality, and performance over time. By fostering a culture of innovation and learning, organizations aim to drive incremental and sustainable improvements, reduce waste, and meet evolving customer needs and market demands.	• Process efficiency • Trend of Cost of Quality • Defect rate	AGL demonstrated its commitment with process improvement by maintaining OSHA standards. ISO 9001, ISO 14001, ISO 45001 and PSQS Authority certification. Additionally, the implementation of the FBR Track and Trace system enhanced transparency and accountability in supply chain management, improving efficiency and traceability of materials used in production processes.	The future relevance of process improvement lies in its ability to drive organizational agility, resilience, and competitiveness in an increasingly dynamic and complex business environment. By continuously optimizing workflows, enhancing efficiency, and adapting to changing market demands, organizations can improve customer satisfaction, reduce costs, and accelerate innovation, ensuring long-term viability and success in the evolving marketplace.
Knowledge Management			
The objective is to systematically capture, organize, and leverage intellectual assets to enhance decision-making, innovation, and operational efficiency within the organization. Continuous Process Improvement aims to identify, analyze, and eliminate inefficiencies, errors, and bottlenecks in workflows and operations to optimize productivity, quality, and customer satisfaction over time.	• Knowledge Sharing • Knowledge retention rate	In 2023, AGL achieved its knowledge management objective by implementing robust systems for capturing, organizing, and sharing intellectual assets across departments, facilitating informed decision-making and fostering innovation. By promoting a culture of collaboration and continuous learning,	Knowledge management will remain crucial for organizations to harness and leverage intellectual capital, foster innovation, and adapt to rapidly changing market dynamics, ensuring competitiveness and sustained growth in an increasingly knowledge-driven economy.

Methods and Assumptions used in Compiling Key Performance Indicators

The Company sets budgetary targets for various financial and non-financial indicators on an annual basis which are approved by the Board of Directors. Key Performance Indicators are identified based on how effectively these reflect the Company's performance and position. Various factors, including but not limited to, general market conditions, the Company's market positioning, competitors are taken into account while compiling these indicators. Actual performance is analyzed against budgetary targets by monitoring key performance indicators on a regular basis.

The Company's financial performance and position are the most basic financial indicators. The Company analyses revenue, gross profit, profit after taxation, earnings per share and return on equity to assess its performance. Total equity, total assets and break-up value per share are analyzed to gauge the Company's financial position. Market share price is also a very important financial indicator as the Company's market perception is measured directly with reference to its market share price. Non-financial indicators are set for business objectives associated with various forms of capital including those pertaining business growth and expansion, product development, human resource development and relationships with key stakeholders etc.

Changes in Indicators and Performance Measures

There were no changes in indicators and performance measures from the previous years.

SUMMARY OF FINANCIAL STATEMENTS

Rs. in million		2023	2022	2021	2020	2019	2018
Summary of Financial Position							
Equity and Liabilities							
Issued, subscribed and paid-up ordinary share capital		3,924	3,924	3,924	3,924	3,924	3,924
Reserves		9,148	8,060	(169)	2,516	6,812	(8,813)
Shareholders' equity		13,073	11,984	3,756	6,441	10,736	(4,889)
Long term borrowings		23,306	20,862	20,862	20,872	20,897	20,900
Capital employed		36,379	32,847	24,618	27,313	31,633	16,012
Long term payable		-	551	1,158	1,740	2,242	31
Deferred liabilities		10,328	10,876	8,436	8,892	9,177	3,485
Short term borrowings		3,413	3,582	3,518	3,647	3,626	3,625
Other current liabilities		34,607	33,615	29,486	25,585	22,458	23,057
Total Equity and Liabilities		84,728	81,470	67,217	67,177	69,136	46,209
Assets							
Property, plant and equipment		68,336	69,925	56,965	58,536	60,043	38,592
Long term assets		2,647	2,640	2,641	2,638	2,627	2,628
Inventories		3,409	3,309	2,416	2,508	2,886	2,348
Trade debts		-	-	89	-	-	35
Short Term Investments		5,527	-	104	-	-	-
Cash and bank balances		520	529	1,084	795	562	327
Other current assets		4,288	5,067	3,917	2,699	3,017	2,280
Total Assets		84,728	81,470	67,217	67,177	69,136	46,209
Summary of Statement of Profit or loss							
Sales		22,172	17,296	10,101	5,700	12,174	4,533
Cost of sales		(17,774)	(15,175)	(9,691)	(6,872)	(10,601)	(4,842)
Gross profit/(loss)		4,399	2,122	410	(1,173)	1,573	(308)
Operating expenses		(1,383)	(1,157)	(723)	(551)	(823)	(784)
Other income		722	105	101	183	1,579	35
Operating profit/(loss)		3,738	1,069	(212)	(1,541)	2,329	(1,057)
Finance cost		(6,098)	(4,285)	(2,805)	(2,945)	(3,300)	(2,583)
Gain on restructuring of loans		3,207	-	-	-	-	-
Profit/(loss) before taxation		847	(3,216)	(3,018)	(4,487)	(971)	(3,640)
Taxation for the year		238	263	337	190	318	296
Profit/(loss) after taxation		1,086	(2,953)	(2,681)	(4,297)	(653)	(3,344)
Quantitative Data							
Rated Capacity							
Urea Fertilizer	MT	433,125	433,125	433,125	433,125	433,125	433,125
Phosphate Fertilizer	MT	81,000	81,000	81,000	81,000	81,000	81,000
Total rated capacity	MT	514,125	514,125	514,125	514,125	514,125	514,125
Actual Production							
Urea Fertilizer	MT	292,255	353,284	226,768	124,785	338,090	95,934
Phosphate Fertilizer	MT	77,150	63,596	73,244	66,341	41,809	59,059
Total rated capacity	MT	369,405	416,880	300,012	191,126	379,899	154,993
Production Efficiency							
Urea Fertilizer	%	67	82	52	29	78	22
Phosphate Fertilizer	%	95	79	90	82	52	73
Total production efficiency	%	72	81	58	37	74	30
Sales							
Urea Fertilizer	MT	285,551	351,433	232,094	139,296	320,323	100,895
Phosphate Fertilizer	MT	80,226	54,137	80,152	59,929	41,916	66,748
Total sales	MT	365,777	405,570	312,246	199,225	362,239	167,643

SIX YEARS ANALYSIS

Key Financial Ratios

		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Gross Profit ratio	%	19.84	12.27	4.05	(20.58)	12.92	(6.80)
Net Profit to Sales	%	4.90	(17.08)	(26.54)	(75.39)	(5.36)	(73.76)
EBITDA Margin to Sales	%	36.20	12.30	12.02	0.96	27.74	(8.48)
Operating Leverage	Times	38.21	(3.30)	(0.97)	3.12	(1.53)	(0.98)
Return on Equity*							
- without revaluation reserves	%	(5.45)	-	-	-	-	-
- with revaluation reserves	%	8.31	(24.64)	(71.39)	(66.72)	(6.08)	-
Return on Capital Employed*	%	6.91	(31.21)	(40.07)	(42.20)	(14.45)	-
Shareholders' Funds	Rs. in millions	13,072	11,984	3,755	6,440	10,736	(4,888)
Return on Shareholders' Funds*	%	8.31	(24.64)	(71.39)	(66.72)	(6.08)	-
Total Shareholders Return	%	2.103	0.158	(0.258)	0.180	(0.002)	(0.098)
Liquidity Ratios							
Current ratio	Times	0.36	0.16	0.15	0.12	0.14	0.11
Quick / Acid Test ratio	Times	0.27	0.10	0.10	0.07	0.08	0.06
Cash to Current Liabilities	Times	0.16	0.01	0.03	0.02	0.02	0.01
Cash Flow from Operations to Sales	Times	0.26	(0.02)	0.08	0.06	0.04	0.05
Cashflow to Capital Expenditures	%	1,862	(51)	2,151	395	2,087	882
Cash flow coverage	%	1,883	(151)	522	344	633	231
Activity/Turnover Ratios							
Total Assets turnover ratio	Times	0.26	0.21	0.15	0.08	0.18	0.10
Fixed Assets turnover ratio	Times	0.32	0.25	0.18	0.10	0.20	0.12
No. of Days in Inventory	Days	23	17	15	33	19	26
No. of Days in Receivables	Days	0	1	2	0	1	2
No. of Days in Payables	Days	102	81	91	91	110	318
Operating Cycle	Days	(79)	(63)	(74)	(58)	(91)	(291)
Investment/Market Ratios							
Earnings per Share - *Basic*	Rupees	2.77	(7.53)	(6.83)	(10.95)	(1.66)	(8.52)
Earnings per Share - *Diluted*	Rupees	1.31	(7.53)	(6.83)	(10.95)	(1.66)	(8.52)
Price Earnings ratio	Times	0.20	(1.72)	(1.80)	(2.14)	(0.38)	(1.96)
Price to Book ratio	Times	0.41	0.14	0.40	0.31	0.16	(0.35)
Dividend Yield ratio	%	-	-	-	-	-	-
Dividend Payout ratio	%	-	-	-	-	-	-
Dividend Cover ratio	Times	-	-	-	-	-	-
Cash Dividend per Share	Rupees	-	-	-	-	-	-
Stock Dividend per Share	%	-	-	-	-	-	-
Market Value per Share	Rupees	13.62	4.39	3.79	5.11	4.33	4.34
Break-up Value per Share							
- without revaluation reserves	Rupees	(0.27)	(0.08)	(0.08)	(0.11)	(0.12)	(0.13)
- with revaluation reserves	Rupees	33.31	30.54	9.57	16.41	27.36	(12.46)
Market capitalization	Rupees in millions	5,345	1,723	1,487	2,005	1,699	1,703
Capital Structure Ratios							
Financial Leverage ratio	Times	0.63	2.04	6.49	3.81	2.28	(5.02)
Debt to Equity ratio	%	64:36	64:36	85:15	76:24	66:34	131:-31
Net assets per share	Rupees	33.31	30.54	9.57	16.41	27.36	(12.46)
Interest Cover ratio	Times	1.16	0.14	(0.15)	(0.52)	0.71	(0.68)
Others							
Production per employee	MT	386	431	328	205	437	172
Revenue per employee	Rupees in millions	23	18	11	6	14	5
Staff turnover ratio	%	5	4	3	4	3	3
Spares inventory to assets costs	%	4	4	4	4	4	6
Maintenance costs to operating expenses	%	0.30	0.26	0.38	0.40	0.23	0.31

SIX YEARS ANALYSIS

Key Financial Ratios

Analysis of Key Financial Ratios

Profitability Ratios

Continuous growth in turnover and improved pricing has boosted the gross profit ratio to 20% and the net profit ratio to 4.9%, continuing the trend of improved profitability since 2018.

Both return on equity and return on capital employed have turned positive for the first time in 6 years. Similarly, return on shareholders' funds has also turned positive in 2023.

Operating leverage has increased significantly to 38.6 reflecting the increase in gross profit ratio over the last six years and the company's ability to operate profitably.

Liquidity Ratios

The current ratio steadily increases from 0.11 in 2018 to 0.36 in 2023, indicating a consistent improvement in the company's ability to cover short-term obligations with current assets.

Similarly, the quick/acid test ratio follows a similar upward trajectory, indicating enhanced liquidity excluding inventory over the same period.

The cash to current liabilities ratio exhibits a slight fluctuation but generally maintains an upward trend, signaling an improving ability to cover short-term liabilities with available cash.

The cash flow from operations to sales ratio demonstrates variability but shows a notable increase from 2018 to 2023, suggesting enhanced efficiency in converting sales into cash.

Despite fluctuations, the cash flow to capital expenditures ratio remains relatively high throughout, indicating substantial cash flow generation compared to capital investment.

Lastly, the cash flow coverage ratio rebounded from negative values in 2022 to positive figures in 2023, indicating a strengthening ability to cover interest expenses.

Overall, the trends from 2018 to 2023 depict a positive trajectory for the company, characterized by improving liquidity, operational efficiency, and financial health.

Activity/Turnover Ratios

Analysis of the activity/turnover ratios from 2018 to 2023 is indicative of the company's operational efficiency and management of resources. The total assets turnover ratio gradually increases over the period, from 0.10 in 2018 to 0.26 in 2023, suggesting improved efficiency in generating sales relative to total assets employed. Similarly, the fixed assets turnover ratio exhibits a rising trend, increasing from 0.12 in 2018 to 0.32 in 2023, indicating enhanced utilization of fixed assets to generate revenue. The number of days in inventory initially declines from 2018 to 2019 (25.61 days to 18.61 days) before increasing slightly in subsequent years, implying some fluctuations in inventory management efficiency. The number of days in receivables indicate quicker collection of receivables over the years, which is a positive indicator of liquidity. The number of days in payables also decreases steadily, from 318.30 days in 2018 to 102.45 days in 2023, suggesting a more efficient management of payables. The operating cycle, while negative in 2018 (-290.62 days), improves over the years, indicating a reduction in the time required to convert inventory into cash, reflecting better operational efficiency.

Investment/Market Ratios

The earning per share (EPS), both basic and diluted, show losses in the initial years, with improvements seen in 2023, where the basic EPS turns positive to 2.77 Rupees per share and the diluted EPS becomes 1.31 Rupees per share. The price-earnings (P/E) ratio reflects these losses and improvements, with negative ratios in the earlier years shifting to positive values, reaching 0.20 times in 2023. The price-to-book (P/B) ratio fluctuates over the period, with a significant increase from 2018 to 2019. This indicates varying levels of market valuation relative to book value. The market value per share also fluctuates, with a notable increase in 2023, indicating potential market optimism towards the company. The break-up value per share, both with and without revaluation reserves, fluctuates over the period, reflecting changes in the company's asset valuations.

Lastly, the market capitalization shows fluctuations, reaching its peak in 2023 at 5,344.90 million Rupees, reflecting changes in the company's market value. Overall, trend of these ratios are reflective of changes in the company's profitability, market valuation, and shareholder returns over the years , reflecting fluctuations and potential shifts in investor sentiment and market conditions.

Capital Structure Ratios

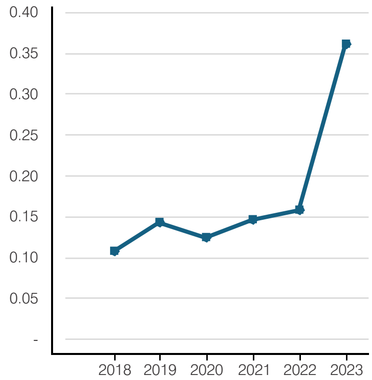
The financial leverage ratio exhibits significant variability, ranging from negative values in 2018 to positive values in subsequent years, peaking in 2021 at 6.49 times. This indicates varying reliance on debt financing throughout the period. Similarly, the debt to equity ratio fluctuates, showcasing changes in the company's capital structure, with debt percentages ranging from 131% in 2018 to 64% in 2023. The net assets per share fluctuate as well, reflecting changes in the company's financial position, from negative values in 2018 to positive values in later years. Lastly, the interest cover ratio has improved from negative values in 2018 and 2020 to positive values in subsequent years, indicating the company's varying ability to cover interest expenses. Overall, these trends indicates improvement in the company's capital structure management, leverage, and financial health over the analyzed period.

Others

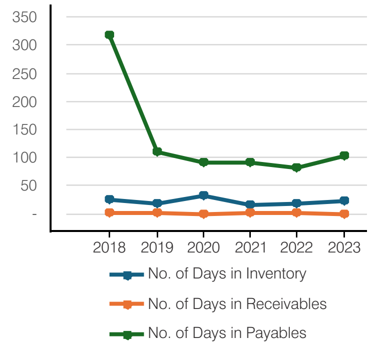
The production per employee metric fluctuates over the years, peaking at 431 metric tons per employee in 2022, indicating improved productivity, followed by a slight decrease in 2023. Revenue per employee also shows fluctuations, with a notable increase in 2023 suggesting improvement in revenue generation efficiency per employee. The spares inventory to assets costs ratio remains relatively stable throughout the period, but there is a notable decrease in 2018 reflective of increased non operational days in the year. Similarly, the maintenance costs to operating expenses ratio fluctuates over the years, indicating varying levels of efficiency in managing maintenance costs relative to total operating expenses.

Gross Profit Ratio (%)

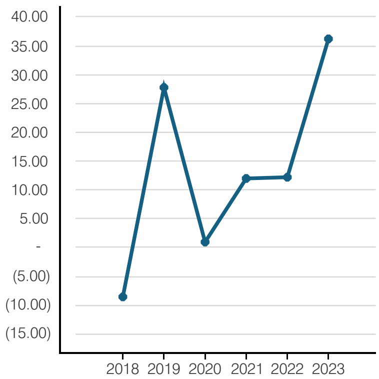
Current Ratio (%)



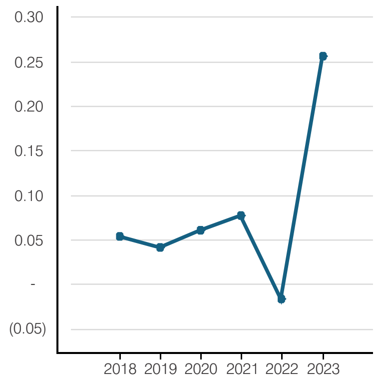
Days in Inventories, Receivables and Payables (Days)



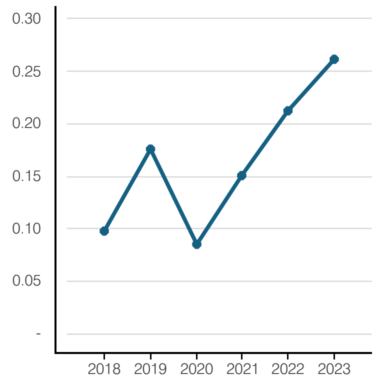
EBITDA Margin to Sales (%)



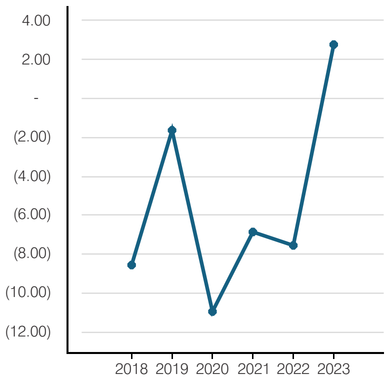
Operating Cash Flows to Sales (Times)



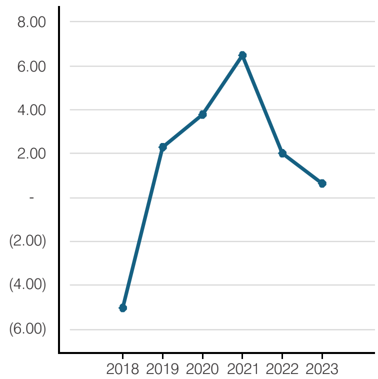
Total Assets Turnover (Times)



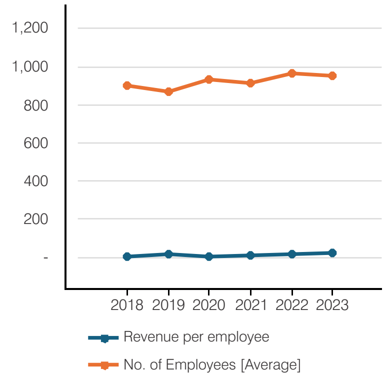
Earnings per Share (Rs.)



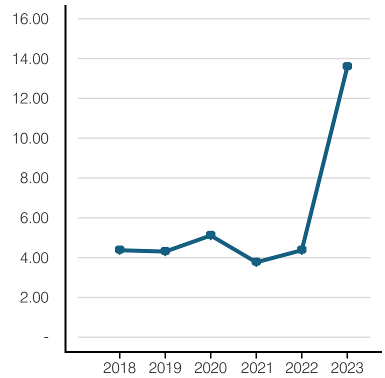
Financial Levarge Ratio (Times)



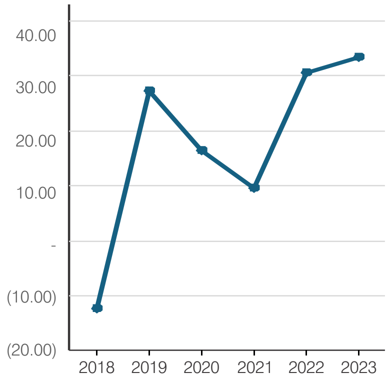
Revenue per Employee (Rs. M)



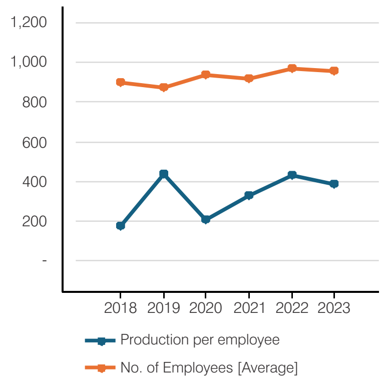
Market Value per Share (Rs.)



Net Assets per Share (Rs.)



Production per Employee (MT)



SIX YEARS ANALYSIS

Horizontal Analysis of Statement of Financial Position

Horizontal Analysis

Share Capital and Reserves

The horizontal change in share capital and reserves between 2018 and 2023 signifies a significant transformation, with a significant increase from negative Rs. 4.8 bn in 2018 to a substantially positive value of Rs. 13 bn in 2023.

This change represents a noteworthy turnaround, reflectinzg increase in the company's financial reserves indicating improved financial strength and successful strategic financial management initiatives

Non-current Liabilities

The non-current liabilities surged notably over the period, from Rs. 5.1 bn in 2018 to Rs. 33.6 bn in 2023.

This increase highlights a remarkable change, indicating a substantial rise in the company's long-term obligations over the six years' period as well as adjustments made as per the scheme of arrangements which re-classified the current portion of long term liabilities to non current liabilities in 2023.

Such a significant surge also indicate increased borrowing, expansion initiatives and strategic investment decisions made by the company during this time frame.

Current Liabilities

Analyzing the horizontal shift in current liabilities from 2018 to 2023 unveils a dynamic pattern in the company's short-term financial obligations. The current liabilities gradually increased from Rs. 45.9 bn in 2018 to Rs. 56.4 bn in year 2022 before undergoing a notable downturn to Rs. 38 bn in 2023. This downward movement in 2023 is due to adjustment made in respect of scheme of arrangement which re-classified current portion of long term liabilities to non current liabilities. Markup on short term loans payable has increased significantly indicating overdue payments of the markup over the period. Trade & other payables have also witnessed increase of 45% from 2018 to 2023.

Non-current Assets

Non Current Assets has increased from Rs. 41.2 bn in 2018 to Rs. 70.9 bn in 2022 showing a steady increase over the years, peaking at Rs. 72.5 bn in 2022.

This overall upward trend indicates a substantial rise in non-current assets over the analyzed period as well as revaluation adjustments made in the year 2022 and 2021.

Goodwill of Rs. 2.56 billion included in the non current assets remained constant over the years.

Current Assets

The value of Stores and Spare Parts remained relatively stable over the years, hovering around Rs. 2.05 billion.

Advance Against Restructuring Scheme was made in respect of the scheme and later adjusted in 2023.

Stock-in-Trade has increased from Rs. 0.29 billion in 2018 to Rs. 1.19 billion in 2023, suggesting changes in inventory levels or business operations.

Trade Debts fluctuate, with a notable increase in 2021 to Rs. 0.09 billion, indicating potentially extended credit terms or changes in sales strategies.

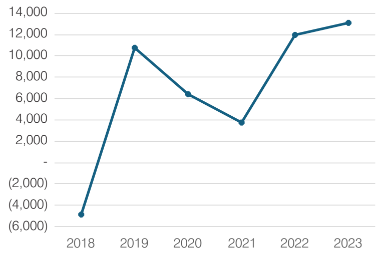
Advance, Deposits, Prepayments, and Other Receivables show steady growth, reaching Rs. 4.21 billion in 2023, reflecting increasing advances, deposits, and prepayments from customers or other entities.

Tax Refunds Due from Government vary, with a decrease observed in 2023 to Rs. 0.08 billion.

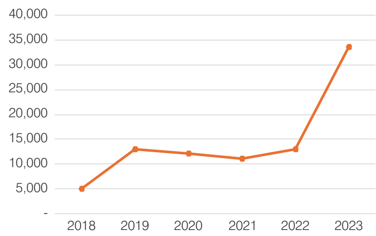
Short-Term Investments see a significant entry in 2023, reaching Rs. 5.53 billion, suggesting strategic investment decisions and better cash management practices.

Cash and Bank Balances generally increase, reaching Rs. 0.52 billion in 2023, reflecting changes in cash flow and liquidity management.

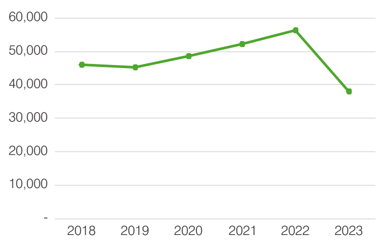
Share capital and reserves
(Rs. in millions)



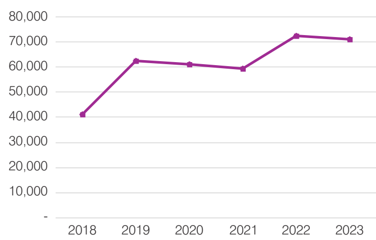
Non-current Liabilities
(Rs. in millions)



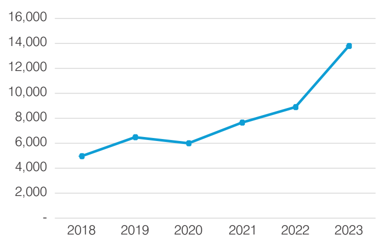
Current Liabilities
(Rs. in millions)



Non-current assets
(Rs. in millions)



Current assets
(Rs. in millions)



	2023	v 22	2022	v 21	2021	v 20	2020	v 19	2019	v 18	2018	v 17
	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%
Equity and Liabilities												
Share capital and reserves												
Issued, subscribed and paid-up ordinary share capital	3,924	-	3,924	-	3,924	-	3,924	-	3,924	-	3,924	-
Reserves	9	-	9	-	9	-	9	-	9	-	9	-
Accumulated losses	(23,859)	(8)	(25,851)	9	(23,613)	9	(21,630)	21	(17,943)	2	(17,517)	21
Revaluation surplus	32,998	(3)	33,902	45	23,436	(3)	24,137	(2)	24,746	185	8,695	(2)
	13,073	9	11,984	219	3,756	(42)	6,441	(40)	10,736	(320)	(4,889)	193
Non-current liabilities												
Redeemable capital	3,170	-	-	-	-	-	-	-	-	-	-	(100)
Long term finances	-	-	-	-	-	-	-	-	-	-	-	(100)
Convertible, redeemable preference shares	1,593	-	1,593	-	1,593	-	1,593	-	1,593	-	1,593	-
Non-convertible, redeemable preference shares	18,543	-	-	-	-	-	-	-	-	-	-	-
Long term payable	-	(100)	551	(52)	1,158	(33)	1,740	(22)	2,242	7,099	31	-
Deferred liabilities	10,328	(5)	10,876	29	8,436	(5)	8,892	(3)	9,177	163	3,485	(12)
	33,635	158	13,020	16	11,187	(8)	12,226	(6)	13,012	155	5,109	38
Current liabilities												
Current maturity of long term liabilities	-	(100)	19,269	-	19,269	-	19,279	-	19,304	-	19,307	15
Short term borrowings-secured	3,413	(5)	3,582	2	3,518	(4)	3,647	1	3,626	-	3,625	3
Trade and other payables	7,928	72	4,620	15	4,023	75	2,297	26	1,816	(67)	5,449	16
Interest / mark-up accrued on borrowings	2,826	(90)	27,088	14	23,732	9	21,732	13	19,261	17	16,402	13
Preference dividend payable	23,853	1,151	1,907	10	1,731	11	1,556	13	1,380	15	1,205	17
	38,020	(33)	56,466	8	52,273	8	48,510	7	45,388	(1)	45,989	13
Total Equity and Liabilities	84,728	4	81,470	21	67,217	-	67,177	(3)	69,136	50	46,209	(2)
Assets												
Non-current assets												
Property, plant and equipment	68,336	(2)	69,925	23	56,965	(3)	58,536	(3)	60,043	56	38,592	(3)
Intangible assets	2,568	-	2,568	-	2,568	-	2,567	-	2,567	-	2,567	-
Long term loans and advances	25	44	17	22	14	17	12	(16)	14	4	14	11
Long term deposits	55	-	55	(5)	58	(2)	59	31	45	(3)	47	(18)
	70,983	(2)	72,565	22	59,605	(3)	61,174	(2)	62,670	52	41,220	(3)
Current assets												
Stores, spare parts and loose tools	2,223	(1)	2,246	9	2,054	-	2,052	(2)	2,099	2	2,055	(2)
Advance against restructuring scheme	-	(100)	891	-	-	-	-	-	-	-	-	-
Stock-in-trade	1,186	11	1,063	193	362	(21)	457	(42)	788	168	293	(24)
Trade debts	-	-	-	(100)	89	-	-	-	-	(100)	35	111
Advance, deposits, prepayments and other receivables	4,205	3	4,080	8	3,771	47	2,570	(11)	2,873	43	2,015	16
Tax refunds due from Government	83	(13)	95	(35)	147	14	128	(11)	144	(46)	266	9
Short Term Investments	5,527	-	-	(100)	104	-	-	-	-	-	-	-
Cash and bank balances	520	(2)	529	(51)	1,084	36	795	41	562	72	327	65
	13,745	54	8,906	(17)	7,611	27	6,003	(7)	6,466	30	4,990	7
Total Assets	84,728	4	81,470	21	67,217	-	67,177	(3)	69,136	50	46,209	(2)

SIX YEARS ANALYSIS

Vertical Analysis of Statement of Financial Position

	2023		2022		2021		2020		2019		2018	
	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%
Equity and Liabilities												
Share capital and reserves												
Issued, subscribed and paid-up ordinary share capital	3,924	5	3,924	5	3,924	6	3,924	6	3,924	6	3,924	8
Reserves	9	-	9	-	9	-	9	-	9	-	9	-
Accumulated losses	(23,859)	(28)	(25,851)	(32)	(23,613)	(35)	(21,630)	(32)	(17,943)	(26)	(17,517)	(38)
Revaluation surplus	32,998	39	33,902	42	23,436	35	24,137	36	24,746	36	8,695	19
	13,073	15	11,984	15	3,756	6	6,441	10	10,736	16	(4,889)	(11)
Non-current liabilities												
Redeemable capital	3,170	4	-	-	-	-	-	-	-	-	-	-
Long term finances	-	-	-	-	-	-	-	-	-	-	-	-
Convertible, redeemable preference shares	1,593	2	1,593	2	1,593	2	1,593	2	1,593	2	1,593	3
Non-convertible, redeemable preference shares	18,543	22	-	-	-	-	-	-	-	-	-	-
Long term payable	-	-	551	1	1,158	2	1,740	3	2,242	3	31	-
Deferred liabilities	10,328	12	10,876	13	8,436	13	8,892	13	9,177	13	3,485	8
	33,635	40	13,020	16	11,187	17	12,226	17	13,012	19	5,109	11
Current liabilities												
Current maturity of long term liabilities	-	-	19,269	24	19,269	29	19,279	29	19,304	28	19,307	42
Short term borrowings-secured	3,413	4	3,582	4	3,518	5	3,647	5	3,626	5	3,625	8
Trade and other payables	7,928	9	4,620	6	4,023	6	2,297	3	1,816	3	5,449	12
Interest / mark-up accrued on borrowings	2,826	3	27,088	33	23,732	35	21,732	32	19,261	28	16,402	35
Preference dividend payable	23,853	28	1,907	2	1,731	3	1,556	2	1,380	2	1,205	3
	38,020	45	56,466	69	52,273	78	48,510	72	45,388	66	45,989	100
Total Equity and Liabilities	84,728	100	81,470	100	67,217	100	67,177	100	69,136	100	46,209	100
Assets												
Non-current assets												
Property, plant and equipment	68,336	81	69,925	86	56,965	85	58,536	87	60,043	87	38,592	84
Intangible assets	2,568	3	2,568	3	2,568	4	2,567	4	2,567	4	2,567	6
Long term loans and advances	25	-	17	-	14	-	12	-	14	-	14	-
Long term deposits	55	-	55	-	58	-	59	-	45	-	47	-
	70,983	84	72,565	89	59,605	89	61,174	91	62,670	91	41,220	89
Current assets												
Stores, spare parts and loose tools	2,223	3	2,246	3	2,054	3	2,052	3	2,099	3	2,055	4
Advance against restructuring scheme	-	-	891	1	-	-	-	-	-	-	-	-
Stock-in-trade	1,186	1	1,063	1	362	1	457	1	788	1	293	1
Trade debts	-	-	-	-	89	-	-	-	-	-	35	-
Advance, deposits, prepayments and other receivables	4,205	5	4,080	5	3,771	6	2,570	4	2,873	4	2,015	4
Tax refunds due from Government	83	-	95	-	147	-	128	-	144	-	266	1
Short Term Investments	5,527	7	-	-	104	-	-	-	-	-	-	-
Cash and bank balances	520	1	529	1	1,084	2	795	1	562	1	327	1
	13,745	16	8,906	11	7,611	16	6,003	9	6,466	9	4,990	11
Total Assets	84,728	100	81,470	100	67,217	100	67,177	100	69,136	100	46,209	100

Vertical Analysis

Share Capital and Reserves

Share capital as a percentage of equity has dropped from 36% in 2019 to 30% in 2023, while revaluation surplus as a percentage of equity have improved from 230% in 2019 to 252% at the close of 2023 owing to increase in valuation of non current assets. Accumulates losses showed a steady increase over the perio from Rs. 17.5 billion in 2018 to Rs. 23.3 billion in 2023.

Non Current Liabilities

The company experienced a significant shift in the composition of its noncurrent liabilities, with preference shares as a percentage of total noncurrent liabilities increasing from 30% in 2018 to 60% in 2023. This shift was largely driven by adjustments as result of the scheme whereas current portion of long term liabilities & other long term loans have been converted to preference shares.

Deferred liabilities have also witnessed increase in percentage share from 70% to 30% of total non current liabilities.

Current Liabilities

The proportion of short-term borrowing relative to current liabilities experienced a slight increasefrom 7.8% in 2018 to 9% by 2023. The proportion of trade and other payables relative to current liabilities increased from 7 % in 2018 to 20 % in 2023, attributed to the adjsutments of scheme of arrangements which converted current portion of long term liabilities into preference shares in non current liabilites. Markup payable. A significant increase in proportion of markup & dividend payable from 38% in 2018 to 70% in 2023 is noted indicating non payment of markup and dividend over the six years' period.

Non Current Assets

The percentage of non-current assets relative to total assets experienced a notable decrease of 5%, decreasing from 89% in 2018 to 84% in 2023.

This decrease can be attributed to an increase in current assets especially short term investments and bank balances. This also depicts improving current assets situation over the time.

Current Assets

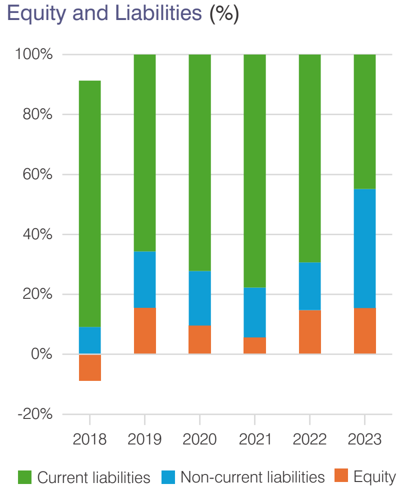
Stores, spares and loose tools as percentage of current assets witnessed a decrease to 16% in 2023 compared to 41% in 2018 due to increase in total current assets over the period.

