

ANNUAL  
REPORT  
**2018**



fauji foods

· SINCE ·  
FROM THE HOUSE OF NURPUR  
1966

# nurpur

Some Traditions  
are Forever



[www.faujifoods.com](http://www.faujifoods.com)  
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fauji foods



# TABLE OF CONTENTS

■ Corporate Information _____	6-7
■ Board of Directors _____	8-13
■ Chairman's Review _____	14
■ A Few Words from the Chief Executive _____	15
■ Notice of Annual General Meeting _____	16-17
■ Directors' Report to the Shareholders _____	18-22
■ Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 _____	23-25
■ Financial Highlights _____	26-27
■ Performance Overview _____	28-29
■ Pattern of Shareholding Form 34 _____	30-33
■ Independent Auditors' Review Report _____	34
■ Auditors' Report to the Members _____	35-39
■ Statement of Financial Position (Balance Sheet) _____	40-41
■ Statement of Profit or Loss _____	42
■ Statement of Comprehensive Income _____	43
■ Statement of Changes in Equity _____	44
■ Statement of Cash Flows _____	45
■ Notes to the Financial Statements _____	46-89
■ Information Message "JamaPunji" _____	90
■ Form of Proxy in English _____	91-92
■ Form of Proxy in Urdu _____	93-94
■ Directors' Report in Urdu _____	95-97
■ Notice of Annual General Meeting in Urdu _____	98-99

**VISION**

**TRANSFORMING**  
LIVES THROUGH  
**NOURISHMENT**



# CORE VALUES

WE ARE AGILE

WE CARE

WE INNOVATE

WE SPREAD HAPPINESS

WE SYNERGIZE



# CORPORATE INFORMATION

## Board of Directors

**Lt Gen Syed Tariq Nadeem Gilani** - Chairman  
*HI(M), (Retd)*

**Lt Gen Javed Iqbal** - CE & MD  
*HI(M), (Retd)*

**Lt Gen Tariq Khan**  
*HI(M), (Retd)*

**Dr. Nadeem Inayat**

**Mr. Rehan Laiq**

**Mr. Salman Hayat Noon**

**Brig Raashid Wali Janjua**, *SI(M), (Retd)*

**Lt Col Abdul Khaliq Khan** *(Retd)*

**Mr. Iltifat Rasul Khan**

**Mr. Par Soderlund**

**Mr. Basharat Ahmad Bhatti**

**Ms. Aminah Zahid Zaheer**

## Chief Financial Officer

**Syed Aamir Ahsan**

## Company Secretary

**Brig Zahid Nawaz Mann** *SI(M), (Retd)*

## Auditors

**KPMG Taseer Hadi & Co.**  
*Chartered Accountants*



## **Legal Advisers**

**Qazi Imran Zahid**  
(Advocate Supreme Court)

## **Audit Committee**

**Mr. Iltifat Rasul Khan**

**Dr. Nadeem Inayat**

**Mr. Rehan Laiq**

**Lt Col Abdul Khaliq Khan (Retd)**

## **HR & R Committee**

**Ms. Aminah Zahid Zaheer**

**Dr. Nadeem Inayat**

**Brig Raashid Wali Janjua, SI(M), (Retd)**

**Mr. Rehan Laiq**

## **Technical Committee**

**Brig Raashid Wali Janjua SI (M), (Retd)**

**Lt Col Abdul Khaliq Khan (Retd)**

**Mr. Basharat Ahmad Bhatti**

## **Business Review Committee**

**Mr. Par Soderlund**

**Dr. Nadeem Inayat**

**Mr. Rehan Laiq**

**Ms. Aminah Zahid Zaheer**

## **Registered Office**

*3rd Floor, Bahria Complex, 103 A/B,  
Shahrah-e-Quaid-e-Azam, Lahore.*

*Tel: +92-42-99205933-34*

*E-mail: info@faujifoods.com*

## **Shares Registrar**

*M/s Corplink (Pvt.) Limited*

*Wings Arcade, 1-K, Commercial,*

*Model Town, Lahore.*

*Tel: +92-42-35916714, 35916719, 35839182*

*Fax: +92-42-35869037*

*E-mail: shares@corplink.com.pk*

## **Website**

*www.faujifoods.com*

## **Plant**

*Bhalwal, District Sargodha.*

## **Bankers**

**Habib Bank Limited**

**Allied Bank Limited**

**United Bank Limited**

**Bank AL Habib Limited**

**National Bank of Pakistan**

**Dubai Islamic Bank Pakistan Limited**

**Bank Alfalah Limited**

**Soneri Bank Limited**

**Faysal Bank Limited**

**JS Bank Limited**

**MCB Bank Limited**

**Askari Bank Limited**



**BOARD OF  
DIRECTORS**

**LEADING THROUGH  
EXAMPLE**



**Lt Gen Syed Tariq Nadeem Gilani**  
*HI(M), (Retd) Chairman*

Lt Gen Syed Tariq Nadeem Gilani, HI(M), (Retd) was commissioned in Pakistan Army on 26 Oct 1979 with the coveted President's Gold Medal. The General Officer has served on various command, staff and instructional assignments.

He received an early exposure of secondment in Saudi Arabian Armed Forces from 1983 to 1985. He is a graduate of US Army Artillery School, Fort Sill Oklahoma, Command and Staff College Camberley (UK), Armed Forces War College (National Defence University) Islamabad and US Army War College, Carlisle Barracks, Pennsylvania. He holds Masters degrees in War Studies from Quaid-e-Azam University, Islamabad and Strategic Studies from US Army War College, USA. His assignments include command of a brigade, division and a Corps. He has also held the prestigious appointments of Commandant Armed Forces War College, NDU, Islamabad and Chief of Logistics Staff at General Headquarters.

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

Lieutenant General Gilani retired from Pakistan Army in October 2015 and has taken over as MD Fauji Foundation on 10 Jan 2018 and Chairman of the Boards of Directors of following companies:-

- Fauji Fertilizer Bin Qasim Limited
- Fauji Fertilizer Company Limited
- Mari Petroleum Company Limited
- Fauji Cement Company Limited
- Askari Cement Limited
- Askari Bank Limited
- Fauji Kabirwala Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Ltd
- Foundation Power Company Daharki Limited
- Daharki Power Holdings Limited
- FFC Energy Limited
- Foundation Wind Energy-I Limited
- Foundation Wind Energy-II (Pvt) Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Meat Limited
- Fauji Foods Limited
- FFBL Foods Limited
- FFBL Power Company Limited
- Fauji Fresh n Freeze Limited
- Fauji Infraavest Foods Limited



**Lt Gen Javed Iqbal**  
*HI(M), (Retd) CE & MD*

Lt Gen Javed Iqbal, HI(M), (Retd), is the Chief Executive and Managing Director of Fauji Fertilizer Bin Qasim Limited, FFBL Foods Limited, FFBL Power Company Limited, Fauji Foods Limited and Fauji Meat Limited.

Lt Gen Javed Iqbal, HI(M), (Retd) joined Pakistan Army on 24th of October 1980. The General Officer has a varied experience of Command, Staff and Instructional appointments. The General Officer is graduate of Command and Staff College, Quetta, Defence Services Command and Staff College, Dhaka (Bangladesh), the erstwhile National Defence College (Pakistan) and Royal College of Defence Studies (United Kingdom). He also holds masters degrees in War Studies and International Studies from NDU Islamabad and Kings College London respectively. He has served as Military Advisor Permanent Representative of Pakistan to United Nations Headquarters; New York. The General has commanded two Infantry Battalions and two Infantry Brigades. He has commanded an Infantry Division employed in Law Enforcement Operations in Swat. While commanding the division in Swat, he was wounded as his helicopter came under fire. He has the honour of commanding a deployed Corps of Pakistan Army. He also has the honour of being the president of NDU, an internationally renowned institution of Pakistan.

He has been a frequent guest speaker on numerous international seminars and conferences on counterinsurgency, disaster response, humanitarian assistance and civil-military coordination aspects.

Besides being Director and Chairman of Management Committee of Pakistan Maroc Phosphore (PMP); Morocco he is also on the Board of following entities:-

- Foundation Wind Energy-I
- Foundation Wind Energy-II
- Askari Bank Limited



**Lt Gen Tariq Khan**  
*HI(M), (Retd) Director*

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

- Fauji Fertilizer Bin Qasim Limited
- Askari Bank Limited
- Fauji Foods Limited
- Philip Morris (Pakistan) Limited
- Fauji Meat Limited
- FFBL Foods Limited
- FFBL Power Company Limited
- Pakistan Maroc Phosphore S.A.

The General was commissioned in Pakistan Army in April 1977 with the coveted Sword of Honour. During his illustrious service in the Army, he had been employed on various prestigious command, staff and instructional assignments including command of a Strike Corps. He is a graduate of Command and Staff College Quetta and National Defence University Islamabad. He also holds Master Degree in War Studies. He has served on the faculty of Command and Staff College Quetta and National Defence University Islamabad. Since his retirement, he is on the honorary faculty of renowned institutions including National Defence University as a senior mentor. The General possesses vast experience as an adviser to the leading corporate entities. He has been awarded Hilal-e-Imtiaz (Military) and is also the first Pakistan Army General who has been conferred upon the U.S 'Legion of Merit' by the U.S Government for his meritorious services as a senior representative at U.S CENTCOM in Tampa, Florida.



**Mr. Rehan Laiq**  
*Director*

Mr. Rehan Laiq joined Fauji Foundation in October 2018 as Additional Director Finance. He is qualified Chartered Accountant (FCA) with over 22 years of proven track record in developing business strategies, delivering results, developing organizational capability of infrastructure and acquisitions.

Mr. Rehan Laiq started his career with Price Waterhouse Coopers in 1989, and held senior management positions in the fields of Finance Management with M/S Mobilink, M/S Schlumberger and OGDCL as Executive Director (Finance). He carries vast international experience of Financial Management at a senior level in his career with Schlumberger in multiple countries of Middle East, Asia, Russia and North America.

