Shariah Compliance Approval

November 19th 2025

Serial No: EQ/2025/004

Subject: Fauji Fertilizer Limited

As per the recent reclassification KMI Index, Fauji Fertilizer Company Limited (FFC) is declared as a sharia compliant stock. KMI-30 Index is our benchmark, where FFC will have a significant weight of around 10%-12%.

In our last sharia screening process (based on June 2025 accounts), the company was non-compliant based on non-compliant income to total income. However since, the following information has emerged which warrants a review of earlier guidance.

1. Inclusion in the KMI-30 Index

2. Significant progress towards compliance is noted from the September 2025 accounts.

After the recent reclassification of FFC into sharia compliant by KMI, we request your opinion if you consider FFC compliant or not. Following is the compliance ratios based on June and September accounts.

Date of accounts Shariah status	30-Jun-25 NON COMPLIANT	30-Sept-25 NON COMPLIANT
Debt to total asset < 37%	**Compliant**	**Compliant**
Non current liabilities		
Long term finances	14,551	13,929
Current liabilities		
Current portion of long term finances	481	501
Short term borrowings	23,657	12,787
Total debt (non current and current)	38,690	27,218
Total assets	539,698	570,602
Debt to total assets	**7.20%**	**4.8%**
Illiquid asset to total assets > 25%	**Compliant**	**Compliant**
Property, plant and equipment	120,448	123,037
Goodwill / Intangibles	1,989	2,015
Store, spares and loose tools	18,226	18,527
Stock-in-trade	64,170	67,987
Total illiquid assets	204,832	211,566
Total assets	539,698	570,602
Illiquid asset to total assets	**38.00%**	**37.1%**

Non Compliant investment to total asset < 33%	**Compliant**	**Compliant**
<u>Long term investments</u>		
COIs, PIBs and TFCs	3,052	757
AKBL	78,412	85,281
AGL		8,695
<u>Short term investments</u>		
Fixed income / money market funds	63,965	61,078
Saving Account	11,443	10,524
Total non Compliant investment	156,872	166,335
Total assets	539,698	570,602
Non Compliant investment to total assets	**29.1%**	**29.2%**

Non Compliant income to total income < 5%	**Non Compliant**	**Non Compliant**
<u>Non Compliant income</u>		
Income on loan, deposits and investments	6,100	8,799
(loss)/gain on remeasurement of HTF investments at fv through P&L		
Share of profit-AKBL & AGL	9,889	12,180
(loss)/gain on disposal of HTF investments at fv through P&L		
Non Compliant income	15,989	20,979
<u>Total income</u>		
Gross sales	200,830	356,439
Other income	9,975	14,389
Share of income from joint ventures	13,225	17,415
Total income	224,029	388,243
Non Compliant income to total income	**7.14%**	**5.40%**

Net liquid asset per share < share price	**Compliant**	**Compliant**
Equity	241,236	255,648
Total liabilities	298,461	314,955
Liquid assets	334,865	359,036
Net liquid assets	36,404	44,081
No. of shares	1,423	1,423
Net liquid assets per share	25.58	30.98
Share price	470	560
Net liquid asset per share to share price < 1	0.05	0.06

Shariah Opinion

After going through the ratios provided by the analyst of the AMC, it has been found that these ratios comply with Islamic finance principles.

Also, the basic business of the said company is shariah compliant. Hence it is approved for investment.

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