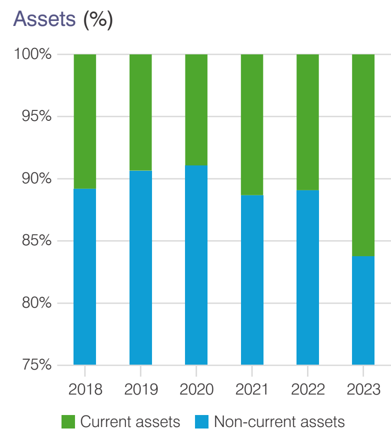
Stock in trade as a percentage of current assets experienced a notable decrease, dropping from 6% in 2018 to 1.5% in 2023. This decline was primarily attributed to increase in total current assets due to improved liquidity.

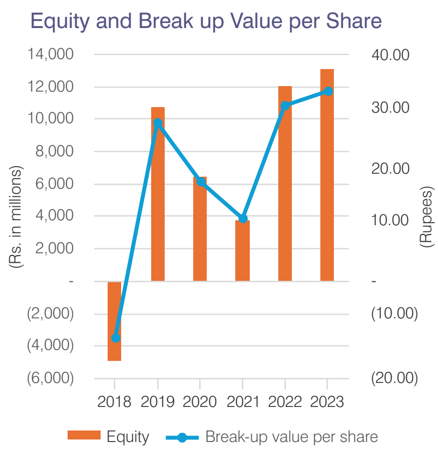
Trade debts as a percentage of current assets remained negligible from 2018 to 2023.

Meanwhile, advances and other receivables also witnessed decrease from 40% of total current assets in 2018 to 30% in 2023.

Short-term investments as a percentage of current assets made an entry in 2023 from 0 % in 2018 to 40% of total current assets in 2023, reflecting the Company's significant improvement in liquidity in 2023.







SIX YEARS ANALYSIS

Horizontal Analysis of Statement of Profit or Loss

	2023	v 22	2022	v 21	2021	v 20	2020	v 19	2019	v 18	2018	v 17
	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%
Sales	22,172	28	17,296	71	10,101	77	5,700	(53)	12,174	169	4,533	28
Cost of sales	(17,774)	17	(15,175)	57	(9,691)	41	(6,872)	(35)	(10,601)	119	(4,842)	1
Gross profit/(loss)	4,399	107	2,122	418	410	(135)	(1,173)	(175)	1,573	(610)	(308)	(75)
Selling and distribution expenses	(673)	5	(639)	81	(352)	58	(222)	(58)	(525)	208	(170)	(26)
Administrative and general expenses	(646)	34	(481)	30	(370)	14	(323)	9	(296)	16	(255)	(16)
Other expenses	(64)	69	(38)	-	-	(100)	(5)	249	(2)	(100)	(359)	-
	(1,383)	19	(1,157)	60	(723)	31	(551)	(33)	(823)	5	(784)	47
Other income	722	589	105	4	101	(45)	183	(88)	1,579	4,377	35	210
Operating profit/(loss)	3,738	250	1,069	(603)	(212)	(86)	(1,541)	(166)	2,329	(320)	(1,057)	(40)
Finance cost	(6,098)	42	(4,285)	53	(2,805)	(5)	(2,945)	(11)	(3,300)	(28)	(2,583)	12
Gain on restructuring of loans	3,207	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) before taxation	847	(126)	(3,216)	7	(3,018)	(33)	(4,487)	362	(971)	(77)	(3,640)	(10)
Taxation for the year	238	(9)	263	(22)	337	77	190	(40)	318	8	296	(168)
Profit/(loss) after taxation	1,086	(137)	(2,953)	10	(2,681)	(38)	(4,297)	558	(653)	(80)	(3,344)	(25)

Sales and Cost of Sales

The Company has posted Rs 22 billion as revenue which is hightest in the six years' period. This milestone represents an annual average growth of 30% since 2018, primarily attributed to increased sales and successful absorption of inflationary and cost-related impacts.

Correspondingly, the Cost of Sales has also experienced an average annual escalation of 24% since 2018, largely driven by higher gas prices and inflationary pressures.

Gross Profit

AGL has demonstrated a steadfast ability to improve its gross profitability over the preceding six years by increasing the gross profit from a loss of Rs. 308 million to notable Rs. 4.3 billion in 2023.

This progression depicts an annual average growth rate of 23% in the preceeding six years primarily attributed to the favorable trajectory of fertilizer prices, optimization of processes and cost economization throughout the period.

Operating Expenses

Selling and Distribution Expenses have increased at an average annual rate of 26% due to adverse economic conditions and substantial increases in petroleum prices.

Admin expenses have also reflected inflationary impacts by increasing on an annual average rate of 16% in the preceeding six years.

Operating Profit

Operating profit of AGL has increased from a loss of Rs 1 billion to an impressive profit of Rs. 2.8 billion in 2023.This is exclusive of one time impact of Rs. 3.2 billion of adjustments made in respect of the scheme in 2023.

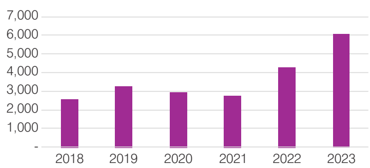
Finance Cost

Over the past six years, finance costs have signifcanlty increased from Rs. 2.5 billion in 2018 to Rs. 6.1 billion in 2023 showing an average annual increase of 16% over the period of preceeding six years primarily due to the prevailing high-interest rate in the country.

Taxation

Company has been consistently paying the minimum tax based on the turnover figures in the financals in the last 6 years' period. However, taxable losses retained by AGL has allowed to accrue deferred tax income thorughout the period. Net positive impact of taxation was Rs. 296 million in 2018 which remained at Rs. 238 million in 2023 without much change.

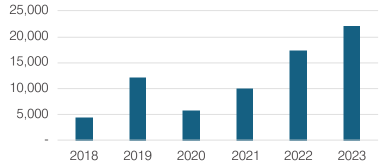
Finance Cost
(Rs. in millions)



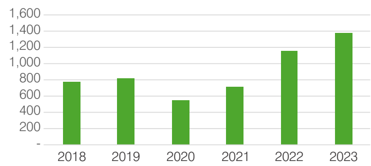
Profit for the year

In the financial year 2023, AGL has posted a net profit of Rs 1.08 billion for the first time in the last 6 years. This notable achievement is attirbuted to imrpovement in opetating profit margins and adjustments with resepct to scheme of arrangements which accrued a one time income of Rs. 3.2 billion in 2023. Company incurred a loss of Rs. 3.3 billion in 2018 compared to profit of Rs. 1.08 billion in 2023.

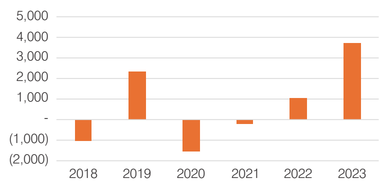
Sales
(Rs. in millions)



Operating Expenses
(Rs. in millions)



Operating Profit / (Loss)
(Rs. in millions)



Vertical Analysis of Statement of Profit or Loss

	2023		2022		2021		2020		2019		2018	
	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%
Sales	22,172	28	17,296	71	10,101	77	5,700	(53)	12,174	169	4,533	28
Cost of sales	(17,774)	17	(15,175)	57	(9,691)	41	(6,872)	(35)	(10,601)	119	(4,842)	1
Gross profit/(loss)	4,399	107	2,122	418	410	(135)	(1,173)	(175)	1,573	(610)	(308)	(75)
Selling and distribution expenses	(673)	5	(639)	81	(352)	58	(222)	(58)	(525)	208	(170)	(26)
Administrative and general expenses	(646)	34	(481)	30	(370)	14	(323)	9	(296)	16	(255)	(16)
Other expenses	(64)	69	(38)	-	-	(100)	(5)	249	(2)	(100)	(359)	-
	(1,383)	19	(1,157)	60	(723)	31	(551)	(33)	(823)	5	(784)	47
Other income	722	589	105	4	101	(45)	183	(88)	1,579	4,377	35	210
Operating profit/(loss)	3,738	250	1,069	(603)	(212)	(86)	(1,541)	(166)	2,329	(320)	(1,057)	(40)
Finance cost	(6,098)	42	(4,285)	53	(2,805)	(5)	(2,945)	(11)	(3,300)	(28)	(2,583)	12
Gain on restructuring of loans	3,207	-	-	-	-	-	-	-	-	-	-	-
Profit/(loss) before taxation	847	(126)	(3,216)	7	(3,018)	(33)	(4,487)	362	(971)	(77)	(3,640)	(10)
Taxation for the year	238	(9)	263	(22)	337	77	190	(40)	318	8	296	(168)
Profit/(loss) after taxation	1,086	(137)	(2,953)	10	(2,681)	(38)	(4,297)	558	(653)	(80)	(3,344)	(25)

Gross Profit

Significant improvement has been observed in the gross profit margin as a percentage of turnover, with 2023 marking an impressive 19.84 % compared to Gross loss of -7% in 2018. This substantial increase can be attributed primarily to favorable trajectory of urea prices whereby market started to recover the cost push pressures gradually. Further, it also indicates robust cost control measures implemented to manage fixed costs effectively.

Operating Profit

The operating profit margin, measured as a percentage of turnover, has witnessed a notable increase, surging from an opertaing loss margin of -23% in 2018 to a notable 17 % margin by 2023. This achievement is inspite of increased proportions of Distribution costs and inflationary impacts on admin costs throughout the period.

Finance Cost

Finance cost, measured as proportion of the Opearting profit, stands at 163% of the operating profit as compared to 141% in 2019. This increase is largely attibuted to high interest rates in the country leading to increased finance costs inspite of significant improvement in operating profit.

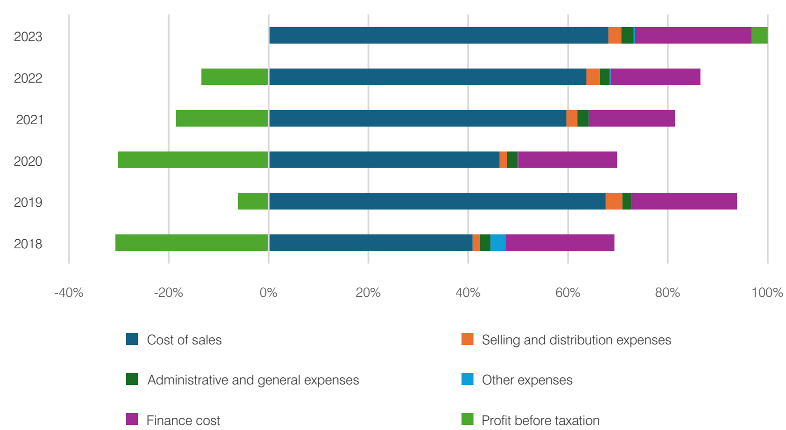
Taxation

Tax charge as a percentage of turnover broadly remained consistent in line with fluctuation in topline for minimum tax and losses incurred for deferred tax impact.

Profit for the year

In financial year 2023, AGL has posted a net profit margin of 4.9% for the first time in six years weheras net losses were reported in the preceeding years. This is mainly attirbuted to imrpovement in opetating profit margins and adjustments with resepct to scheme of arrangements which accrued a one time income of Rs. 3.2 billion in 2023.

Vertical Analysis of Profit or Loss



SIX YEARS ANALYSIS

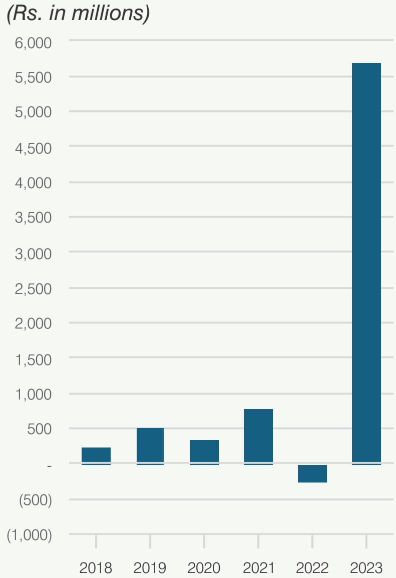
Cash Flows

Rs. in million	2023	2022	2021	2020	2019	2018
Summary of Statement of Cash Flows						
Cash flow from operating activities						
Profit/(loss) before taxation	847	(3,216)	(3,018)	(4,487)	(971)	(3,640)
Adjustments for non-cash items	3,332	5,297	4,212	4,520	2,806	3,616
Changes in working capital	1,814	(2,170)	(263)	432	(1,239)	364
Cash gerenated from/(used in) operations	5,993	(89)	932	465	596	340
Income tax paid	(302)	(158)	(146)	(84)	(46)	(78)
Staff retirement benefits paid	(0)	(15)	(3)	(18)	(35)	(27)
Long term loans and advances	(7)	(3)	(2)	2	(1)	(1)
Long term deposits	(0)	3	1	(14)	2	10
Net cash generated from/(used in) operating activities	5,684	(262)	782	351	516	243
Cash flow from investing activities						
Capital expenditure incurred	(305)	(511)	(36)	(89)	(25)	(28)
Proceeds from disposal	11	30	10	-	-	13
Short term investments	(5,465)	104	(104)	-	-	-
Interest income received	268	78	21	31	14	8
Net cash used in investing activities	(5,492)	(300)	(110)	(58)	(11)	(6)
Cash flow from financing activities						
Long term finances	(15)	-	(10)	(25)	(3)	(92)
Short term borrowings	(15)	(30)	-	(0)	-	(153)
Finance cost paid	(17)	(56)	(245)	(56)	(267)	(115)
Net cash generated from/(used in) financing activities	(47)	(86)	(254)	(82)	(269)	(359)
Net increase/(decrease) in cash and cash equivalents	145	(648)	417	212	235	(122)
Cash and cash equivalents at beginning of the year	(2,154)	(1,506)	(1,923)	(2,135)	(2,370)	(2,247)
Cash and cash equivalents at the end of the year	(2,009)	(2,154)	(1,506)	(1,923)	(2,135)	(2,370)

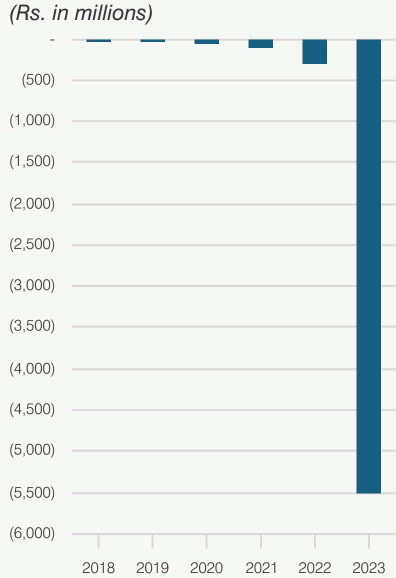
Free Cash Flows

Rs. in million	2023	2022	2021	2020	2019	2018
Profit/(loss) before taxation	847	(3,216)	(3,018)	(4,487)	(971)	(3,640)
Adjustments for non-cash items	3,332	5,297	4,212	4,520	2,806	3,616
Changes in working capital	1,814	(2,170)	(263)	432	(1,239)	364
Cash gerenated from/(used in) operations	5,993	(89)	932	465	596	340
Capital expenditure incurred	(305)	(511)	(36)	(89)	(25)	(28)
Free Cash Flows	11,681	(689)	1,828	841	1,167	652

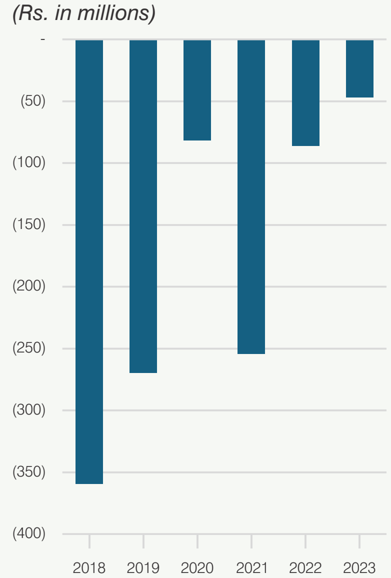
Cash Flows from Operating Activities
(Rs. in millions)



Cash Flows from Investing Activities
(Rs. in millions)



Cash Flows from Financing Activities
(Rs. in millions)



Analysis of Cash Flows

Cash Flow from Operating Activities

Cash flows from operations were recorded at Rs 5.99 billion as compared to Rs. 0.34 billion in 2018. This significant increase is mainly attributable to increased operating profitability. The net cash generated from operating activities was further impacted by the payment of tax , which surged by 26% as compared to 2018 owing to increased minimum tax payments on higher turnover. Net Cash generated form oeprations stood at Rs. 5.68 billion as compared to Rs. 0.243 billion in 2018.

Cash Flow from Investing Activities

To ensure business continuity and sustained operations, the Company remained committed with investment in capital projects, with a capital expenditure of Rs 305 millions compared to Rs 28 million in 2018. Considering the liquidity availability, AGL also invested Rs. 5.5 billion in short term investment options to efficiently utilize the excess capital.Consequently, net cash used in investing activities stood at Rs 5.492 billion, compared to cash used of Rs 8 million in 2018.

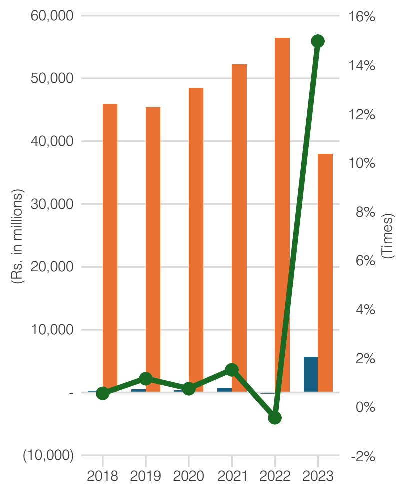
Cash Flow from Financing Activities

Considering the liquidity available, the Company did not obtain any further financing during 2023 while also repaying debt amounting to Rs 30 million over the course of the year. Markup of Rs. 17 million was also paid during 2023. The net cash utilized in financing activities amounted to Rs 47 million significantly lower than Rs 359 million utilized in 2018.

Cash and Cash Equivalents

Cash and cash equivalents stood at negative Rs 2,009 million at year-end of 2023, a slight increase compared to closing balance of 2018 amounting to a negative Rs 2, 370 million. These negative balances are due to overdue running finance facilities obtained from various banks.

Operating Cash Flows to Current Liabilities



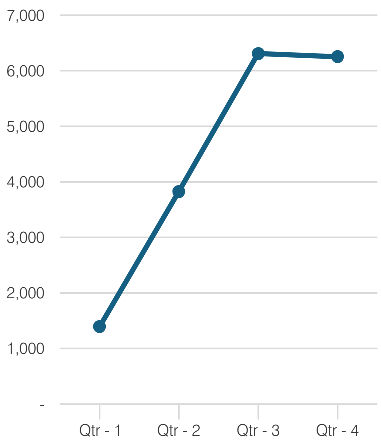
Direct Method Cash Flows

Rs. in million	2023	2022
Cash Flows From Operating Activities		
Cash receipts from customers - net	23,056	16,942
Cash paid to suppliers / service providers and employees - net	(17,055)	(16,975)
Staff retirement benefits paid / others	(17)	(71)
Income tax paid	(301)	(158)
Net cash generated from operations	5,684	(262)
Cash Flows From Investing Activities		
Fixed capital expenditure	(305)	(511)
Proceeds from disposal of fixed assets	11	30
Interest income received	268	78
(Increase) / decrease in short term investments	(5,465)	104
Net cash used from investing activities	(5,492)	(300)
Cash Flows From Financing Activities		
Finance cost paid	(17)	(56)
Long term finances - repayment	(15)	-
Repayment of short term borrowings	(15)	(30)
Net cash used in financing activities	(47)	(86)
Net increase / (decrease) in cash and cash equivalents	145	(648)
Cash and cash equivalents at beginning of the year	(2,154)	(1,506)
Cash and cash equivalents at end of the year	(2,009)	(2,154)

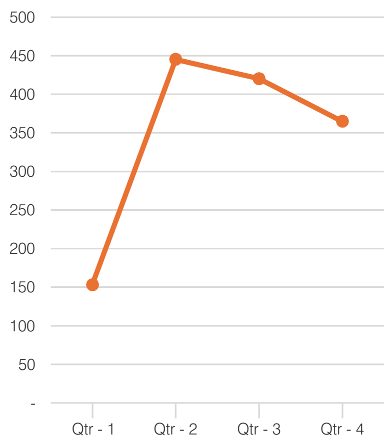
QUARTERLY ANALYSIS

Rs. in million	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Sales	841	4,743	8,324	8,264	22,172
Cost of sales	(1,392)	(3,824)	(6,307)	(6,251)	(17,774)
Gross profit/(loss)	(551)	919	2,017	2,014	4,399
Selling and distribution expenses	(28)	(152)	(257)	(236)	(673)
Administrative and general expenses	(125)	(125)	(163)	(233)	(646)
Other expenses	-	(168)	-	104	(64)
	(153)	(445)	(420)	(365)	(1,383)
Other income	4	44	94	580	722
Operating profit/(loss)	(700)	518	1,691	2,229	3,738
Finance cost	(1,340)	(1,576)	(1,622)	(1,560)	(6,098)
Gain on restructuring of loans	-	-	-	3,207	3,207
Profit/(loss) before taxation	(2,040)	(1,058)	69	3,876	847
Taxation for the year	127	106	36	(31)	238
Profit/(loss) after taxation	(1,913)	(952)	105	3,846	1,086
Earnings/(loss) per share	(4.87)	(2.43)	0.27	9.80	2.77

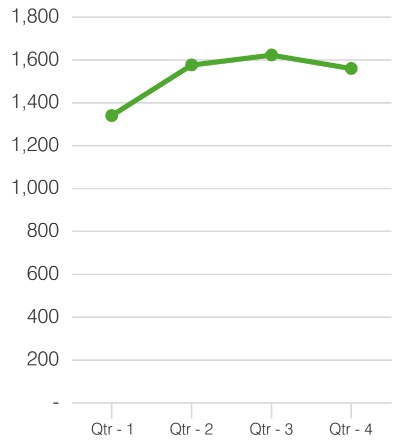
Cost of Sales
(Rs. in millions)



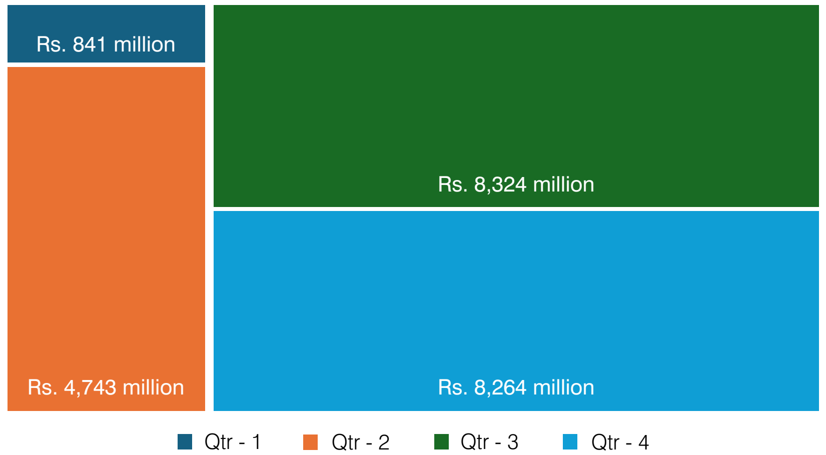
Operating Expenses
(Rs. in millions)



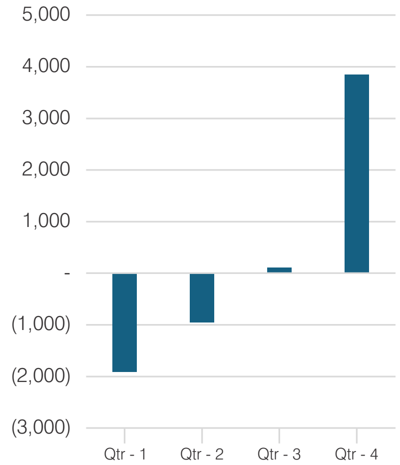
Finance Cost
(Rs. in millions)

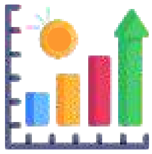


Sales
(Rs. in millions)

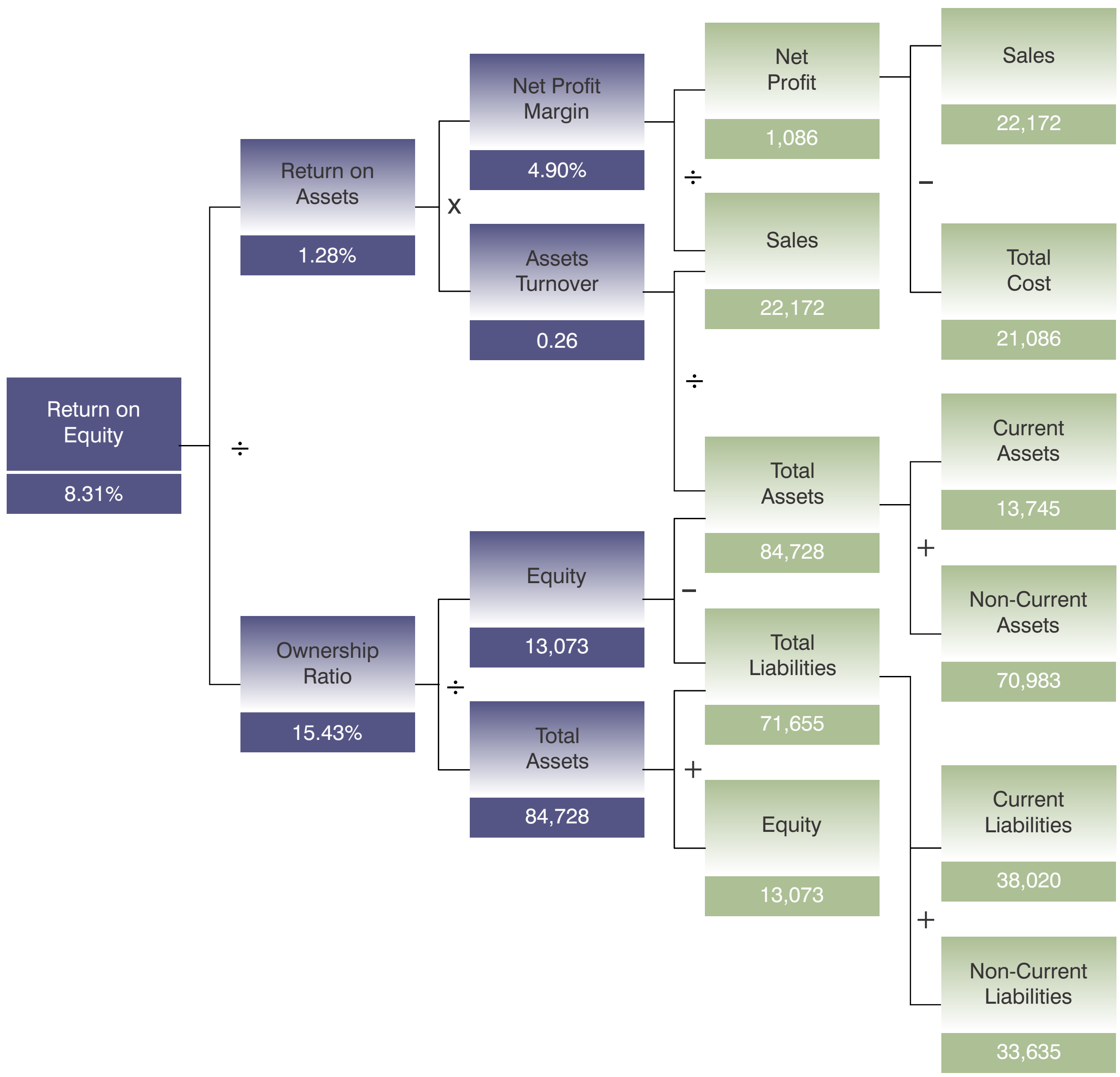


Profit/(loss) after taxation
(Rs. in millions)



	 Sales	 Operating Profit / Loss	 Net Profit / Loss
Quarter 1	Urea production during Quarter 1 declined to 6K tons as compared to 93K tons produced in the corresponding quarter of 2022 due to gas curtailment. This resulted in decrease in urea sales to 5K tons in the first quarter of 2023 from 87K tons sold in the first quarter of 2022. SSP production was achieved at 16K tons SSP in quarter 1 as compared to 14K tons in first quarter of 2022. SSP sales increased from 6K tons in first quarter of 2022 to 10K tons during the first quarter of 2023. Total sales reported at Rs.840.84 million, were down by 74.42% when compared to first quarter of 2022.	The Company reported gross loss of Rs. 551.27 million in quarter 1 of 2023 as compared gross profit of 86.95 million for the corresponding quarter of 2022. Cost of sales reported at Rs. 1,392.11 million sit at 166% of sales in quarter 1 of 2023. Further, administrative expenses increased by 135% over the first quarter of 2022, however this increase was largely offset by a decrease in selling and distribution cost owing to decline in sales. These factors resulted in operating loss of Rs. 700 million in quarter 1 of 2023, 5.6 times higher than that reported for the first quarter of 2022.	Sharp decline in sales during the first quarter of 2023 along with increase in operating losses and rising finance cost owing to increase in interest rates prevalent in the country resulted in net loss before tax of Rs. 2,039.99 million, more than twice as much reported for the first quarter of 2022. This loss was reduced to a net loss of 1,912.86 million due to deferred tax credit on account of unused tax losses and credits, however the loss was still higher by 100% in comparison with the corresponding quarter of the previous year.
Quarter 2	Urea Production during Quarter 2 improved to 90K tons from 81K tons produced in the corresponding quarter of 2022 following restoration of gas supply. This resulted in achieving urea sales of 70K tons in the second quarter of 2023 compared to 68K tons sold in second quarter of 2022. SSP production was achieved at 21K tons SSP in quarter 2 as compared to 17K tons in second quarter of 2022. SSP sales of 16K tons remained substantially the same as for the second quarter of 2022. Total sales were reported at Rs.4,743.45 million, up by 47% from the second quarter of 2022.	The Company reported gross profit of Rs. 918.767 million in quarter 2 of 2023 as compared gross profit of 324.695 million for the corresponding quarter of 2022. This improvement was mainly attributable to increase in sales during the second quarter of 2023. Operating expenses for the second quarter of 2023 almost doubled in comparison with the corresponding quarter of 2022. However, the Company generated operating profit of Rs. 517 million as a result of improvement in revenue, showing more than 4% growth over the second quarter of 2022.	Increase in sales during the second quarter of 2023 and resulting operating profit was totally consumed by high finance cost owing to increase in interest rates prevalent in the country resulting in net loss before tax of Rs. 1,058 million during the second quarter of 2023. This loss was reduced to a net loss of 952 million due to deferred tax credit on account of unused tax losses and credits, however the loss was still higher by 7.69% in comparison with the corresponding quarter of the previous year.
Quarter 3	Urea Production during Quarter 3 improved to 99K tons from 89K tons produced in the corresponding quarter of 2022. This resulted in achieving urea sales of 117K tons in the third quarter of 2023 compared to 103K tons sold in third quarter of 2022. SSP production was achieved at 16K tons SSP in quarter 3 as compared to 12K tons in second quarter of 2022. SSP sales increased from 12K tons in third quarter of 2022 to 22K tons during the third quarter of 2023. Total sales were reported at Rs.9,324.34 million, up by 51% as compared to the third quarter of 2022.	The Company reported gross profit of Rs. 2,017.75 million in quarter 3 of 2023 as compared gross profit of 920.92 million for the corresponding quarter of 2022. This improvement was mainly attributable to increase in sales during the third quarter of 2023. Operating expenses for the third quarter of 2023 increased by 14.3% in comparison with the corresponding quarter of 2022. However, due to improvement in topline, the Company earned operating profit of Rs. 1,691 million, showing almost 3 times growth over the third quarter of 2022.	Increase in sales during the third quarter of 2023 and resulting operating profit was enough to service finance cost which, despite a 31% increase over the corresponding quarter of 2022, owing to increase in interest rates prevalent in the country, the Company reported in net profit before tax of Rs. 68.96 million during the third quarter of 2023. This profit increased to a net profit of Rs.104.64 million due to deferred tax credit on account of unused tax losses and credits, whereas the Company reported net loss of Rs. 613.87 million in the corresponding quarter of the year 2022.
Quarter 4	Urea Production during Quarter 4 improved to 97K tons from 90K tons produced in the corresponding quarter of 2022. Urea sales of 94K tons in the fourth quarter of 2023 remained at he same level as in fourth quarter of 2022. SSP production was achieved at 24K tons SSP in quarter 4 as compared to 20K tons in second quarter of 2022. SSP sales increased from 21K tons in third quarter of 2022 to 32K tons during the fourth quarter of 2023. Total sales were reported at Rs. 8,264 million, up by 56% as compared to the fourth quarter of 2022.	The Company reported gross profit of Rs. 2,014 million in quarter 4 of 2023 as compared gross profit of 789 million for the corresponding quarter of 2022. This improvement was mainly attributable to the increase in sales during the fourth quarter of 2023. Operating expenses for the fourth quarter of 2023 increased in comparison with the corresponding quarter of 2022, however, due to improvement in topline of the Company and other income of Rs. 580 million, the Company earned operating profit of Rs. 2,229 million, showing more than 4 times growth over the fourth quarter of 2022.	Increase in sales during the fourth quarter of 2023 and resulting operating profit was enough to service finance cost which, despite increase over the corresponding quarter of 2022, owing to increase in interest rates prevalent in the country and recognition of GIDC provisions, the Company reported net profit before tax of Rs. 3,876 million during the fourth quarter of 2023. The majority of this profit was attributable to a one-time gain on restructuring. This profit was reduced to a net profit of 3,846 million due to provision for taxation. Net loss for the fourth quarter in 2022 was Rs. 530 million.

DUPONT ANALYSIS



Analysis

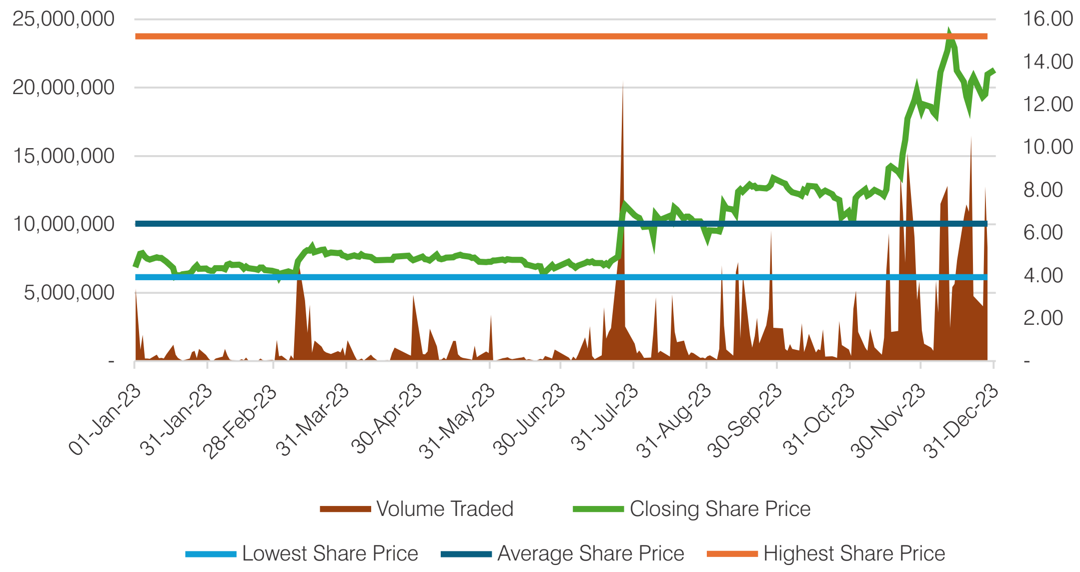
Sales saw a significant rise of 28% compared to the previous year. This increase, along with gains from restructuring loans, contributed to a net profit of Rs. 1,086 million, a remarkable turnaround from the loss of Rs. 2,953 million reported previously. Equity saw a notable uptick of 9% year-on-year, largely attributed to the profit earned during the year. Total assets increased by 4%, primarily driven by the accumulation of liquid assets by the end of 2023, which, along with the sales uptick, enhanced the assets turnover from 0.21 times in 2022 to 0.26 times in 2023. This increase in assets turnover, coupled with an improved net profit margin of 4.9%, resulted in a higher return on assets, in turn leading to a substantially enhanced return on equity of 8.31%.