He brings with him diverse experience of policy Compliance, Management Reporting, External and internal transformation (e.g. optimum utilization resources for the business) and Analytical Business support to ensure profit maximization.



**Dr. Nadeem Inayat**  
*Director*

Dr. Nadeem Inayat is an outstanding professional, having rich experience in managing, operating and advising investment portfolio to top tier Banks and organizations of the Country at senior level.

Presently he is holding the position of Corporate Advisor and Head of Investment Division in Fauji Foundation. He is a member of FFBL Board of Directors since July 2006. He is also a member of Board of Directors of all subsidiaries and associated companies of Fauji Foundation and Pakistan Maroc Phosphore S.A.



**Brig Raashid Wali Janjua**  
*SI(M) (Retd) Director*

Joined the Board of Fauji Foods Limited on April 26, 2016. He is Director Planning and Development, Fauji Foundation.

He is on the Board of following Fauji Group's associated companies:-

- Fauji Foods Ltd
- Fauji Fertilizer Co Ltd
- Fauji Fertilizer Co Energy Ltd
- Fauji Fertilizer Bin Qasim Power Co Ltd
- Fauji Cement Co Ltd
- Fauji Akbar Portia Marine Terminal Ltd
- Mari Petroleum Co Ltd
- Foundation Power Co Daharki Ltd
- Foundation Wind Energy – I Ltd
- Foundation Wind Energy – II (Pvt) Ltd
- Fauji Infraavest Food Ltd

He has a diversified civil engineering project management experience spanned over 25 years as Commander Corps Engineers and Director Works and Chief Engineer Navy. He has planned and executed major civil engineering projects at Karachi, Lahore, Islamabad, and coastal belt in close coordination with the Engineer-in Chief's Branch. He also has extensive experience of working with diverse national and international aid agencies on reconstruction and rehabilitation projects in an Earthquake-stricken area after 2005.

He holds Civil Engineering Degree from Military College of Engineering and Masters degree in Security and Defence Management from Royal Military College Kingston, Canada. He is also a graduate of Command and Staff College Quetta and National Defence University Islamabad.



**Mr. Salman Hayat Noon**  
*Director*

Mr. Salman Hayat Noon After completing his education at Aitchison College Lahore and U.K. Salman Hayat Noon joined the Board of Directors of Noon Pakistan Limited as an Executive Director in 2001 to oversee the day to day activities of the company.

He was elected by the Board as Chairman and CEO in 2011 after the sad demise of Malik Manzoor Hayat Noon. Salman Hayat is also a Director of Noon Sugar Mills since 2005 and is heading its Audit Committee. In addition, he holds the Directorship of seven other companies of Noon Group.



**Lt Col Abdul Khaliq Khan**  
*(Retd) Director*

Lt Col Abdul Khaliq Khan (Retd) joined the company in 2009 and working as executive director and became member of the Board on 30 May, 2011. He also worked for 9 years in Pioneer Cement as GM administration.

Abdul Khaliq graduated from Pakistan Military Academy Kakul and holds Masters Degree in International Relations. He was commissioned in Pakistan Army in 1975 and after serving for 25 years in Pakistan Army at various Command and Staff appointments got retired from Army in 2000. During military service, he had a vast and diversified experience in operational, administration, human resource management, assessment and evaluation system.

Abdul Khaliq has attended several courses, seminars, training programs and workshops on various subjects.



**Mr. Iltifat Rasul Khan**  
*Director*

Mr. Iltifat Rasul Khan (IRK) is a UK qualified Chartered Accountant with over 49 years of work experience. He earned his Bachelor of Commerce with Honors from University of Punjab, Lahore (1962).

He did his Chartered Accountancy from the Institute of Chartered Accountants in England and Wales (ICAEW) in 1968. He is a Fellow Member of both the ICAEW and the Institute of Chartered Accountants of Pakistan (1972). His professional experience includes nine years in the UK working with the firms of Chartered Accountants (B Holey & Co; and Peat, Marwick Mitchell & Co. presently KPMG); thirty years with Fauji Foundation Pakistan holding senior positions, including eight years as Director Finance of the Group; and ten years with Pakistan Poverty Alleviation Fund (PPAF) as Chief Financial Officer / Corporate Secretary. IRK has extensive experience of dealing with local and international banks; multilateral financing institutions, and export credit agencies. He has successfully negotiated numerous project financing arrangements. IRK is a former member of Board of Directors of the following companies:

- Fauji Fertilizer Company Limited
- Mari Gas Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Life Line Limited
- Fauji Oil Terminal and Distribution Company Limited
- Fauji Kabirwala Power Company Limited
- Fauji Software Company Limited

He is also a former Government Nominee Director on the Islamabad Stock Exchange Board. The first four companies are listed on the Stock Exchanges in Pakistan.



**Mr. Par Soderlund**  
*Director*

Mr. Par Soderlund is the Founder and CEO of Peritus Farm DMCC, based in Dubai, UAE. He leads a team of farming specialists as an investor-centric consultancy for dairy farming, meat fattening, and forage production.

Mr. Söderlund has spent 28 years along the value chain of milk – Sales, processing & packaging, raw milk production and fodder production. He worked 20 years with Tetra Pak as a Managing Director in countries like Iran, Estonia/ Latvia/ Lithuania, Switzerland and Pakistan. During his years 2004-2007 as Managing Director for Tetra Pak Pakistan, the business increased three times and Tetra Pak Pakistan was awarded Market Company of the year 2006. During this period, he was also responsible for Commercial Operations for the 27 Tetra Pak market companies in Middle East.

Before moving to Dubai in 2004, Mr. Söderlund was Vice President Commercial Operations, Tetra Pak Europe & Africa, 1999-2004 reporting to Group COO, overlooking USD 4 billion in sales and 52 market companies responsible for sales, global commercial compliance and revenue management. In 2008 he joined Al Faisaliah Group, Riyadh and became Managing Director for Al Safi, the world's largest integrated dairy farm, as well as board member for Al Safi Danone for GCC. In 2011, he started Peritus Farm DMCC with main activities in Turkey and Pakistan. Peritus Farm DMCC has a company for forage production based in Lahore and Peritus advisory team is working with a number of the large dairy farms in Pakistan.



**Mr. Basharat Ahmad**  
*Director*

Mr. Basharat Ahmad has 40 years diversified business experience, with the government and Country's foremost Multinational Conglomerate - Unilever Pakistan, engaged in manufacturing and marketing world class Fast Moving Consumer Products including Oils & Fats, Personal & House Cleaning Products, Beverages, Ice cream & Frozen desserts. His practical experience includes Factory operations, Industrial Relations, Distribution & Logistics, Supply Chain Management, Sales & Sales Operations, Institutional Business, Trade Marketing, Customer Relations, Corporate Regulatory Affairs, Negotiations, Corporate Social Responsibility, Corporate Communication, Interface with the Federal and Provincial Governments on Tariff Rationalization, Rules & regulations and System & procedures.

Mr. Ahmad remained responsible for Training of Unilever Pakistan sales & general management for Six years. In the capacity of Corporate Facilitator, Total Quality Management, he trained the management as well as Non-Management.

In addition, Mr. Ahmad has 12 years teaching experience with various universities as visiting faculty. His specializations are: Retailing, Sales Management, Supply Chain Management, Entrepreneurship, Consumer Behavior, TQM, Brand Management, Marketing, Business Ethics, Industrial Marketing, Service Marketing, Integrated Marketing Communication, Advance Topic of Marketing, Customer Relations Management and Corporate Marketing for MS Management, EMBA and MBA classes. He authored a book on "Successful Retailing."



**Ms. Aminah Zahid Zaheer**  
*Director*

Ms. Zaheer has 28 years of diverse working experience in large global conglomerates (Unilever, S C Johnson, Johnson & Johnson, L'Oreal SA and The Body Shop Inc). She holds over 18 years of Boardroom experience as a board member of various Private Limited companies.

She has had exposure to a cross section of industries within Pakistan as well as on the global platform (FMCGs, Pharmaceuticals, Home Cleaning, Health Care, Personal Care, Cosmetics & Beauty). She brings with her extensive cross cultural exposure, having worked in several geographies within Asia Pacific, including China, Australia and, most recently, in Singapore where she held the position of Regional Finance Director for The Body Shop International (Asia Pacific) PTE Ltd.

At present she is a Director at Zahid Zaheer & Associates, a Business Advisory and Management Consulting firm.

Ms Zaheer holds a Masters Degree in Business Administration from The Institute of Business Administration (IBA). In addition, she has successfully completed various professional training programs on Leadership, Governance and Risk Management from INSEAD in France, PICG in Pakistan and Johnson Learning Institute in the USA.



**Syed Aamir Ahsan**  
*Chief Financial Officer*

Syed Aamir Ahsan is currently serving as Chief Financial Officer/ General Manager Finance in FFBL.

He is a graduate from the University of South Florida and Certified Public Accountant (CPA) from the University of Illinois, USA. He has a rich professional experience of over 30 years with 23 years in fertilizer business in Pakistan. After returning from the USA, he joined Engro Chemical Pakistan Limited and served with them in various capacities from 1993 to 2002. He joined FFBL in 2002 and in his role as Chief Financial Officer, he successfully managed financial restructuring of FFBL with GoP in his early days with the Company and all financial feasibilities and project phase of Pakistan Maroc Phosphore, S.A (PMP). He has extensive experience of managing finances, budget, tax planning, investor relations, and audits. He also plays a leading role in the information technology (IT), operations, and HR teams. He is on the Board of following entities:-

- Fauji Meat Limited
- FFBL Foods Limited
- FFBL Power Company Limited



**Brig Zahid Nawaz Mann**  
*SI(M), (Retd)*  
*Company Secretary*

Brig Zahid Nawaz Mann, SI(M), (Retd) is Company Secretary at Fauji Foods Limited (FFL) since July, 2018.