Dupont Analysis		2023	2022
Tax burden	%	128.13	91.84
Interest burden	%	13.69	(611.65)
EBIT margin	%	27.91	3.04
Asset turnover	Times	0.26	0.21
Leverage	%	648.13	679.82
Return of Equity	%	8.31	(24.64)

SHARE PRICE ANALYSIS

The Company is listed on Pakistan Stock Exchange which is a large and liquid stock exchange, offering orderly and reliable market prices for its investors. As at 31 December 2023, market capitalization of AGL shares stood at Rs. 5,345 million, up by 210% from previous year. AGL share traded at an average of Rs. 6.43 per share. Market price experienced fluctuations, principally, caused by market psychology, speculative investors and material events occurring during the year, between Rs. 3.93 and Rs. 15.19 per share. Total trading volume during the year was 500.171 million shares.

Share Price vs Volume Traded 2023



Share Price Sensitivity

AGL share price is directly affected by its performance. However, there are numerous other factors which influence share price of the Company. These factors and the way these influence the share price of the Company are as follows:

General Market Sentiment

The general stock market sentiment prevalent in the country not only affects share price but also the trading volumes. Market sentiment is generally based on political, economical and law and order situation of the Country and any uncertainty regarding these adversely affects share prices.

Shares' Market Perception

Shareholders' perception of the Company's share affects how it is valued on the exchange. A sell behavior induces a fall in share price.

Financial Performance

The Company's financial performance is affected by a number of factors which include, but are not limited to, interest rates, energy crises, currency valuation, supply of gas, fertilizer prices and government polices.

Highest
Rs. 15.19

Average
Rs. 6.43

Lowest
Rs. 3.93

SEGMENTAL REVIEW

An operating segment is a component of any entity:

a) that engages in business activities form which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).

b) whose operating results are regularly reviewed by the entity's chief operating decision maker to marks decisions about resources to be allocated to the segment and assess its performance, and

c) for which discrete financial information is available.

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	Operation of Reportable Segments
Urea Fertilizer Segment	Production of Urea Fertilizer and Ammonia from Natural Gas
Phosphate Fertilizer Segment	Production of Phosphate Fertilizer from Rock Phosphate

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

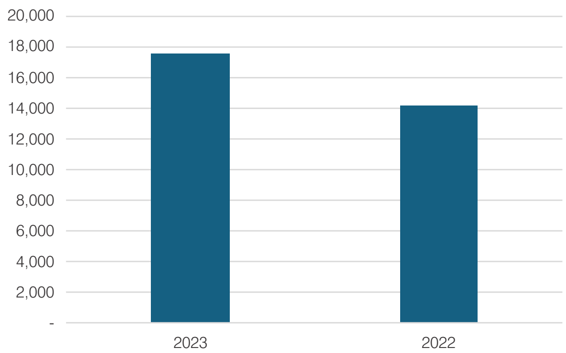
Urea Fertilizer

		2023	2022	YoY%
Production	MT	292,255	353,284	(17)
Production Efficiency	%	67	82	(18)
Sales	Rs. M	17,548	14,158	24
Profit/(loss)	Rs. M	(1,016)	(4,563)	(78)

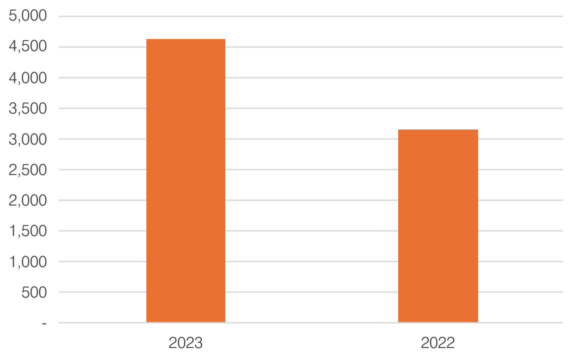
Phosphate Fertilizer

		2023	2022	YoY%
Production	MT	77,150	63,596	21
Production Efficiency	%	95	79	20
Sales	Rs. M	4,624	3,138	47
Profit/(loss)	Rs. M	1,891	1,359	39

Urea Fertilizer Sales
(Rs. in millions)



Phosphate Fertilizer Sales
(Rs. in millions)



Analysis: Urea Fertilizer

The Company's produced 292K Tons of urea in 2023 vs 353K tons in 2022 attributable to 18% reduction in production efficiency. Gas supply to the Company's Urea plant resumed in March 2023 after the winter curtailment and later the plant remained operational throughout the year.

The Company sold 287K Tons Urea as compared to 351K tons sold in 2022. The Urea segment performed better in 2023 due to efficient utilization of resources, energy efficiency initiatives and better urea prices in spite of lower production from last year due to lower gas supply.

Net loss in 2023 reduced to Rs. 1,016 million from net loss of Rs. 4,653 million in 2022.

Analysis: Phosphate Fertilizer

The production of SSP of the Company increased to 77K tons in 2023 as compared to 63K tons for 2022 at a production efficiency of 95% as compared to 79% for 2022. The Company sold 80K tons of SSP during the year resulting in 47% year-on-year increase in SSP sales of 54K tons in 2022

The SSP segment of the Company contributed towards the improvement in operating profitability of the company through another profitable year due to higher production and offtakes.

Profit on phosphates fertilizer increased from Rs. 1,359 million in 2022 to Rs. 1,891 million in year 2023. This is largely attributed to better sales volumes and cost control measures.

SENSITIVITY ANALYSIS

In conducting sensitivity analysis, it is crucial to assess the impact of various factors on key financial metrics such as net profit. The Company sensitizes various financial metrics to assess the impact on net profit, identify potential threats to profitability and take appropriate measures. The following table demonstrates sensitivity of various variables on Net Profit after Tax (NPAT) and Earnings per Share (EPS) of the Company for 2023.

Sensitivities	NPAT (Rs. M)	EPS (Rs.)
Selling price +/- 1%	215	0.55
Raw material cost +/-1%	110	0.28
Payroll costs +/-5%	61	0.16
Interest/mark-up cost +/- 1%	216	0.55

Selling Price

Selling prices are critical in sensitivity analysis as they directly impact revenue and, consequently, net profit. An increase in selling prices can boost revenue and net profit, while a decrease may lead to lower profitability. Sensitivity analysis quantifies this impact, enabling informed decision-making on pricing strategies and risk management. Understanding the sensitivity of net profit to changes in selling prices helps optimize financial performance and mitigate risks in a dynamic market.

Raw Material Costs

Raw material costs are crucial in sensitivity analysis because they directly influence the company's cost of sales and, consequently, its profitability. When raw material costs increase, costs of sales rises, potentially decreasing net profit unless offset by higher selling prices or cost efficiencies. Sensitivity analysis helps quantify this impact, allowing management to assess the company's exposure to price volatility and develop strategies to manage risks effectively. By sensitizing raw material costs, companies can identify cost pressures, evaluate procurement strategies, and explore opportunities for cost optimization. Overall, understanding the sensitivity of net profit to changes in raw material costs guides strategic decision-making to enhance financial performance and resilience.

Payroll Costs

Sensitizing payroll costs is essential because they represent a significant portion of a company's expenses and directly impact its financial health. By assessing the sensitivity of net profit to changes in payroll costs, management can understand the potential impact on profitability and make informed decisions about workforce planning, compensation strategies, and cost management initiatives. Sensitivity analysis helps identify vulnerabilities to labor cost fluctuations, enabling proactive risk mitigation and scenario planning. It also facilitates strategic resource allocation and optimization efforts to enhance operational efficiency and maintain competitiveness in the market. Overall, sensitizing payroll costs in sensitivity analysis is crucial for effective financial planning, risk management, and sustainable business growth.

Interest/Mark-up Costs

Sensitizing interest/mark-up costs is crucial as they significantly affect a company's profitability and cash flow, especially for those with debt financing. By assessing their sensitivity, management can make informed decisions about debt management, refinancing, and investment strategies. This analysis helps identify vulnerabilities to interest rate fluctuations and changes in financing terms, enabling proactive risk mitigation and strategic planning to maintain financial stability and flexibility.

Local vs Imported Raw Material and Exposure to FOREX Fluctuations

The Company has limited reliance on imported raw material and majority of the raw material sourced from within Pakistan. Accordingly, the exposure to FOREX fluctuations is not considered to be material.

MARKETING ACTIVITIES

Agritech Market Outreach

Agritech ki Khad Khushali ki Bonyad

Agritech Limited markets its products under the Trusted Brand Name “Tara”, a name that is very familiar to the farming community in KP, Punjab and Upper Sindh. This is done through an extensive and loyal Dealer Network spread across the 3 provinces. Market Insights on Trends, Competitor Propositions and Farmer Preferences help formulate effective and targeted marketing strategies that increase sales and market share. Sales team maintain strong relationship with Dealers, and key Large Farmers. They address Customer inquiries and provide support to ensure Customer Satisfaction and continued Brand Loyalty.

International Horti Culture Exhibition

Tara Super Danay Dar

Agritech participated in a Hi Profile International event on January 28th & 29th at Expo Centre Lahore, which was the Centre of attraction for International Buyers, Local Farmers, Punjab Agriculture Department and General Public. The Company used this event for publicity of its Security Seal on TARA SSP bags that help farmers in identifying genuine bags from Counterfeit Product, though Farmer Dost App. This was highly appreciated by Farmers, International Visitors and Hi Officials of Agriculture Department of Punjab. A video was developed in Urdu and shared on social media for the benefit of the farming community.

Grow More Cotton Compaign

Agritech carried out a targeted "Grow More Cotton" campaign in Mianwali and Bhakkar (key consumption districts) to support Punjab Government's objective of motivating farmers to plant more Cotton and increase Cotton Production, enabling local textile industry, and saving precious Foreign Exchange on imports. Seminars, Farmer Meetings, Farm Visits, Demo Plots were used to enhance build Farmer Knowledge and Capacity and enable them to get maximum Cotton Yields through balanced use of Company Brands. The campaign focused on importance of balanced nutrient management for optimal cotton growth and yield, and correct method and timings of Urea and SSP application to maximize nutrient uptake by cotton plants and minimize nutrient losses to the environment. Approx 20k acres of Cotton Crop was covered through these events. Agritech's efforts were recognised and appreciated by Local District Administrations.

Grow More Wheat Compaign

During the Rabi season, Agritech in support of Punjab Agri Department carried out "Grow More Wheat" campaign to motivate farmers to increase Wheat sowing and make the country self-sufficient in Wheat Production thereby saving costly foreign exchange. Farmers of Mianwali and Bhakkar Districts were educated through Seminars, Farmer Meetings, Farm Visits and Demos on balanced use of Company Brands - Urea and Single Super Phosphate (SSP) to maximize Wheat Yields. Approx 50k acres of Wheat Crop was covered through these events. Wheat Crop literature was extensively distributed amongst the farming community.

Farmer Dost App

Asli Bori ki Pehchan ab huey Asan

Agritech Limited launched and publicized SICPA Company's Farmer Dost App at all events and in Wheat Crop Literature to help guide Farming Community in identifying genuine Company SSP Brand from counterfeits in Markets. A video in Urdu was shared on social media as well.

Tara Urea Availability Through “Model Farm Services Centre” in KP Province

During 2023, the entire country witnessed Urea shortages, the brunt of which was borne by KP.

Agritech was requested by KP Agri Ext department, through the Federal Govt to support the farmers of KP by providing Urea Fertilizer at MFSCs - Model Farm Services Centres (which is a Farmer volunteer, Public Private partnership program facilitated and finance-shared by the government of KP), that eliminates the role of middle man. The Farmer is the direct recipient and gets to decide on the choice of Crop Input. MFSCs purchase Crop Inputs directly from Manufacturers beforehand, thereby protecting the farmer from market shortages and black marketing. MFSC is run through a Board of Directors, of which Secretary Agriculture, KP is the chairperson, Director General Agriculture (Ext.) is Vice Chairperson & Director MFSC is the Secretary of Board of Directors along with three other members as per MFSCs act 2004.

Agritech Limited liaisoned with Director MFSC (HQ) Peshawar and scheduled a program of Tara Urea supplies as per KP Govt Demand during critical times of Kharif & Rabi season of 2023-24. Agritech Limited supplied 91,700 bags of Tara Urea to MFSCs all across Plain and Hilly areas of KP during 2023. Federal Govt as well as KP DG Agriculture Extension and all the MFSCs have all been highly appreciative of the role played by Agritech in ensuring supplies and stabilizing market prices.


تارا یوریا
تارا
یوریا
NITROGEN 46%



RITECH
تارا
TARA UREA
تارا
یوریا

SSP(G)
18
TARA SSP
تارا

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 2023 is as follows:

Number of shareholders	Shareholding From	Shareholding To	Total shares held
329	1	100	4,745
435	101	500	209,688
291	501	1,000	285,628
573	1,001	5,000	1,744,589
209	5,001	10,000	1,792,104
79	10,001	15,000	1,054,903
50	15,001	20,000	937,000
52	20,001	25,000	1,266,911
16	25,001	30,000	457,000
21	30,001	35,000	708,000
12	35,001	40,000	469,560
6	40,001	45,000	261,000
30	45,001	50,000	1,497,500
4	50,001	55,000	215,500
4	55,001	60,000	234,000
7	60,001	65,000	440,014
4	65,001	70,000	274,000
5	70,001	75,000	370,500
3	75,001	80,000	233,500
3	80,001	85,000	253,500
1	85,001	90,000	89,500
1	90,001	95,000	94,000
19	95,001	100,000	1,898,308
4	100,001	105,000	411,500
2	105,001	110,000	213,000
1	110,001	115,000	112,500
3	115,001	120,000	354,500
5	120,001	125,000	617,528
2	130,001	135,000	267,500
1	135,001	140,000	137,405
1	140,001	145,000	144,000
7	145,001	150,000	1,036,466
2	155,001	160,000	317,336
1	160,001	165,000	160,289
2	170,001	175,000	350,000
2	175,001	180,000	356,500
2	185,001	190,000	378,500
9	195,001	200,000	1,797,000
1	205,001	210,000	205,500
1	210,001	215,000	213,500
3	220,001	225,000	675,000
1	245,001	250,000	250,000
2	260,001	265,000	529,500
1	270,001	275,000	270,500
1	285,001	290,000	287,500
1	300,001	305,000	302,569
1	310,001	315,000	315,000
1	320,001	325,000	323,207
1	325,001	330,000	326,000
1	335,001	340,000	337,500
1	340,001	345,000	345,000
1	350,001	355,000	350,500

Number of shareholders	Shareholding From	To	Total shares held
1	365,001	370,000	369,000
1	370,001	375,000	374,512
3	395,001	400,000	1,196,000
1	420,001	425,000	422,500
1	435,001	440,000	439,000
1	455,001	460,000	457,500
3	495,001	500,000	1,500,000
2	500,001	505,000	1,003,000
1	560,001	565,000	565,000
1	595,001	600,000	600,000
1	605,001	610,000	605,138
1	735,001	740,000	736,000
1	760,001	765,000	762,500
1	770,001	775,000	772,253
1	780,001	785,000	781,000
1	805,001	810,000	808,000
1	850,001	855,000	851,519
1	930,001	935,000	932,855
1	960,001	965,000	965,000
1	995,001	1,000,000	1,000,000
1	1,045,001	1,050,000	1,050,000
1	1,245,001	1,250,000	1,250,000
2	1,330,001	1,335,000	2,664,636
1	1,350,001	1,355,000	1,352,992
1	1,470,001	1,475,000	1,471,636
1	1,475,001	1,480,000	1,475,333
1	1,660,001	1,665,000	1,661,000
1	1,830,001	1,835,000	1,832,836
1	1,910,001	1,915,000	1,914,655
1	2,270,001	2,275,000	2,273,234
1	2,485,001	2,490,000	2,488,000
1	2,495,001	2,500,000	2,500,000
1	2,510,001	2,515,000	2,511,167
1	2,645,001	2,650,000	2,645,250
1	2,695,001	2,700,000	2,700,000
1	2,915,001	2,920,000	2,920,000
1	3,025,001	3,030,000	3,025,688
1	3,330,001	3,335,000	3,333,333
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	5,295,001	5,300,000	5,299,500
1	6,595,001	6,600,000	6,596,500
1	9,210,001	9,215,000	9,212,921
1	9,710,001	9,715,000	9,712,500
1	9,995,001	10,000,000	10,000,000
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	15,995,001	16,000,000	16,000,000
1	16,510,001	16,515,000	16,512,082
1	32,945,001	32,950,000	32,948,279
1	38,670,001	38,675,000	38,670,001
1	106,010,001	106,015,000	106,014,632
2276			392,430,000

PATTERN OF SHAREHOLDING

Categories of Shareholders

Name	Share held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	1,501	0.0004%
Associated Companies, undertakings and related parties	135,763,508	34.5956%
NIT and ICP	3,986,500	1.0158%
Banks Development Financial Institutions, Non Banking Financial Institutions	79,956,060	20.3746%
Insurance Companies	1,655,561	0.4219%
Modarabas and Mutual Funds	3,353,556	0.8546%
Share holders holding 10% or more	106,014,632	27.0149%
General Public		
a. Local	63,905,808	16.2846%
b. Foreign	40,500	0.0103%

Others (to be specified)

Name	Share held	Percentage
Public Sector Companies & Corporations	6,359,021	1.6204%
Joint Stock Companies	96,214,805	24.5177%
Pension Funds	20,000	0.0051%
Investment Companies	323,207	0.0824%
Other Companies	849,973	0.2166%

Categories of Shareholding required under Code of Corporate Governance (CCG) As on December 31, 2023

Associated Companies, Undertakings and Related Parties (Name Wise):

Sr.#	Name	No. of shares held	Percentage
1.	FAYSAL BANK LIMITED (CDC)	17,914,040	4.5649
2.	NATIONAL BANK OF PAKISTAN (CDC)	106,014,632	27.0149
3.	SILK BANK LIMITED (CDC)	1,000	0.0003
4.	BANK MAKRAMAH LIMITED (CDC)	1,000	0.0003
5.	PAK CHINA INVESTMENT COMPANY LIMITED (CDC)	11,832,836	3.0153

Mutual Funds (Name Wise Detail)

Sr.#	Name	No. of shares held	Percentage
1.	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND (CDC)	1,250,000	0.3185
2.	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	772,253	0.1968
3.	MC FSL - TRUSTEE JS GROWTH FUND (CDC)	1,331,303	0.3392

Directors, CEO and their Spouse and Minor Children (Name Wise):

Sr.#	Name	No. of shares held	Percentage
1.	MR. MUHAMMAD FAISAL MUZAMMIL	500	0.0001
2.	MS. SARWAT SALAHUDDIN KHAN	1	0.0000
3.	MR. ASIM MURTAZA KHAN (CDC)	1,000	0.0003

Executives:	10	0.0000
Public Sector Companies & Corporations:	6,359,021	1.6204
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	81,631,621	20.8016

Shareholders holding five percent or more voting interest in the listed company (Name Wise)

Sr.#	Name	No. of shares held	Percentage
1.	NATIONAL BANK OF PAKISTAN (CDC)	106,014,632	27.0149
2.	MAPLE LEAF CAPITAL LIMITED (CDC)	38,670,001	9.8540
3.	FATIMA FERTILIZER COMPANY LTD (CDC)	32,948,279	8.3960
4.	STANDARD CHARTERED BANK (PAKISTAN) LIMITED (CDC)	22,373,615	5.7013

OTHER MATTERS

Modifications in the Auditor's report

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 assumptions used in the financial projections 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 continuous supply of gas to the Company 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. 2,657 million and deferred tax asset amounting to Rs. 6,659 million recognized on tax losses of Rs. 22,963 million in these financial statements."

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's current liabilities as on 31 December 2023, exceeded its current assets by Rs. 24,276 million, and its accumulated loss stood at Rs. 23,859 million. These conditions, along with other matters as set forth in Note 2.2 to the financial statements, indicate existence of material uncertainty that may cast significant doubt about the Company's ability to continue as going concern. Our opinion is not qualified in respect of this matter."

Emphasis of Matter

Auditors have also given Emphasis of matter which states; "We draw attention towards Note 19 to the accompanying financial statements, wherein it is stated that the Company could not pay its liabilities due towards financial institutions 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."

Explanation of Modifications of Auditor's Report

The operational and financial difficulties in the past, including lower production and liquidity issues, are caused due to inconsistent gas supply that remains the biggest challenge for the company. Additionally, higher gas prices compared to the other fertilizer plants impacted the profit margins of the company. However, the Urea supply demand gap prevailing in the country for the past couple of years has resulted in the improved supply of Gas / RLNG and the consistent Urea production from the company helped support GOP efforts to increase supplies of Urea to the farmers. With this improved supply of gas, the Company has been able to generate operating profit of Rs. 3,738 million in 2023 (2022: Rs. 1,069 million) and positive bottom line of Rs. 1,086 million against loss after tax of Rs. 2,953 million in year 2022. The Company is confident that it will be able to continue as going concern.

Furthermore, GOP's renewed focus on Food Security is the most critical aspect of feeding the population of more than 242 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 2023.

High Urea demand during the year was met when all urea plants across the country remain operational throughout the year with consistent gas supplies. 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 through full capacity utilization of the urea industry. 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, a continuous gas supply solution is likely to be worked out with GOP for sustained urea production in future.

Accordingly, the 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.

Capital Restructuring and Litigations with Banks

Gas curtailment to the Company's Urea plant during the past few years was the major cause of non-servicing of the debt of the Company and the accumulation of mark-ups further increased its debt burden. In addition to this, few banks and financial institutions have filed cases for recovery of loans extended by them along with accrued markup and other related charges against the Company.

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 (conventional / shariah complaint), privately placed term finance certificates / SUKUKs prepared by the Company with the help of its lenders. The said scheme was sanctioned by the Honorable Lahore High Court (LHC) on June 03, 2022. The Company is in the process of implementing the scheme and has disbursed the 'Cash available for debt servicing' (CFADs) amounting to Rs 1,649 million to entitled lenders and also has successfully increased authorized share capital upto Rs 35,000 million.

Impact of restructuring scheme on financial statements is as follows:

Particulars	Rs. (millions)
Increase in Preference Shares	18,543
Increase in Zero Coupon PPTFCs	2,254
Increase in Zero Coupon Sukuks	916
Increase in Preference Dividend payable	21,771
Overdue markup on long term finances and redeemable capital written back	1,311
Present value adjustment on PPTFCs & SUKUKs	1,896
Cashflows Available for Debt Servicing (CFADs)	1,650
	48,341
Decrease in current maturity of long-term liabilities	19,254
Decrease in interest / mark-up accrued on borrowings	29,087
	48,341

The Board in its meeting held on February 12, 2024 has given the approval for the issuance of related instruments. Accordingly, 1,854,269,750 number of preference shares (conventional / shariah compliant) with face value of Rs. 10 each will be issued. Further privately placed term finance certificates amounting to Rs. 3,602,395,000 and SUKUKS of Rs. 1,464,330,000 will also be issued.

Subsequent to the sanction of the scheme by LHC and its implementation, the Company is 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.

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 Pakistan Stock Exchange Regulations.
- There are no statutory payment on account of taxes, duties, levies and charges which are outstanding as on 31 December 2023, 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, except as stated in Subsequent Events section on page F-43.

Dividend

Due to circumstances already discussed, the Board of Directors does not recommend any dividend for the period ended on 31 December 2023.

Board of Directors

Information about the Board of Directors is presented in Section G of this Report.

Investment in retirement benefits

The value of investments made by the employees retirement benefits funds operated by the company as on 31 December 2023 are as follows:

Provident Fund	Rs. 238 million
Gratuity Fund	Rs. 155 million

Rationale for Capital Expenditure

The Company has made investment in power generation system, availablity of stand-by power and sustainability CAPEX resulting in:

- Efficiency enhancement by 6%.
- Enhancement in integrity of operations.
- Improvement in water quality going outside plant.

Directors' Remuneration

Particulars of remuneration of Chief Executive are as follows:

	Rs. (millions)
Managerial remuneration	18.99
House rent allowance	5.70
Utility allowance	1.74
Post employment benefits	1.45
Bonus	2.57
Total	30.45

OTHER MATTERS

Chief Executive is also provided with company maintained vehicle and medical facility in accordance with the Company's policy.

All members on the Board are Non-Executive Directors and are not entitled to any remuneration with exception of meeting fee. These directors were paid meeting fee aggregating to Rs. 9.6 million during the year.

Risks and Opportunities Report

Risks and opportunities report of the Company, explaining Key Risks and Opportunities (internal and external) affecting availability, quality and affordability of Capitals, has been presented in Section C of this Report.

Accounting policies, judgements, estimates and assumptions

There were no changes in accounting policies, judgements, estimates and assumptions used in the preparation of financial statements. Further, there are certain amendments to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on January 01, 2023. However, there is no significant implications of such amendments on the annexed financial statements.

Review of Related Party Transactions

Details of all related party transactions are presented on page D-22. All related party transactions were placed before the Audit Committee and upon recommendations of the Audit Committee, the same wer placed before the Board for review and approval in accordance with requirements of the Listed Companies (Code of Corporate Governance.) Regulations, 2019.

Future Outlook

A detailed Forward Looking Statement is give in Section G of this report.

Internal Financial Controls

A system of sound internal controls established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

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.

Trading in Shares by Directors and Executives

No trading was conducted by directors, executives, their spouses and minor children in the shares of Agritech during the year.

Subsequent Events

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 except for the following:

i) A notice from Bank Alfalah dated 29 Feb 2024 for conversion of 10.883 million preference shares (out of 159.334 million preference shares issued in 2012) into ordinary shares. Disclosure of the same has been provided in the financial statements.

ii) The Company has received a letter dated 26th March 2024 from Maple Leaf Cement Factory Limited, wherein Maple Leaf Cement Factory Limited and Maple Leaf Capital Limited [person acting in concert] have made disclosure in terms of Section 110 of the Securities Act, 2015 read with Regulation 4(2) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 with respect to acquisition of 11.38% shares of the Company.

CEO's Video Presentation

CEO's video presentation on the Company's business performance for the year covering the Company business strategy to improve and future outlook has been placed on the Company's website.

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.

Muhammad Faisal Muzammil
Chief Executive Officer

Asim Murtaza Khan
Director

27 March 2024

CEO's video presentation on the Company's business performance for the year covering the Company business strategy to improve and future outlook has been placed on the Company's website.

Scan the QR Code to watch

ii) کمپنی کو میپل لیف سیمنٹ فیکٹری لمیٹڈ کی جانب سے 26 مارچ 2024 کو ایک خط موصول ہوا ہے، جس میں میپل لیف سیمنٹ فیکٹری لمیٹڈ اور میپل لیف کیپیٹل لمیٹڈ (Person acting in concert) نے کمپنی کے 11.38 فیصد حصص کے حصول کے سلسلے میں درج کمپنیوں (ووٹنگ حصص اور ٹیک اوورز کا خاطر خواہ حصول) ضابطے، 2017 کے ضابطے 4 (2) کے ساتھ پڑھنے والے سیکیورٹیز ایکٹ، 2015 کی دفعہ 110 کے مطابق انکشاف کیا ہے۔

مستقبل کا نقطہ نظر

اس رپورٹ کے سیکشن جی میں ایک تفصیلی مستقبل پر مبنی بیان دیا گیا ہے۔

سی ای او کی ویڈیو پریزنٹیشن

سال کے لیے کمپنی کی کاروباری کارکردگی پر سی ای او کی ویڈیو پریزنٹیشن کمپنی کی ویب سائٹ پر رکھی گئی ہے جس میں کمپنی کی کاروباری حکمت عملی کو بہتر بنانے اور مستقبل کے نقطہ نظر کا احاطہ کیا گیا ہے۔

ضروری اعتراف

بورڈ اس موقع پر شیئر ہولڈرز، ملازمین، صارفین، بینکرز اور دیگر اسٹیک ہولڈرز کا شکریہ ادا کرتا ہے کہ انہوں نے ہمیشہ ہم پر اعتماد اور اعتماد ظاہر کیا ہے۔

محمد فیصل مزمل
چیف ایگزیکٹو آفیسر

عاصم مرتضیٰ خان
ڈائریکٹر

27 مارچ 2024

ڈائریکٹرز رپورٹ

ڈیویڈنڈ

پہلے سے زیر بحث حالات کی وجہ سے، بورڈ آف ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والی مدت کے لیے کسی بھی منافع کی سفارش نہیں کرتا ہے۔

ریٹائرمنٹ فنڈز میں سرمایہ کاری

31 دسمبر 2023 تک کمپنی کے ذریعہ چلائے جانے والے ملازمین کے ریٹائرمنٹ بینیفٹس فنڈز کے ذریعہ کی گئی سرمایہ کاری کی قیمت مندرجہ ذیل ہے:

پراوڈنٹ فنڈ	238 ملین روپے
گریٹوئیٹی فنڈ	155 ملین روپے

ڈائریکٹرز کا معاوضہ

چیف ایگزیکٹو کے معاوضے کی تفصیلات مندرجہ ذیل ہیں:

	ملین روپے
انتظامی معاوضہ	18.99
مکان کرایہ الاؤنس	5.70
یوٹیلیٹی الاؤنس	1.74
ملازمت کے بعد فوائد	1.45
بونس	2.57
ٹوٹل	30.45

چیف ایگزیکٹو کو کمپنی کی پالیسی کے مطابق کمپنی کی زیر انتظام گاڑی اور طبی سہولت بھی فراہم کی جاتی ہے۔

بورڈ کے تمام ممبران نان ایگزیکٹو ڈائریکٹرز ہیں اور میٹنگ فیس کے علاوہ کسی معاوضے کے حقدار نہیں ہیں۔ ان ڈائریکٹرز کو میٹنگ فیس ادا کی گئی جو مجموعی طور پر 9.6 ملین روپے تھی ۔

اکاؤنٹنگ پالیسیاں، فیصلے، تخمینے اور مفروضے

مالیاتی گوشواروں کی تیاری میں استعمال ہونے والی اکاؤنٹنگ پالیسیوں، فیصلوں، تخمینوں اور مفروضوں میں کوئی تبدیلی نہیں کی گئی۔ مزید برآں، منظور شدہ اکاؤنٹنگ اور رپورٹنگ کے معیارات میں کچھ ترامیم ہیں جو یکم جنوری 2023 سے شروع ہونے والی کمپنی کی سالانہ اکاؤنٹنگ مدت کے لیے لازمی ہیں۔ تاہم، منسلک مالیاتی گوشواروں پر اس طرح کی ترامیم کا کوئی خاص اثر نہیں ہے۔

متعلقہ پارٹیوں سے لین دین کا جائزہ

تمام متعلقہ پارٹی ٹرانزیکشنز کو آڈٹ کمیٹی کے سامنے رکھا گیا اور آڈٹ کمیٹی کی سفارشات پر، انہیں لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس ضابطے، 2019) کی ضروریات کے مطابق جائزہ اور منظوری کے لیے بورڈ کے سامنے رکھا گیا۔ اور صفحہ نمبر D-22 پر پیش کیا گیا ہے ۔۔

اندرونی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز کے ذریعہ کمپنی کی تمام سطحوں پر قائم اور نافذ کردہ مضبوط اندرونی کنٹرول کا نظام قائم ہے۔ اندرونی کنٹرول کا نظام کمپنی کے مقاصد کے حصول اور آپریشنل تاثیر اور کارکردگی، قابل اعتماد مالیاتی رپورٹنگ اور قوانین، ضوابط اور پالیسیوں کی تعمیل کو یقینی بنانے کے لیے ڈیزائن میں مضبوط ہے۔

آڈیٹرز کی تقرری

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز کے مطابق، گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے ۔ ریٹائر ہونے والے آڈیٹرز جو اہل ہیں، نے آئندہ مالی سال کے لیے کمپنی کے بیرونی آڈیٹرز کے طور پر دوبارہ تقرری کے لیے خود کو پیش کیا ہے، جو آئندہ سالانہ جنرل میٹنگ میں اراکین کی منظوری سے مشروط ہے۔

ڈائریکٹرز اور ایگزیکٹوز کی طرف سے حصص میں ٹریڈنگ

سال کے دوران ایگری ٹیک کے حصص میں ڈائریکٹرز، ایگزیکٹوز، ان کے شریک حیات اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں کی گئی۔

بعد کے واقعات

کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلیاں اور وعدے ڈائریکٹر کی رپورٹ کی تاریخ اور اس مالی سال کے اختتام کے درمیان نہیں ہوئے ہیں جس سے اس کا تعلق ہے سوائے مندرجہ ذیل کے:

i) بینک الفلاح کی جانب سے 29 فروری 2024 کو 10.883 ملین ترجیحی حصص (2012 میں جاری کردہ 159.334 ملین ترجیحی حصص میں سے) کو عام حصص میں تبدیل کرنے کا نوٹس۔ مالیاتی گوشوارے میں اس کا اظہار کیا گیا ہے۔

پاکستان میں بعد کے سالوں میں یوریا کی بڑھتی ہوئی مانگ اور ممکنہ قلت کو صرف یوریا کی صنعت کے مکمل صلاحیت کے استعمال سے پورا کیا جا سکتا ہے۔ مقامی پیداوار ہمیشہ ملک کو بین الاقوامی سپلائی اور قیمتوں کے اتار چڑھاؤ سے بچانے میں مدد کرتی ہے اور قیمتی غیر ملکی زرمبادلہ کی اہم بچت کے ساتھ ساتھ یوریا کی مہنگی درآمدات پر کم سبسڈی کی شکل میں حکو مت پاکستان کے خزانے کو براہ راست فائدہ پہنچاتی ہے۔

کمپنی کو یقین ہے کہ ان بنیادوں پر مستقبل میں یوریا کی مسلسل پیداوار کے لیے حکومت پاکستان کے ساتھ گیس کی فراہمی کا ایک مستقل حل طے کیے جانے کا امکان ہے۔

اس کے مطابق، مالیاتی گوشوارے کاروبار کے جاری رہنے کی بنیاد پر تیار کیے جاتے ہیں اور اس میں اس کے اثاثوں کو بیچ کر وصولی اور کسی بھی واجبات کی ادائیگی سے متعلق کوئی ایڈجسٹمنٹ شامل نہیں ہوتی ہے جو کمپنی کے کاروبار جاری رکھنے سے قاصر ہونے کی صورت میں ضروری ہو سکتی ہے۔

سرمایہ کی تنظیم نو اور بینکوں کے ساتھ قانونی چارہ جوئی

پچھلے کچھ سالوں کے دوران کمپنی کے یوریا پلانٹ میں گیس کی کمی کمپنی کے قرض کی عدم ادائیگی کی بڑی وجہ تھی اور مارک اپ کے جمع ہونے سے اس کے قرض کا بوجھ مزید بڑھ گیا۔ اس کے علاوہ، کچھ بینکوں اور مالیاتی اداروں نے کمپنی کے خلاف جمع شدہ مارک اپ اور دیگر متعلقہ الزامات کے ساتھ ساتھ ان کی طرف سے دئیے گئے قرضوں کی وصولی کے لیے مقدمات دائر کیے ہیں۔

اس قرض کے بوجھ کوکم کرنے کے لئے، قرض دہندگان کی طرف اپنے موجودہ واجب الادا طویل مدتی قرضوں(19.447 ارب روپے) اور متعلقہ مارک اپ (6.075ارب روپے)کی تنظیم نو کے لئے جامع بحالی اسکیم 31 دسمبر 2013 (مجوزہ مؤثر تاریخ) تک ترجیحی حصص (روایتی/شریعت) کے اجرا کے ذریعے نجی طور پر جاری کئے گئے ٹرم فنانس سرٹیفکیٹ/سکوک جو کمپنی نے اپنے قرض دہندگان کی مدد سے تیار کی ہے۔ مذکورہ اسکیم کو معزز لاہور ہائی کورٹ نے 3 جون 2022 کو منظور کیا تھا۔ کمپنی اس اسکیم کو نافذ کرنے کے عمل میں ہے اور اس نے حقدار قرض دہندگان کو 1,649 ملین روپے کی رقم ' (سی ایف اے ڈی) تقسیم کی ہے اور کامیابی کے ساتھ 35,000 ملین روپے تک کا مجاز شیئر کیپٹل بھی بڑھایا ہے۔

بورڈ نے 12 فروری 2024 کو منعقدہ اپنے اجلاس میں متعلقہ حصص کے اجرا کی منظوری دی ہے۔ اس کے مطابق، 1,854,269,750 ترجیحی حصص (روایتی/شریعت کے مطابق) جن میں سے ہر ایک کی فیس ویلیودس روپے ہے۔ مزید نجی طور پر جاری کئے گئے۔ 3,602,395,000 روپے کے ٹرم فنانس سرٹیفکیٹ اور اس کے علاوہ 1,464,330,000 روپے کے سکوک بھی جاری کیے جائیں گے۔

لاہور ہائی کورٹ کی طرف سے اسکیم کی منظوری اور اس کے نفاذ کے بعد، کمپنی کو یقین ہے کہ بینکوں/قرض دہندگان کی طرف سے دائر کیے گئے مقدمات کا متعلقہ عدالتوں میں بہتر دفاع کیا جا سکتا ہے اور کمپنی مثبت نتائج کے لیے پراعتماد ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے، ڈائریکٹرز کو یہ اطلاع دیتے ہوئے مسرت ہے کہ،

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے کمپنی کی مالی حیثیت، کارروائیوں، نقد لین دین اور حصص میں تبدیلیوں کو پیش کرتے ہیں۔
- کمپنی کے معاملات کا درست حساب کتاب رکھا گیا ہے ۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور سمجھدار فیصلے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی اکاؤنٹنگ معیارات پر عمل کیا گیا ہے۔
- اندرونی کنٹرول کا نظام مضبوط ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے ۔
- بورڈ مطمئن ہے کہ کمپنی اچھی کارکردگی کا مظاہرہ کر رہی ہے۔

  کارپوریٹ گورننس کے بہترین طریقوں سے کوئی اہم انحراف نہیں ہوا ہے جیسا کہ پاکستان اسٹاک ایکسچینج کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- ٹیکسوں، ڈیوٹیز، محصولات اور چارجز کی وجہ سے کوئی قانونی ادائیگی نہیں ہے جو 31 دسمبر 2023 تک بقایا ہیں، سوائے ان کے جو مالیاتی گوشواروں میں ظاہر کیے گئے ہیں۔
- کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلیاں اور وعدے ڈائریکٹر کی رپورٹ کی تاریخ اور اس مالی سال کے اختتام کے درمیان نہیں ہوئے ہیں جس سے اس کا تعلق ہے سوائے اس کے جن کو صفحہ F-46 پر آنے والے واقعات کے سیکشن میں بیان کیا گیا ہے۔

جس میں گیس کی فراہمی اور دباؤ کم ہونے کی وجہ سے 22% کمی واقع ہوئی۔ تاہم کمپنی کی ایس ایس پی کی پیداوار بڑھ کر 77 ہزار ٹن(63:2022ہزار ٹن) ہو گئی ہے۔ کمپنی نے سال2023 کے دوران ایس ایس پی کو 80 ہزار ٹن (2022: 54 ہزار ٹن) تک فروخت کیاکمپنی کے ایس ایس پی سیگمنٹ نے زیادہ پیداوار اور آف ٹیک کی وجہ سے ایک اور منافع بخش سال کے ذریعے کمپنی کے آپریٹنگ منافع میں بہتری میں اہم کردار ادا کیا۔

دیگر معاملات

آڈیٹرز کی رپورٹ میں بیان کئے گئے اعتراضات

اس مدت کے لیے آڈیٹر کی رپورٹ میں، آڈیٹرز نے مندرجہ ذیل تشویش کا اظہار کیا جس میں کہا گیا ہے کہ "انتظامیہ نے ٹیکس کے نقصانات پر موخر ٹیکس اثاثوں کی وصولی کا اندازہ لگایا ہے اورGoodwill کی Impariment کی جانچ کی ہے اور اس بات پر زور دیا ہے کہ ان مالیاتی گو شواروںمیں کسی تصحیح کی ضرورت نہیں ہے۔ تاہم، ہم مالیاتی تخمینوں میں استعمال ہونے والے بنیادی مفروضوں (قدرتی گیس کی دستیابی اور گیس کے نرخوں پر مبنی خام مال کی قیمت پر مبنی آپریشنل دن) کے حوالے سے کافی اور مناسب آڈٹ ثبوت حاصل کرنے سے قاصر ہیں کیونکہ کمپنی کو گیس کی مسلسل فراہمی کے لیے حکومت پاکستان سے منظوری دستیاب نہیں ہے۔ تاہم انتظامیہ کو یقین ہے کہ گیس کی فراہمی طویل مدتی بنیادوں پر دستیاب ہوگی۔ نتیجتاً ہم اس بات کا تعین کرنے میں ناکام رہے کہ آیا2,567ملین کی Goodwill کی تصحیح کے سلسلے میں کوئی ایڈجسٹمنٹ ضروری تھی یا نہیں اور ڈیفرڈ ٹیکس اثاثہ جس کی مالیت 6,659 ملین روپے ہے جو کے 22,963ملین روپے کے ٹیکس نقصانات پرتسلیم کیا گیا۔

کاروبار جاری رہنے متعلق اہم غیر یقینی صورتحال

آڈیٹرز نے کمپنی کے کام جاری رہنے کی صلاحیت کے بارے میں بھی تشویش کا اظہار کیا جس میں کہا گیا ہے کہ " آڈٹ رپورٹ میں موجود ا عتراضات کی وضاحت کے حصہ میں زیر بحث معاملے سے ہٹ کر، 31 دسمبر 2023 تک کمپنی کے موجودہ واجبات اس کے موجودہ اثاثوں سے 24,276 ملین روپے سے تجاوز کر گئے ہیں۔ اور اس کا مجموعی نقصان 23,859 ملین روپے رہا۔ یہ شرائط، دیگر معاملات کے ساتھ جیسا کہ مالیاتی گوشواروں کے نوٹ 2.2 میں بیان کیا گیا ہے،اہم غیر یقینی صورتحال کی نشاندہی کرتے ہیں جو کمپنی کے جاری رہنے کی صلاحیت کے بارے میں شکوک و شبہات پیدا کر سکتی ہے ۔اس بارے میں ہماری رائے میں کوئی اعتراض نہیں اُٹھایا گیا ۔

ایک اہم توجہ طلب معاملہ

آڈیٹرز نے اس معاملے پر بھی زور دیا ہے جس میں کہا گیا ہے؛''ہم نوٹ 19 کی طرف اور اس کے ساتھ موجود مالیاتی گوشواروں کی طرف توجہ مبذول کراتے ہیں، جس میں کہا گیا ہے کہ کمپنی مقررہ تاریخوں پر مالیاتی اداروں کی طرف سے واجب الادا واجبات کی ادائیگی نہیں کر سکی اور اب کچھ مالیاتی اداروں کی طرف سے ان کے واجبات کی وصولی کے لیے دائر قانونی مقدمات کا دفاع کر رہی ہے۔اس بارے میں ہماری رائے میں کوئی اعتراض نہیں اُٹھایا گیا ۔

آڈیٹر کی رپورٹ میں ترمیم کی وضاحت

ماضی میں آپریشنل اور مالی مشکلات، جن میں کم پیداوار اور لیکویڈیٹی کے مسائل شامل ہیں، گیس کی عدم فراہمی کی وجہ سے ہوتی ہیں جو کمپنی کے لیے سب سے بڑا چیلنج بنی ہوئی ہے۔ مزید برآں، دیگر کھاد پلانٹوں کے مقابلے میں گیس کی زیادہ قیمتوں نے کمپنی کے منافع کے مارجن کو متاثر کیا۔ تاہم، پچھلے دو سالوں سے ملک میں یوریا کی فراہمی کی مانگ میں فرق کے نتیجے میں گیس/آر ایل این جی کی فراہمی میں بہتری آئی ہے اور کمپنی سے یوریا کی مستقل پیداوار نے کسانوں کو یوریا کی فراہمی بڑھانے کے لیے حکو مت پاکستان کی کوششوں میں مدد کی ہے۔ گیس کی اس بہتر سپلائی کے ساتھ، کمپنی 2023میں 3,738 ملین (2022 میں 1,069 ملین روپے) کا آپریٹنگ منافع حاصل کرنے میں کامیاب رہی ہے۔اور1,086ملین روپے کا مثبت بعد از ٹیکس منافع (2022میں 2,359 ملین کے نقصان کے مقابلے میں) حاصل کرنے میں کامیاب رہی ہے ۔ کمپنی کو یقین ہے کہ وہ کاروبارکو جاری رکھنے میں کامیاب رہے گی۔

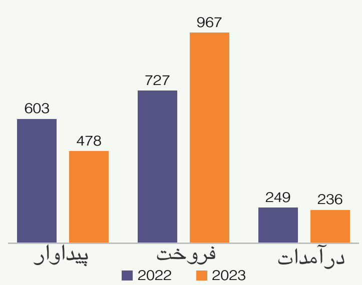
مزید برآں، حکو مت پاکستان کی فوڈ سیکیورٹی پر نئی توجہ 242 ملین سے زیادہ کی آبادی کو کھانا کھلانے کا سب سے اہم پہلو ہے اور کھاد، خاص طور پر یوریا فصلوں کی پیداوار کو بڑھانے میں اہم کردار ادا کرتا ہے۔ حالیہ ماضی میں یوریا کی مانگ 2023 میں اوسطا 5.8 ملین ٹن سے بڑھ کر 6.6 ملین ٹن ہو گئی ہے۔

سال کے دوران یوریا کی زیادہ مانگ اس وقت پوری ہوئی جب ملک بھر کے تمام یوریا پلانٹ مسلسل گیس کی فراہمی کے ساتھ سال بھر کام کرتے رہے ہیں۔ حکو مت پاکستان کو بفر اسٹاک کی سطح کو برقرار رکھنے کے لیے اضافی مقدار بھی درآمد کرنی پڑی۔

زیر جائزہ سال کے دوران کھاد کے شعبے کو گیس کی فراہمی میں بہتری آئی ہے جس کے نتیجے میں یوریا کی پیداوار میں 1.8 فیصد اضافہ ہوا ہے (2023: 6,441 کلو ٹن بمقابلہ 2022: 6,329 کلو ٹن) تاہم، سال کی پہلی سہ ماہی کے دوران ایس این جی پی ایل پر مبنی پلانٹ کی موسم سرما کی کٹوتی کی وجہ سے مجموعی پیداوار دستیاب صلاحیت سے کم رہی۔ صلاحیت کی پیداوار سے کم، مانگ میں اضافہ اور مختلف مینوفیکچررز کی طرف سے یوریا کی متعدد قیمتوں کی وجہ سے سال کے دوران یوریا کی سپلائی کی مانگ میں عدم توازن پیدا ہوا جس کی وجہ سے مارکیٹ میں اُتار چڑ ھا ؤ ہوئی اور کسانوں کی قیمت، زیادہ سے زیادہ مقررہ خوردہ قیمت کی سطح سے اوپر رہی۔ اس سے نمٹنے کے لیے حکو مت پاکستان نے مطلوبہ بفر اسٹاک کو بر قرار رکھنے کے لیے 220 ہزار ٹن درآمد شدہ یوریا کی خریداری کی ہے، جس میں سے 48 ہزار ٹن دسمبر 2023 (2022: 500 ہزار ٹن درآمدات) میں پہنچا اور بقایا ربیع 2023/24 کے دوران دستیاب ہوا۔

فاسفیٹ کی صنعت

سال کے دوران فاسفیٹ کی مانگ میں بہتری آئی کیونکہ غذائی اجزاء کے لحاظ سے فاسفیٹ کا استعمال 33% بڑھ کر 967 ہزار ٹن ہو گیا (2022: 727 ہزار ٹن) پاکستان میں استعمال ہونے والے تمام بنیادی فاسفیٹ کھادوں (ڈی امونیم فاسفیٹ (ڈی اے پی) نائٹرو فاسفیٹ (این پی) اور سنگل سپر فاسفیٹ ایس ایس پی) میں گزشتہ سال کے مقابلے میں نمایاں اضافہ ہوا ہے جب فاسفیٹ کے استعمال میں غیر معمولی اونچی قیمتوں کی وجہ سے بڑے پیمانے پر مانگ میں کمی دیکھی گئی ۔



فاسفیٹ (000 ٹن P205 غذائی اجزاء)

2023 ایس ایس پی کی خریداری میں اضافہ بنیادی طور پر بین الاقوامی ڈی اے پی کی قیمتوں میں کمی سے منسوب ہے جو اوسطاً 588 امریکی ڈالر فی ٹن سی ایف آر کراچی ہے جو پچھلے سال کی اوسط قیمت 904 امریکی ڈالر فی ٹن سی ایف آر کراچی سے 35% کم تھی۔ تاہم پاکستانی روپے کی قدر میں کمی اور زیادہ افراط زر کے نتیجے میں بین الاقوامی مارکیٹ کے مقابلے میں فا سفیٹ کی قیمتوں میں نسبتاً کم فرق پڑا۔

ایگریٹیک کا جائزہ

کمپنی کا بنیادی کاروبار کھادوں کی تیاری اور مارکیٹنگ ہے۔ کمپنی میانوالی، پنجاب میں ملک کے جدید ترین اور انتہائی موثر یوریا مینوفیکچرنگ پلانٹس میں سے ایک کی مالک ہے اور اسے چلاتی ہے۔ کمپنی اپنے ہری پور ہزارہ، خیبر پختونخوا (کے پی کے) پلانٹ میں جی ایس ایس پی (گرینولر سنگل سپر فاسفیٹ) بھی تیار کرتی ہے۔

نائٹروجن اور فاسفیٹک کھاد دونوں پیدا کرنے والا متنوع کھاد بنانے والا بننے کے لیے کمپنی کا اسٹریٹجک ہدف حاصل کرنے کے بعد، کمپنی کی مصنوعات کھاد مارکیٹ میں سب سے مشہور اور قابل اعتماد برانڈ نام "تارا" کے تحت فروخت کی جاتی ہیں۔

ایگریٹیک لمٹیڈ کے مالیاتی نتائج سال اختتام

ملین روپے

	2023	2022
خالص فروخت	22,172	17,296
آپریٹنگ منافع	3,738	1,069
مالیاتی لاگت	6,098	4,285
قبل از ٹیکس منافع (نقصان)	847	(3,216)
بعد از ٹیکس منافع (نقصان)	1,086	(2,953)
فی حصص منافع (نقصان) - روپے	2.77	(7.53)

کمپنی کے یوریا پلانٹ نے 277 دن کی گیس سپلائی (2022: 351 دن) کے ساتھ کام کیا اور 292 ہزار ٹن (2022: 353 ہزار ٹن) بمقابلہ 433 ہزار ٹن کی نصب شدہ صلاحیت پیدا کی۔ کمپنی نے 287 ہزار ٹن یوریا فروخت کیا (2022: 351 ہزار ٹن) کمپنی کے یوریا پلانٹ کو گیس کی فراہمی مارچ 2023 میں گیس کی مقررہ قیمت کی بنیاد پر سرکاری خزانے کو سبسڈی بل کے بغیر موسم سرما کی کٹوتی کے بعد دوبارہ شروع ہوئی اور بعد میں یہ پلانٹ سال بھر کام کرتا رہا۔

یہ بات قابل ذکر ہے کہ حکومت پاکستان نے 2024 کی پہلی سہ ماہی میں درآمد شدہ یوریا کو کھاد پیدا کرنے والوں کو ان کی پیداواری صلاحیت کے مطابق مختص کیا ہے جسے وفاقی خزانے پر کسی بھی سبسڈی کے بوجھ سے بچنے کے لیے مقامی پیداوار کے ساتھ اوسط یوریا قیمت کی بنیاد پر فروخت کیا جاتا ہے۔ حکو مت پاکستان کے ذریعے درآمد کردہ یوریا میں کمپنی کا حصہ 13,565 ٹن ہے۔

فاسفیٹ کھاد کی پیداوار میں 21% کمی سے 478 ہزار ٹن (2022: 603 ہزار ٹن) فاسفیٹ غذائی اجزاء کی کمی دیکھی گئی جس میں ڈی اے پی کی پیداوار میں بھی بڑی کمی دیکھی گئی

ڈائریکٹرز رپورٹ

اقتصادی اور صنعتی جائزہ

ایگری ٹیک لمیٹڈ کا بورڈ آف ڈائریکٹرز 31 دسمبر2023 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ کمپنی کی سالانہ رپورٹ پیش کرنے پر مسرت محسوس کر رہےہیں۔

میکرو اکنامک جائزہ

سال بھر میں، ملک کو بے مثال چیلنجز کا سامنا کرنا پڑا جن میں بڑھتی ہوئی شرح سود اور کرنسی کی قدر میں کمی سے لے کر آب و ہوا کی تبدیلی اور سیاسی غیر یقینی کے منفی اثرات تک شامل تھے۔ قابل ذکر بات یہ ہے کہ ان چیلنجز کے اثرات عالمی عدم استحکام کی وجہ سے بڑھ گئے جس نے طلب اور رسد کے توازن کو متاثر کیا، جس کے نتیجے میں عالمی اقتصادی ترقی میں سست روی آئی۔ مزید برآں، ملک مالی خسارے، بڑھتے ہوئے عوامی قرض، اور سرکلر قرض کی مشکل صورتحال سے دوچار ہے، جس نے2023 میں حقیقی جی ڈی پی کی شرح نمو کو محض0.29 فیصد تک کم رکھنے میں حصہ ڈالا، جبکہ پچھلے سال میں 5.97 فیصد کی مضبوط شرح نمو دیکھی گئی تھی۔

زراعت کے شعبے میں ملک کے غذائی تحفظ کو برقرار رکھنے اور دیہی ترقی کو آگے بڑھانے کے لیے اُن کی ترقی کو برقرار رکھنا سب سے اہم ہے۔ قومی جی ڈی پی میں اس کی نمایاں شراکت کے باوجود، اس شعبے نے پچھلے سال کے 4.3 فیصدشرح نمو کے مقابلے میں صرف 1.55 فیصد کی معمولی شرح نمو کا مظا ہرہ کیا۔ یہ کمی بنیادی طور پر خراب موسمی حالات اور بڑھتی ہوئی افراط زر کی وجہ سے ہے، جس نے کپاس اور چاول جیسی اہم فصلوں کو بری طرح متاثر کیا۔

مالی طور پر، پاکستان کوسخت بجٹ کا سامنا تھا جس کو2022 کے آخر میں آنے والے سیلاب ،جس نے فصلوں کی کاشت کے بڑے علاقوں کو تباہ کر دیا ، اور مشکل بنا دیا۔ تاہم، سال کے آخر میں آئی ایم ایف کے ساتھ اسٹینڈ بائی ارینجمنٹ (ایس بی اے) معاہدے کے کامیاب نفاذ کے ساتھ پیش رفت ہوئی۔ مزید برآں، حکومت نے بڑے اقتصادی عدم توازن کو دور کرنے کے لیے درآمدات پر توجہ دی اور ایک سخت مالیاتی پالیسی نافذ کی، جس سے اس اہم معاشی اشاریے کی بگڑتی ہوئی صورتحال کو دور کرنے میں مدد ملی۔

مختلف معاشی چیلنجز کے باوجود، ایف بی آر ٹیکس کی وصولی میں خاطر خواہ اضافے کی وجہ سے ٹیکس کی آمدنی میں نمایاں اضافہ دیکھا گیا۔

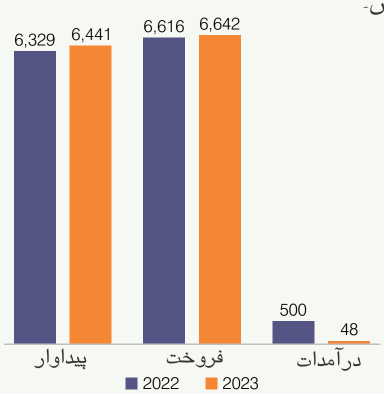
بڑھتے ہوئی افراط زر کے دباؤ کے جواب میں، اسٹیٹ بینک آف پاکستان نے مزید سخت مانیٹری پالیسی اپنائی، جس نے سال کے آخر تک پالیسی کی شرحوں کو22% تک بڑھا دیا۔ اس فیصلے کا مقصد عالمی اور مقامی عوامل سے پیدا ہونے والی افراط زر اور ادائیگی کے توازن کے مسائل کے خطرات کو کم کرنا ہے۔

عالمی سطح پر، جاری جغرافیائی سیاسی تنازعات سپلائی چین کو مزید متاثر کر سکتے ہیں، جو موجودہ چیلنجز کو بڑھاتے ہیں۔ قومی سی پی آئی افراط زر میں بجلی، گیس، خوراک، ایندھن اور اجناس کی بڑھتی ہوئی قیمتوں کی وجہ سے نمایاں اضافہ ہوا، جو کہ درآمدی بل کو متاثر کرنے والی کرنسی کی قدر میں کمی کی وجہ سے بڑھ گیا۔

صنعت کا جائزہ

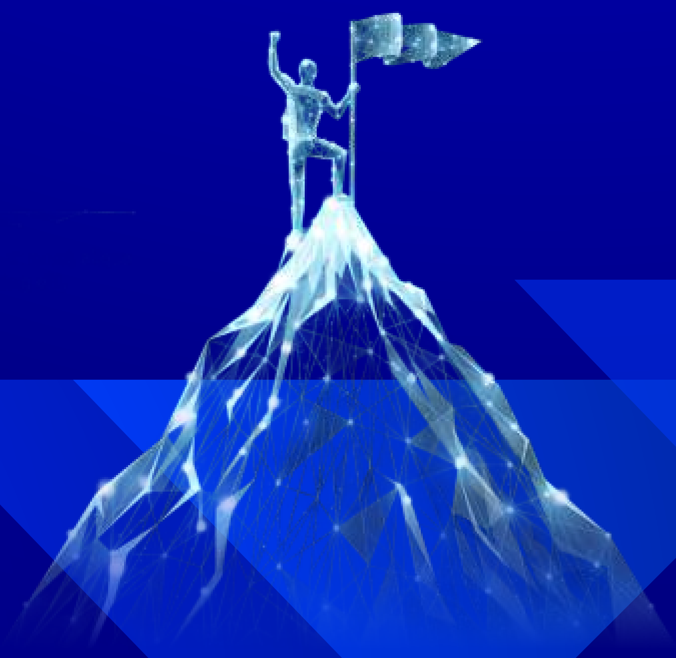
یوریا کی صنعت

2023 میں کسانوں کی مضبوط مانگ کی بنیاد پر یو ریا کھاد نے اب تک کی سب سے زیادہ خریداری حاصل کی، اور2023 میں 6,642 کلو ٹن (2022: 6,616 کلو ٹن) تک پہنچ کر پچھلے سال کے مقابلے میں 0.4 فیصد کا اضافہ رقم کیا۔ چاول اور مکئی کی فصل کو روایتی بیج کی اقسام سے ہائبرڈ بیج کی اقسام میں تبدیل کرنے کا تسلسل (بہتر پیداوار کے امکانات کے ساتھ زیادہ نائٹروجن غذائیت کی ضرورت ہوتی ہے) گندم کی امدادی قیمت میں اضافہ اور تمام بڑی فصلوں کی مجموعی طور پر مثبت زرعی معاشیات یوریا کی خریداری میں اضافے کی بنیادی وجوہات ہیں۔



یوریا (000 ٹن پیداوار)

یوریا مینوفیکچررز کو گیس کی مختلف قیمتوں کی وجہ سے بین الاقوامی اور مقامی طور پر یوریا مارکیٹ میں اتار چڑھاؤ جس کی وجہ سے یوریا کی متعدد قیمتوں کا ہونا بھی کسانوں کی طرف سے یوریا کی مضبوط مانگ میں معاون رہا ہے۔



G FUTURE OUTLOOK 01-04

G-01 Forward Looking Statement

G-04 مستقبل پر مبنی بیان

FORWARD LOOKING STATEMENT

Global Outlook

The IMF's World Economic Outlook for Fiscal Year 2024 portrays a slight moderation in global economic growth, projecting a rate of 2.9 percent compared to the 3.0 percent recorded in 2023. Alongside this, there is a forecasted trajectory of diminishing global inflation, expected to decline gradually from 6.9 percent in 2023 to 5.8 percent in 2024. These projections suggest a nuanced economic landscape characterized by a marginally tempered growth outlook and a gradual easing of inflationary pressures on a global scale.

Country Outlook

Despite encountering notable hurdles, the overarching economic forecast appears cautiously optimistic, buoyed by diminishing inflationary pressures and promising prospects in the agriculture sector, alongside emerging indications of a potential rebound in the industrial domain. Nonetheless, it's imperative to acknowledge the substantial downside risks that persist, including looming concerns surrounding budget deficits, escalating debt obligations, and the persistent specter of inflationary spikes. Addressing these challenges is paramount for safeguarding the country's economic stability amidst a complex and dynamic global landscape.

Company Future Outlook

The future outlook for the urea demand is likely to remain robust as the strong crop economics are expected across all the crops. Conversion of rice and maize farmers towards hybrid seed varieties is expected to continue in the future that also indicates strong demand for both urea and phosphates fertilizers. The global phosphate prices sentiment are expected to remain bearish and can help further recover the phosphate demand in the country.

Continuity of the gas supply to the fertilizer plant likely to be a challenging area for the industry in the future, however, the strong urea demand and likely market shortages may result in the priority sector for GOP for the provision of gas supplies. The matter of multiple urea prices through uniform gas prices shall also be a pressing point for GOP to resolve in future to address the market price manipulations and safeguard the interest of the farmers.

Key Uncertainties

The prevailing economic uncertainty, coupled with persistently high inflation rates and currency devaluation, alongside the absence of coherent fiscal strategies, underscores the urgent need for decisive government intervention to initiate remedial actions. Failure to address these pressing issues poses a considerable risk to the profitability margins of the Company.

Furthermore, any adverse adjustments in gas pricing would directly impact the Company, necessitating the transfer of costs to consumers. Similarly, the imposition of additional taxes would present a formidable challenge to sustaining profitability levels. Additionally, the implementation of the Axle Weight Regulation in November 2023 is expected to escalate the operational expenses of the Company, further exacerbating financial strains.

In light of these challenges, the formulation and implementation of favorable and consistent governmental policies, grounded in realistic targets, are imperative for nurturing a conducive economic environment. This is particularly vital for ensuring food security within the country and bolstering overall economic resilience.

Sources of Information and Assumptions used for Projections/Forecasts

The operational and financial strategies of the Company are carefully synchronized with its corporate vision and business objectives. This alignment is achieved through a meticulous analysis of historical data, anticipated shifts, prevailing economic conditions, and other pertinent factors deemed relevant to the circumstances.

External insights crucial for forecasting are derived from various reputable sources, including government regulatory bodies, taxation authorities, market analysts, and forecasts pertaining to interest rates and foreign currency exchange rates. Additionally, industry reports, competitor activities, market trends, as well as micro and macroeconomic indicators, are diligently assessed to feed projections. International fertilizer prices and supply dynamics also serve as significant factors shaping these forecasts.

Internally, information gleaned from different departments such as Marketing, Finance, Manufacturing, System and Technology, and Human Resources significantly influences these projections. This internal data undergoes rigorous scrutiny and validation against external sources before being integrated into formal planning processes. Regular monitoring of both internal operations and external market conditions facilitates timely adjustments to these forecasts, ensuring agility and responsiveness to evolving business environments.

Moreover, the company has relied solely on internal expertise and resources for these endeavors, eschewing the need for external consultants during the year. This approach underscores the confidence in the sufficiency of internal processes to effectively analyze and strategize for future endeavors.

Company's Performance Vs Last Year's Forward Looking Disclosures

Urea demand was expected to remain robust on account of better returns to the farmers on all major crops. The Offtakes of Urea in 2023 achieved the highest ever offtakes on the back of strong farmer demand, and offtakes reached at 6,642 K tons in 2023 (2022: 6,616 K tons) registering an increase of 0.4% over last year.

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.

Continuity of conversion of Rice and Maize crop from conventional Seed Varieties to Hybrid Seed varieties (requiring higher Nitrogen Nutrient) with better yield prospects was one of the key reasons of the increase in Urea offtakes.

AGL SSP Plant was expected to show improved production and sales upon the recovery of the overall Phosphate demand in 2024. The production of SSP of the company has been increased to 77K tons (2022: 63K tons). The Company SSP sales increased during the year to 80K tons (2022: 54K tons) which contributed towards the improvement in operating profitability of the Company.

Status of Projects

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. Rs. 6.075 billion) as of 31 December 2013, developed a Comprehensive Rehabilitation Scheme in the form of a Scheme of Arrangement (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 03 June 2022 with effect from 31 December 2013.

The scheme envisaged the payment of Cashflows Available for Debt Servicing (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; issuance of zero coupon PPTFCs and Sukuks in lieu of accrued markup.

In 2022/2023, subsequent to the approval of the scheme by LHC, the Company has achieved key milestones of reconciliation of balances with lenders, relevant amendments in Memorandum and Articles of Association, disbursement of CFADs of Rs. 1,649 million to the lenders, whereas new instruments (PPTFC, Sukuks and Preference Shares) are in process of issuance.

We embrace **CHALLENGES,** ready to confront them head-on, well-equipped to overcome them, and emerge even **STRONGER** on the other side.