He is a graduate of Pakistan Military Academy and also holds MS in defence analysis (Irregular Warfare) from Naval Postgraduate School (NPS), USA. Brig Zahid is a professional having rich experience in command, staff & instruction during his military career spread over three decades.

His dedication & commitment to the work are distinctive features of his personality that make him endeared to his colleagues & departments alike. Before joining FFL he remained Head HCM FFBL, providing him rich corporate HR experience. Brig Zahid embraces every challenge with competence and ensures the company's direction to its destined vision through effective teamwork. FFL is pleased to have him on board & together hope to achieve more success together.

## CHAIRMAN'S REVIEW

On behalf of the Board of Directors of Fauji Foods Limited, I am presenting the annual report of the Company covering the year ended December 31, 2018.

On March 26, 2018, shareholders approved merging of voting and non-voting shares of the Company into one class of Ordinary shares and increased the authorized capital to 700,000,000 Ordinary shares of Rs.10/- each.

Holding steadfast on its commitment of "Transforming lives through nourishment" and becoming a key player in the dairy industry has landed the investment interest of a leading Chinese dairy giant. Such an association with a leading global company will surely enhance growth prospects and profitability of the Company in both domestic and international market.

During the year 2018, the Board continued to focus on the key strategic issues and challenges faced by the Company. Election of directors was held on November 26, 2018 and 12 directors were elected un-opposed including four independent directors who, after due deliberation on their qualifications, appropriate skills and experience, were selected from the Data Bank of Independent Directors maintained by the Pakistan Institute of Corporate Governance. FFL will surely benefit from the vast experience that this newly elected Board brings with it. With a renewed sense of purpose and dedication to perform even better, the Board commits to work towards exceeding stakeholders' expectations in years to come.

I would like to thank to my fellow Directors, to the executive leadership team and to all FFL's employees for their contributions over this year. Finally I extend my gratitude to our Shareholders, who have continually supported the Company and I hope that the future brings further accomplishments for us Insha Allah.



**Lt Gen Syed Tariq Nadeem Gilani**  
*HI(M), (Retd)*  
*Chairman*



## A FEW WORDS FROM THE CHIEF EXECUTIVE



The start of 2018, presented FFL with an extremely challenging business environment in the form of stringent regulations within the dairy sector. Media hype of these regulations resulted not only in negative consumer perceptions, particularly regarding packaged milk but also declined the segment's growth by 4%. Despite this tough business environment and overall declining growth in dairy industry, Fauji Foods Limited managed to increase its revenue by 16% from the corresponding period of last year. During 2018, growth engines have been Dostea, Nurpur Butter and Cheese.

The Company continuously works on enriching the lives of its consumers by adding new value offerings to its product portfolio. In 2018 two new brands were launched, Taaza Chai Mix and a pasteurized milk Nurpur Doodh. We have started working with key institutional customers to build and grow our butter and cheese segments. In 2018, market share of the Company was significantly increased and we are confident that the Company will continue to grow its volumes and market share in 2019.

The dairy industry is focusing on the issues it is facing and making efforts to reach an alignment with the new government to resolve them together. We are confident that in the year 2019 FFL is well positioned to deliver sustainable and profitable growth for the benefit of all our Stakeholders.



**Lt Gen Javed Iqbal**  
*HI(M), (Retd)*  
CE & MD

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 52<sup>nd</sup> Annual General Meeting of shareholders of Fauji Foods Limited will be held on Wednesday, March 27, 2019 at 11:00 a.m. at Pearl Continental Hotel, Lahore to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting held on November 26, 2018.
2. To receive, consider and adopt the audited accounts for the year ended December 31, 2018 and the reports of the Directors and the Auditors thereon.
3. To appoint auditors for ensuing period till next AGM and to fix their remuneration.
4. To transact any other business as may be placed before the meeting with permission of the Chairman.

### **CLOSURE OF SHARE TRANSFER BOOKS**

The Share Transfer Books of the Company will be closed from March 21, 2019 to March 27, 2019 (both days inclusive) for the purpose of holding the AGM.

By Order of the Board

**Brig Zahid Nawaz Mann (Retd)**

Company Secretary

Lahore.  
January 29, 2019

### **NOTES:**

1. A member of the Company entitled to attend and vote at the General Meeting may appoint a person/ representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at Company's registered office duly stamped and signed not later than 48 hours before the time of holding meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's CNIC must be attached with the proxy form.
2. The CDC/sub account holders are required to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan contained in Circular No. 1 of 2000 dated 26 January, 2000:
  - (a) For attending the meeting
    - i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his / her original national identity card or original 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 at the time of meeting.
  - (b) For appointing proxies
    - i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
    - ii. The proxy form shall be witnessed by the 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 owners and the proxy shall be furnished with the proxy form.

- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
  - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the Company along with proxy form.
3. Members are requested to promptly notify any change in their addresses to the Share Registrar of the Company, i.e., M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.

**Consent for Video Conference Facility**

Members can also avail video conference facility in Karachi and Islamabad. In this regard please fill the following and submit to registered address of the Company 10 days before holding the general meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting alongwith complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Fauji Foods Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio / CDC Account No \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of member

\_\_\_\_\_  
(Signatures and names of the Chief Executive and Directors)

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors' of Fauji Foods Limited are pleased to present the directors' report along with the audited financial statements for the year ended December 31, 2018.

### **Principal activities:**

Fauji Foods Limited, a majority owned Company of Fauji Fertilizer Bin Qasim Limited (50.59% shareholding) and Fauji Foundation (12.75 % shareholding) is engaged in processing and marketing of dairy products, juices and jams. The Company's brand 'Nurpur' is one of the oldest and highly recognizable brand in Pakistan.

### **Operations during the year:**

The Company remained on course of its growth strategy and commitment towards excellence and continued to achieve numerous milestones, still the year under review remains a mix of good and not so good events for Dairy Industry that had an impact on Company operational and financial performance.

The Operational results of the Company grew on improved milk processing, efficient capacity utilization, enhanced product distribution and brand presence. The addition of new Tea Whitener brands like TAZA along with re-branding and re-packaging of its premier pasteurized milk as Doodh, the Company continued to deliver its promise to the consumers of providing quality dairy products, and also help complimenting sales growth.

On the external front, The Company also faced adverse impact in UHT milk segment due to Honorable Supreme Court order on packaged UHT milk at the start of the year. On subsequent retesting of the milk the Honorable Supreme Court reversed the said order, in favor of the Company. Impact of that order still felt on UHT sales over the remaining year. Overall dairy sector growth also declined due to negative perception created in the media about packaged milk and Tea Whiteners.

Despite these tough conditions the Company has continued to capture and improve its market share. The net turnover during the year 2018 recorded a growth of 16% compared with 2017.

### **Consolidation of classes of shares:**

In the 51st Annual General Meeting held on March 26, 2018, Member's approved through special resolution merging of voting and non-voting shares of the Company into one class and increased authorized capital to 700,000,000 ordinary shares of Rs 10 each.

### **Financial performance:**

The Company achieved turnover of Rs. 8,094 million compared to Rs. 7,000 million in the comparative year. Loss after taxation in the reported year is Rs. 2,849 million as compared to Rs. 2,288 million in the comparative year. The Loss per Share thereby is Rs. 5.39 as compared with Rs. 9.22 in the comparative year.

The increase in net losses are due to higher cost incurred in relation to input costs of raw materials owing to fluctuations in foreign currency exchange rates, and finance costs owing to increase in policy rate by the State Bank of Pakistan.

Moreover, inability of Industry and Company to increase prices of certain products despite increase in its processing cost, including impact of change in Input costs and additional Regulatory Duty and high availability of low priced loose milk through informal sector also contributed to losses.

Management has undertaken various initiatives like efficient management of input costs, increasing production scales, securing new working capital lines, etc. We expect that these steps together with increased sales will contribute significantly towards the profitability of the Company in the future.

### **Acquisition intent by Inner Mongolia Yili Industrial Group Company Limited**

On July 31, 2018, Inner Mongolia Yili Industrial (Yili), a Chinese state owned corporation showed its interest in acquisition of 51% stake in Fauji Foods Limited. Fauji group management and other party has commenced legal and due diligence formalities in this regard. Management will keep apprising all stakeholders of developments in this matter through prompt Stock Exchange announcements.

**Future outlook:**

Pakistan's economy continues to grow positively, led by growth in the manufacturing and services sectors and recovery in agricultural sector. Higher domestic demand and improvement in China Pakistan Economic Corridor backed infrastructural development is expected to provide further impetus to the growth momentum. In the coming period, expected rebounds in the commodity prices, weakening of the local currency, change in policy rate by the SBP may exert momentary pressure, however, the general outlook of Pakistan's economy remains positive

Board confidence remains high in the growth potential of Pakistan's dairy market. Dairy industry is expected to recover from negative campaign and it is expected to show growth in the future and regain the market share lost to loose milk segment.

The Board is also confident about the future growth of the Company to deliver quality products while keeping a strong focus on innovation and operational excellence. Current capacity enhancement will enable it to contribute as key market player of the dairy industry. Company will continue to focus on improving shareholders' value through innovation, product and process optimization, effective cost controls and will continue to grow its market share In Sha ALLAH.

**Principle risks and uncertainties facing company:**

Risks faced by the Company are not significantly different from risks posed to other companies working in the dairy sector. The recent and sudden devaluation of currency along with changes in Regulatory and Revenue Regimes by the Government, has exposed the Company to Foreign Exchange Risk and Regulatory Risks. The Management and Board is well aware of the associated Risks and has taken steps to mitigate the same. Apart from the above said Risks, there are no significant risk and uncertainties posed to the business and operations of the Company, except as disclosed in the Contingencies and Commitment notes to the financial statements.

**Transaction with related parties:**

The Company carries out transactions with related parties and amounts, due from and to, related parties as shown under respective heads are carried out at arms' length. Except as disclosed in financial statements, no other transactions were executed with related parties.

**Corporate and financial reporting framework:**

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment except for those as disclosed in the financial statements.
- International financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a 'going concern'.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2018 except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on un-audited accounts, was Rs.329 million as at December 31, 2018.
- The Board has approved the remuneration policy of non-executive directors including independent directors.
- The pattern of shareholding and additional information regarding pattern of shareholding is included in this annual report.

**Shares held by:**

	<b>No. of Shares Held</b>	<b>Percentage</b>
<b>I. Associated Companies, Undertakings and Related Parties:</b>		
1. Committee of Admin. Fauji Foundation	67,371,916	12.7500
2. Fauji Fertilizer Bin Qasim Limited	267,314,886	50.5888
3. Trustee Noon Pakistan Limited Staff Provident Fund	8,560,700	1.6201
4. Trustee Fauji Fertilizer Bin Qasim Ltd. Emp. Gratuity Fund	6,421,500	1.2153
5. Trustee Fauji Fertilizer Bin Qasim Ltd. Provident Fund	21,606,000	4.0889
<b>II. Mutual Funds:</b>		
1. CDC - Trustee ABL Income Fund - MT	295,000	0.0558
2. CDC - Trustee ABL Stock Fund	23,500	0.0044
3. CDC - Trustee Alfalah GHP Alpha Fund	11,000	0.0021
4. CDC - Trustee Alfalah GHP Islamic Dedicated Equity Fund	24,500	0.0046
5. CDC - Trustee Faysal Asset Allocation Fund	100,000	0.0189
6. CDC - Trustee Faysal MTS Fund - MT	800,500	0.1515
7. CDC - Trustee Faysal Savings Growth Fund - MT	1,000	0.0002
8. CDC - Trustee Faysal Stock Fund	175,000	0.0331
9. CDC - Trustee First Dawood Mutual Fund	47,000	0.0089
10. CDC - Trustee First Habib Income Fund - MT	211,000	0.0399
11. CDC - Trustee Lakson Equity Fund	3,524,900	0.6671
12. CDC - Trustee Lakson Tactical Fund	706,900	0.1338
13. CDC - Trustee MCB DCF Income Fund	40,500	0.0077
14. CDC - Trustee Nafa Multi Asset Fund	254,000	0.0481
15. CDC - Trustee Unit Trust of Pakistan	51,500	0.0097
16. CDC - Trustee Nafa Asset Allocation Fund	438,000	0.0829
17. MC FSL Trustee JS - Income Fund	246,500	0.0466
<b>III. Directors, CEO and their Spouse and Minor Children:</b>		
1. Lt Gen Syed Tariq Nadeem Gilani (Retd)	1	0.0000
2. Lt Gen Javed Iqbal (Retd)	4	0.0000
3. Lt Gen Tariq Khan (Retd)	1	0.0000
4. Dr. Nadeem Inayat	16	0.0000
5. Mr. Rehan Laiq	1	0.0000
6. Mr. Salman Hayat Noon	20,568,056	3.8925
7. Brig Raashid Wali Janjua (Retd)	4	0.0000
8. Lt Col Abdul Khaliq Khan (Retd)	48	0.0000
9. Mr. Iltifat Rasul Khan	16	0.0000
10. Mr. Par Soderlund	16	0.0000
11. Mr. Basharat Ahmad Bhatti	1	0.0000
12. Ms. Aminah Zahid Zaheer	1	0.0000
<b>IV. Executives:</b>		
1. Syed Aamir Ahsan	800,000	0.1514
<b>V. Public Sector companies &amp; Corporations:</b>		
	Nil	Nil
<b>VI. Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>		
	1,640,072	0.3104
<b>VII. Shareholders holding five percent or more voting interest in the listed company:</b>		
1. Committee of Admin. Fauji Foundation	67,371,916	12.7500
2. Fauji Fertilizer Bin Qasim Limited	267,314,886	50.5888
3. Malik Adnan Hayat Noon	36,315,796	6.8727

- Details of trade in the shares of the Company carried-out by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year ended December 31, 2018 is as follows:

	Voting	Non-Voting
Malik Adnan Hayat Noon (resigned on April 12, 2018 as director)		
• Sold through PSX	6,197,500	-
• Non-Voting Shares Converted into Ordinary Shares	5,202,613	-
Mr. Salman Hayat Noon (Director)		
• Sold through PSX	7,699,000	-
Syed Aamir Ahsan (Director/CFO) (retired on Nov 26, 2018 as director)		
• Purchased through PSX	500,000	300,000
• Non-Voting Shares Converted into Ordinary Shares	300,000	-
Brig Rizwan Rafi (Retd) (Company Secretary) - resigned on July 02, 2018)		
• Purchased through PSX	15,000	68,000
• Non-Voting Shares Converted into Ordinary Shares	68,000	-

### Board of Directors / Committees meeting during the year 2018:

Five meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Directors	No. of Meeting(s) Attended
Lt Gen Syed Tariq Nadeem Gilani (Retd)	- elected on November 26, 2018 5
Lt Gen Javed Iqbal (Retd)	- elected on November 26, 2018 5
Lt Gen Shafqaat Ahmed (Retd)	- resigned on March 26, 2018 1
Lt Gen Tariq Khan (Retd)	- elected on November 26, 2018 3
Mr Qaiser Javed	- retired on November 26, 2018 4
Dr Nadeem Inayat	- re-elected on November 26, 2018 5
Dr Rashid Bajwa	- retired on November 26, 2018 4
Brig Raashid Wali Janjua (Retd)	- elected on November 26, 2018 5
Mr. Rehan Laiq	- elected on November 26, 2018 1
Malik Adnan Hayat Noon	- resigned on April 12, 2018 0
Mr Salman Hayat Noon	- re-elected on November 26, 2018 1
Lt Col Abdul Khaliq Khan (Retd)	- re-elected on November 26, 2018 5
Mr Iltifat Rasul Khan	- re-elected on November 26, 2018 4
Mr Par Soderlund	- re-elected on November 26, 2018 5
Syed Aamir Ahsan	- retired on November 26, 2018 1
Mr Basharat Ahmad Bhatti	- elected on November 26, 2018 1
Ms Aminah Zahid Zaheer	- elected on November 26, 2018 1

Five meetings of the Audit Committee were held. Attendance by each director is as follows:

Name of Directors	No. of Meeting(s) Attended
Mr Iltifat Rasul Khan	4
Mr Qaiser Javed	4
Dr Nadeem Inayat	3
Lt Col Abdul Khaliq Khan (Retd) (Alternate Director for Malik Adnan Hayat Noon)	1
Lt Col Abdul Khaliq Khan (Retd)	3
Mr. Rehan Laiq	1

Three meetings of the HR&R Committee were held. Attendance by each director is as follows:

Name of Directors	No. of Meeting(s) Attended
Dr Nadeem Inayat	3
Dr Rashid Bajwa	1
Brig Raashid Wali Janjua (Retd)	2
Lt Col Abdul Khaliq Khan (Retd)	2
Mr Par Soderlund	1
Mr Rehan Laiq	1
Ms Aminah Zahid Zaheer	1

**Five meetings of the Technical Committee were held. Attendance by each director is as follows:**

<b>Name of Directors</b>	<b>No. of Meeting(s) Attended</b>
Brig Raashid Wali Janjua (Retd)	5
Dr Rashid Bajwa	3
Lt Col Abdul Khaliq Khan (Retd)	5
Mr Basharat Ahmad Bhatti	1

**Five meetings of the Business Review Committee were held. Attendance by each director is as follows:**

<b>Name of Directors</b>	<b>No. of Meeting(s) Attended</b>
Dr Rashid Bajwa	4
Dr Nadeem Inayat	4
Mr Salman Hayat Noon	1
Mr Par Soderlund	5
Syed Aamir Ahsan	0
Mr Rehan Laiq	1
Ms Aminah Zahid Zaheer	1

**Auditors:**

The present auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants will retire and being eligible offer themselves for re-appointment as the statutory auditors of the Company. The Board Audit Committee and the Board of Directors of the Company have endorsed the recommendation.

**Compliance with the Code of Corporate Governance:**

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017, relevant for the year ended December 31, 2018, have been duly complied with. A statement to this effect is annexed with the report.

**Dividend:**

The Board has not recommended any dividend due to loss to the Company during the year.

**Annual General Meeting:**

The 52<sup>nd</sup> Annual General Meeting will be held on March 27, 2019 at 1100 hours at Lahore to approve annual financial statements of the Company for the year ended December 31, 2018.

**Acknowledgement:**

The Board is thankful to the valuable shareholders and financial institutions for their trust and continued support to the Company. The Board would also like to place on record its appreciation to all employees of the Company for their dedication, diligence and hard work.

For and on behalf of the Board



**Lt Gen Syed Tariq Nadeem Gilani**  
HI(M), (Retd)  
Chairman



**Lt Gen Javed Iqbal**  
HI(M), (Retd)  
Chief Executive and Managing Director

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017



Name of Company: Fauji Foods Limited  
Year ended: December 31, 2018

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

1. The total number of directors are 12 as per the following:

- a. Male: 11
- b. Female: 1

2. The composition of board is as follows:

Category	Names
Independent Directors	Mr Iltifat Rasul Khan Mr Par Soderlund Mr Basharat Ahmad Bhatti Ms Aminah Zahid Zaheer
Executive Director	Lt Gen Javed Iqbal (Retd)
Non-Executive Directors	Lt Gen Syed Tariq Nadeem Gilani (Retd) Lt Gen Tariq Khan (Retd) Mr Rehan Laiq Dr Nadeem Inayat Brig Raashid Wali Janjua (Retd) Mr Salman Hayat Noon Lt Col Abdul Khaliq Khan (Retd)

3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting 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 which has been approved in BOD meeting held on 29 January, 2019.