برآں، صنعتی رپورٹس، مسابقتی سرگرمیاں، مارکیٹ کے رجحانات کے ساتھ ساتھ مائیکرو اور میکرو اکنامک انڈیکیٹرز کا تخمینوں کو پورا کرنے کے لیے تندہی سے جائزہ لیا جاتا ہے۔ کھاد کی بین الاقوامی قیمتیں اور سپلائی کی حرکیات بھی ان پیش گوئیوں کی تشکیل کرنے والے اہم عوامل کے طور پر کام کرتی ہیں۔

داخلی طور پر، مارکیٹنگ، فنانس، مینوفیکچرنگ، سسٹم اینڈ ٹیکنالوجی، اور ہیومن ریسورس جیسے مختلف محکموں سے حاصل کی گئی معلومات ان تخمینوں کو نمایاں طور پر متاثر کرتی ہیں۔ یہ اندرونی ڈیٹا رسمی منصوبہ بندی کے عمل میں ضم ہونے سے پہلے بیرونی ذرائع کے خلاف سخت جانچ پڑتال اور توثیق سے گزرتا ہے۔ داخلی کارروائیوں اور بازار کے بیرونی حالات دونوں کی باقاعدہ نگرانی ان پیش گوئیوں میں بروقت ایڈجسٹمنٹ کی سہولت فراہم کرتی ہے، جس سے کاروباری ماحول کے ارتقا کے لیے چستی اور ردعمل کو یقینی بنایا جاتا ہے۔

مزید برآں، کمپنی نے سال کے دوران بیرونی مشیروں کی ضرورت سے گریز کرتے ہوئے، ان کوششوں کے لیے مکمل طور پر اندرونی مہارت اور وسائل پر انحصار کیا ہے۔ یہ نقطہ نظر مستقبل کی کوششوں کے لیے مؤثر طریقے سے تجزیہ اور حکمت عملی بنانے کے لیے اندرونی عمل کی کافی مقدار پر اعتماد کی نشاندہی کرتا ہے۔

کمپنی کی کارکردگی بمقابلہ پچھلے سال کے مستقبل کے انکشافات

تمام بڑی فصلوں پر کسانوں کو بہتر منافع ملنے کی وجہ سے یوریا کی مانگ مضبوط رہنے کی توقع رہی۔

2023 میں یوریا کی خریداری نے کسانوں کی مضبوط مانگ کی بنیاد پر اب تک کی سب سے زیادہ خریداری حاصل کی، اور 2023 میں 6,642 کلو ٹن (2022 میں 6,616 کلو ٹن) تک پہنچ کر پچھلے سال کے مقابلے میں 0.4 فیصد کا اضافہ درج کیا۔

کسانوں کو بہتر پیداوار اور آمدنی کی وجہ سے چاول اور مکئی کی ہائبرڈ بیج کی اقسام میں تبدیلی تمام صوبوں میں جاری رہے گی۔

چاول اور مکئی کی فصل کو روایتی بیج کی اقسام سے ہائبرڈ بیج کی اقسام میں تبدیل کرنے کا تسلسل (بہتر پیداوار کے امکانات کے ساتھ زیادہ نائٹروجن غذائیت کی ضرورت) یوریا کی خریداری میں اضافے کی ایک اہم وجہ تھی۔

ایس ایس پی پلانٹ سے توقع کی جارہی ہے کہ 2024 میں فاسفیٹ کی مجموعی مانگ کی بحالی پر پیداوار اور فروخت میں بہتری آئے گی۔

2023 میں کمپنی کے ایس ایس پی پلانٹ کی پیداوار بڑھ کر 77 ہزار ٹن (2022 میں 63 ہزار ٹن) ہو گئی ہے۔

2023 میں ایس ایس پی کی فروخت سال کے دوران بڑھ کر 80 ہزار ٹن (2022 میں 54 ہزار ٹن) ہو گئی جس نے کمپنی کے آپریٹنگ منافع میں بہتری میں اہم کردار ادا کیا۔

منصوبوں کی پیش رفت

کمپنی نے قرض دہندگان کی طرف طویل مدتی قرضوں کو منظم کرنے اور اس کی تنظیم نو کرنے کے لئے (19.447 ارب روپے) اور متعلقہ مارک اپ (6.075 ارب روپے) 31 دسمبر 2013 تک، کمپنیز آرڈیننس، 1984 کی دفعہ 284 سے 288 کے تحت انتظامی اسکیم (اسکیم) کی شکل میں ایک جامع بحالی اسکیم تیار کی۔ قرض دہندگان اور حصص یافتگان کی منظوری کے بعد یہ اسکیم جون 2016 میں معزز لاہور ہائی کورٹ (ایل ایچ سی) میں دائر کی گئی تھی۔ ایل ایچ سی نے 31 دسمبر 2013 سے 03 جون 2022 کو اس اسکیم کو منظوری دی ہے۔

اس اسکیم میں ڈیٹ سروسنگ (سی ایف اے ڈی) کے لیے دستیاب نقد بہاؤ کی ادائیگی کاذکرکیا گیا ہے۔ منتخب کردہ اختیارات کے مطابق قرض دہندگان کو 1.65 ارب روپے؛ بقایا طویل مدتی قرضوں کے بدلے ترجیحی حصص کا اجرا؛ جمع شدہ مارک اپ کے بدلے میں صفر کوپن پی پی ٹی ایف سی اور سکوکس کا اجرا شامل ہے ۔

سال 2022/23 میں ایل ایچ سی کی طرف سے اسکیم کی منظوری کے بعد کمپنی نے قرض دہندگان کے ساتھ بیلنس کے مفاہمت میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں متعلقہ ترامیم، سی ایف اے ڈی کی تقسیم کے اہم سنگ میل حاصل کیے ہیں۔ قرض دہندگان کو 1649 ملین روپے جبکہ نئے حصص (پی پی ٹی ایف سی، سکوکس اور ترجیحی حصص) جاری کرنے کے عمل میں ہیں۔

مستقبل پر مبنی بیان

عالمی آؤٹ لک

مالی سال 2024 کے لئے آئی ایم ایف کے عالمی اقتصادی نقطہ نظر نے عالمی اقتصادی ترقی میں معمولی اعتدال پسندی کی پیش گوئی کی ہے، جس میں 2023 میں ریکارڈ کردہ 3.0 فیصد کے مقابلے میں 2.9 فیصد کی شرح پیش کی گئی ہے .اس کے ساتھ ہی، عالمی افراط زر میں کمی کی پیش گوئی کی گئی ہے، جس کی توقع ہے کہ 2023 میں 6.9 فیصد سے آہستہ آہستہ کم ہوکر 2024 میں 5.8 فیصد ہوجائے گی۔ یہ تخمینے ایک متنوع معاشی منظر نامے کی تجویز کرتے ہیں جس کی خصوصیت معمولی طور پر معتدل نمو کا نقطہ نظر اور عالمی سطح پر افراط زر کے دباؤ میں بتدریج کمی ہے۔

ملک کا آؤٹ لک

قابل ذکر رکاوٹوں کا سامنا کرنے کے باوجود، افراط زر کے دباؤ میں کمی اور زرعی شعبے میں امید افزا امکانات کے ساتھ ساتھ صنعتی شعبے میں ممکنہ واپسی کے ابھرتے ہوئے اشارے کے ساتھ، وسیع اقتصادی پیش گوئی محتاط طور پر پر امید نظر آتی ہے۔ اس کے باوجود، بجٹ خسارے کے ارد گرد بڑھتے ہوئے خدشات، قرضوں کی بڑھتی ہوئی ذمہ داریوں، اور افراط زر میں اضافے کے مسلسل خدشات سمیت کافی منفی خطرات کو تسلیم کرنا ضروری ہے۔ ایک پیچیدہ اور متحرک عالمی منظر نامے کے درمیان ملک کے معاشی استحکام کے تحفظ کے لیے ان چیلنجوں سے نمٹنا سب سے اہم ہے۔

کمپنی کا مستقبل کا نقطہ نظر

یوریا کی مانگ کے لیے مستقبل کا نقطہ نظر مضبوط رہنے کا امکان ہے کیونکہ تمام فصلوں میں مضبوط فصل معیشت کی توقع ہے۔ چاول اور مکئی کے کاشتکاروں کی ہائبرڈ بیج کی اقسام کی طرف تبدیلی مستقبل میں بھی جاری رہنے کی امید ہے جو یوریا اور فاسفیٹ کھادوں دونوں کی مضبوط مانگ کی بھی نشاندہی کرتا ہے۔ عالمی سطح پر فاسفیٹ کی قیمتوں میں مندی برقرار رہنے کی توقع ہے اور اس سے ملک میں فاسفیٹ کی مانگ کو مزید بحال کرنے میں مدد مل سکتی ہے۔

کھاد پلانٹ کو گیس کی فراہمی کا تسلسل مستقبل میں صنعت کے لیے ایک چیلنج کا باعث بننے کا امکان ہے، تاہم یوریا کی مضبوط مانگ اور ممکنہ مارکیٹ کی قلت کے نتیجے میں گیس کی فراہمی کے لیے حکومت کے لیے ترجیحی معاملہ بن سکتا ہے۔ یکساں گیس کی قیمتوں کے ذریعے یوریا کی متعدد قیمتوں کا معاملہ بھی حکومت کیلیے مارکیٹ کی قیمتوں میں اتار چڑھاؤ کو دور کرنے اور کسانوں کے مفادات کے تحفظ کے لیے مستقبل میں حل کرنے کے لیے ایک اہم نقطہ ہوگا۔

کلیدی غیر یقینی صورتحال

موجودہ معاشی غیر یقینی صورتحال، افراط زر کی مسلسل اعلی شرحوں اور کرنسی کی قدر میں کمی کے ساتھ ساتھ مربوط مالیاتی حکمت عملیوں کی عدم موجودگی، اصلاحی اقدامات شروع کرنے کے لیے فیصلہ کن حکومتی مداخلت کی فوری ضرورت کی نشاندہی کرتی ہے۔ ان اہم مسائل کو حل کرنے میں ناکامی کمپنی کے منافع بخش مارجن کے لیے کافی خطرہ بناتی ہے۔

مزید برآں، گیس کی قیمتوں میں کوئی بھی منفی ایڈجسٹمنٹ براہ راست کمپنی کو متاثر کرے گی، جس سے صارفین کو اخراجات کی منتقلی ضروری ہو جائے گی۔ اسی طرح، اضافی ٹیکسوں کا نفاذ منافع کی سطح کو برقرار رکھنے کے لیے ایک زبردست چیلنج پیش کرے گا۔ مزید برآں، نومبر 2023 میں ایکسل ویٹ ریگولیشن کے نفاذ سے کمپنی کے آپریشنل اخراجات میں اضافہ ہونے کی توقع ہے، جس سے مالی تناؤ مزید بڑھ جائے گا۔

ان چیلنجوں کی روشنی میں، سازگار معاشی ماحول کو پروان چڑھانے کے لیے، حقیقت پسندانہ اہداف پر مبنی سازگار اور مستقل حکومتی پالیسیوں کی تشکیل اور ان پر عمل درآمد ضروری ہے۔ یہ ملک کے اندر غذائی تحفظ کو یقینی بنانے اور مجموعی اقتصادی لچک کو فروغ دینے کے لیے خاص طور پر اہم ہے۔

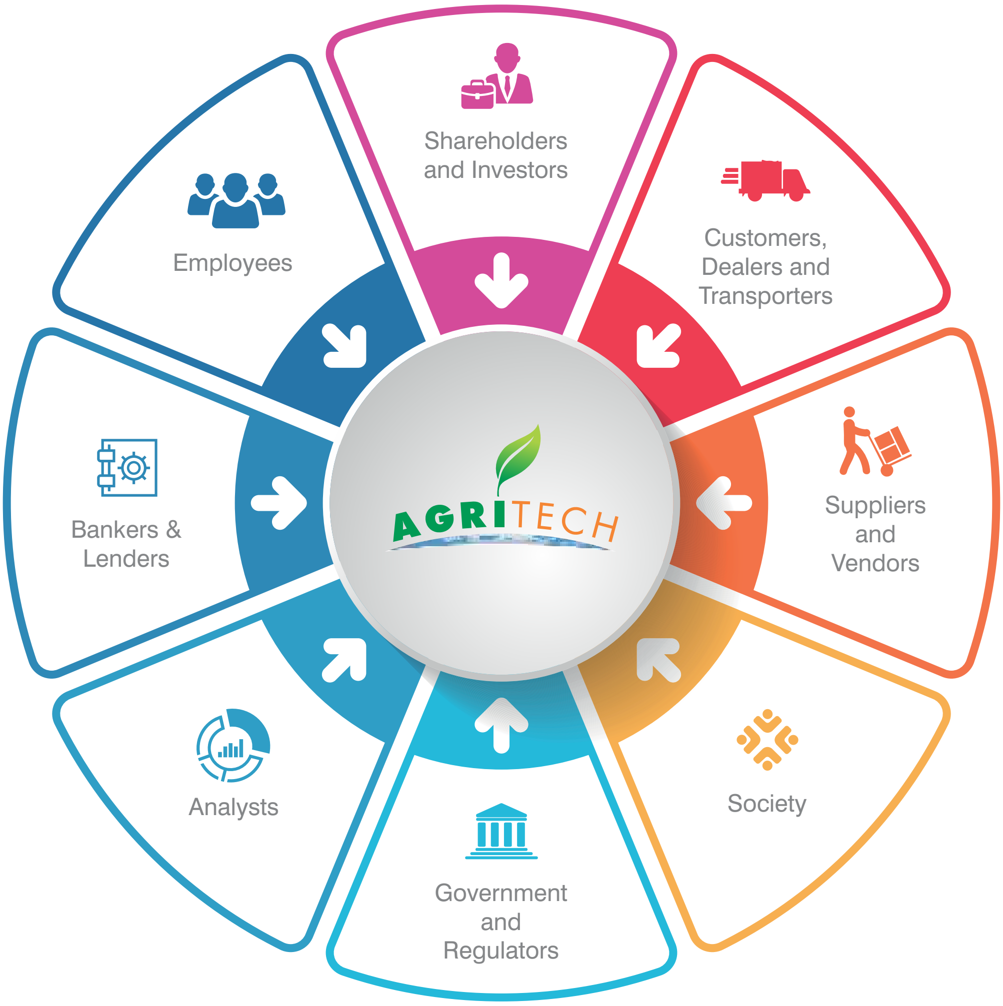
تخمینوں/پیشن گوئی کے لیے استعمال ہونے والی معلومات اور مفروضوں کے ذرائع

کمپنی کی آپریشنل اور مالیاتی حکمت عملیوں کو اس کے کارپوریٹ وژن اور کاروباری مقاصد کے ساتھ احتیاط سے ہم آہنگ کیا جاتا ہے۔ یہ صف بندی تاریخی اعداد و شمار، متوقع تبدیلیوں، موجودہ معاشی حالات، اور حالات سے متعلق سمجھے جانے والے دیگر متعلقہ عوامل کے باریکی سے تجزیے کے ذریعے حاصل کی جاتی ہے۔

پیشن گوئی کے لیے اہم بیرونی بصیرت مختلف معروف ذرائع سے حاصل کی جاتی ہیں، جن میں سرکاری ریگولیٹری ادارے، ٹیکس حکام، مارکیٹ تجزیہ کار، اور شرح سود اور غیر ملکی کرنسی کے تبادلے کی شرحوں سے متعلق پیشن گوئی شامل ہیں۔ مزید

H STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT 01-08

STAKEHOLDERS ENGAGEMENT



The stakeholders of the Company play a crucial role as indispensable business partners, actively contributing to the ongoing progress and enduring sustainability of our organization. Recognizing their immense importance, we place a high priority on fostering dynamic engagement with them. Our approach is firmly grounded in upholding transparency standards and complying with all relevant legal requirements across every communication channel. This unwavering commitment not only nurtures an environment of openness but also cultivates harmonious relationships built on trust and mutual respect.

Through our dedication to transparency and adherence to legal guidelines, we aim to cultivate an atmosphere conducive to meaningful dialogue and collaboration with our stakeholders. This approach ensures that our interactions are not only effective but also conducive to maintaining a deep understanding of their concerns and priorities. By actively listening and remaining attuned to their needs, we address key issues and make informed decisions that align with their interests and contribute to the long-term success of our collective endeavors.

Stakeholders Engagement Policy

The Board of Directors has established a robust policy regarding communication with stakeholders, recognizing the significance of transparent and effective engagement to foster trust, accountability, and long-term relationships. This policy outlines the principles and procedures guiding communication practices to ensure alignment with the Company's objectives and values.

The Board emphasizes the importance of open and transparent communication with stakeholders, including shareholders, employees, customers, suppliers, bankers, regulators, and the broader community. This entails providing timely and relevant information on the Company's performance, strategy, governance practices, and material developments. The Board commits to facilitating two-way communication channels that enable stakeholders to express their concerns, provide feedback, and seek clarification on matters of interest.

Furthermore, the policy mandates adherence to principles of integrity, accuracy, and confidentiality in all communications with stakeholders. Information shared must be factual, complete, and free from bias or misleading statements. Confidential information is handled with the utmost care and discretion, ensuring compliance with legal and regulatory requirements, as well as ethical standards.

The Board recognizes the diversity of stakeholder interests and preferences and tailors communication strategies and channels accordingly. This includes annual reports, shareholder meetings, press releases, management reports, analyst briefings and direct engagement sessions. The Board ensures that communication materials are accessible, understandable, and culturally sensitive to reach a broad audience effectively.

Regular assessment and review of communication practices are conducted to evaluate effectiveness, identify areas for improvement, and ensure continuous alignment with stakeholder expectations and evolving needs. The Board remains committed to fostering a culture of transparency, accountability, and stakeholder engagement, recognizing that meaningful communication is essential for building and maintaining trust, enhancing organizational reputation, and driving sustainable long-term value.

Stakeholders Identification Process

The Company identifies its stakeholders through a comprehensive process that involved assessing the various individuals,

groups, and entities impacted by its operations and decisions. This identification is based on recognizing the significance of each party's involvement in the Company's activities and their potential influence on its success and sustainability.

Firstly, the Company conducts thorough stakeholder mapping exercises to identify and categorize different stakeholder groups. This involves analyzing internal and external factors to determine the relevance and impact of each stakeholder group on the Company's objectives and operations.

Secondly, the Company engages in active communication and consultation with these identified stakeholder groups to gain insights into their perspectives, expectations, and concerns.

Thirdly, the Company assesses the level of influence and interest of each stakeholder group in the Company's activities and decisions. This helps prioritize engagement efforts and allocate resources effectively to ensure meaningful interactions with key stakeholders.

The Company has identified the following key stakeholder groups:

- Shareholders and Investors
- Dealers, Customers and Transporters
- Suppliers and Vendors
- Bankers and Lenders
- Government and Regulators
- Employees
- Analysts
- Society

Overall, the Company's stakeholder identification process is guided by a commitment to understanding and responding to the diverse needs and interests of all parties involved. By recognizing the importance of stakeholders in its operations and decision-making processes, the Company strives to foster mutually beneficial relationships and achieve sustainable outcomes.

Stakeholders Engagement Process

The Company has implemented a comprehensive stakeholder engagement process aimed at fostering collaborative relationships and gathering valuable insights from its diverse stakeholders. This process begins with the establishment of clear objectives and goals for engagement, ensuring alignment with the Company's overall mission and values. Through various communication channels such as meetings, forums, and online platforms, the Company actively seeks input and feedback from stakeholders, including investors/shareholders, customers, employees, suppliers, bankers etc. These engagements provide opportunities for stakeholders to voice their perspectives, concerns, and expectations, allowing the Company to better understand their needs and preferences. Additionally, the Company is committed to transparency and accountability throughout the engagement process, providing regular updates on key decisions and actions taken in response to stakeholder feedback. By fostering open and inclusive dialogue, the Company builds trust, strengthens relationships, and ultimately drives positive outcomes for all stakeholders involved.

STAKEHOLDERS ENGAGEMENT

Shareholders and Investors

Engagement Process

We effectively engage with our shareholders, including minority shareholders, through general meetings and statutory reporting since their support and confidence is pivotal in achieving the Company goals. All modes of communication including general meetings contribute towards seamless addressal of shareholders concerns.

To maintain transparency in the relationship between the Company and its shareholders, the Company has placed all material information vital to the shareholders'/investors' interests and decision making in a separate dedicated section "Investor Relations".

Engagement Frequency
Periodic

Mode of Engagement
General Meetings, Statutory Reporting

Effect and Value to the Company
Shareholders and investors provide capital which gives the Company means to achieve its vision.

Customers, Dealers and Transporters

Engagement Process

We strive to achieve sustainability by developing long-lasting relationships with our customers, dealers, and transporters as they are critical to our business sustainability and success. Our sales and marketing function constantly engages with these key stakeholders through market visits, meetings and regular communication for timely and effective resolution of issues and to meet their expectations regarding quality product, pricing and service delivery. These stakeholders are brand loyal and contribute to the success, growth and sustainability of the Company.

Engagement Frequency
Regular

Mode of Engagement
Market visits, One-to-one meetings

Effect and Value to the Company
These stakeholders are brand loyal and contribute to the success, growth and sustainability of the Company.

Suppliers and Vendors

Engagement Process

Our Company has an efficient supplier and vendor network and we liaise very closely with them through meetings, correspondence and conducting market surveys to resolve all issues in an effective manner.

These stakeholders are an asset of the Company since they partner with the Company to effectively allocate resources for meeting the Company's objectives successfully by ensuring a strong and reliable supply chain.

Engagement Frequency
Regular

Mode of Engagement
One-to-one meetings

Effect and Value to the Company
Our suppliers and vendors are key to ensuring strong and reliable supply chain.

Government and Regulatory Bodies

Engagement Process

We are committed to ensuring a culture of good corporate governance practices and our corporate and legal team is dedicated to implement effective compliances in alignment with the legal and regulatory requirements.

We are actively engaged with the regulators to keep abreast with the new regulatory and legal requirements and compliances. The engagement includes timely submission of periodic returns/reports, responding to enquiries and conducting meetings as deemed necessary.

Engagement Frequency
Regular

Mode of Engagement
Meetings, Compliance Reporting

Effect and Value to the Company
Laws and regulations and other factors, such as price controls, have significant affects on the Company's activities.

Analysts

Engagement Process

To attract potential investors, the Company frequently engages with analysts to provide insights into its operations and performance. This engagement is conducted with careful consideration of regulatory limitations regarding insider information/trading to prevent any adverse effects on the Company's reputation or stock value.

Furthermore, these interactions aim to enhance transparency and build trust with stakeholders, fostering long-term partnerships and investment opportunities.

Engagement Frequency
Periodic

Mode of Engagement
Meetings, Corporate/Analyst Briefings

Effect and Value to the Company
Furnishing analysts with all necessary information aids in dispelling any market misconceptions or rumors.

Bankers and Lenders

Engagement Process

Regularly collaborating with bankers and debt finance providers, who are essential stakeholders in our financial operations, ensures comprehensive support across a spectrum of needs. This includes securing short-term and long-term financing, optimizing debt pricing strategies, managing investments, and facilitating deposits.

Moreover, our consultation with banks extends to managing letters of credit, streamlining supplier payments, and overseeing operational disbursements, fostering efficient financial management and operational excellence.

Engagement Frequency
Regular

Mode of Engagement
Meetings, Corporate/Analyst Briefings

Effect and Value to the Company
Collaborating with banks and lenders ensures access to cost-effective loans, continuous supply chain and effective future planning.

Employees

Engagement Process

Employee engagement improves the level of their commitment.

Our employees are the lifeline of the Company. We provide a healthy and conducive work environment by encouraging work life balance, employee get togethers and regular training and development sessions.

Further, we consistently solicit input from our employees to prioritize their perspectives and resolve any issues they may have to nurture a constructive workplace atmosphere.

Engagement Frequency
Regular

Mode of Engagement
Appraisals, Get together, Trainings

Effect and Value to the Company
Our workforce serves as our ambassadors and execute each strategic and operational decision by management.

Society

Engagement Process

Realizing its duties as a responsible corporate citizen, Agritech continues 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 a beneficial impact on our environment and the communities we live and work in.

Engagement Frequency
Regular

Mode of Engagement
Seminars, One-on-one Engagements

Effect and Value to the Company
Interacting with society enables us to discern necessary interventions for the community upliftment.

INVESTOR RELATIONS

Registered Office

2nd Floor, Asia Centre, 8-Babar Block, New Garden Town, Lahore.
Ph: 042 35860341-44
Fax: 042 35860339-40

Share Registrar

Corplink (Private) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore.
Tel: 042-35839182, 35887262
Fax: 042-35869037

Listing on Stock Exchanges

Ordinary shares of Agritech Limited are listed on Pakistan Stock Exchange Limited.

Stock Code / Symbol

The stock code / symbol for trading in ordinary shares of Agritech Limited at Pakistan Stock Exchange Limited is AGL.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

Dividend

In view of the future strategic plans for 2024, requiring retention of profits, the Board of Directors did not propose any dividend for the year 2023.

Annual General Meeting

The Annual General Meeting of Shareholders of Agritech Limited will be held on Monday, April 29, 2024 at 11:00 A.M. at Park Lane Hotel, 107-B3, M.M. Alam Road, Gulberg III, Lahore

Book Closure Dates

Share Transfer Books of the Company will remain closed from April 23, 2024 to April 29, 2024 (both days inclusive).

Dividend Remittance

Ordinary dividend, if declared and approved at the Annual General Meeting is paid within the statutory time limit of 30 days.

(i) <u>For shares held in physical form:</u> to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.

(ii) <u>For shares held in electronic from:</u> to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

Withholding of Tax and Zakat on Ordinary Dividend

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the applicable rates.

Zakat is also deductible at source form the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

General Meetings & Voting Rights

Pursuant to section 132 of the Companies Act, 2017) Agritech holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if the Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the Company carry equal voting rights, Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in the Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to appoint a proxy. The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

Dividend Payments

Cash dividends are paid through electronic mode directly in to the bank account designated by the entitled shareholders whose names appear in the Register of Shareholders at the date of book closure.

Service Standards

Listed below are various investor services and the maximum time limits set for their execution:

	For requests received through post	For requests received over the counter
Transfer and transmission of shares	30 days after receipt	30 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	1 day after receipt

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

Web Presence

Updated information regarding the Company can be accessed at its website, www.agritech.com.pk The website contains the latest financial results of the Company together with the Company's profile.

Fundamental knowledge and understanding of financial market is crucial for the general public and lack of financial literacy or capability makes them vulnerable to frauds. SECP recognizes the importance of investor education and therefore initiated this investor education program, called 'JamaPunji', an investor training program, to promote financial literacy in Pakistan.

www.jamapunji.pk

INVESTOR RELATIONS

Encouraging Minority Shareholders to attend AGMs

Equitable treatment of all shareholders including minority shareholders is ensured by the management of the Company by encouraging them to attend, speak and vote at the Annual General Meeting and appoint another member as his / her proxy in compliance with legal and regulatory requirements. The Notice of the AGM is published in Urdu and English language in one issue of a daily newspaper of respective language having a nationwide circulation. Such notice is also placed on the Company's website at www.agritech.com.pk

Investors' Relations section on the Corporate Website

The Company's website (www.agritech.com.pk) contains a separate section namely; "Investor Relations" which exhibits all major financial information needed for investor's decision making in order to maintain a transparent relationship between the Company and its shareholders.

Issues raised in the last AGM

The last AGM was conducted at Parklane Hotel, Lahore on April 28, 2023 and attended by shareholders. Shareholders approved the Financial Statements and also gave approval for appointment of M/s. Grant Thornton Anjum Rahman, Chartered Accountants as external auditors. In addition, a special resolution was also passed by the shareholders for sharing Annual Report and Financial Statements through QR enabled code and weblink encapsulated in the Notice of AGM instead of sharing DVDs packs. No significant issues were raised at the last AGM.

Corporate Briefing Sessions

The Company holds regular meetings with investors and financial analysts on yearly and accounting reporting basis as defined by the PSX Rules. Company's ability to provide information to the individual market participants, including investors, stock brokers and analysts is, however, limited by the regulations applicable to the listed companies, including the rules on good stock exchange practices and the general requirement of equal treatment.

The most recent Corporate Briefing Session was held on November 13, 2023. The briefing comprised various matters of interest to the investors and analysts including the Company's profile and history, industry overview, financial position and performance of the Company, future outlook etc. The briefing was following by an interactive session with the attendees.

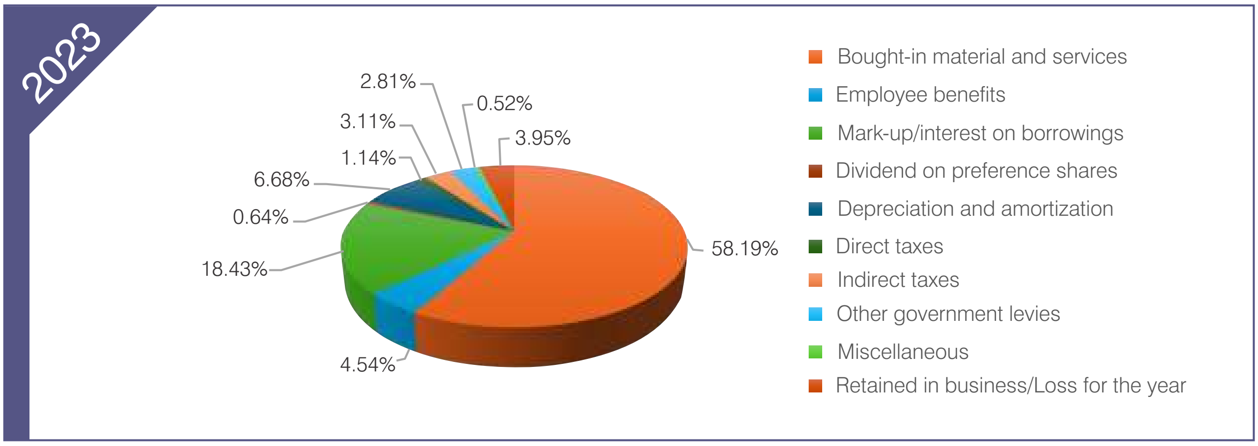
Redressal of Investors' Complaints

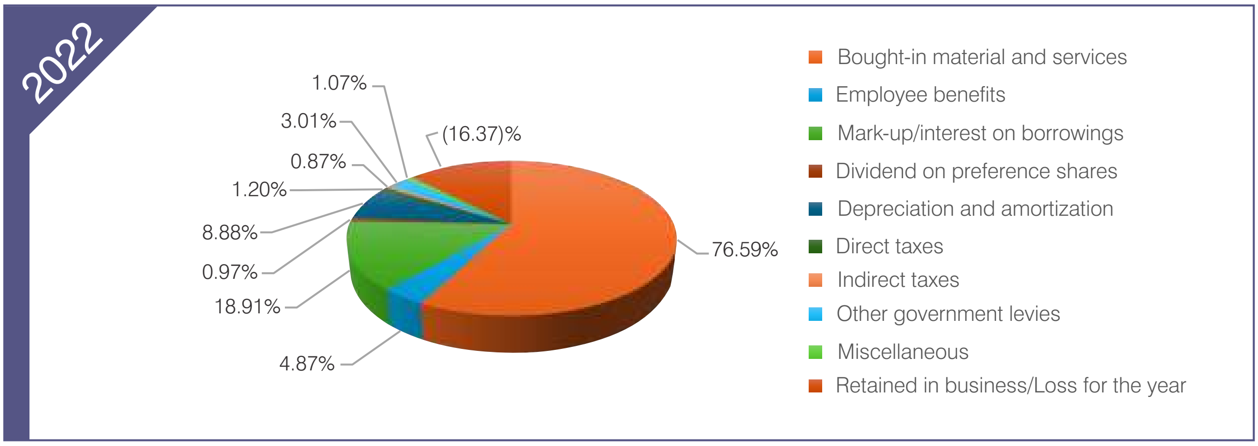
The Company has established a robust mechanism dedicated to addressing and managing investors' complaints and grievances effectively. Investors are encouraged to voice their concerns by submitting written correspondence to the corporate department or by emailing corporate@agritech.com.pk. Additionally, the Company has facilitated a convenient feedback channel through a designated form accessible in the 'Investor Relations' section of its website, www.agritech.com.pk. This proactive approach underscores our commitment to transparency, accountability, and maintaining positive investor relations.

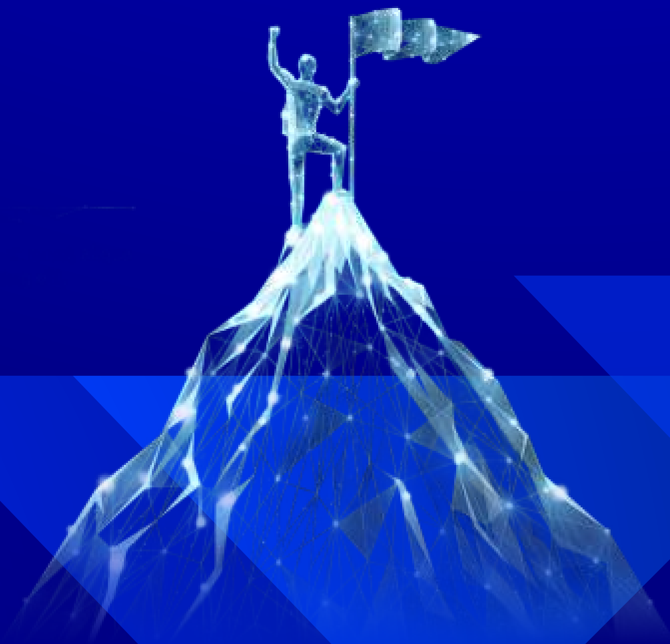
All investor feedback are addressed timely. However, no significant complaints were received during the year.

STATEMENT OF VALUE ADDITION

	2023 Rupees	2023 %age	2022 Rupees	2022 %age
Wealth Generated				
Revenue	23,027,946,892	83.71	17,452,368,621	96.76
Other income	4,481,459,425	16.29	583,637,366	3.24
Total Wealth Generated	27,509,406,317	100.00	18,036,005,987	100.00
Wealth Distributed				
Bought-in material and services	16,007,317,467	58.19	13,813,825,277	76.59
Employee benefits	1,247,688,420	4.54	879,101,142	4.87
Mark-up/interest on borrowings	5,069,835,363	18.43	3,410,880,484	18.91
Dividend on preference shares	175,267,699	0.64	175,267,699	0.97
Depreciation and amortization	1,837,599,916	6.68	1,601,391,776	8.88
Direct taxes	313,891,039	1.14	216,202,290	1.20
Indirect taxes	855,784,453	3.11	156,185,396	0.87
Other government levies	772,630,988	2.81	543,215,768	3.01
Miscellaneous	143,599,147	0.52	193,262,375	1.07
Retained in business/Loss for the year	1,085,791,825	3.95	(2,953,326,220)	(16.37)
Total Wealth Distributed	27,509,406,317	100.00	18,036,005,987	100.00







AUDITED FINANCIAL STATEMENTS 01-67

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AGRITECH LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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, 2023, 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, 2023 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As stated in Note 2.2 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 assumptions used in the financial projections 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 continuous supply of gas to the Company 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. 6,659 million recognized on tax losses 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's current liabilities as on 31 December 2023, exceeded its current assets by Rs. 24,276 million, and its accumulated loss stood at Rs. 23,859 million. These conditions, along with other matters as set forth in Note 2.2 to the financial statements, indicate existence of material uncertainty that may cast significant doubt about the Company's ability to continue as going concern. Our opinion is not qualified in respect of this matter.

Emphasis of Matter Paragraph

We draw attention towards Note 19 to the accompanying financial statements, wherein it is stated that the Company could not pay its liabilities due towards financial institutions 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,

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	**Financial Restructuring** A creditors' scheme of arrangement (the Scheme) was approved by the Honorable Lahore High Court (LHC) during 2022 which has been implemented in current year financial statements. In accordance with such Scheme, there were three different options 1, 2 & 3: • Under Option 1, the Company applied CFADS upfront to settle outstanding/overdue mark-up of the lenders on pro-rated basis as final settlement for overdue/accrued mark uptill December 31, 2013; • Under Option 2, overdue markup was converted into a zero coupon TFC payable at the end of FY 2026 as bullet payment. The Company has applied unutilized CFADS from Option 1 to partially settle principal outstanding of lenders opting for Option 2 on pro-rated basis; • Under Option 3, any unutilized CFADS from Option 1 & 2 was applied for reduction in outstanding principal of all creditors on pro-rated basis. Remaining principal and accrued markup outstanding was converted to Preference shares CFADs/Funds amounting to Rs. 1.648 billion have been distributed to certain creditors under different options in 5 installments before 31 December 2023. For remaining amounts payable due towards such creditors, the Company has got relief in accrued markup as well as has created zero coupon PPTFCs, Sukuks and preference shares which will be issued in due course. In view of the monetary value of financial restructuring and the complexities involved in accounting treatment of the same, we have identified this area as Key Audit Matter.	Our audit procedures, amongst others, included the followings: • Reviewed the restructuring scheme approved by LHC; • Reviewed the correspondence with the creditors on selection of the Option 1, 2 or 3 of the Scheme; • Checked correspondence with creditors containing the amount to be paid, remaining principal and conversion of the same into New Zero Coupon PPTFCs/Sukuks and preference shares; • Traced the amounts (CFADs) paid to certain creditors under three different Options, on a sample basis, through bank statements of AGL; • Obtained confirmation from certain creditors in respect of distribution of CFADs; • Recalculated number and amounts of new securities to be issued in accordance with the Scheme; • Recalculated the amount of interest expense / preference dividend and resulting gain from implementation of the Scheme; • Reviewed BOD resolution dated 12 Feb 2024 for implementation of such scheme including issuance of new securities; and • Recalculated PV adjustment and amortization on New Zero Coupon PPTFCs/Sukuks.

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>2</td><td><u>Revenue Recognition</u>

The Company has two major streams of revenue: local sales of Urea & GSSP fertilizer.

Revenue from sale of goods is recognized when the Company satisfies the performance obligation under the contract by transferring promised goods to the customers. Revenue recognition policy has also been explained in Note 3.15 to the financial statements.

We have identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on the satisfaction of the performance obligation under the contract with the customer in line with the accounting policy adopted and may not have been recognized in the appropriate period.</td><td>Our audit procedures include the followings:

• Obtaining an understanding of and assessing the design and implementation to ensure that revenue is recognized in the appropriate accounting period and based on stated accounting policy;

• Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting & reporting standards;

• Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period;

• Checked on a sample basis recorded sales transactions with underlying supporting documents; and

• Assessed adequacy of related disclosures made in the financial statements</td></tr>
</table>

<u>Information Other than the Financial Statements and Auditor's Report Thereon</u>

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, 2023, 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.

<u>Responsibilities of Management and Board of Directors for the Financial Statements</u>

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.

<u>Auditor's Responsibilities for the Audit of the Financial Statements</u>

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

Grant Thornton Anjum Rahman
Chartered Accountants
Lahore.