9. The Board has arranged Directors' Training program for the following:

Lt Gen Syed Tariq Nadeem Gilani (Retd)	(Director/Chairman)
Lt Gen Javed Iqbal (Retd)	(Director/ CE&MD)
Lt Gen Tariq Khan (Retd)	(Director)
Dr Nadeem Inayat	(Director)
Mr Rehan Laiq	(Director)
Lt Col Abdul Khaliq Khan (Retd)	(Director)
Ms Aminah Zahid Zaheer	(Director)
Brig Raashid Wali Janjua (Retd)	(Director)

10. During the year the Board has approved appointment of Company Secretary including his remuneration and terms and conditions of employment while there is no change in the CFO and Head of Internal Audit and all complied with relevant requirements of the Regulations.

11. CFO and 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 Iltifat Rasul Khan	(Chairman)
Dr Nadeem Inayat	(Member)
Mr Rehan Laiq	(Member)
Lt Col Abdul Khaliq Khan (Retd)	(Member)

#### HUMAN RESOURCE COMMITTEE

Ms Aminah Zahid Zaheer	(Chairperson)
Dr Nadeem Inayat	(Member)
Brig Raashid Wali Janjua (Retd)	(Member)
Mr Rehan Laiq	(Member)

#### TECHNICAL COMMITTEE

Brig Raashid Wali Janjua (Retd)	(Chairman)
Lt Col Abdul Khaliq Khan (Retd)	(Member)
Mr Basharat Ahmad Bhatti	(Member)

#### BUSINESS REVIEW COMMITTEE

Mr Par Soderlund	(Chairman)
Dr Nadeem Inayat	(Member)
Mr Rehan Laiq	(Member)
Ms Aminah Zahid Zaheer	(Member)

13. The terms of reference of the audit committee and human resource committee have been formed, documented and advised to the committee for compliance and terms of reference of business review committee and technical committee have been formed, documented and are under review of the Board.

14. The frequency of meetings of the committee were as per following:

	No.	Frequency
a) Audit Committee:	5	Quarterly
b) HR and Remuneration Committee:	3	Half yearly
c) Business Review Committee:	5	Quarterly
d) Technical Committee:	5	Quarterly

15. The Board has set up an effective internal audit function staffed with persons who are suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board



**Lt Gen Syed Tariq Nadeem Gilani**

HI(M), (Retd)

Chairman



**Lt Gen Javed Iqbal**

HI(M), (Retd)

Chief Executive and Managing Director

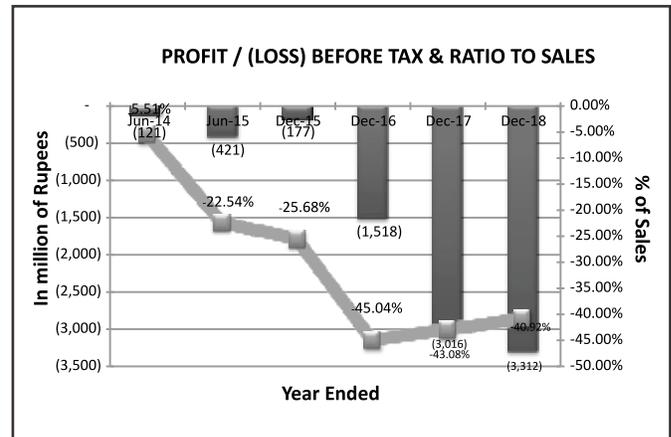
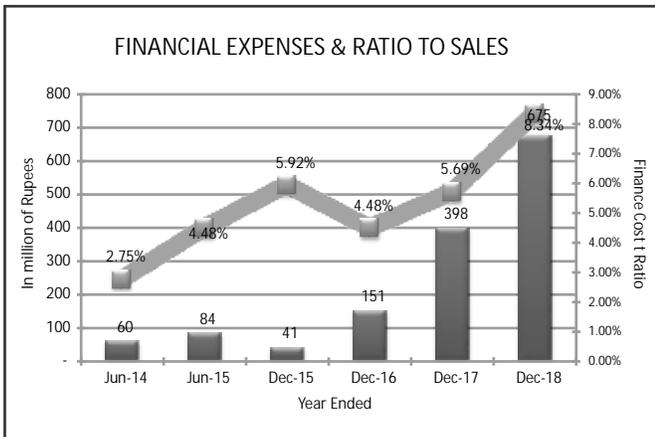
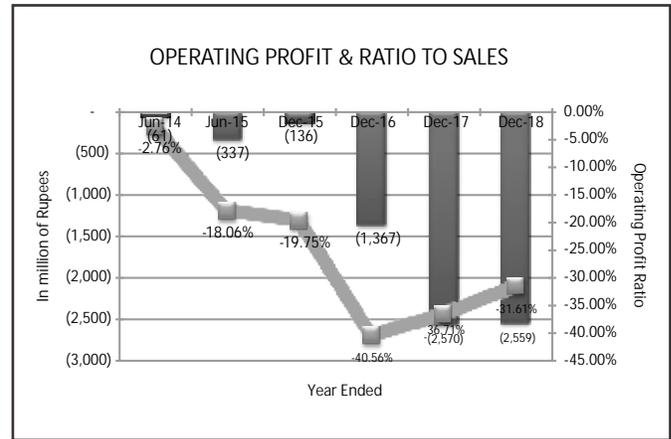
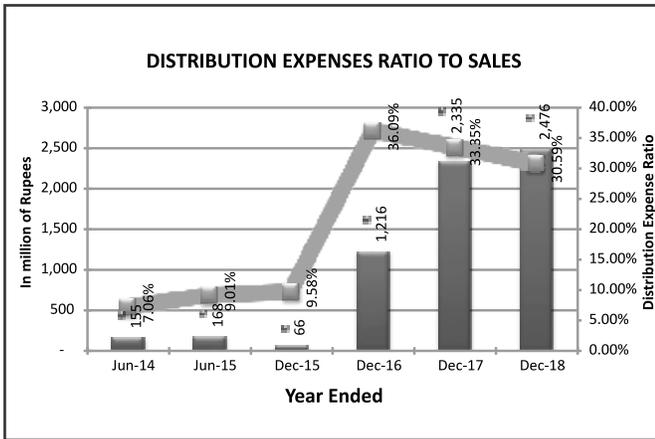
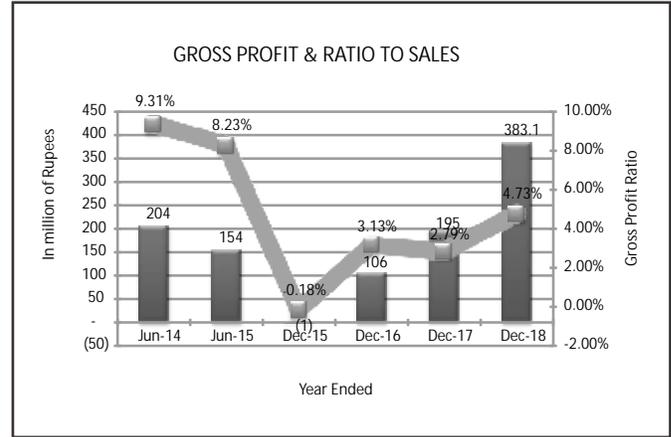
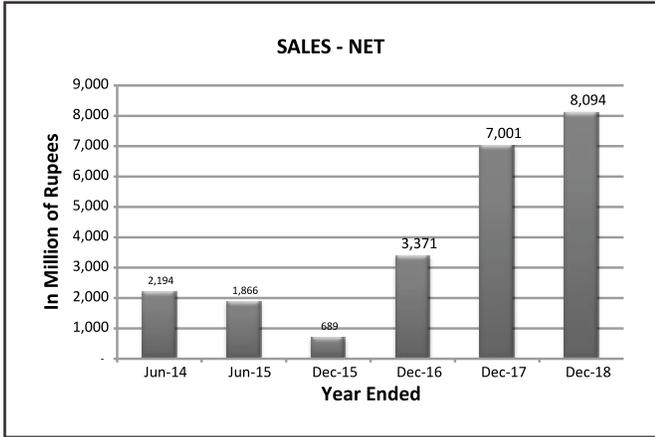
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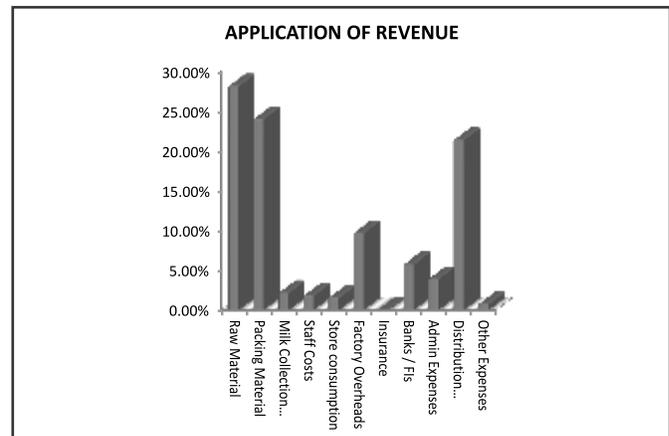
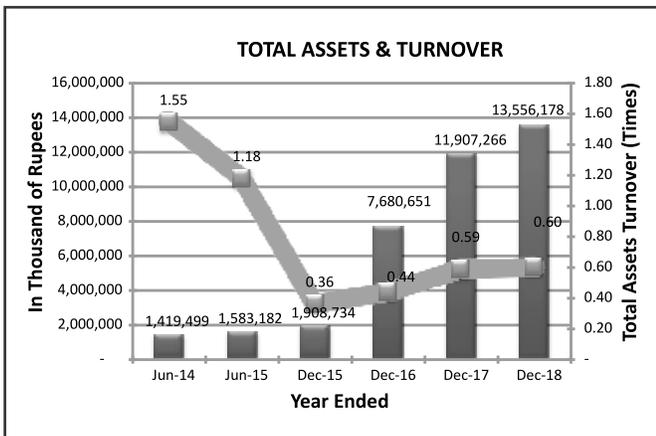
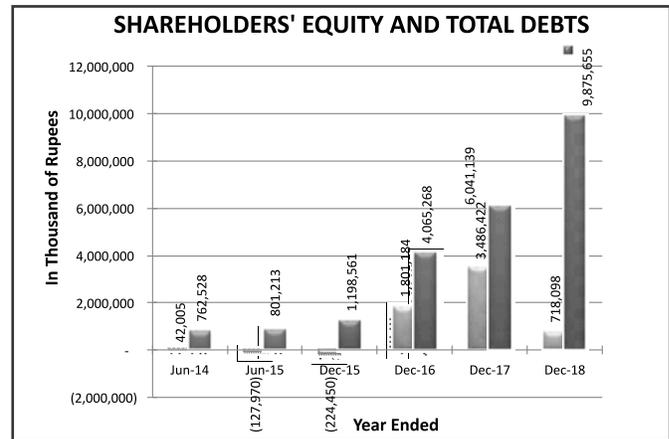
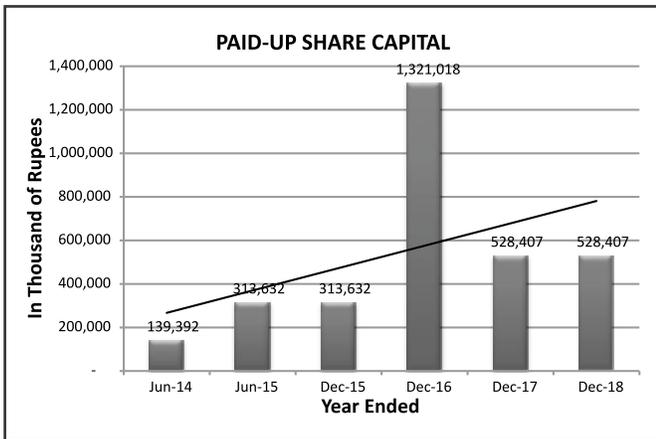
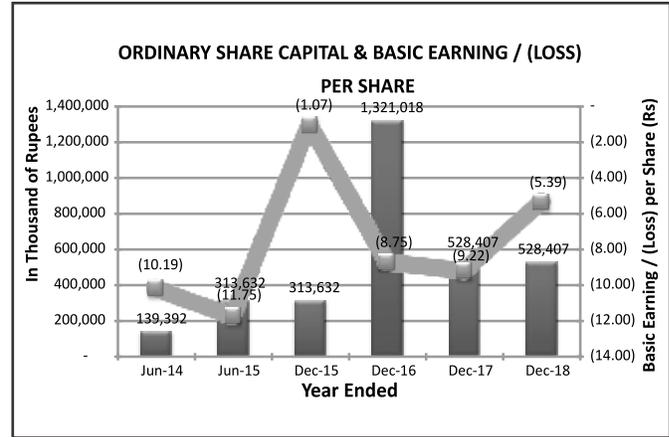
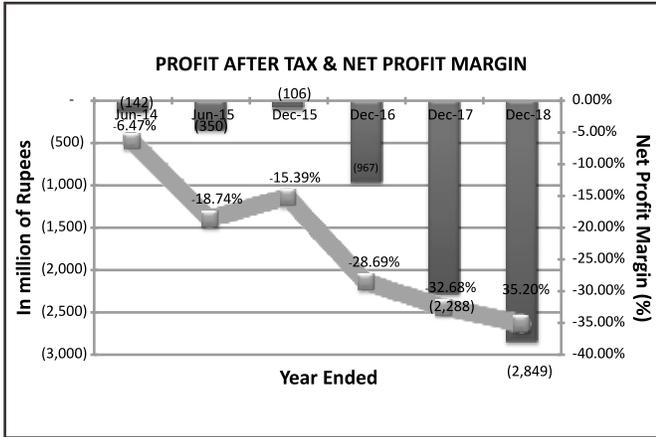
## FINANCIAL HIGHLIGHTS

		December 2018	December 2017	December 2016	December 2015	June 2015	June 2014
<b>Production</b>							
<i>Liquid Production - litres</i>		90,295,898	86,699,115	37,252,653	8,737,421	20,458,745	23,648,085
<i>Non - Liquid Products - Kgs</i>		1,778,587	725,221	5,415,745	245,568	992,377	1,339,371
<b>Financial Performance - Profitability</b>							
Gross profit margin	%	4.73	2.79	3.13	(0.18)	8.23	9.31
EBITDA margin to sales	%	(32.57)	(29.67)	(34.82)	(14.04)	(14.67)	(0.10)
Pre tax margin	%	(40.92)	(43.08)	(45.04)	(25.68)	(22.54)	(5.51)
Net profit margin	%	(35.20)	(32.68)	(28.69)	(15.39)	(18.74)	(6.47)
Return on equity	%	(396.78)	(65.63)	(53.68)	(47.26)	(273.32)	(338.18)
Return on capital employed	%	(54.80)	(28.46)	(50.07)	(64.43)	(279.42)	(34.68)
<b>Operating Performance / Liquidity</b>							
Total assets turnover	Times	0.60	0.59	0.44	0.36	1.18	1.55
Fixed assets turnover	Times	1.02	1.03	0.68	0.54	17.98	3.77
Trade Debtors	Rs. (000)	124,573	129,705	77,969	37,730	38,626	221,612
Debtors turnover	Times	64	67	58	18	14	11
Debtors turnover	Days	6	5	6	10	25	33
Inventory	Rs. (000)	1,380,401	1,021,156	684,806	174,626	158,126	62,365
Inventory turnover	Times	6	8	8	4	16	29
Inventory turnover	Days	57	46	48	44	23	12
Purchases	Rs. (000)	6,226,498	5,403,562	2,717,812	546,844	1,403,509	1,804,615
Accounts Payables	Rs. (000)	898,415	438,319	1,008,155	310,130	293,433	437,996
Creditors turnover	Times	9	7	4	2	4	4
Creditors turnover	Days	39	49	89	102	95	95
Operating cycle	Days	23	2	(34)	(47)	(46)	(50)
Return on assets	%	(21.02)	(19.22)	(12.59)	(5.56)	(22.09)	(10.01)
Current ratio		0.58	1.70	0.40	0.34	0.44	0.87
Quick / Acid test ratio		0.36	1.22	0.25	0.21	0.35	0.67
<b>Capital Market / Capital Structure Analysis</b>							
Market value per share							
- Year end	Rs.	30.28	16.46	88.67	242.21	79.99	35.58
- High during the year	Rs.	41.98	124.4	314.00	366.62	87.99	35.69
- Low during the year	Rs.	15.61	14.75	71.51	71.84	27.19	34.91
Breakup value - (Net assets / share)							
- excluding revaluation surplus	Rs. (000)	718,098	3,486,422	1,801,184	(224,450)	(127,970)	42,006
- including revaluation surplus	Rs. (000)	2,142,476	4,945,390	2,241,540	233,165	335,309	89,610
Earning per share (pre tax)	Rs.	(6)	(12.15)	(13.74)	(1.78)	(14.13)	(8.67)
Earning per share (after tax)	Rs.	(5.39)	(9.22)	(8.75)	(1.07)	(11.75)	(10.19)
Earnings growth	%	41.50	(5.33)	(718.22)	90.90	(15.26)	11.01
Price earning ratio		(5.62)	(1.79)	(10.13)	(226.48)	(6.81)	(3.49)
Market price to breakup value		22.28	2.49	6.50	(33.84)	(19.60)	11.81
Debt : Equity		13.75	1.73	2.26	(5.34)	(6.26)	18.15
Interest cover		(3.79)	(6.45)	(9.06)	(3.34)	(4.03)	(1.01)

		December 2018	December 2017	December 2016	December 2015	June 2015	June 2014
<b>Statement of affairs</b>							
Share capital	Rs. (000)	5,284,072	5,284,072	1,321,017	313,632	313,632	139,392
Reserves	Rs. (000)	(4,565,974)	(1,797,650)	480,166	(538,082)	(441,602)	(97,386)
Share holder's fund / Equity	Rs. (000)	718,098	3,486,422	1,801,184	(224,450)	(127,970)	42,006
Revaluation surplus	Rs. (000)	1,424,378	1,458,968	440,356	457,615	463,279	47,604
Long term borrowings	Rs. (000)	4,480,940	4,553,055	129,919	59,828	2,796	367,648
Capital employed	Rs. (000)	5,199,038	8,039,476	1,931,103	(164,622)	(125,174)	409,654
Deferred liabilities/(assets)	Rs. (000)	(1,571,537)	(1,061,248)	(628,542)	(76,385)	(1,598)	-
Property, plant & equipment	Rs. (000)	7,953,144	6,822,274	4,937,751	1,277,998	1,037,778	576,928
Long term assets	Rs. (000)	9,584,783	7,901,844	5,571,678	1,356,031	1,041,410	581,217
Net current assets / Working capital	Rs. (000)	(2,875,200)	1,652,214	(3,167,397)	(1,052,409)	(703,304)	(123,958)
Liquid funds - net	Rs. (000)	98,221	1,195,302	333,540	52,960	141,057	218,123
<b>Financial Performance</b>							
Sales - net	Rs. (000)	8,094,123	7,000,955	3,370,507	689,044	1,866,019	2,194,025
Gross profit	Rs. (000)	383,103	195,125	105,506	(1,259)	153,529	204,246
Operating Loss	Rs. (000)	(2,558,541)	(2,570,226)	(1,367,004)	(136,121)	(336,916)	(60,605)
Loss before tax	Rs. (000)	(3,312,388)	(3,016,286)	(1,517,940)	(176,931)	(420,600)	(120,857)
Loss after tax	Rs. (000)	(2,849,239)	(2,288,262)	(966,920)	(106,073)	(349,763)	(142,055)
EBITDA	Rs. (000)	(2,636,001)	(2,077,150)	(1,173,689)	(96,723)	(273,733)	(2,168)
<b>Summary of Cash Flows</b>							
Net cash flow from operating activities	Rs. (000)	(2,539,892)	(3,597,667)	(1,573,454)	(185,336)	(201,730)	(56,340)
Net cash flow from investing activities	Rs. (000)	(1,456,341)	(1,050,585)	(3,862,420)	(281,007)	(9,486)	15,750
Net cash flow from financing activities	Rs. (000)	(292,430)	6,159,323	4,205,063	292,139	134,148	178,322
Changes in cash & cash equivalents	Rs. (000)	(4,288,663)	1,511,072	(1,230,810)	(174,204)	(77,067)	137,733
Cash & cash equivalents - Year end	Rs. (000)	(4,542,863)	(254,200)	(1,765,272)	(534,461)	141,057	218,124