Date: 27 March 2024

UDIN Number: AR202310212xhGno16r0

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
Authorized share capital	4	**35,000,000,000**	35,000,000,000
Share capital and reserves			
Issued, subscribed and paid-up ordinary share capital	5	**3,924,300,000**	3,924,300,000
Reserves	6	**9,000,000**	9,000,000
Accumulated losses		**(23,858,874,985)**	(25,850,797,277)
Surplus on revaluation of property, plant and equipment - net of tax	7	**32,998,144,218**	33,901,677,144
		13,072,569,233	11,984,179,867
Non-current liabilities			
Redeemable capital-secured	8	**3,170,409,622**	-
Long term finances-secured	9	**-**	-
Convertible, redeemable preference shares	10	**1,593,342,690**	1,593,342,690
Non convertible, redeemable preference shares	11	**18,542,697,500**	-
Long term payable - *unsecured*	12	**-**	551,438,375
Deferred liabilities	13	**10,328,109,165**	10,875,636,015
		33,634,558,977	13,020,417,080
Current liabilities			
Current maturity of long term finances	14	**-**	19,269,126,210
Short term borrowings-secured	15	**3,413,457,179**	3,581,994,123
Trade and other payables	16	**7,928,091,479**	4,620,048,580
Interest / mark-up accrued on borrowings	17	**2,825,973,353**	27,088,095,036
Preference dividend payable	18	**23,852,887,378**	1,906,638,085
		38,020,409,389	56,465,902,034
		84,727,537,599	81,470,498,981
Contingencies and commitments	19		
ASSETS			
Non-current assets			
Property, plant and equipment	20	**68,335,595,265**	69,925,058,640
Intangible assets	21	**2,567,742,587**	2,568,030,431
Long term loans and advances-considered good	22	**24,591,622**	17,123,956
Long term deposits-unsecured considered good	23	**54,949,437**	54,721,537
		70,982,878,911	72,564,934,564
Current assets			
Stores, spare parts and loose tools	24	**2,223,433,061**	2,246,110,220
Advance against restructuring scheme	25	**-**	891,198,023
Stock-in-trade	26	**1,185,544,326**	1,063,281,066
Trade debts	27	**-**	513,312
Advances, deposits, prepayments and other receivables	28	**4,205,105,051**	4,080,352,277
Tax refunds due from Government -*net*		**82,775,808**	95,056,593
Short term investments	29	**5,527,370,029**	-
Cash and bank balances	30	**520,430,413**	529,052,926
		13,744,658,688	8,905,564,417
		84,727,537,599	81,470,498,981

The annexed notes from 1 to 56 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 2023

	Note	2023 Rupees	2022 Rupees
Sales - *net*	31	**22,172,162,439**	17,296,183,225
Cost of sales	32	**(17,773,662,239)**	(15,174,621,258)
Gross profit		**4,398,500,200**	2,121,561,967
Selling and distribution expenses	33	**(672,817,846)**	(639,097,299)
Administrative and general expenses	34	**(646,125,718)**	(480,599,638)
Other expenses	35	**(63,748,796)**	(37,749,855)
		(1,382,692,360)	(1,157,446,792)
Other income	36	**722,100,479**	104,875,957
Operating profit		**3,737,908,319**	1,068,991,132
Finance cost	37	**(6,097,584,401)**	(4,284,876,471)
Loss before taxation and restructuring gain		**(2,359,676,082)**	(3,215,885,339)
Gain on restructuring of loans - net	38	**3,207,114,001**	-
Profit / (Loss) before taxation		**847,437,919**	(3,215,885,339)
Taxation for the year	39	**238,353,906**	262,559,119
Profit / (Loss) after taxation		**1,085,791,825**	(2,953,326,220)
Earnings / (Loss) per share - *basic*	40	**2.77**	(7.53)
Earnings / (Loss) per share - diluted	40	**1.31**	(7.53)

The annexed notes from 1 to 56 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 2023

	Note	2023 Rupees	2022 Rupees
Profit/ (Loss) after taxation		**1,085,791,825**	(2,953,326,220)
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss:			
- Re-measurement of defined benefit liability	*13.1.9*	**3,658,509**	20,625,318
- Revaluation surplus on property, plant and equipment		**-**	14,091,994,983
- Related deferred tax liability on revaluation surplus		**-**	(2,924,925,305)
- Related deferred tax (liability) /asset on gratuity	*13.2.3*	**(1,060,968)**	(5,981,342)
		2,597,541	11,181,713,654
Items that will be reclassified to statement of profit or loss		**-**	-
Total comprehensive income for the year		**1,088,389,366**	8,228,387,434

The annexed notes from 1 to 56 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 2023

	Ordinary Share Capital	Capital Reserve: Surplus on revaluation of property, plant and equipment - net of tax	Revenue Reserves: Reserves	Revenue Reserves: Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 January 2022	3,924,300,000	23,435,770,400	9,000,000	(23,613,277,967)	3,755,792,433
Loss for the year ended December 31, 2022	-	-	-	(2,953,326,220)	(2,953,326,220)
Other comprehensive income for the year:					
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 loss for the year ended 31 December 2022	-	-	-	(2,938,682,244)	(2,938,682,244)
Surplus transferred to accumulated losses on account of:					
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)
	-	10,465,906,744	-	701,162,934	11,167,069,678
As at 31 December 2022	3,924,300,000	33,901,677,144	9,000,000	(25,850,797,277)	11,984,179,867
As at 01 January 2023	3,924,300,000	33,901,677,144	9,000,000	(25,850,797,277)	11,984,179,867
Profit for the year ended 31 December 2023	-	-	-	1,085,791,825	1,085,791,825
Other comprehensive income for the year:					
Re-measurement gain on employee retirement benefits	-	-	-	3,658,509	3,658,509
Related deferred tax liability on re-measurement gain	-	-	-	(1,060,968)	(1,060,968)
Total comprehensive income for the year ended 31 December 2023	-	-	-	1,088,389,366	1,088,389,366
Surplus transferred to accumulated losses on account of:					
Incremental depreciation on property, plant and equipment - net of deferred tax	-	(903,532,926)	-	903,532,926	-
	-	(903,532,926)	-	903,532,926	-
As at 31 December 2023	**3,924,300,000**	**32,998,144,218**	**9,000,000**	**(23,858,874,985)**	**13,072,569,233**

The annexed notes from 1 to 56 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 2023

	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Cash generated from / (used in) operations	*41*	**5,993,335,049**	(89,012,597)
Income tax paid		**(301,610,252)**	(158,354,778)
Staff retirement benefits paid		**(288,000)**	(14,784,313)
Long term loans and advances - *net*		**(7,467,666)**	(3,099,820)
Long term deposits - *net*		**(227,900)**	2,955,714
Net cash generated / (used in) from operating activities		**5,683,741,231**	(262,295,794)
Cash flow from investing activities			
Capital expenditure incurred		**(305,266,692)**	(511,409,503)
Proceeds from disposal of fixed assets		**10,617,955**	29,757,390
(Increase) / decrease in short term investments - *net*		**(5,464,854,208)**	104,200,000
Interest income received		**267,839,011**	77,501,990
Net cash used in investing activities		**(5,491,663,934)**	(299,950,123)
Cash flow from financing activities			
Decrease in long term finances - *net*		**(15,000,000)**	-
Decrease in short term borrowings - *net*		**(15,000,000)**	(29,997,111)
Finance cost paid		**(17,162,866)**	(56,081,128)
Net cash used in financing activities		**(47,162,866)**	(86,078,239)
Net increase / (decrease) in cash and cash equivalents		**144,914,431**	(648,324,156)
Cash and cash equivalents at beginning of the year		**(2,153,961,368)**	(1,505,637,212)
Cash and cash equivalents at end of the year	*42*	**(2,009,046,937)**	(2,153,961,368)

The annexed notes from 1 to 56 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 2023

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

During the year, the Company has earned gross profit amounting to Rs. 4,398 million and net profit of Rs. 1,086 million as continuity of gas supplies were ensured by the GOP. Urea supply demand gap prevailing in Pakistan for the past couple of years has resulted into improved supply of Gas / RLNG from Government and the consistent Urea production from the Company .

The Company is also in process of issuing preference shares (shariah/conventional version) and privately placed term finance certificates (PPTFCs) / Sukuks in pursuance of the Scheme of Arrangement (the 'Scheme') as approved by Honorable Lahore High Court on June 03, 2022 with effect from December 31, 2013 to restructure its over-due long-term debts due towards creditors and related markup. Payment of Rs. 1,649 million to its lenders has also been made by the Company as per the Scheme.

However, the Company's current liabilities still exceed its current assets by Rs. 24,276 million and hence, there is material uncertainty that may cast significant doubt on the entity's ability to continue as going concern and therefore, it may not be able to realise its assets and discharge its liabilities in normal course of business. At the same time, the Company is confident that a continuous gas supply solution is likely to be worked out with GOP for sustained Urea production in future due to Government's high priority of production of Urea within Pakistan. The Company is also confident that the suits filed by most of Banks/lenders will also be withdrawn on completion of implementation of scheme.

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, 2023

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, 2023. 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 period beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	1 January 2024
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	1 January 2023
IAS 12	Income Taxes	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.

Further, 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 (annual)
IFRS 17	Insurance Contracts	1 January 2016
IFRS 2	Service Concession Arrangements	1 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 13.

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 Material accounting policy information

The material accounting policy information 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 with the exception of freehold land, which is measured at revalued amount and any identified impairment. 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. 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 20 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, 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 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 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, 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 13 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 holders 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 profit or loss as finance cost and payable is charged as current liability.

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 counter 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 (fuel and power).

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

<u>Current tax</u>
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.

3.22 Redeemable preference shares

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are taken to the income statement as finance expense.

3.23 Short term investments

Short term investments with fixed or determinable payments and fixed maturity, which the company has the positive intent and ability to hold to maturity, are carried at amortized cost, using the effective interest rate method less impairment losses, if so determined.

	Note	2023 Rupees	2022 Rupees
4 Authorized share capital			
Ordinary shares of Rs. 10 each			
600,000,000 (2022 : 600,000,000) class A shares	*4.1*	**6,000,000,000**	6,000,000,000
200,000,000 (2022 : 200,000,000) class B shares	*4.2*	**2,000,000,000**	2,000,000,000
200,000,000 (2022 : 200,000,000) class C shares	*4.3*	**2,000,000,000**	2,000,000,000
		10,000,000,000	10,000,000,000
Preference shares of Rs. 10 each			
500,000,000 (2022 : 500,000,000) shares	*4.4*	**5,000,000,000**	5,000,000,000
2,000,000,000 (2022 : 2,000,000,000) shares	*4.5*	**20,000,000,000**	20,000,000,000
		25,000,000,000	25,000,000,000
		35,000,000,000	35,000,000,000

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, non-convertible, redeemable and cumulative preference shares.

	Note	2023 Rupees	2022 Rupees
5 Issued, subscribed and paid-up ordinary share capital			
Class A ordinary shares of Rs. 10 each			
383,430,000 (2022 : 383,430,000) shares issued fully paid in cash		**3,834,300,000**	3,834,300,000
9,000,000 (2022 : 9,000,000) shares issued for consideration other than cash		**90,000,000**	90,000,000
	5.1	**3,924,300,000**	3,924,300,000

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

	2023 (Percentage held)	2022 (Percentage held)	2023 (Number of shares)	2022 (Number of shares)
National Bank of Pakistan	**27.01%**	27.01%	**106,014,632**	106,014,632
Faysal Bank Limited	**4.56%**	4.56%	**17,914,040**	17,914,040
Pak China Investment Company Limited	**3.02%**	3.02%	**11,832,836**	11,832,836
Bank Makramah Limited (Formerly: Summit Bank Limited)	**0.00%**	8.74%	**1,000**	34,306,400
Silk Bank Limited	**0.00%**	0.00%	**1,000**	1,000

	2023 Rupees	2022 Rupees
6 Reserves		
Revenue reserve	**9,000,000**	9,000,000

	2023 Rupees	2022 Rupees
7 Surplus on revaluation of property, plant and equipment - *net of tax*		
Revaluation surplus as at 01 January	**45,503,574,556**	32,399,133,002
Surplus arising during the year on revaluation of:		
-freehold, Land, building, plant and machinery	-	14,091,994,983
Surplus transferred to accumulated losses on account of:		
- incremental depreciation charged during the year	**(1,272,581,586)**	(987,553,429)
- disposal of assets during the year	**-**	-
	(1,272,581,586)	(987,553,429)
Revaluation surplus as at 31 December	**44,230,992,970**	45,503,574,556
Less: deferred tax liability on revaluation surplus		
as at 01 January	**11,601,897,412**	8,963,362,602
Deferred tax liability on revaluation of		
- Freehold Land, building, plant and machinery	-	2,924,925,305
Reduction in deferred tax liability due to:		
- incremental depreciation charged during the year	**(369,048,660)**	(286,390,495)
- surplus related to disposal during the year	**-**	-
Deferred tax liability on revaluation surplus as at 31 December	**11,232,848,752**	11,601,897,412
Revaluation surplus as at 31 December - net	**32,998,144,218**	33,901,677,144

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	2023 Rupees	2022 Rupees
8 Redeemable capital - *secured*			
Privately Placed Term Finance Certificates - *I*	*8.2*	**-**	1,498,602,000
Privately Placed Term Finance Certificates - *II*	*8.3*	**-**	6,894,286,800
Privately Placed Term Finance Certificates - *III*	*8.4*	**-**	495,460,750
Privately Placed Term Finance Certificates - *IV*	*8.5*	**-**	548,825,000
Privately Placed Term Finance Certificates - *V*	*8.6*	**-**	618,685,000
Privately Placed Term Finance Certificates	*8.7*	**-**	509,874,996
Privately Placed Sukuk Certificates	*8.8*	**-**	1,599,800,000
Privately Placed Term Finance Certificates	*8.11*	**2,254,131,679**	
Privately Placed Sukuks Certificates	*8.11*	**916,277,943**	-
		3,170,409,622	12,165,534,546
Current maturity presented under current liabilities	*14*	**-**	(12,165,534,546)
		3,170,409,622	--

8.1 Types of redeemable capital

	2023 Rupees	2022 Rupees
Interest / mark-up based financing	**2,254,131,679**	10,565,734,546
Islamic mode of financing	**916,277,943**	1,599,800,000
	3,170,409,622	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 pari passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- first pari passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. Nil (2022: Rs. 1,498.60 million) and interest amounting to Rs. Nil (2022: Rs. 1,952.8 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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 pari passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- first pari passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. Nil (2022: Rs. 6,894.28 million) and interest / mark-up amounting to Rs. Nil (2022: Rs. 8,806 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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 pari passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and

- first pari passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. Nil (2022: Rs. 495.46 million) and interest / mark-up amounting to Rs. Nil million (2022: Rs. 710.6 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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. Nil (2022: Rs. 548.83 million) was overdue. This has been restructured during the year. (Ref: note 45.2.2).

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. Nil (2022: Rs. 618.69 million) and interest / mark-up amounting to Rs. Nil (2022: Rs. 782.8 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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. Nil (2022: Rs. 509.87 million) and interest / mark-up amounting to Rs. Nil (2022: Rs. 595.1 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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

At the reporting date, principal amounting to Rs. Nil (2022: Rs. 1,599.80 million) and profit amounting to Rs. Nil million (2022: Rs. 2,077.4 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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 and accordingly, loan and related interest has been rescheduled during the year. The Company is also required to comply with certain conditions imposed by the providers of finance to make dividend payments.

8.10 The Honorable Lahore High Court has sanctioned Scheme of Arrangement filed by the Company to restructure Company's over-due redeemable capital along-with related markup as of 31 December 2013 through conversion into preference shares and zero coupon TFCs/ Sukuks.

8.11 The Company is in the process of issuing these instruments in pursuance of approved Scheme of Arrangements and approval of the board. These instruments carry zero mark-up / Profit and are payable to the instrument holders in the form of a bullet payment by the end of December 2026.

		Zero Coupon Instruments		
	Note	**Sukuks Rupees**	**TFCs Rupees**	**Total Rupees**
Principal		**1,464,330,000**	**3,602,395,000**	**5,066,725,000**
Less: Present value adjustment	*38*	**(548,052,057)**	**(1,348,263,321)**	**(1,896,315,378)**
		916,277,943	**2,254,131,679**	**3,170,409,622**

These instruments are to be secured by way of:

- First pari passu hypothecation charge over all present and future fixed assets of the company with a 20% margin;

- Equitable and token Registered Mortgage over immovable fixed assets (including land and building) of the Company with a 20% margin.

8.12 Assets held as collateral are disclosed in Note 49 to these financial statements.

	Note	**2023 Rupees**	2022 Rupees
9 *Long term finances - secured*			
Syndicate Term Finance - *I*	*9.2*	**-**	3,000,000,000
Syndicate Term Finance - *II*	*9.3*	**-**	466,362,600
Syndicate Term Finance - *III*	*9.4*	**-**	2,840,145,329
Bank Islami Pakistan Limited - *Term Finance*	*9.5*	**-**	300,000,000
National Bank of Pakistan - *Term Finance*	*9.6*	**-**	132,083,735
Dubai Islamic Bank Limited - *Term Finance*	*9.7*	**-**	365,000,000
			7,103,591,664
Current maturity presented under current liabilities	*14*	**-**	(7,103,591,664)
		-	-

		Note	2023 Rupees	2022 Rupees
9.1	**Types of long term finances - secured**			
	Interest / mark-up based financing		**-**	6,438,591,664
	Islamic mode of financing		**-**	665,000,000
			-	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. Nil (2022: Rs. 3,000 million) and interest / mark-up amounting to Rs.Nil (2022: Rs. 4,053.8 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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. Nil million (2022: Rs. 466.3 million) and Rs. Nil million (2022: Rs. 693.4 million) respectively were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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. Nil million (2022: Rs. 2,840.15 million) and interest / mark-up amounting to Rs. Nil million (2022: Rs. 3,962.9 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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. Nil (2022: Rs. 300.00 million) and mark-up amounting to Rs. Nil (2022: Rs. 400.9 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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. Nil (2022: Rs. 132.08 million) and interest /mark-up amounting to Rs. Nil (2022: Rs. 298.6 million) was overdue. This has been restructured during the year. (Ref: note 45.2.2).

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 Nil (2022: Rs. 365 million) and interest / mark-up amounting to Rs. Nil (2022: Rs. 437.4 million) were overdue. This has been restructured during the year. (Ref: note 45.2.2).

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. Accordingly, the company has restructured these facilities.

9.9 As explained in note 2.2, the Honorable Lahore High Court 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 Assets held as collateral are disclosed in Note 49 to these financial statements.

	Note	**2023 Rupees**	2022 Rupees
10 Convertible, redeemable preference shares			
Preference shares of Rs. 10 each			
159,334,269 (2022: 159,334,269) shares issued fully paid in cash	*10.1*	**1,593,342,690**	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, Conversion Date means the date falling ninety (90) days after completion of each financial year of the Company commencing not earlier than the fifth (5th) 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 Subsequent to the reporting date, Bank Alfalah Limited has given its intention for the conversion of ‘Preference shares’ into ‘Ordinary shares’ of the Company. The Company is in the process of making necessary arrangements for the said conversion. After this conversion, the remaining preference shares will be 148,450,783 held by other investors.

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

	2023	2022
	No. of shares	No. of shares
Faysal Bank Limited	**31,035,594**	31,035,594
National Bank of Pakistan	**61,748,756**	3,458,756
	92,784,350	34,494,350

		Note	**2023 Rupees**	2022 Rupees
11	**Non convertible, redeemable preference shares**			
	Preference shares of Rs. 10 each			
	1,854,269,750 (2022: 0) shares	*11.1*	**18,542,697,500**	-

11.1 This represents local currency, non-listed, redeemable, non convertible and cumulative preference shares with limited voting rights, issued at the rate of Rs. 10 per share under the agreement between the Company and various lenders /investors under the Scheme of Arrangement sanctioned by Honourable Lahore High Court (LHC) on June 03, 2022, effective from 31 December, 2013.

The Company shall have option to redeem these preference shares plus any accumulated unpaid dividends in full or in part, within ninety days after the expiry of first anniversary from the date of issue and subsequently every anniversary thereafter by giving at least thirty days notice.

The preference shareholders have a preferred right of dividend @ 1 Year KIBOR + 4% per annum on cumulative basis (on annual basis).

11.2 The Board in its meeting held on February 12, 2024 has given approval for issuance of related instruments to the tune of Rs. 18,542,697,500 of preference shares / Sharia compliant preference shares. Currently, the Company is in process of completion of legal formalities for issuance of such shares.

11.3 Preference shares of the Company to be issued to associated undertakings are as follows:

	Number of shares
Silk Bank Limited	**17,277,866**
Faysal Bank Limited	**164,152,738**
National Bank of Pakistan	**248,639,905**
Bank Makramah Limited (Formerly: Summit Bank Limited)	**55,202,302**
Pak China Investment Company Limited	**18,787,215**
	504,060,026

		Note	**2023 Rupees**	2022 Rupees
12	**Long term payable -*unsecured***			
	Payable to SNGPL	*16.1.2*	**-**	551,438,375
			-	551,438,375
13	**Deferred Liabilities**			
	Staff retirement benefits	*13.1*	**6,270,448**	2,613,321
	Deferred taxation-net	*13.2*	**10,321,838,717**	10,873,022,694
			10,328,109,165	10,875,636,015

13.1 **Staff retirement benefits**

The latest actuarial valuation of the Company's defined benefit plan was conducted on 31 December 2023 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

		Note	2023 Rupees	2022 Rupees
	Staff retirement benefits	*13.1.1*	**6,270,448**	2,613,321
13.1.1	**Statement of financial position liability**			
	Present value of defined benefit obligations	*13.1.3*	**143,188,053**	123,522,857
	Fair value of plan assets	*13.1.4*	**(155,322,231)**	(137,941,932)
	Benefits due but not paid during the year		**18,404,626**	17,032,396
	Net liability		**6,270,448**	2,613,321
13.1.2	**Movement in net liability**			
	Net liability as at 01 January		**2,613,321**	15,222,105
	Charge to statement of profit or loss for the year		**7,603,636**	8,535,498
	Charge to statement of comprehensive income for the year		**(3,658,509)**	(20,625,318)
	Contributions made during the year		**(288,000)**	(518,964)
	Net liability as at 31 December		**6,270,448**	2,613,321
13.1.3	**Movement in the present value for defined benefit obligations is as follows:**			
	Present value of defined benefit obligations as at 01 January		**123,522,857**	121,656,108
	Current service cost for the year		**9,318,405**	8,975,169
	Past service cost		**634,789**	-
	Interest cost for the year		**17,209,339**	13,711,306
	Benefits paid during the year		**(6,393,975)**	(177,349)
	Benefits due but not paid during the year		**(3,281,538)**	(9,750,937)
	Actuarial loss on defined benefit obligation		**231,499**	577,907
	Experience Adjustments		**1,946,677**	(11,469,347)
	Present value of defined benefit obligation as at 31 December		**143,188,053**	123,522,857
13.1.4	**Movement in fair value of plan assets is as follows:**			
	Fair value of plan assets as at 01 January		**137,941,932**	125,049,834
	Expected return on plan assets for the year		**19,558,897**	14,150,977
	Contribution made during the year		**-**	-
	Benefits paid during the year		**(8,015,283)**	(10,992,757)
	Return on plan assets, excluding interest income		**5,836,685**	9,733,878
	Fair value of plan assets as at 31 December		**155,322,231**	137,941,932
13.1.5	**Actual return on plan assets**			
	Expected return on plan assets		**19,558,897**	14,150,977
	Actuarial losses on plan assets		**5,836,685**	9,733,878
			25,395,582	23,884,855
13.1.6	**Fair value of plan assets is as follows:**			
	Shares of HBL		**23,276**	13,440
	NIT Units		**524,499**	399,410
	NAFA (NBP CDC)		**151,904,169**	131,419,598
	Cash at banks		**2,870,287**	6,109,484
			155,322,231	137,941,932

		2023 Percentage	2022 Percentage
13.1.7	**Plan assets comprise of:**		
	Equity	**0.35%**	0.30%
	Cash and T. Bills	**99.65%**	99.70%
		100.00%	100.00%

		2023 Rupees	2022 Rupees
13.1.8	**Charge for the year in statement of profit or loss**		
	Current service cost for the year	**9,318,405**	9,318,405
	Past service cost (credit)	**634,789**	-
	Interest cost for the year	**17,209,339**	17,366,073
	Expected return on plan assets for the year	**(19,558,897)**	(19,497,190)
		7,603,636	7,187,288
13.1.9	**Actuarial (gains) and losses recognized directly in statement of comprehensive income**		
	Actuarial losses /(Gains) on present value		
	- Changes in financial assumptions	**231,499**	577,907
	- Experience adjustments	**1,946,677**	(11,469,347)
		2,178,176	(10,891,440)
	Return on plan assets, excluding interest income	**(5,836,685)**	(9,733,878)
	Gains recognized during the year	**(3,658,509)**	(20,625,318)

13.1.10 Historical information

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 2023 Rupees	31 December 2022 Rupees	31 December 2021 Rupees	31 December 2020 Rupees	31 December 2019 Rupees
Present value of defined benefit obligations	**143,188,053**	123,522,857	121,656,108	122,822,808	113,205,687
Fair value of plan assets	**(155,322,231)**	(137,941,932)	(125,049,834)	(116,881,801)	(95,636,466)
Benefits due but not paid during the year	**18,404,626**	17,032,396	18,615,831	989,306	-
Deficit in the plan	**6,270,448**	2,613,321	15,222,105	6,930,313	17,569,221
Experience adjustment arising on plan liabilities	1,946,677	(10,891,440)	840,699	3,764,758	4,264,095
Experience adjustment arising on plan assets	-	-	-	1,691,509	3,519,181

13.1.11 Assumptions used for valuation of defined benefit plan

	2023	2022
Discount rate used for interest cost	**14.50%**	11.75%
Discount rate used for year ended obligation	**15.50%**	14.50%
Expected rates of salary increase in future	**14.50%**	13.50%
Expected mortality rate	**SLIC 2001-2005 Setback 1 Year**	SLIC 2001-2005 Setback 1 Year
Retirement assumption	**60 years**	60 years

13.1.12 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.

13.1.13 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.

13.1.14 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.

13.1.15 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.

13.1.16 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined 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 2023 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	2023 Rupees	2022 Rupees
Discount rate + 100 bps	**132,504,260**	113,923,484
Discount rate - 100 bps	**155,173,368**	134,350,810
Future salary increase + 100 bps	**155,311,698**	134,474,758
Future salary increase - 100 bps	**132,201,031**	113,650,878

13.1.17 The average duration of the defined benefit obligation is 8 years (2022: 9 years)

13.1.18 Future contribution	**2024**
Expected employer contributions to the plan for the next financial year	-

	2023 Rupees	2022 Rupees
13.1.19 Maturity analysis of defined benefit obligation		
Maturity ≤ 1 year	**6,464,197**	7,513,678
Maturity > 1 ≤ 5 years	**49,835,505**	45,424,313
Maturity > 5 ≤ 10 years	**171,829,089**	113,536,395
Maturity > 10 years	**1,731,007,020**	1,329,370,813

		Note	**2023 Rupees**	2022 Rupees
13.2	**Deferred taxation - *net***			
	The liability for deferred taxation comprises temporary differences relating to:			
	Deferred tax liability arising on:			
	Accelerated tax depreciation/Amortization Allowances		**5,762,451,805**	5,791,486,271
	Revaluation of fixed assets		**11,232,916,860**	11,601,965,518
	Deferred tax asset arising on:			
	Provision for trade debts		**(12,526,895)**	(12,565,698)
	Provision for gratuity		**(1,818,430)**	(757,863)
	Unabsorbed tax losses	*13.2.1*	**(6,659,184,623)**	(6,507,105,534)
			10,321,838,717	10,873,022,694

13.2.1 Tax losses on account of unabsorbed depreciation and amortization amounting to Rs. 22,963 million (2022: Rs. 22,438 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 21.2.

Business losses amounting to Rs. 3,977 million (2022: Rs. 4,457 million) and minimum tax paid u/s 113 of the Income Tax Ordinance, 2001 amounting to Rs. 875.7 million (2022: Rs. 655 million) are also available to the Company. However, no deferred tax asset on these losses and tax credit has been recognized as sufficient tax profits may not be available to set these off in foreseeable future.

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

13.2.3 Movement in deferred tax balances is as follows:

	2023			
		Charge to / (reversal from)		
	Opening balance	**Profit and loss**	**Equity**	**Closing balance**
		Rupees		
Deferred taxation				
Taxable / (deductible) temporary difference				
Accelerated tax depreciation / amorisation allowances	**5,791,486,271**	**(29,034,466)**	**-**	**5,762,451,805**
Surplus on revaluation of fixed assets	**11,601,965,518**	**(369,048,658)**	**-**	**11,232,916,860**
Trade debts	**(12,565,698)**	**38,803**	**-**	**(12,526,895)**
Provision for gratuity	**(757,863)**	**(2,121,535)**	**1,060,968**	**(1,818,430)**
Unused tax losses	**(6,507,105,534)**	**(152,079,089)**	**-**	**(6,659,184,623)**
	10,873,022,694	**(552,244,945)**	**1,060,968**	**10,321,838,717**

	2022			
		Charge to / (reversal from)		
	Opening balance	Profit and loss	Equity	Closing balance
		Rupees		
Taxable / (deductible) temporary difference				
Accelerated tax depreciation 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)
	8,420,877,458	(478,761,409)	2,930,906,645	10,873,022,694

	Note	2023 Rupees	2022 Rupees
14 Current maturity of long term finances			
Redeemable capital	*8*	-	12,165,534,546
Long term finances	*9*	-	7,103,591,664
		-	19,269,126,210

15 Short term borrowings - secured

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

	2023 Rupees	2022 Rupees
Secured:		
Running finance	**2,529,477,350**	2,683,014,294
Finance against trust receipt	**88,528,540**	88,528,540
Istisna / Salam	**516,738,065**	531,738,064
Demand finance	**91,683,224**	91,683,224
Bills payable	**187,030,000**	187,030,000
	3,413,457,179	3,581,994,123

15.1 Particulars of borrowings

	2023 Rupees	2022 Rupees
Interest / mark-up based financing	**2,896,719,114**	3,050,256,059
Islamic mode of financing	**516,738,065**	531,738,064
	3,413,457,179	3,581,994,123

15.2 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 six months KIBOR plus a spread of 1.00% to 2.75% per annum (2022: 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. 5,682.52 million (2022: Rs. 5,551.23 million) out of which Rs. 2,456.1 million (2022: Rs.2,156.27 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. 2,997.36 million were not renewed uptil reporting date.

At the reporting date, principal and interest amounting to Rs. 3,226.42 million (2022 : Rs. 3,394.96 million) and Rs. 2,511.48 million (2022 : Rs. 2,046.32 million) respectively were overdue. (Refer Note 45.2.2 for details.)

15.3 Aggregate limits available for non-funded facilities amount to Rs 2,478.53 million (2022: Rs. 2,478.53 million) out of which limits that remain unutilized as at reporting date amount to Rs. 2,291.5 million (2022: Rs.2,291.5 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 (2022: Rs. 187.03 million) and Rs. 314.49 million (2022: Rs. 269.3 million) respectively were overdue.

15.4 As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.

15.5 Asset held as collateral are disclosed in note 49 to these financial statements.

	Note	2023 Rupees	2022 Rupees
16 Trade and other payables			
Trade and other creditors	*16.1*	**5,849,335,546**	3,911,562,358
Accrued liabilities		**437,086,638**	172,541,063
Provident fund payable		**1,141,459**	-
Security deposits and retention money	*16.2*	**19,262,525**	19,778,604
Advances from customers	*16.3*	**1,339,009,140**	455,298,891
Tax deducted at source		**11,153,269**	9,189,310
Workers' Welfare Fund		**25,951,900**	9,003,142
Federal excise duty payable		**211,199,398**	1,370,622
Other payables		**33,951,604**	41,304,590
		7,928,091,479	4,620,048,580

16.1 This includes the followings:

- Payable to SNGPL, includes bills payable, provision for cost of unbilled gas and GIDC.

- 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.

		2023 Rupees	2022 Rupees
16.1.1	GIDC Payable as on 31 Dec	**3,040,811,856**	3,040,811,856
	Less accumulated PV adjustment as at 31 Dec	**(26,920,257)**	(120,043,339)
	GIDC payable (net of discounting) as on 31 Dec	**3,013,891,599**	2,920,768,517
16.1.2	GIDC payable as on 31 Dec	**3,013,891,599**	2,920,768,517
	Less transfer to non current portion	**-**	(551,438,375)
	Balance current portion of GIDC payable	**3,013,891,599**	2,369,330,142

16.1.3 Late payment surcharge on GIDC amounting to Rs. 1,465.8 million (2022: Rs. 710.12 million), is also payable to SNGPL on 31 December which is included in total payable due towards SNGPL.

16.2 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.

16.3 Contract liabilities as at the beginning of the year, aggregating to Rs 426.20 million (2022: Rs 881.03 million), have been recognised as revenue upon meeting the performance obligations.

	Note	2023 Rupees	2022 Rupees
17 Interest / mark-up accrued on borrowings			
Redeemable capital - *secured*	*17.2*	-	14,924,820,911
Long term finances - *secured*	*17.2*	-	9,847,649,862
Short term borrowings - *secured*		2,825,973,353	2,315,624,263
		2,825,973,353	27,088,095,036

17.1 The overdue amounts of mark-up / interest are disclosed in Note 45.2.2.

17.2 These liabilities have been restructured during the year (Ref note 45.2.2).

18 Preference dividend payable

This represents preference dividend payable on preference shares mentioned in Note 10 & 11.

19 Contingencies and commitments

19.1 Contingencies

19.1.1 Contingencies relating to Banks

19.1.1.1 During 2019, civil suit no. 29172/2019 has been filed by Soneri Bank Limited 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 June 03, 2022 with effect from December 31, 2013.

19.1.1.2 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.

19.1.1.3 During the year 2021, civil suit was filed by National Bank of Pakistan (a related party) in the Honourable Lahore High Court for recovery of Rs. 6,497 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 June 03, 2022 with effect from December 31, 2013.

19.1.1.4 During the year 2021, civil suit had been filed by Bank of Punjab in the Honourable Lahore High Court 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 the Court, 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 expects a favourable outcome in this matter.

19.1.1.5 During the year 2022, a civil suit had been filed by Bank Makramah Limited (formerly: Summit Bank Limited) (a related party) in the Honourable Lahore High Court 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 June 03, 2022 with effect from December 31, 2013.

19.1.1.6 During the year 2022, a civil suit had been filed by JS Bank of Pakistan Limited in the Honourable Lahore High Court 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. 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 June 03, 2022 with effect from December 31, 2013.

19.1.1.7 During the year 2022, a civil suit has been filed by Silk Bank Limited (a related party) in the Honorable Lahore High Court 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 LHC has sanctioned the Scheme of arrangement on June 03, 2022 with effect from December 31, 2013.

19.1.1.8 During the year 2022, a civil suit has been filed by Askari Bank Limited in the Honorable Lahore High Court 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 of the Company is of the view that this suit lacks merit as the instant suit cannot be proceeded or tried as LHC has sanctioned the Scheme of arrangement on June 03, 2022 with effect from December 31, 2013.

19.1.1.9 During the year 2022, a civil suit has been filed by Unit Trust of Pakistan and JS Investment Company Limited in the Honorable Lahore High Court 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 of the Company is of the view that this suit lacks merit as the instant suit cannot be proceeded or tried as LHC has sanctioned the Scheme of arrangement on June 03, 2022 with effect from December 31, 2013.

19.1.1.10 During the year 2022, a civil suit has been filed by JS Income Fund and JS Investment Company Limited in the Honorable Lahore High Court for recovery of Rs.164 million including markup along with cost of funds and other charges. The Company has filed PLA. 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 LHC has sanctioned the Scheme of arrangement on June 03, 2022 with effect from December 31, 2013.

19.1.1.11 During the year 2022, a civil suit has been filed by JS Infocom in the Civil Court Lahore 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 June 03, 2022 with effect from December 31, 2013.

19.1.1.12 During the year 2022, a civil suit has been filed by The Federal Employees Benevolent & Group Insurance Funds (FEB & GIF) in the Civil Court Lahore 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 was sanctioned by LHC on June 03, 2022 with effect from December 31, 2013.

The Company filed a petition in 2015 for scheme of arrangement / restructuring and the same was sanctioned on 03 June, 2022 by the Honorable Lahore High Court. However, feeling aggrieved by the Scheme of Arrangement, the (FEB & GIF) have filed appeals (CPLA) before the Supreme Court of Pakistan in year 2022. The same are pending for adjudication. The legal advisor expects a good likelihood of success in this matter and currently scheme is in process of implementation.

19.1.1.13 During the year 2022, a civil suit has been filed by JS Large Capital Fund in the Banking Court Lahore 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. LHC has sanctioned the "Scheme" on June 03, 2022 with effect from December 31, 2013.

19.1.1.14 During the year, a civil suit was filed by Al Baraka Bank Pakistan Limited in the Honourable Lahore High Court for the recovery of Rs.289 million including markup with cost of funds and other charges. The legal advisor expects a favourable outcome in this matter.

The legal advisor expects a good likelihood of success in this matter and currently scheme is in process of implemantation.

19.1.2 Taxation Contingencies

19.1.2.1 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, 2001 (the 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.

19.1.2.2 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.

19.1.2.3 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 ACIR 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 ACIR 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.

19.1.2.4 Income tax return for tax year 2014 (starting from 01 July 2013 to 31 December 2013) was filed 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 Ordinance 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 CIR (A) who has given partial relief subject to verification by OIR. Therefore, the Company, being aggrieved, filed an appeal before ATIR, Lahore which is pending for adjudication.

19.1.2.5 Income tax return for tax year 2015 was filed 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 Ordinance 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 CIR (A) who have confirmed the demand created by the department. The Company being aggrieved preferred an appeal with the ATIR, Lahore which is pending for fixation.

19.1.2.6 Income tax return for the tax year 2017 was filed, declaring a taxable income of Rs. 916.52 million (before the adjustment of losses and tax depreciation) and a taxable loss of Rs. 19.583 billion (after the adjustment of losses and tax depreciation).

The ACIR initiated proceedings under section 122 of the Ordinance. An order was passed under section 122(5A) of the Ordinance on 28 June 2023, through which no demand was created; however, a loss amounting to Rs. 9.170 billion was curtailed. The Company, being aggrieved, filed an appeal before the CIR (A) who have confirmed the demand created by the department. The Company being aggrieved preferred an appeal with the ATIR, Lahore which is pending for adjudication.

19.1.2.7 Income tax return for the tax year 2022 was filed. The ACIR initiated proceedings under section 122 of the Ordinance to amend the assessment. An order was passed under section 122(5A) of the Ordinance on 27 June 2023 and additions were made to arrive at an income of Rs. 656.51 million from a loss of Rs. 1,755.64 million, and the refund was reduced from Rs. 95.07 million to Rs. 17.55 million. The Company, being aggrieved, filed appeal before CIR (A) which is pending for adjudication.

19.1.2.8 The Company was selected for sales tax audit under section 72B/25 for tax period July 2010 to June 2011 of the Sales Tax Act, 1990 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.

19.1.2.9 The Company was selected by Punjab Revenue Authority (PRA) for withholding tax proceedings under section 52 of the Punjab Sales Tax on Services Act, 2012 for tax period January 2015 to December 2021 wherein the DCIR passed Order and created demand of Rs. 101.67 million. The Company, being aggrieved has preferred appeal before the Commissioner Appeals PRA which is pending for adjudication.

19.1.2.10 The Company has received notices from tax authorities for the conduct of sales tax audits and income tax audits for the tax years 2017 to 2020 and 2015 to 2020, respectively. In respect of these audits, the Company obtained a stay from the Honorable High Court, Lahore, through Order No. W.P No. 29025/2021.

Later on, due to non-prosecution by the Company's counsel, the writ petition for the stay was dismissed by the Court. Subsequently, the DCIR passed the following orders:

- For the tax years 2018 and 2019, regarding sales tax affairs, creating a demand of Rs.5,746.55 million and Rs. 7,179.19 million, respectively.

- For the tax years 2015 and 2016, regarding income tax affairs, creating a demand of Rs. 3,702.65 million and Rs. 3,930.16 million, respectively.

Following this, the Company filed W.P. No. 29025/2021 before the Court and challenged the selection on the grounds that these audits were specifically chosen for certain sectors based on the instructions of the Federal Board of Revenue (FBR). Hence, they should be dismissed in light of judgment W.P No. 15880/2021 dated 27-04-2022. In this judgment, the Court declared that sector-wise selection of income tax and sales tax audit proceedings based on FBR directives has no legal effect. The Court decided the petition in favor of the Company.

On the other hand, appeals to the CIR (A) have also been filed against the orders issued by DCIR.

For the Tax Years 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 the case back to the department with the direction to decide the matter as per the Court's direction.

For the Tax Years 2015 and 2016, in income tax affairs, the CIR (A) disposed of the appeal with the direction for the department to reconsider the matter and decide the same with the directions of the Honorable Lahore High Court. On the other hand, the department also filed an appeal to ATIR for the tax year 2015, which is pending adjudication.

Based on opinions of tax advisor 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.

19.1.3 Other Contingencies

19.1.3.1 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 (2022: 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 dismisal dated 23 October, 2021 in Islamabad High Court which is pending for adjudication.

19.1.3.2 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.

19.1.3.3 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.

19.2 Commitments

		Note	**2023 Rupees**	2022 Rupees
19.2.1	Commitments under irrevocable letters of credit for			
	- purchase of plant and machinery	45.3.1(a)	**69,323,686**	17,333,664
	- purchase of raw material		**-**	6,798,000
			69,323,686	24,131,664

19.2.2 Guarantees given by banks to Islamabad High Court on behalf of the Company in respect of litigation mentioned in Note 19.1.3.1 amounting to Rs. 86.50 million (2022: Rs. 86.50 million).

	Note	2023 Rupees	2022 Rupees
20 Property, plant and equipment			
Operating fixed assets	20.1	**68,330,193,294**	69,460,198,544
Capital work in progress	20.2	**5,401,971**	464,860,096
		68,335,595,265	69,925,058,640

20.1 Operating fixed assets

	2023										
	Cost / revalued amount					Depreciation				Net book value	
	As at 01 January 2023	Additions	Disposals	As at 31 December 2023	Useful lives in years	As at 01 January 2023	For the year/ Adjustments	Disposals	As at 31 December 2023	as at 31 December 2023	Depreciation rate (% per annum)
	Rupees					Rupees					
Owned assets											
Freehold land	7,756,385,800	-	-	7,756,385,800	-	-	-	-	-	7,756,385,800	Nil
Building on freehold land	3,983,508,967	13,822,574	-	3,997,331,541	45	1,435,953,891	56,709,670	-	1,492,663,561	2,504,667,980	2-2.22
Plant, machinery, electrical and other installations	100,984,208,423	674,864,561	(140,305,750)	101,518,767,234	4-45	42,034,096,554	1,750,566,401	(90,886,537)	43,693,776,418	57,824,990,816	2-25
Residential colony buildings	80,415,384	-	-	80,415,384	45	25,239,396	1,984,251	-	27,223,647	53,191,737	1.4-30
Road, bridges and culverts	88,742,859	-	-	88,742,859	50	29,254,881	1,752,281	-	31,007,162	57,735,697	2
Furniture, fixtures and office equipment	165,227,519	15,865,923	(1,416,957)	179,676,485	3 - 10	127,843,265	6,857,662	(1,173,682)	133,527,245	46,149,240	10 - 33
Vehicles and rail transport	156,562,009	54,818,603	(20,315,380)	191,065,232	5	130,170,412	12,680,972	(12,559,876)	130,291,508	60,773,724	20
Tools and other equipment	166,782,950	4,750,000	-	171,532,950	3 - 10	153,477,820	1,671,740	-	155,149,560	16,383,390	10
Plantation	296,476	-	-	296,476	-	296,476	-	-	296,476	-	10
Books and literature	807,888	-	-	807,888	10	807,888	-	-	807,888	-	10
Catalysts	285,450,123	603,153	-	286,053,276	3 - 6	271,049,271	5,089,095	-	276,138,366	9,914,910	20
	113,668,388,398	764,724,814	(162,038,087)	114,271,075,125		44,208,189,854	1,837,312,072	(104,620,095)	45,940,881,831	68,330,193,294	

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

20.1.2 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.

	2022												
	Cost / revalued amount						Depreciation						
	As at 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	Net book value as at 31 December 2022	Depreciation rate (% per annum)
	------ Rupees ------						------ Rupees ------						
Owned assets													
Freehold land	3,750,575,000	4,005,810,800	-	-	7,756,385,800	-	-	-	-	-	-	7,756,385,800	Nil
Building on freehold land	3,030,562,677	947,185,353	5,760,937	-	3,983,508,967	45	1,069,182,295	326,754,314	40,017,282	-	1,435,953,891	2,547,555,076	2-2.22
Plant, machinery, electrical and other installations	84,697,471,652	16,359,743,373	6,946,188	(6,496,098) (73,456,691) *	100,984,208,423	35-45	33,740,021,125	6,810,545,207	-	(1,719,771) (36,231,451) *	42,034,096,554	58,950,111,869	2-10
Residential colony buildings	202,012,619	(121,615,644)	18,408	-	80,415,384	45	53,697,910	(38,170,622)	9,712,108	-	25,239,396	55,175,988	1.4-30
Road, bridges and culverts	88,742,859	-	-	-	88,742,859	50	27,502,636	-	1,752,245	-	29,254,881	59,487,978	2
Furniture, fixtures and office equipment	146,019,853	-	21,771,173	(937,952) (1,625,555) *	165,227,519	3 - 10	125,877,940	-	4,366,009	(54,765) (2,345,919) *	127,843,265	37,384,254	10 - 33
Vehicles and rail transport	156,175,516	-	3,111,396	(2,724,400) * (503) *	156,562,009	5	114,615,434	-	17,795,731	(2,240,250) * (503) *	130,170,412	26,391,597	20
Tools and other equipment	155,287,663	-	13,523,250	(109,501) (1,918,462) *	166,782,950	3 - 10	154,473,120	-	1,032,651	- (2,027,951) *	153,477,820	13,305,130	10
Plantation	296,476	-	-	-	296,476	-	296,476	-	-	-	296,476	-	10
Books and literature	926,479	-	-	(118,591) *	807,888	10	926,470	-	-	(118,582) *	807,888	-	10
Catalysts	285,450,123	-	-	-	285,450,123	3 - 6	266,102,809	-	4,946,462	-	271,049,271	14,400,852	20
	92,513,520,917	21,191,123,882	51,131,352	(87,387,753)	113,668,388,398		35,552,696,215	7,099,128,899	1,601,103,932	(44,739,192)	44,208,189,854	69,460,198,544	

	Note	2023 Rupees	2022 Rupees

20.1.3 Allocation of depreciation charge

	Note	2023 Rupees	2022 Rupees
Cost of sales	*32*	**1,824,401,027**	1,588,555,300
Administrative and general expenses	*34*	**12,911,045**	12,548,632
		1,837,312,072	1,601,103,932

20.1.4 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:

	2023 Rupees	2022 Rupees
Revalued Assets		
Freehold land	**3,750,575,000**	3,750,575,000
Buildings on freehold land	**1,368,423,042**	1,689,458,520
Residential colony building	**13,039,161**	376,286,526
Plant, machinery, electrical and other installations	**48,268,969,448**	49,394,090,501
	53,401,006,651	55,210,410,547

20.1.5 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

20.1.6 Particulars of disposals of fixed assets are as follows:

Particulars	Cost / revalued amount (Rs.)	Accumulated depreciation (Rs.)	Book value (Rs.)	Sales proceeds (Rs.)	Gain/(loss) (Rs.)	Mode of disposal	Party name	Relationship
Gas Turbine	138,536,003	(90,433,044)	48,102,959	-	(48,102,959)	Exchange	M/s. Turbomach	None
ACG-21-713 Toyota Fortuner	8,479,000	(4,804,767)	3,674,233	3,375,600	(298,633)	Company policy	Mr. Faisal Muzammil	CEO
LE-20-1077 Suzuki Swift	2,050,000	(1,230,000)	820,000	381,000	(439,000)	Company policy	Mr. Muhammad Amjid	Employee
LE-20-1080 Suzuki Swift	2,050,000	(1,230,000)	820,000	381,000	(439,000)	Company policy	Mr. Muhammad Zaheer	Employee
LE-20-1081 Suzuki Swift	2,050,000	(1,230,000)	820,000	381,000	(439,000)	Company policy	Mr. Muhammad Ahsan Durrani	Employee
LE-19A-6203 Suzuki Swift	1,855,000	(1,051,167)	803,833	371,000	(432,833)	Company policy	Mr. Tauseef Ahmad Shaikh	Employee
LE-19A-6204 Suzuki Swift	1,855,000	(1,051,167)	803,833	371,000	(432,833)	Company policy	Mr. Asif Mahmood	Employee

20.2 Capital work in progress

	2023			
	As at 01 January 2023	Additions during the year	Transfers during the year	As at 31 December 2023
	---------- Rupees ----------			
Civil works	6,966,358	6,448,298	(11,022,644)	2,392,012
Plant, machinery & electric installations	57,185,111	204,258,116	(258,433,268)	3,009,959
Advance LC for Gas turbine (machinery)	400,708,627	-	(400,708,627)	-
	464,860,096	**210,706,414**	**(670,164,539)**	**5,401,971**

	2022			
	As at 01 January 2022	Additions during the year	Transfers during the year	As at 31 December 2022
	---------- Rupees ----------			
Civil works	1,067,453	11,209,335	(5,310,430)	6,966,358
Plant, machinery & electric installations	3,514,492	54,598,540	(927,921)	57,185,111
Advance LC for Gas turbine (machinery)	-	400,708,627	-	400,708,627
	4,581,945	466,516,502	(6,238,351)	464,860,096

	Note	**2023 Rupees**	2022 Rupees
21 Intangible assets			
Oracle computer software and implementation	*21.1*	**431,759**	719,603
Goodwill acquired in business combination	*21.2.1*	**2,567,310,828**	2,567,310,828
		2,567,742,587	2,568,030,431

	Note	2023	2022
21.1 Oracle computer software and implementation			
Cost			
As at 01 January		**43,718,942**	43,718,942
Addition during the year		**-**	-
Accumulated amortisation			
Opening		**(42,999,339)**	(42,711,495)
Amortisation for the year	*34*	**(287,844)**	(287,844)
		(43,287,183)	(42,999,339)
As at 31 December		**431,759**	719,603
Rate of amortisation		**25%**	25%

21.1.1 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.

21.2 Goodwill acquired in business combination

21.2.1 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.

21.2.2 The recoverable amount of goodwill was tested for impairment as at 31 December 2023, 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 "value in use" calculations are based on cash flow projections from the Urea Plant 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. The cash flows are discounted using a discount rate of 21.5% for its use in calculation of "value in use" which is sensitive to discount rate and local inflation rates. Based on these calculations, no impairment of goodwill is required.

	Note	2023 Rupees	2022 Rupees
22 Long term loans and advances - *considered good*			
Advances to employees - *secured*	*22.1 & 22.2*	**31,974,948**	22,813,183
Less: Current maturity presented under current assets	*28*	**(7,383,326)**	(5,689,227)
		24,591,622	17,123,956

22.1 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.

22.2 This includes advances to executives amounting to Rs. 13.1 million (2022: Rs. 6.01 million). The movement is as follows:

	2023 Rupees	2022 Rupees
Balance as at 01 January	**6,012,939**	2,348,246
Advances given during the year	**11,045,904**	6,509,057
Recoveries during the year	**(3,959,783)**	(2,844,364)
Balance as at 31 December	**13,099,060**	6,012,939

The maximum aggregate amount outstanding during the year at the end of any month is Rs. 15.3 million (2022: Rs. 6.01 million).

	2023 Rupees	2022 Rupees
23 Long term deposits - *unsecured, considered good*		
Security deposits with utility companies	**54,949,437**	54,721,537
24 Stores, spare parts and loose tools		
Stores	**222,338,801**	226,121,823
Spare parts	**2,000,651,221**	2,019,579,459
Loose tools	**443,039**	408,938
	2,223,433,061	2,246,110,220

25 Advance against restructuring scheme

This was the amount paid as upfront cash to settle overdue markup of lenders who opted for option 1 and principal of lenders who opted for option 2 / no option. Total CFADs (cashflows available for debt servicing) as per the sanctioned "scheme" amounted to Rs. 1.65 billion, out of which 2 tranches amounting to Rs. 891 million cumulatively had been paid during the year 2022. Remaining amount has been paid during the year and adjusted against issuance of new financial instruments (PPTFCs / Sukuks and preference shares) (Ref: note 45.2.2).

	Note	2023 Rupees	2022 Rupees
26 Stock in trade			
Raw material	26.1	**399,414,318**	338,867,382
Packing material		**27,462,787**	38,663,367
Work in process		**199,938,707**	268,799,188
Finished goods		**558,728,514**	416,951,129
		1,185,544,326	1,063,281,066

26.1 This includes stock in transit amounting to rupees Rs 134.79 million (2022: Rs. 0.88 million).

	Note	2023 Rupees	2022 Rupees
27 Trade debts			
Considered good		**-**	513,312
Considered doubtful - *unsecured*		**43,196,191**	43,196,191
		43,196,191	43,709,503
Less: provision for doubtful trade debts	*27.1*	**(43,196,191)**	(43,196,191)
		-	513,312
27.1 Movement in provision for doubtful trade debts			
As at 01 January		**43,196,191**	43,380,085
Reversal of provision for the year - net of recoveries		**-**	(183,894)
As at 31 December		**43,196,191**	43,196,191

	Note	2023 Rupees	2022 Rupees
28 Advances, deposits, prepayments and other receivables			
Advances to suppliers - *considered good*	*28.1*	**421,857,514**	340,335,707
Advances to employees - *considered good*			
- against salaries and post employment benefits- secured	*22*	**7,383,326**	5,689,227
- against purchases and expenses		**40,503,663**	11,985,865
Deposit with High Court	*19.1.3.1*	**36,000,000**	36,000,000
Prepayments		**7,194,615**	7,974,431
Receivable from Government of Pakistan	*28.2*	**1,346,250**	1,346,250
Receivable from Government of Punjab	*28.3*	**5,546,656**	5,546,656
Sales tax receivable - net		**2,976,542,972**	2,977,219,117
Subsidy receivable	*28.4*	**812,227,932**	812,227,932
Other receivables	*28.5*	**114,165,856**	108,662,237
		4,422,768,784	4,306,987,422
Less: provision against doubtful advances and receivable	*28.6*	**(217,663,733)**	(226,635,145)
		4,205,105,051	4,080,352,277

28.1 This includes SBLC and other receivable from SNGPL amounting to Rs. 200 million (2022: Rs. Nil) and Rs.12.19 million (Rs. 75.54 million) in respect of gas supply respectively.

28.2 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.

28.3 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.

	Note	2023 Rupees	2022 Rupees
28.4 Subsidy receivable -related party			
- from Ministry of Food, Agriculture and Livestock	*28.4.1*	**550,823,960**	550,823,960
- from Ministry of National Food Security and Research	*28.4.2*	**261,403,972**	261,403,972
		812,227,932	812,227,932

28.4.1 This represents receivable from Government of Pakistan against subsidy granted by Ministry of Food, Agriculture, and Livestock ("MINFAL") amounting to Rs.550.82 million (2022: 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 filling 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.

28.4.2 This includes the following:

- Subsidy amounting to Rs.16.40 million (2022: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 (2022: 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 (2022: 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.

28.5 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	2023 Rupees	2022 Rupees
28.6 Movement in provision for doubtful advances and receivables			
As at 01 January		**226,635,145**	226,635,145
Less: written off during the year		**(8,971,412)**	-
As at 31 December		**217,663,733**	226,635,145

29 Short term investment-at amortised cost

	Note	2023 Rupees	2022 Rupees
Investments in T-Bills	*29.1*	**5,527,370,029**	-
		5,527,370,029	-

29.1 This represents investment made in treasury bills issued by Govt. of Pakistan which carry mark up between 20.5% to 22%.

	Note	2023 Rupees	2022 Rupees
30 Cash and bank balances			
Cash in hand		**890,600**	458,002
Cash at bank - local currency			
Current accounts	*30.1*	**191,612,321**	442,087,767
Saving accounts	*30.2*	**327,927,492**	86,507,157
		519,539,813	528,594,924
		520,430,413	529,052,926

30.1 These include bank accounts of Rs. 25.84 million (2022: Rs. 72.9 million) maintained under Shariah compliant arrangements.

30.2 These carry mark-up @ 19.5% to 21.5% per annum (2022: 14% per annum).

	Note	2023 Rupees	2022 Rupees
31 Sales - *net*			
Sale of fertilizers			
- Local		**22,838,784,907**	17,422,373,584
Other products		**189,580,485**	162,924,537
Gross sales		**23,028,365,392**	17,585,298,121
Federal Excise Duty		**(822,270,722)**	-
Sales tax		**(33,513,731)**	(156,185,396)
Trade discounts		**(418,500)**	(132,929,500)
Net sales		**22,172,162,439**	17,296,183,225

	Note	2023 Rupees	2022 Rupees
32 Cost of sales			
Raw and packing material consumed		**11,173,988,012**	9,926,676,919
Salaries, wages and other benefits	*32.1*	**794,516,032**	593,664,448
Fuel and power		**3,039,730,239**	2,739,332,696
Stores, spare part and loose tools consumed		**540,130,775**	410,716,895
Travelling, conveyance and entertainment		**96,709,725**	73,667,316
Rent, rates and taxes		**488,613**	535,544
Insurance expenses		**36,482,821**	35,088,535
Repair and maintenance		**54,381,022**	39,504,932
Depreciation on property, plant and equipment	*20.1.3*	**1,824,401,027**	1,588,555,300
Printing and stationery		**5,600,649**	3,589,324
Communication		**6,685,551**	5,212,892
Loading and handling	*32.2*	**44,739,384**	47,020,750
Ijarah lease rentals	*32.3*	**9,956,666**	30,280,000
Contract services		**4,295,622**	3,184,082
Security		**79,486,980**	57,832,063
Others	*32.4*	**134,986,025**	92,326,575
		17,846,579,143	15,647,188,271
Opening work-in-process		**268,799,188**	93,858,186
Closing work-in-process		**(199,938,707)**	(268,799,188)
		68,860,481	(174,941,002)
Cost of goods manufactured		**17,915,439,624**	15,472,247,269
Opening finished goods		**416,951,129**	119,325,118
Closing finished goods		**(558,728,514)**	(416,951,129)
		(141,777,385)	(297,626,011)
Cost of goods sold		**17,773,662,239**	15,174,621,258

32.1 These include charges of Rs. 3.46 million (2022: Rs. 5.19 million) and Rs. 18.30 million (2022: Rs 16.14 million) on account of gratuity and provident fund respectively and include charges in respect of Iskanderabad Welfare Trust (IWT) amounting to Rs. 17.61 million (2022: Rs. 29.1 million).

32.2 These include charges related to Iskanderabad Welfare Trust (IWT) amounting to Rs. 27.58 million (2022: Rs. 24.71 million).

32.3 This includes rental paid against gas generator hired from Allied Rental Modaraba.

32.4 Other expenses include Housing Colony expenses aggregating to Rs. 84.13 million (2022: Rs. 66.88 million).

	Note	**2023 Rupees**	2022 Rupees
33 Selling and distribution expenses			
Salaries, wages and other benefits	*33.1*	**56,883,745**	34,506,080
Freight and other expenses		**571,997,152**	567,356,472
Communication		**993,538**	881,580
Travelling and conveyance		**9,551,606**	5,861,685
Advertisement		**11,036,227**	17,062,948
Rent, rates and taxes		**7,546,554**	4,673,677
Insurance		**2,303,486**	2,173,901
Vehicle running and maintenance		**609,998**	597,702
Printing and stationery		**860,580**	381,465
Security services		**9,724,043**	4,700,176
Miscellaneous		**1,310,917**	901,613
		672,817,846	639,097,299

33.1 These include charges of Rs. 1.52 million (2022: Rs. 1.21 million) on account of provident fund and it also includes charges related to Iskanderabad Welfare Trust (IWT) amounting to Rs. 0.22 million (2022: Rs. 0.36 million).

	Note	**2023 Rupees**	2022 Rupees
34 Administrative and general expenses			
Salaries and other benefits	*34.1*	**396,288,643**	250,930,614
Travelling, conveyance and entertainment		**36,768,880**	23,352,883
Rent, rates and taxes		**9,293,893**	6,988,350
Printing and stationery		**9,083,916**	5,691,513
Communication		**3,874,573**	2,893,469
IT consultancy		**13,749,273**	8,708,372
Legal and professional	*34.2*	**111,604,722**	93,581,125
Depreciation on property, plant and equipment	*20.1.3*	**12,911,045**	12,548,632
Ammortisation of intangible assets		**287,844**	287,844
Guest house expenses		**5,206,569**	2,955,609
Utilities		**26,763,067**	21,756,835
Repair and maintenance		**3,300,192**	2,910,698
Insurance		**2,502,003**	1,934,163
Fee & subscription		**107,491**	33,176,011
Miscellaneous		**14,383,607**	12,883,520
		646,125,718	480,599,638

34.1 These include charges in respect of employees' retirement benefits amounting to Rs. 4.14 million (2022: Rs. 3.34 million) and Rs. 6.64 million (2022: Rs. 5.2 million) on account of gratuity and provident fund respectively and it also includes charges related to Iskanderabad Welfare Trust (IWT) amounting to Rs. 22.10 million (2022: Rs. 36.62 million).

	Note	2023 Rupees	2022 Rupees
34.2 These include following in respect of auditors' remuneration:			
Statutory audit fee for the year		**7,267,260**	6,606,600
Review report under Code of Corporate Governance		**104,815**	95,288
Interim review		**1,632,593**	1,484,175
Other services		**1,850,000**	458,750
Out of pocket expenses		**525,000**	615,000
		11,379,668	9,259,813

35 Other expenses

	Note	2023 Rupees	2022 Rupees
Workers' Welfare Fund		**16,948,758**	-
Loss on disposal of property, plant and equipments		**46,800,038**	37,749,855
		63,748,796	37,749,855

36 Other income

	Note	2023 Rupees	2022 Rupees
Income from financial assets			
Profit on bank balances	*30*	**51,632,198**	74,864,023
Profit on short term investments	*36.1*	**277,131,662**	-
Mark-up on advances to employees		**1,590,972**	588,618
		330,354,832	75,452,641
Income from non-financial assets			
Sale of scrap		**23,287,878**	262,579
Other liabilities written back		**482,728**	133,805
Gain from experimental farm - net		**2,579,595**	2,105,067
Gain on disposal of property, plant and equipment		**-**	24,858,707
Miscellaneous		**738,404**	2,063,158
		27,088,605	29,423,316
Other			
Gain on settlement of short term loan and accrued markup thereon		**364,657,042**	-
		364,657,042	-
		722,100,479	104,875,957

36.1 This includes unrealized gain of Rs. 62.5 million on short term investments.

	Note	2023 Rupees	2022 Rupees
37 Finance cost			
Interest / mark-up on:			
- *Redeemable capital*		**2,630,754,412**	1,842,859,864
- *Long term finances*		**1,684,233,904**	1,178,823,623
- *Short term borrowings*		**754,847,047**	389,196,997
- *Late payment surcharge-GIDC*		**755,682,230**	543,215,768
		5,825,517,593	3,954,096,252
Dividend on preference shares	*10*	**175,267,699**	175,267,699
Amortisation of present value of GIDC		**93,624,249**	153,766,708
Bank charges and commission		**3,174,860**	1,745,812
		6,097,584,401	4,284,876,471

	Note	2023 Rupees	2022 Rupees
38 Gain on restructuring of loans *net*			
Overdue markup on long term financial and redeemable capital written back	*45.2.2*	**1,310,730,171**	-
Gain on amortisation (Present value adjustment) of zero coupon PPTFC & Sukuks		**1,896,383,830**	-
		3,207,114,001	-

Reported Profit after tax of Rs. 1,086 million has materialized after incorporating impact of the above gain on restructuring of Rs. 3,207 million (2022: Rs. Nil). Had this restructuring adjustment not been accounted for, the Company would have reported Loss after tax of Rs. 2,122 million.

	Note	2023 Rupees	2022 Rupees
39 Taxation			
For the year			
- Current tax		**313,891,039**	216,202,290
- Deferred tax	*13.2.3*	**(552,244,945)**	(478,761,409)
		(238,353,906)	(262,559,119)

39.1 Tax reconciliation has been not produced here as the tax provision is based on 1.25% of revenue and supertax at the rate of 2% of taxable profit.

		2023 Rupees	2022 Rupees
40 Earnings / (Loss) per share - basic and diluted			
40.1 Basic			
Profit / (Loss) attributable to ordinary shareholders		**1,085,791,825**	(2,953,326,220)
		No. of shares	No. of shares
Weighted average number of ordinary shares outstanding during the year		**392,430,000**	392,430,000
Earnings / (Loss) per share - *basic*	***(Rupees)***	**2.77**	(7.53)

		2023 Rupees	2022 Rupees
40.2	**Diluted**		
	Profit attributable to ordinary shareholders	**1,085,791,825**	-
	Dividends on convertible preference shares	**175,267,699**	-
	Profit for the year for calculation of diluted earnings per share	**1,261,059,524**	-
	Weighted average number of ordinary shares outstanding during the year	**392,430,000**	-
	Adjustment for conversion of convertible preference shares:		
	Weighted average number of potential ordinary shares in issue	**571,769,250**	-
		964,199,250	-
	Earnings / (Loss) per share *diluted*	**1.31**	**(7.53)**

The effect of conversion of preference shares into ordinary shares is anti-dilutive in 2022, accordingly the diluted loss per share (LPS) is restricted to basic EPS.

		Note	2023 Rupees	2022 Rupees
41	**Cash generated from / (used in) operations**			
	Profit / (Loss) before taxation		**847,437,919**	(3,215,885,339)
	Adjustments for non-cash items:			
	Interest / mark-up / preference dividend		**5,341,902,171**	3,741,660,703
	Depreciation on property, plant and equipment		**1,837,312,072**	1,601,103,932
	Amortization of computer software		**287,844**	287,844
	Staff retirement benefits		**7,603,636**	16,819,505
	Gain on settlement of short term loan		**(364,657,042)**	-
	Waiver of restructured markup		**(3,207,114,001)**	-
	Loss / (Gain) on disposal of property, plant and equipment		**46,800,038**	12,891,148
	Mark-up / interest income		**(330,354,832)**	(75,452,641)
			3,331,779,886	5,297,310,491
	Operating profit before changes in working capital		**4,179,217,805**	2,081,425,152
	Changes in working capital:			
	Stores, spare parts and loose tools		**22,677,159**	(192,198,456)
	Stock-in-trade		**(122,263,260)**	(700,827,068)
	Trade debts		**513,312**	88,078,796
	Advances, deposits, prepayments and other receivables		**(749,721,398)**	(1,202,368,191)
			(848,794,187)	(2,007,314,919)
	Increase in current liabilities:			
	Trade and other payables		**2,662,911,431**	(163,122,830)
			5,993,335,049	(89,012,597)
42	**Cash and cash equivalents**			
	Running finance - *secured*	*15*	**(2,529,477,350)**	(2,683,014,294)
	Cash and bank balances	*30*	**520,430,413**	529,052,926
			(2,009,046,937)	(2,153,961,368)

43 Transactions and balances with related parties

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 and all transactions are done as per direction of the board of directors.

		2023	2022
		Rupees	Rupees
43.1	**Transactions with related parties**		
43.1.1	**Associated Undertakings**		
	Shareholding and common directorship		
	National Bank of Pakistan		
	Mark-up expense for the year	**736,251,231**	512,243,047
	Preference dividend for the year	**52,113,467**	3,804,632
	Cash payment under "Scheme"	**144,650,045**	172,066,048
	Non Convertible, redeemable preference shares (under the "Scheme")	**2,486,399,100**	-
	PPTFCs (under the "Scheme")	**1,037,405,000**	-
	(Decrease) / Increase in bank balances - *net*	**(2,578,507)**	(751,205)
	Common directorship		
	Faysal Bank Limited		
	Mark-up expense for the year	**437,898,464**	300,002,455
	Mark-up paid during the year	**8,805,261**	-
	Cash payment under "Scheme"	**85,598,384**	101,309,332
	Preference dividend for the year	**34,139,153**	34,139,153
	Long Term Loan repaid during the year	**15,000,000**	-
	Trustee fee for the year	**4,534,172**	-
	Increase / decrease in short term borrowing	**200,000,000**	-
	Non Convertible, redeemable preference shares (under the "Scheme")	**1,641,527,430**	-
	Sukuks (under the "Scheme")	**602,430,000**	-
	(Decrease) / Increase in bank balances - *net*	**(43,887,429)**	46,220,889
	Silk Bank Limited		
	Cash payment under "Scheme"	**872,360**	937,301
	Mark-up expense for the year	**153,603,512**	102,450,927
	Non Convertible, redeemable preference shares (under the "Scheme")	**172,778,660**	-
	(Decrease) / Increase Short term borrowings - *net*	**-**	47,965
	Bank Makramah Limited (Formerly: Summit Bank Limited)		
	Cash payment under "Scheme"	**23,569,281**	27,813,691
	Mark-up expense for the year	**265,829,562**	182,878,503
	Markup paid during the year	**-**	39,258,545
	(Decrease) / Increase Short term borrowings - *net*	**-**	(62,078)
	Non Convertible, redeemable preference shares (under the "Scheme")	**552,023,020**	-
	PPTFCs (under the "Scheme")	**160,615,000**	-
	(Decrease) / Increase in bank balances - *net*	**(130,216)**	(216,316)
	Pak China Investment Company Limited		
	Mark-up expense for the year	**47,297,093**	34,476,223
	Cash payment under "Scheme"	**9,328,461**	11,034,385
	Non Convertible, redeemable preference shares (under the "Scheme")	**187,872,150**	-
	PPTFCs (under the "Scheme")	**65,245,000**	-
43.1.2	**Post employment benefit plans**		
	- Provident fund trust-contribution	**26,052,416**	23,981,858
	- Gratuity trust-contribution	**7,603,636**	16,819,505

43.1.3 **Key management personnel**

The remuneration paid to Chief Executive Officer, directors and executives (key management personnel) in terms of their employment is disclosed in note 44 to the financial statements.

		2023 Rupees	2022 Rupees
43.2	**Balances with related parties**		
43.2.1	**Associated Undertakings**		
	Shareholding and common directorship		
	National Bank of Pakistan		
	Long term finances	**-**	2,467,083,735
	Redeemable capital	**649,137,025**	462,057,100
	Bills payable	**187,030,000**	187,030,000
	Convertible, redeemable preference shares	**617,487,560**	34,587,560
	Non Convertible, redeemable preference shares (under the “Scheme")	**2,486,399,100**	-
	Mark-up payable	**314,419,708**	4,304,758,328
	Preference dividend payable	**3,165,190,626**	193,796,029
	Bank balances	**1,307,387**	3,885,894
	Advisory fee payable	**738,600,000**	738,600,000
	Advance for transaction cost	**23,200,000**	23,200,000
	Common directorship		
	Faysal Bank Limited		
	Redeemable capital	**376,959,450**	1,499,109,500
	Long term finances	**-**	344,325,600
	Convertible, redeemable preference shares	**310,355,940**	310,355,940
	Non Convertible, redeemable preference shares (under the “Scheme")	**1,641,527,430**	-
	Mark-up payable	**2,806,923**	2,424,520,188
	Preference dividend payable	**2,332,871,738**	371,415,283
	Bank balances	**19,773,651**	63,661,080
	Trustee fee payable	**5,668,582**	5,668,582
	SBLC	**200,000,000**	200,000,000
	LC Margin	**46,267,236**	-
	Silk Bank Limited		
	Long term finances	**-**	130,607,546
	Non Convertible, redeemable preference shares (under the “Scheme")	**172,778,660**	-
	Short term borrowings	**550,996,589**	550,948,624
	Mark-up payable	**253,097,656**	378,750,190
	Preference dividend payable	**202,859,430**	-
	Bank Makramah Limited (Formerly: Summit Bank Limited)		
	Redeemable capital	**100,501,871**	603,406,000
	Non Convertible, redeemable preference shares (under the “Scheme")	**552,023,020**	-
	Short term borrowings	**671,895,478**	671,888,070
	Mark-up payable	**228,441,292**	680,820,831
	Bank balances	**207,147**	337,363
	Preference dividend payable	**648,130,237**	-
	Pak China Investment Company Limited		
	Redeemable capital	**40,825,854**	208,235,000
	Non Convertible, redeemable preference shares (under the “Scheme")	**187,872,150**	-
	Mark-up payable	**-**	285,842,360
	Preference dividend payable	**220,580,696**	-
	Others		
	Iskanderabad Welfare Trust payable	**2,486,023**	2,780,213
	Housing Colony receivable	**38,707,135**	34,195,762
43.2.2	**Post employment benefit plans**		
	Payable to Gratuity trust	**6,270,448**	2,613,321
	Payable to Provident fund	**1,141,459**	-

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

44 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:

	2023		2022	
	Chief Executive Officer	**Executives**	Chief Executive Officer	Executives
	------------ Rupees ------------		------------ Rupees ------------	
Managerial remuneration	**18,999,998**	**62,495,139**	15,428,568	44,199,078
House rent allowance	**5,699,998**	**16,336,417**	4,628,568	12,577,842
Utility allowance	**1,735,718**	**3,087,492**	1,542,864	2,244,721
Others	**-**	**44,290,148**	-	25,681,295
Post employment benefits	**1,445,850**	**4,710,963**	1,285,200	3,194,176
Bonus	**2,571,428**	**8,322,009**	1,928,571	3,321,608
	30,452,992	**139,242,168**	24,813,771	91,218,720
Number of persons	**1**	**34**	1	25

Chief Executive Officer and certain executives are provided with Company maintained vehicles. The above mentioned are provided with medical facility in accordance with the Company policy.