## PERFORMANCE OVERVIEW





## FORM 34

THE COMPANIES ACT, 2017  
(Section 227(2)(f))  
PATTERN OF SHAREHOLDING  
Incorporation No.: 0002355

1.1 Name of the Company FAUJI FOODS LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

**31-12-2018**

2.2	No. of Shareholders	Shareholdings		Total Shares Held
		From	To	
	831	1	100	41,132
	1143	101	500	510,972
	1031	501	1,000	995,564
	2192	1,001	5,000	6,317,098
	689	5,001	10,000	5,530,069
	248	10,001	15,000	3,161,736
	159	15,001	20,000	2,949,424
	89	20,001	25,000	2,077,053
	62	25,001	30,000	1,758,607
	45	30,001	35,000	1,496,820
	44	35,001	40,000	1,712,136
	25	40,001	45,000	1,084,944
	35	45,001	50,000	1,729,216
	15	50,001	55,000	787,619
	17	55,001	60,000	1,003,724
	13	60,001	65,000	829,748
	12	65,001	70,000	816,003
	16	70,001	75,000	1,190,500
	19	75,001	80,000	1,491,075
	4	80,001	85,000	331,000
	6	85,001	90,000	532,802
	1	90,001	95,000	92,500
	26	95,001	100,000	2,596,000
	9	100,001	105,000	926,534
	7	105,001	110,000	759,500
	5	110,001	115,000	570,500
	6	115,001	120,000	707,168
	3	120,001	125,000	368,000
	4	125,001	130,000	510,900
	4	130,001	135,000	533,900
	4	135,001	140,000	558,500
	3	140,001	145,000	430,000



No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
6	145,001	150,000	892,500
7	150,001	155,000	1,075,240
5	155,001	160,000	794,240
4	160,001	165,000	651,500
2	165,001	170,000	338,400
1	170,001	175,000	175,000
1	175,001	180,000	180,000
1	180,001	185,000	185,000
1	185,001	190,000	187,000
1	190,001	195,000	192,072
9	195,001	200,000	1,799,800
5	200,001	205,000	1,011,500
1	205,001	210,000	210,000
3	210,001	215,000	635,632
1	215,001	220,000	220,000
3	220,001	225,000	674,000
3	230,001	235,000	694,500
1	235,001	240,000	236,000
2	240,001	245,000	488,000
4	245,001	250,000	996,500
2	250,001	255,000	505,500
1	260,001	265,000	265,000
2	265,001	270,000	536,000
1	275,001	280,000	280,000
1	285,001	290,000	289,500
1	290,001	295,000	295,000
2	295,001	300,000	600,000
2	305,001	310,000	610,666
1	310,001	315,000	314,000
2	315,001	320,000	640,000
2	345,001	350,000	700,000
2	350,001	355,000	705,360
1	375,001	380,000	377,000
2	395,001	400,000	800,000
1	420,001	425,000	425,000
1	425,001	430,000	426,500
2	435,001	440,000	876,500
1	440,001	445,000	444,000
1	445,001	450,000	450,000
1	455,001	460,000	458,684
3	460,001	465,000	1,384,500
1	465,001	470,000	470,000
1	495,001	500,000	496,000

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
1	515,001	520,000	519,000
1	605,001	610,000	610,000
1	615,001	620,000	620,000
1	705,001	710,000	706,900
1	725,001	730,000	728,000
1	775,001	780,000	779,000
1	795,001	800,000	800,000
1	800,001	805,000	800,500
1	880,001	885,000	883,000
1	900,001	905,000	900,500
1	935,001	940,000	936,000
2	990,001	995,000	1,982,500
2	995,001	1,000,000	2,000,000
1	1,350,001	1,355,000	1,352,400
1	1,730,001	1,735,000	1,730,500
1	2,065,001	2,070,000	2,070,000
1	2,300,001	2,305,000	2,301,000
1	3,515,001	3,520,000	3,519,248
1	3,520,001	3,525,000	3,524,900
1	5,745,001	5,750,000	5,747,500
1	6,420,001	6,425,000	6,421,500
1	7,415,001	7,420,000	7,420,000
1	8,555,001	8,560,000	8,558,580
1	18,265,001	18,270,000	18,267,056
1	21,605,001	21,610,000	21,606,000
1	30,550,001	30,555,000	30,552,468
1	67,370,001	67,375,000	67,371,916
1	267,310,001	267,315,000	267,311,886
<b>6,892</b>			<b>528,407,192</b>

### 2.3 Categories of shareholders

	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	20,568,165	3.8925%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	371,275,002	70.2630%

	<b>Share held</b>	<b>Percentage</b>
2.3.3 NIT and ICP	10,249	0.0019%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	940,500	0.1780%
2.3.5 Insurance Companies	693,572	0.1313%
2.3.6 Modarabas and Mutual Funds	6,956,800	1.3166%
2.3.7 Share holders holding 10% or more	334,686,802	63.3388%
2.3.8 General Public		
a. Local	113,251,812	21.4327%
b. Foreign	41,000	0.0078%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	12,905,816	2.4424%
2- Foreign Companies	1,357,400	0.2569%
3- Other Companies	406,876	0.0770%

3. Signature of Company Secretary



4. Name of Signatory

Brig Zahid Nawaz Mann (Retd)

5. Designation

Company Secretary

6. CNIC Number

35402-1897498-9

7. Date

December 31, 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fauji Foods Limited  
Review Report on the Statement of Compliance  
contained in Listed Companies  
(Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Fauji Foods Limited ("the Company") for the year ended 31 December 2018 in accordance with the requirements of regulation 40 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 31 December 2018.

Lahore

Date: January 30, 2019



**KPMG Taseer Hadi & Co.**

Chartered Accountants  
(Bilal Ali)



# AUDITORS' REPORT TO THE MEMBERS

## To the members of Fauji Foods Limited Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of **Fauji Foods Limited** (“the Company”), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Going concern</b></p> <p>Refer note 1.1 to the financial statements.</p> <p>During the year ended 31 December 2018, the Company has incurred net loss after tax of Rs. 2,849.24 million and as of this date current liabilities have exceeded its current assets by Rs. 2,875.20 million and the accumulated losses stand at Rs. 6.491.31 million.</p> <p>The management of the Company made their assessment of going concern by preparing a cash flow forecast in which some key assumptions were applied.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessing and challenging, through involving our own specialist, the key assumptions used by management in the cash flow forecast relating to projected growth rate, future selling prices and production volumes used and evaluating whether there were any indicators of management bias;</li> <li>• comparing the cash flow forecast prepared in the prior year with the current year's performance of the Company to assess the reasonableness of the prior year's cash flow forecast and making enquiries of management as to the reasons for any significant variations identified;</li> </ul>

Sr. No.	Key audit matters	How the matter was addressed in our audit
	<p>These key assumptions included forecasts of sales volumes, average selling prices, raw material costs and necessary capital expenditure for products and the availability of banking and other financing facilities including financial support from the parent company.</p> <p>We identified the going concern assessment as a key audit matter because there are events or conditions that may cast significant doubt on Company's ability to continue as a going concern. A significant degree of management judgement is involved in making this assessment and in forecasting the future cash flows of the Company which are inherently uncertain.</p>	<ul style="list-style-type: none"> <li>• assessing the availability of banking and other financing facilities during the forecast period by inspecting contracts or agreements signed with banks and other financial facilities up-to date of approval of financial statements and assessing their adequacy to meet the Company's needs in the context of cash flow forecast; and</li> <li>• assessing the adequacy of disclosure made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.</li> </ul>
2.	<p><b>Recognition of deferred tax asset</b></p> <p>Refer notes 4.2 and 19 to the financial statements.</p> <p>The Company has recognised deferred tax asset on unused tax losses and tax credits.</p> <p>The recoverability of recognised deferred tax asset is dependent on the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses (before the latter expire).</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessing the appropriateness of the Company's accounting policy for recognition of deferred taxation and compliance of the policy with applicable accounting and reporting standards;</li> <li>• assessing the reasonableness of future taxable profits and recoverability of tax losses recognized by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, future selling prices and production volumes and their consistency with cash flow forecast used for the purpose of evaluating going concern assumption including involving our own specialist to assist us in evaluating the assumptions and judgements adopted by management in its business plan (as the basis for future taxable profits) to assess the reversals of recognized deferred tax asset; and</li> </ul> <p>assessing the adequacy of disclosure made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.</p>
3.	<p><b>Sales</b></p> <p>Refer to note 4.20 and 27 to the financial statements.</p> <p>The Company principally generates revenue from processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of sales;</li> <li>• assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the policy with applicable accounting standards;</li> </ul>



No.	Key audit matters	How the matter was addressed in our audit
	<p>We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<ul style="list-style-type: none"> <li>• comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;</li> <li>• comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period;</li> <li>• inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and</li> </ul> <p>scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.</p>
<p><b>4.</b></p>	<p><b>Capitalization of property, plant and equipment</b></p> <p>Refer notes 4.10 and 17 to the financial statements.</p> <p>The Company has made significant capital expenditure on expansion of manufacturing facilities.</p> <p>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of and testing the design, implementation and operating effectiveness of management's key internal control over capital expenditure;</li> <li>• testing, on sample basis, the costs incurred on projects with supporting documentation and contracts;</li> <li>• assessing the nature of costs incurred for the capital projects for appropriateness by comparing, on sample basis, amounts recorded with underlying documentation and considering that the expenditure meets the criteria for capitalization as per the applicable accounting standards; and</li> <li>• inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation commenced and further capitalization of costs ceased from that date and to assess the useful life assigned by management including testing the calculation of related depreciation.</li> </ul>
<p><b>5.</b></p>	<p><b>Valuation of stock in trade</b></p> <p>Refer notes 4.13 and 21 to the financial statements.</p> <p>As at 31 December 2018, the Company's gross carrying amount of stock-in trade amounts to Rs. 1,401.18 million against which net realizable value adjustment of Rs. 12.95 million has been recorded.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessing the appropriateness of Company's accounting policy for valuation of stock in trade and compliance of the policy with applicable accounting and reporting standards;</li> <li>• obtaining an understanding of internal controls over valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness;</li> </ul>

No.	Key audit matters	How the matter was addressed in our audit
	We identified valuation of stock in trade as a key audit matter as it involves significant management judgment in determining the carrying value of stock in trade.	<ul style="list-style-type: none"> <li>• obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; and</li> <li>comparing the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to the value of stock in trade in accordance with the accounting policy.</li> </ul>

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2018, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 Mr. Bilal Ali.