Directors of the company were paid meeting fees aggregating to Rs. 9.6 million (2022: Rs. 3.9 million). The number of the directors of the company was 7 (2022: 7).

45 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:

45.1 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.

45.1.1 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. 6,687 million (2022: Rs. 1,051 million), the financial assets that are subject to credit risk amount to Rs. 1,158 million (2022: Rs. 1,051 million).

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

	2023 Rupees	2022 Rupees
Long term deposits	**54,949,437**	54,721,537
Trade debts	**-**	513,312
Advances and other receivables	**583,910,359**	466,673,036
Bank balances	**519,539,813**	528,594,924
	1,158,399,609	1,050,502,809

45.1.2 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:

	2023 Rupees	2022 Rupees
Customers	**-**	513,312
Banking companies and financial institutions	**519,539,813**	528,594,924
Others	**638,859,796**	521,394,573
	1,158,399,609	1,050,502,809

45.1.3 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.

45.1.3(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 Long term	Rating Short term	Rating Agency	2023 Rupees	2022 Rupees
Bank balances					
Al Baraka Bank (Pakistan) Limited	A+	A1	VIS	**3,392,427**	3,392,427
Allied Bank Limited	AAA	A1+	PACRA	**25,115**	25,115
Askari Bank Limited	AA+	A1+	PACRA	**16,841,824**	33,991,048
Bank Alfalah Limited	AA+	A1+	PACRA	**72,190**	72,190
Bank Islami Pakistan Limited	AA-	A1	PACRA	**1,519,487**	1,519,487
Dubai Islamic Bank Pakistan Limited	AA	A1+	VIS	**1,174,394**	11,198,230
Faysal Bank Limited	AA	A1+	PACRA	**19,773,651**	63,661,080
Habib Bank Limited	AAA	A1+	VIS	**8,385,333**	79,982,811
MCB Bank Limited	AAA	A1+	PACRA	**18,440,498**	82,606,158
Meezan Bank Limited	AAA	A1+	VIS	**1,967**	1,967
National Bank of Pakistan	AAA	A1+	VIS	**1,307,387**	3,885,894
NIB Bank Limited	AA-	A1+	PACRA	**-**	14,190
Soneri Bank Limited	AA-	A1+	PACRA	**24,649**	24,649
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	**917,927**	917,927
Bank Makramah Limited (Formerly: Summit Bank Limited)	BBB-	A3	VIS	**207,147**	337,363
The Bank of Punjab	AA+	A1+	PACRA	**2,765**	2,765
United Bank Limited	AAA	A1+	VIS	**447,453,052**	246,961,623
				519,539,813	528,594,924

45.1.3(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:

	2023		2022	
	Gross carrying amount	**Accumulated impairment**	Gross carrying amount	Accumulated impairment
	-------------- Rupees --------------		-------------- Rupees --------------	
Neither past due nor impaired	**-**	**-**	-	-
Past due by 3 to 6 months	**-**	**-**	513,312	-
Past due by 6 to 12 months	**-**	**-**	-	-
Past due by more than one year	**43,196,191**	**43,196,191**	43,196,191	43,196,191
	43,196,191	**43,196,191**	43,709,503	43,196,191

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.

45.1.4 Credit risk management

As mentioned in note 45.1.3(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.

45.2 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.

45.2.1 **Exposure to liquidity risk**

45.2.1 (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.

			2023		
	Carrying amount	**Contractual cash flows**	**Less than one year**	**One to three years**	**More than three years**
	------------------------------ Rupees ------------------------------				
Non-derivative financial liabilities					
Redeemable capital - *secured*	3,170,409,622	3,170,409,622	-	3,170,409,622	-
Non convertible, redeemable preference shares	18,542,697,500	18,542,697,500	-	-	18,542,697,500
Long term finances - *secured*	-	-	-	-	-
Convertible, redeemable preference shares	1,593,342,690	1,484,507,830	-	-	1,484,507,830*
Short term borrowings - *secured*	3,413,457,179	3,413,457,179	3,413,457,179	-	-
Trade and other creditors	5,849,335,546	5,849,335,546	5,849,335,546	-	-
Accrued liabilities	437,086,638	437,086,638	437,086,638	-	-
Security deposits and retention money	19,262,525	19,262,525	19,262,525	-	-
Other payables	33,951,604	33,951,604	33,951,604	-	-
Mark-up accrued on borrowings	2,825,973,353	2,684,306,644	2,684,306,644*	-	-
Preference dividend payable	23,852,887,378	22,834,161,180	22,834,161,180	-	-
	59,738,404,035	**58,469,176,268**	**35,271,561,316**	**3,170,409,622**	**20,027,205,330**

			2022		
	Carrying amount	Contractual cash flows	Less than one year	One to three years	More than three years
	------------------------------ Rupees ------------------------------				
Non-derivative financial liabilities					
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	-	-
	58,135,821,134	58,135,821,134	55,991,040,069	551,438,375	1,593,342,690

*This does not include an amount of Rs. 108.8 million which will be converted into ordinary shares (Ref: Note 10.2).

**This does not include an amount of Rs. 141.7 million which will be converted into ordinary shares (Ref: Note 10.2).

It is also not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

45.2.2 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:

	2023		
	Principal	**Interest / mark up**	**Total**
	----------------------------	**Rupees**	----------------------------
Nature of liability			
Convertible, redeemable preference shares	**1,593,342,690**	**2,081,905,784**	**3,675,248,474**
Short term borrowings	**3,413,457,179**	**2,825,973,353**	**6,239,430,532**
	5,006,799,869	**4,907,879,137**	**9,914,679,006**

	2022		
	Principal	Interest / mark up	Total
	----------------------------	Rupees	----------------------------
Nature of Liability			
Redeemable capital	12,165,534,546	14,924,820,911	27,090,355,457
Convertible, redeemable preference shares	1,593,342,690	1,906,638,085	3,499,980,775
Long term finances	7,103,591,664	9,847,649,862	16,951,241,526
Short term borrowings	3,581,994,123	2,315,624,263	5,897,618,386
	24,444,463,023	28,994,733,121	53,439,196,144

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. Rs. 6.075 billion) as of 31 December 2013, developed a Comprehensive Rehabilitation Scheme in the form of a Scheme of Arrangement ("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 03 June, 2022 with effect from 31 December, 2013.

The scheme envisaged the payment of Cashflows Available for Debt Servicing (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; issuance of Zero coupon PPTFCs & Sukuks in lieu of accrued markup with corresponding adjustment of markup payable outstanding on 31 December 2013 .

In year 2023, subsequent to the approval of the scheme by LHC, the Company has achieved key milestones of reconciliation of balances with lenders, relevant amendments in Memorandum and Articles of Association, disbursement of CFADs of Rs. 1,649 million to the lenders, whereas new instruments (PPTFCs, Sukuks & Preference shares) are in process of issuance. Accordingly, related adjustments have been made in these financial statements.

Impact of restructuring scheme on financial statements is as follows:

		2023
Particulars	***Note***	**Rupees**
Decrease in current maturity of long term liabilities		**19,254,126,210**
Decrease in interest / mark-up accrued on borrowings		**29,087,145,352**
Increase in Preference Shares		**18,542,697,500**
Increase in Zero Coupon PPTFCs	*45.2.2.1*	**2,254,131,679**
Increase in Zero Coupon Sukuks	*45.2.2.1*	**916,277,943**
Increase in Pref. Dividend payable	*45.2.2.2*	**21,770,981,594**
Overdue markup on long term financial and redeemable capital written back		**1,310,730,171**

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

45.2.2.2 This represent accumulated unpaid dividend payable on the face value of preference shares since 1 January 2014 onwards.

45.3 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.

45.3.1 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.

45.3.1(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:

	2023 Rupees	2022 Rupees
Off balance sheet items		
Outstanding letters of credit:		
US $	**64,748,054**	17,333,664
JPY	**4,575,632**	-
EUR €	**-**	6,798,000
Net exposure	**69,323,686**	24,131,664

45.3.1(b) Exchange rates applied during the year

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

		2023 Rupees	2022 Rupees
Reporting date spot rate:			
- buying	***US $***	**281.70**	226.27
- selling	***US $***	**282.14**	226.68
Average rate for the year	***US $***	**279.98**	226.26
Reporting date spot rate:			
- buying	***EUR €***	**311.94**	240.94
- selling	***EUR €***	**312.42**	241.38
Average rate for the year	***EUR €***	**302.74**	240.94
Reporting date spot rate:			
- buying	***JPY***	**1.99**	1.70
- selling	***JPY***	**2.00**	1.71
Average rate for the year	***JPY***	**1.99**	1.71

45.3.1(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.

	2023 Rupees	2022 Rupees
US $	**647,481**	173,337
JPY	**45,756**	-
EUR €	**-**	67,980
	693,237	241,317

45.3.1(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.

45.3.2 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.

45.3.2(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:

	2023		2022	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	------------------ Rupees ------------------		------------------ Rupees ------------------	
Non-derivative financial instruments				
Redeemable capital	-	**-**	-	618,685,000
Convertible, redeemable preference shares	-	**1,593,342,690**	**-**	1,593,342,690
Short term investments	**5,527,370,029**	**-**	**-**	-
Advance to employees	**31,974,948**	**-**	22,813,183	-
	5,559,344,977	**1,593,342,690**	22,813,183	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.

45.3.2(b) Variable rate financial instruments

	2023		2022	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
	------------------ Rupees ------------------		------------------ Rupees ------------------	
Non-derivative financial instruments				
Redeemable capital	-	**-**	-	10,998,024,546
Long term finances	-	**-**	-	7,103,591,664
Non convertible, redeemable preference shares	-	**18,542,697,500**	-	-
Short term borrowings - *secured*	-	**3,413,457,179**	-	3,581,994,123
Bank balances - saving accounts	**327,927,492**	-	86,507,157	-
	327,927,492	**21,956,154,679**	86,507,157	21,683,610,333

45.3.2(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.

	2023 Rupees	2022 Rupees
Increase of 100 basis points		
Variable rate instruments	**(216,282,272)**	(215,971,032)
Decrease of 100 basis points		
Variable rate instruments	**216,282,272**	215,971,032

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.

45.3.2(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.

45.3.3 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.

45.4 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.

45.4.1 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 ----------			
December 31, 2023								
Financial assets not measured at fair value								
Long term loans and advances	24,591,622	-	-	24,591,622	-	-	-	-
Short term investments	5,527,370,029	-	-	5,527,370,029				
Long term deposits	54,949,437	-	-	54,949,437	-	-	-	-
Advances and other receivables	198,052,845	-	-	198,052,845	-	-	-	-
Cash and bank balances	520,430,413	-	-	520,430,413	-	-	-	-
Total	6,325,394,346	-	-	6,325,394,346	-	-	-	-

Particulars	Carrying amount				Fair Value			
	Amortised Cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------				---------- Rupees ----------			
December 31, 2022								
Financial assets not measured at fair value								
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 recieveables	162,337,329	-	-	162,337,329	-	-	-	-
Advance against restructuring scheme	891,198,023	-	-	891,198,023				
Cash and bank balances	529,052,926	-	-	529,052,926				
Total	1,654,947,083	-	-	1,654,947,083	-	-	-	-

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

	2023 Rupees	2022 Rupees
Financial liabilities at amortized cost		
Redeemable capital (Sukuks & PPTFCs)	**3,170,409,622**	12,165,534,546
Long term finances	**-**	7,103,591,664
Convertible, redeemable preference shares	**1,593,342,690**	1,593,342,690
Non convertible, redeemable preference shares	**18,542,697,500**	-
Long term payable	**-**	551,438,375
Short term borrowings	**3,413,457,179**	3,581,994,123
Trade and other creditors	**5,849,335,546**	3,911,562,358
Accrued liabilities	**437,086,638**	172,541,063
Security deposits and retention money	**19,262,525**	19,778,604
Other payables	**33,951,604**	41,304,590
Mark-up accrued on borrowings	**2,825,973,353**	27,088,095,036
Preference dividend payable	**23,852,887,378**	1,906,638,085
	59,738,404,035	58,135,821,134

46 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.

47 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:

	2023 **Rupees**	2022 Rupees
Total debt	**23,306,449,812**	20,862,468,900
Total equity (including surplus)	**13,072,569,233**	11,984,179,867
Total capital employed	**36,379,019,045**	32,846,648,767
Gearing - rate	**64%**	64%

There were no changes in the Company's approach towards capital management during the year and Company has restructured its overdue debt and related markup in pursuance of Scheme of Arrangement approved by the Honourable Lahore High Court as further explained in note 2.2 and 45.2.2. 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.

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

	Liabilities							
	Long term finances	Redeemable capital	Short term borrowings	Short term running finances	Accrued finance cost	Convertible & redeemable preference shares	Non convertible & redeemable preference shares	Preference Dividend Payable	Total
	---------- Rupees ----------								
Balance as at 01 January 2023	**7,103,591,664**	**12,165,534,546**	**898,979,829**	**2,683,014,294**	**27,088,095,036**	**1,593,342,690**	**-**	**1,906,638,085**	**53,439,196,144**
Cash flows									-
Net decrease in long term finances	**(15,000,000)**	**-**	**(15,000,000)**	**-**	**-**	**-**	**-**	**-**	**(30,000,000)**
Finance cost paid	**-**	**-**	**-**	**-**	**(17,162,866)**	**-**	**-**	**-**	**(17,162,866)**
Total changes from financing cash flows									-
	(15,000,000)	**-**	**(15,000,000)**	**-**	**(17,162,866)**	**-**	**-**	**-**	**(47,162,866)**
Non-cash changes									-
Preference dividend	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**175,267,699**	**175,267,699**
Derecognition of principal and accrued markup upon restructuring	**(7,088,591,664)**	**(8,995,124,924)**	**-**	**-**	**(29,317,969,040)**	**-**	**18,542,697,500**	**-**	**(26,858,988,128)**
Preference dividend on new preference shares issued as per "Scheme"	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21,770,981,594**	**21,770,981,594**
Changes in running finances	**-**	**-**	**-**	**(153,536,944)**	**5,073,010,223**	**-**	**-**	**-**	**4,919,473,279**
Total liability related other changes	**(7,088,591,664)**	**(8,995,124,924)**	**-**	**(153,536,944)**	**(24,244,958,817)**	**-**	**18,542,697,500**	**21,946,249,293**	**6,734,444**
Closing as at 31 December 2023	**-**	**3,170,409,622**	**883,979,829**	**2,529,477,350**	**2,825,973,353**	**1,593,342,690**	**18,542,697,500**	**23,852,887,378**	**53,398,767,722**
Balance as at 01 January 2022	7,103,591,664	12,165,534,546	928,976,940	2,589,472,495	23,731,549,868	1,593,342,690	-	1,731,370,386	49,843,838,589
Cash flows									
Short term borrowings received net of payments	-	-	(29,997,111)	-	-	-	-	-	(29,997,111)
Finance cost paid	-	-	-	-	(56,081,128)	-	-	-	(56,081,128)
cash flows	-	-	(29,997,111)	-	(56,081,128)	-	-	-	(86,078,239)
Non-cash changes									
Preference dividend	-	-	-	-	-	-	-	175,267,699	175,267,699
Changes in running finances	-	-	-	93,541,799	-	-	-	-	93,541,799
Interest / markup expense	-	-	-	-	3,412,626,296	-	-	-	3,412,626,296
Total liability related other changes	-	-	-	93,541,799	3,412,626,296	-	-	175,267,699	3,681,435,794
Closing as at 31 December 2022	7,103,591,664	12,165,534,546	898,979,829	2,683,014,294	27,088,095,036	1,593,342,690	-	1,906,638,085	53,439,196,144

	2023 Rupees	2022 Rupees

49 Restriction on title, and assets pledged as security

	2023 Rupees	2022 Rupees
Mortgages and charges		
Hypothecation of stocks and movables	**3,477,333,333**	3,477,333,333
Hypothecation of book debts and receivables	**1,334,000,000**	1,334,000,000
Mortgage over land and building	**22,180,836,655**	22,180,836,655
Hypothecation of plant and machinery	**32,839,707,205**	32,839,707,205
Charge over stocks - (pledge)	**2,812,294,118**	2,749,794,118

50 Segment reporting

50.1 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	***Operation of reportable segments***
Urea fertilizer segment	production of Urea fertilizer and ammonia from natural gas
Phosphate fertilizer segment	production of Phosphate fertilizer from rock phosphate

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

50.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2023	2022	**2023**	2022	**2023**	2022
	----------------- Rupees -----------------		----------------- Rupees -----------------		----------------- Rupees -----------------	
External revenues	**17,547,758,398**	14,158,170,006	**4,624,404,041**	3,138,013,219	**22,172,162,439**	17,296,183,225
Inter-segment revenue	**-**	-	**-**	-	**-**	-
Reportable segment revenue	**17,547,758,398**	14,158,170,006	**4,624,404,041**	3,138,013,219	**22,172,162,439**	17,296,183,225
Reportable segment (loss) /profit before tax	**(1,016,015,833)**	(4,562,609,427)	**1,891,487,921**	1,358,892,580	**875,472,088**	(3,203,716,847)

50.3 Other segment information

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2023	2022	**2023**	2022	**2023**	2022
	----------------- Rupees -----------------		----------------- Rupees -----------------		----------------- Rupees -----------------	
Interest income	**321,909,631**	56,709,220	**8,395,609**	18,743,421	**330,305,240**	75,452,641
Interest expense	**6,097,378,127**	4,284,507,930	**206,274**	368,541	**6,097,584,401**	4,284,876,471
Depreciation	**1,756,144,712**	1,536,187,284	**81,167,360**	64,916,648	**1,837,312,072**	1,601,103,932
Capital expenditure incurred during the year	**755,034,599**	40,274,326	**9,690,215**	10,857,026	**764,724,814**	51,131,352

50.4 Segment assets and liabilities

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2023	2022	**2023**	2022	**2023**	2022
	------------ Rupees ------------		------------ Rupees ------------		------------ Rupees ------------	
Reportable segment assets	**83,673,307,048**	80,291,198,013	**11,272,432,185**	9,478,797,402	**94,945,739,233**	89,769,995,415
Reportable segment liabilities	**75,840,909,888**	71,714,426,227	**1,529,007,681**	1,568,136,883	**77,369,917,569**	73,282,563,110

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

		2023 Rupees	2022 Rupees
50.5.1	**Profit or loss**		
	Total income / (loss) for reportable segments	**875,472,088**	(3,203,716,847)
	Unallocated corporate expenses	**210,319,737**	250,390,627
	Consolidated profit / (loss) after tax	**1,085,791,825**	(2,953,326,220)
50.5.2	**Assets**		
	Total assets for reportable segments	**94,945,739,233**	89,769,995,415
	Elimination of inter-segment assets	**(10,218,201,634)**	(8,299,496,434)
	Consolidated total assets	**84,727,537,599**	81,470,498,981
50.5.3	**Liabilities**		
	Total liabilities for reportable segments	**77,369,917,569**	73,282,563,110
	Elimination of inter-segment liabilities	**(5,714,949,203)**	(3,796,243,996)
	Consolidated total liabilities	**71,654,968,366**	69,486,319,114

50.5.4 Other material items

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

50.5.5 Geographical information

Sales are made by the Company in Pakistan only.

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

50.5.6 All non-current assets of the Company as at 31 December 2023 are located in Pakistan.

51 Plant capacity and actual production

Urea fertilizer	**Unit**	**2023**	2022
Rated capacity	Metric tons	**433,125**	433,125
Actual production for the year	Metric tons	**292,255**	353,284
Production efficiency	%age	**67%**	82%
Phosphate fertilizer			
Rated capacity	Metric tons	**81,000**	81,000
Actual production for the year	Metric tons	**77,150**	63,596
Production efficiency	%age	**95%**	79%

The low production of urea is due to raw material constraints.

52 Provident Fund Trust

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

		2023	2022
Size of fund - *total assets*	***Rupees***	**238,022,004**	220,192,588
Cost of investments made	***Rupees***	**165,422,695**	166,409,942
Percentage of investments made	***Percentage***	**69.50%**	75.57%
Fair value of investments	***Rupees***	**230,043,541**	214,811,613

The breakup of fair value of investments is as follows:

	30-Jun-23		30-Jun-22	
	Rupees	**Percentage**	Rupees	Percentage
Shares of listed companies	**15,379**	**0.01%**	19,182	0.01%
CDC NBP Funds	**118,309,683**	**51.43%**	106,242,308	49.46%
MCB Arif Habib Funds (AMC)	**74,461,235**	**32.37%**	79,049,256	36.80%
Mutual Funds	**1,979,744**	**0.86%**	2,532,098	1.18%
Saving certificates	**25,000,000**	**10.87%**	-	0.00%
Cash at bank	**10,277,500**	**4.47%**	26,968,769	12.55%
	230,043,541	**100.00%**	214,811,613	100.00%

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.

53 Number of employees

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

	2023	2022
Total number of employees as at 31 December		
-Head Office	**27**	23
-Iskanderabad Factory	**700**	683
-Haripur Factory	**252**	253
	979	959
Average number of employees during the year		
-Head Office	**23**	19
-Iskanderabad Factory	**687**	694
-Haripur Factory	**246**	255
	956	968

54 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.

55 Date of authorization for issue

These financial statements were authorized for issue on 27 March 2024 by the Board of Directors of the Company.

56 General

Figures have been rounded off to the nearest rupee.

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

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ANNUAL
GENERAL
MEETING 01-09

NOTICE OF AGM

Notice is hereby given to all the members of Agritech Limited (the Company) that an Annual General Meeting for Financial Year ended 31 December 2023 of the Company is scheduled to be held on April 29, 2024 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, 2023;
2. To receive, consider and adopt the financial statements for the year ended on December 31, 2023, together with Director's and Auditor's reports thereon;
3. To appoint external auditors for the financial year ending December 31, 2024 and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Asma Irfan
Company Secretary

Date: 27th March, 2024
Place: Lahore

Notes

1. Share transfer books of the Company will remain closed from April 23, 2024 to April 29, 2024 (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 22, 2024 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@agritech.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@agritech.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.

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@agritech.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.agritech.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.

10. Transmission of annual audited financial statements / annual report and notice of AGM

Members are hereby informed that Securities and Exchange Commission of Pakistan (SECP) vide SRO 389(I)/2023 dated March 21, 2023 has allowed Companies for transmission of the annual balance sheet, profit and loss account, auditor's report and directors' report, etc. (annual audited financial statements or the annual report) to the members/ shareholders through QR-enabled code and web-link, instead of transmitting the same through CD/ DVD/USB, the same was approved in Company's Annual General Meeting held on 28 April, 2023. The Annual Audited Financial Statements/Annual Report and the Notice of Annual General Meeting for the year ended December 31, 2023, have been placed on the Company's Website, which can be accessed/downloaded from the following link and QR code:

Asma Irfan

Company Secretary

Date: 27th March, 2024
Place: Lahore

ii۔ممبران اپنی تصدیق اور شناخت کے لئے درکار تمام باضابطہ تقاضوں کو مکمل کرنے کے بعد اپنے سمارٹ فونز یا کمپیوٹر آلات کے ذریعے اجلاس کی کاروائی میں لاگ۔ان ہوں گے اور اس میں حصہ لے سکیں گے

C۔ پراکسی کے تقرر کے لئے:

i۔فرد واحد کی صورت میں، اکاؤنٹ ہولڈ یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات ضوابط کے تحت شائع کی گئی ہیں کو مذکورہ بالا معیار کے مطابق پراکسی فارم جمع کرانا ہوگا۔ پراکسی فارم نوٹس کے ساتھ منسلک ہے اور کمپنی کی ویب سائٹ پر انگریزی اور اردو زبانوں میں مہیا کر دیا گیا ہے۔

ii۔ پراکسی فارم، دو افراد جن کے نام، پتے اور CNIC نمبرز فارم پر مزکور ہونگے ، کے گوائی شدہ ہونے چاہیئیں ۔

beneficial owner۔iii اور پراکسی ہولڈر کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ جمع کرانا ہونگی۔

iv۔ پراکسی ہولڈر، اجلاس کے موقع پر اپنا اصلی CNIC یا اصل پاسپورٹ فراہم کرے گا۔

v۔کاروباری ادارے کی صورت میں پراکسی فارم کے ہمراہ بوڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ بمعہ نامزد کے نمونہ کے دستخط اجلاس کے موقع پر پیش کرنا ہوں گے (اگر پہلے جمع نہیں کرائے گئے ہیں)۔

6۔ وہ ارکان جو فزیکل حصص کے حامل ہیں ان سے گزارش ہے کہ رجسٹرڈ ایڈریس میں تبدیلی کی صورت میں کمپنی کے شیئر رجسٹرار کو مطلع کریں ۔جن ممبران نے اپنی کمپیوٹرازڈ شناختی کارڈ/این ٹی این (کارپوریٹ ادارے کی صورت میں) کی کاپی جمع نہیں کروائی وہ فوراارسال کریں۔

7۔کسی بھی سوال/مسئلہ/معلومات کے لئے ممبر کمپنی کے ای میل corporate@agritech.com.pk پر یا کمپنی کے شیئر رجسٹرار کے ای میل shares@corplink.com.pk فون نمبر (+92 42 35916714, 35916719, 35839182) پر رابطہ کرسکتے ہیں۔ممبران ،نوٹس/معلومات کے لئے کمپنی کی ویب سائٹ www.agritech.com.pk بھی ملاحظہ کرسکتے ہیں۔

8 کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشنز 2017 کے مطابق، شیئر ہولڈرز بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) کی تفصیلات فراہم کریں (اگر پہلے فراہم نہیں کیا)، اگر حصص فزیکل فارم میں ہیں تو ہمارے شیئر رجسٹرار کو ان کے مذکورہ بالا دفتر کے ایڈریس پر اور اگر حصص سی ڈی ایس اکاؤنٹ کے ذریعے رکھے گئے ہیں تو متعلقہ پارٹیسپنٹ/بروکر کو کسی تاخیر کے بغیر فراہم کریں۔

9۔ایسے شیئر ہولڈرز جن کے پاس شیئرز فزیکل حالت میں موجود ہیں ان سے گزارش ہے کہ وہ اپنے شیئر کمپنیز ایکٹ کی سیکشن 72 کے تحت الیکٹرانک فارم میں تبدیل کروائیں۔

10۔سالانہ آڈٹ شدہ مالیاتی حسابات/سالانہ رپورٹ اور سالانہ اجلاس کی ترسیل:

ممبرز کو مطلع کیا جاتا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ SRO389(I)-2023 بتاریخ 21 مارچ 2023 ءکمپنیز کو سالانہ بلینس شیٹ، پرافٹ اینڈ لاس آ کاؤنٹ، ایڈریٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ (سالانہ آڈٹ شدہ مالیاتی حسابات یا سالانہ رپورٹ) ممبرز/شیئرز ہولڈرز کو CD/DVD/USB کے ذریعے ترسیل کی بجائے بذریعہ QR فعال کوڈ اور ویب لنک ترسیل کی اجازت دے دی ہے اور 28 اپریل 2023ءکو ہونے والے کمپنی کے سالانہ اجلاس میں اس کی منظوری دی جا چکی ہے۔سالانہ آڈٹ شدہ مالیاتی حسابات یا سالانہ رپورٹ اور 31 دسمبر 2023 کو ختم ہونے والے سال کے سالانہ اجلاس عام کا نوٹس کمپنی کی ویب سائٹ پر ڈال دیا گیا ہے، جسے درج ذیل لنک اور QR کوڈ سے حاصل/ڈاؤن لوڈ کیا جاسکتا ہے۔

Asma Irfan

کمپنی سیکرٹری

لاہور۔

مورخہ 27 مارچ 2024

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا ایگریٹیک لمیٹڈ (کمپنی) کے ممبران کو مطلع کیا جاتا ہے کہ کمپنی کا 31 دسمبر 2023 کو ختم ہونے والے مالی سال کے لئے سالانہ اجلاس عام، مورخہ 29 اپریل 2024 کو صبح گیارہ بجے پارک لین ہوٹل B3-107 ایم ایم عالم روڈ، گلبرگ III، لاہور نیز وڈیولنک کے ذریعے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

عام امور:

1۔ 28 اپریل 2023 کو منعقد سالانہ عمومی اجلاس کی کاروائی کی توثیق؛

2۔ 31 دسمبر 2023 کو ختم ہوئے سال کی مالی حسابات بمعہ ڈائریکٹر اور آڈیٹر کی رپورٹس کی وصولی غور و خوض منظوری؛

3۔ 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے لئے بیرونی آڈیٹرز کی تقرری اور ان کے معاوضہ تعین کرنا۔

4۔ چیئرمین کی اجازت سے کسی دوسرے امور کی سرانجام دہی۔

بحکم بورڈ

Asma Irfan

عاصمہ عرفان

کمپنی سیکرٹری

تاریخ: 27 مارچ 2024

جگہ: لاہور

نوٹس:

1۔ کمپنی کی شیئر ٹرانسفر کتابیں مورخہ 23 اپریل 2024 تا 29 اپریل 2024 (بشمول دونوں دن) تک بند رہیں گی۔ شیئر ٹرانسفر کی درخواست جو کہ مورخہ 22 اپریل 2024 کو کاروباری اوقات کے اختتام تک میسرز کارپ لنک (پرائیوٹ) لمیٹڈ کے پتے ونگز آرکیڈ K-1، کمرشل، ماڈل ٹاؤن لاہور پر موصول ہونگی انکو منتقلی 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 فولیو/CDC اکاؤنٹ نمبر corporate@agritech.com.pk پر بھیج دیں۔

3۔ میٹنگ میں شرکت اور ووٹ ڈالنے کا اہل ممبر کسی بھی شخص/ممبر کو اپنی جگہ پر رائے دہندگی کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ ہر لحاظ سے مکمل کی گئیں موثر پراکسیاں اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازمی وصول ہو جانی چاہیئے۔

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) اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی درج ذیل طے شدہ ہدایات پر عمل کرنا ہوگا۔

A۔ اجلاس میں شرکت کے لئے:

i ۔ فرد واحد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات ضوابط کے تحت شائع کی گئی ہیں کو بذریعہ وڈیولنک اجلاس میں شرکت کی بابت اپنی شناخت ثابت کرنے کے لئے اپنا اصلی شناختی کارڈ نمبر یا اصلی پاسپورٹ پیش کرنا ہوگا۔

ii۔ کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد فرد کے نمونہ کے دستخط اجلاس کے موقع پر پیش کرنا ہوں گے (اگر پہلے جمع نہیں کرائے گئے ہیں)۔

B۔ سالانہ اجلاس عام AGM میں آن لائن شرکت:

i۔ مجموعی طور پر 10% یا اس سے زیادہ شیئر ہولڈنگ والے مقام پر رہائش پزیر ممبران وڈیولنک کی سہولت اپنی متعلقہ لوکیشن پر حاصل کر سکتے ہیں بشرطیکہ وہ کمپنی کو میٹنگ کی تاریخ سے کم از کم 10 دن قبل آگاہ کریں۔ اگر آپ اجلاس میں وڈیولنک کے ذریعے شرکت کرنا چاہتے ہیں تو اپنا شناختی کارڈ نمبر، فولیو/CDC اکاؤنٹ نمبر دیے گئے ای میل ایڈریس پر بھیج دیں۔ "corporate@agritech.com.pk" وڈیولنک اجلاس سے ایک روز قبل مہیا کر دیا جائے گا۔

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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 29, 2024 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 ____________ 2024.

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

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The Company Secretary
AGRITECH LIMITED
2nd Floor Asia Centre,
8-Babar Block,
New Garden Town, Lahore

ایگری ٹیک لمیٹڈ

پراکسی فارم

میں/ہم ____________________

فرزند/دختر ____________________

ممبرایگری ٹیک لمیٹڈ اور مالک ____________________ حصص

بمطابق رجسٹرڈ فولیونمبر ____________________ بذریعہ ہذا محترم/محترمہ ____________________

فرزند/دختر ____________________ یا اسکی غیر موجودگی میں

محترم/محترمہ ____________________

فرزند/دختر ____________________

جو بذریعہ رجسٹرڈ فولیونمبر ____________________ کمپنی کا ممبر ہے

کو اپنے/ہمارے ایماء پر مورخہ 29 اپریل 2024 کو صبح گیارہ بجے بمقام پارک لین ہوٹل، B3-107 ایم ایم عالم روڈ گلبرگ III، لاہور پراکسی کی حیثیت سے کمپنی کے سالانہ جنرل اجلاس میں شرکت کرنے، بولنے اور حق حق رائے دہی استعمال اور کسی بھی التوا کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/ کرتے ہیں

آج بروز __________ بتاریخ __________ 2024 میرے/ہمارے دستخط اور گواہوں کی تصدیق کے ساتھ جاری ہوا

رسیدی ٹکٹ یہاں چسپاں کریں

دستخط رکن

گواہان:

1۔

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

2۔

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ____________________

نوٹ:

1۔ پراکسی فارم کمپنی کے رجسٹرڈ دفتر بواقع دوسری منزل ایشیاء سنٹر، 8 بابر بلاک، نیو گارڈن ٹاؤن، لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً جمع ہو جانا چاہیے۔

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 چاہیئے اور پراکسی کی صورت میں اپنے CNIC یا پاسپورٹ کی کاپی لف کرنی چاہیئے۔ کارپوریٹ ارکان کے نمائندگان کو ایسے مقصد کے لئے معمول کے دستاویزات ہمراہ لانے چاہئیں۔

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کمپنی سیکرٹری

ایگری ٹیک لمیٹڈ

دوسری منزل ایشیا سنٹر، 8۔ بابر بلاک،

نیو گارڈن ٹاؤن لاہور۔

agritech.com.pk

Designed by BRIDGEPOINT inquiries@bridgepoint.pk +92 (0) 30-30-274343

AGRITECH LIMITED
Head Office: 2nd Floor Asia Centre,
8-Babar Block New Garden Town, Lahore.
Ph: 042 - 35860341-44, Fax: 042 - 35860339-40