Lahore

Date: January 30, 2019



**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## Statement of Financial Position

As at 31 December 2018

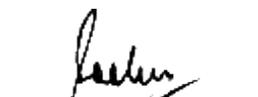
EQUITY AND LIABILITIES	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
<b><u>Share capital and reserves</u></b>				
Authorized capital	6	<b>7,000,000,000</b>	7,000,000,000	7,000,000,000
Issued, subscribed and paid up capital	6	<b>5,284,071,920</b>	5,284,071,920	1,321,017,980
Share premium	7	<b>1,925,340,907</b>	1,925,340,907	1,966,772,143
Accumulated loss		<b>(6,491,314,836)</b>	(3,722,990,539)	(1,486,605,671)
Surplus on revaluation of property, plant and equipment - net of tax	8	<b>1,424,377,761</b>	1,458,968,052	440,355,621
		<b>2,142,475,752</b>	4,945,390,340	2,241,540,073
<b><u>Non-current liabilities</u></b>				
Long term finances - secured	9	<b>4,191,666,667</b>	4,450,000,000	-
Liabilities against assets subject to finance lease	10	<b>289,272,895</b>	103,054,926	129,919,028
Employee retirement benefits	11	<b>86,167,817</b>	55,612,612	32,822,224
		<b>4,567,107,379</b>	4,608,667,538	162,741,252
<b><u>Current liabilities</u></b>				
Current portion of long term liabilities	12	<b>403,631,987</b>	38,582,834	36,097,751
Short term borrowings - secured	13	<b>4,991,083,521</b>	1,449,501,368	3,899,251,334
Trade and other payables	14	<b>1,255,264,861</b>	790,781,111	1,290,330,605
Unclaimed dividend		<b>965,752</b>	970,179	973,104
Accrued finance cost	15	<b>195,648,668</b>	73,373,064	49,716,962
		<b>6,846,594,789</b>	2,353,208,556	5,276,369,756
<b>Contingencies and commitments</b>	16	<b>13,556,177,920</b>	11,907,266,434	7,680,651,081

The annexed notes 1 to 45 form an integral part of these financial statements.

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

Lahore

# Statement of Financial Position

As at 31 December 2018



<b>ASSETS</b>	<i>Note</i>	<b>2018</b> <b>Rupees</b>	2017 Rupees <i>(Restated)</i>	2016 Rupees <i>(Restated)</i>
<b><u>Non-current assets</u></b>				
Property, plant and equipment	17	<b>7,953,143,603</b>	6,822,273,698	4,937,750,901
Intangible assets	18	<b>59,158,143</b>	17,378,388	4,441,250
Security deposits		<b>944,306</b>	944,306	944,306
Deferred taxation - net	19	<b>1,571,537,380</b>	1,061,247,592	628,541,639
		<b>9,584,783,432</b>	7,901,843,984	5,571,678,096
<b><u>Current assets</u></b>				
Stores, spares and loose tools	20	<b>142,132,460</b>	107,134,205	93,931,361
Stock-in-trade	21	<b>1,380,400,512</b>	1,021,155,966	684,805,793
Trade debts	22	<b>124,573,265</b>	129,704,758	77,969,418
Loans and advances	23	<b>61,527,093</b>	75,943,368	48,480,455
Deposits, prepayments and other receivables	24	<b>733,787,593</b>	489,877,664	141,347,588
Due from associated companies	25	<b>308,895</b>	1,093,586	39,247
Sales tax refundable - net		<b>440,797,114</b>	484,343,381	475,950,146
Income tax - net		<b>989,646,258</b>	500,867,832	252,909,058
Cash and bank balances	26	<b>98,221,298</b>	1,195,301,690	333,539,919
		<b>3,971,394,488</b>	4,005,422,450	2,108,972,985
		<b>13,556,177,920</b>	11,907,266,434	7,680,651,081

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore

Chairman

Chief Executive

Director

Chief Financial Officer

## Statement of Profit or Loss

For the year ended 31 December 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	27	8,094,123,091	7,000,955,306
Cost of sales	28	(7,711,019,879)	(6,805,830,351)
<b>Gross profit</b>		<b>383,103,212</b>	<b>195,124,955</b>
Marketing and distribution expenses	29	(2,475,994,745)	(2,335,148,674)
Administrative expenses	30	(465,649,383)	(430,201,987)
<b>Loss from operations</b>		<b>(2,558,540,916)</b>	<b>(2,570,225,706)</b>
Other income	31	17,812,359	29,356,303
Other expenses	32	(96,863,213)	(77,070,802)
Finance cost	33	(674,796,714)	(398,345,529)
<b>Loss before taxation</b>		<b>(3,312,388,484)</b>	<b>(3,016,285,734)</b>
Taxation	34	463,149,882	728,023,875
<b>Loss after taxation</b>		<b>(2,849,238,602)</b>	<b>(2,288,261,859)</b>
<b>Loss per share - basic and diluted</b>	35	<b>(5.39)</b>	<b>(9.22)</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore



Chairman



Chief Executive



Director



Chief Financial Officer

# Statement of Comprehensive Income

For the year ended 31 December 2018



fauji foods

	2018 Rupees	2017 Rupees (Restated)
<b>Loss after taxation for the year</b>	<b>(2,849,238,602)</b>	(2,288,261,859)
<b><u>Other comprehensive (loss) / income</u></b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit obligation	<b>(815,892)</b>	626,647
Surplus on revaluation of property, plant and equipment	-	1,365,180,697
Related deferred tax on surplus	-	(295,317,922)
<b>Total comprehensive loss for the year</b>	<b><u>(2,850,054,494)</u></b>	<b><u>(1,217,772,437)</u></b>

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore

Chairman

Chief Executive

Director

Chief Financial Officer

## Statement of Changes In Equity

For the year ended 31 December 2018

	Capital Reserves		Revenue reserves	Total	
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment-net of tax		Accumulated loss
----- Rupees -----					
As at 01 January 2017 previously reported	1,321,017,980	1,966,772,143	-	(1,486,605,671)	1,801,184,452
Impact of restatement - note 4.1	-	-	440,355,621	-	440,355,621
As at 01 January 2017 - restated	1,321,017,980	1,966,772,143	440,355,621	(1,486,605,671)	2,241,540,073
<b><u>Total comprehensive loss for the year</u></b>					
Loss after taxation	-	-	-	(2,288,261,859)	(2,288,261,859)
<b><u>Other comprehensive income for the year</u></b>					
Remeasurement of defined benefit obligation	-	-	-	626,647	626,647
Surplus on revaluation of property, plant and equipment arisen	-	-	1,365,180,697	-	1,365,180,697
Related deferred tax on surplus arisen	-	-	(295,317,922)	-	(295,317,922)
<b>Total comprehensive income / (loss)</b>	-	-	<b>1,069,862,775</b>	<b>(2,287,635,212)</b>	<b>(1,217,772,437)</b>
<b><u>Surplus transferred to accumulated losses</u></b>					
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(51,250,344)	51,250,344	-
<b><u>Transactions with owners of the Company</u></b>					
Ordinary shares issued during the year	3,963,053,940	-	-	-	3,963,053,940
396,305,394 share of Rs. 10 each	-	(41,431,236)	-	-	(41,431,236)
Expense incurred on issuance of shares	-	-	-	-	-
	<b>3,963,053,940</b>	<b>(41,431,236)</b>	-	-	<b>3,921,622,704</b>
<b>Balance as at 31 December 2017 - restated</b>	<b>5,284,071,920</b>	<b>1,925,340,907</b>	<b>1,458,968,052</b>	<b>(3,722,990,539)</b>	<b>4,945,390,340</b>
<b><u>Total comprehensive loss for the year</u></b>					
Loss after taxation	-	-	-	(2,849,238,602)	(2,849,238,602)
<b><u>Other comprehensive loss for the year</u></b>					
Remeasurement of defined benefit obligation	-	-	-	(815,892)	(815,892)
<b>Total comprehensive loss</b>	-	-	-	<b>(2,850,054,494)</b>	<b>(2,850,054,494)</b>
<b><u>Surplus transferred to accumulated losses</u></b>					
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(81,730,197)	81,730,197	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	47,139,906	-	47,139,906
<b>Balance as at 31 December 2018</b>	<b>5,284,071,920</b>	<b>1,925,340,907</b>	<b>1,424,377,761</b>	<b>(6,491,314,836)</b>	<b>2,142,475,752</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore



Chairman



Chief Executive



Director



Chief Financial Officer

# Statement of Cash Flows

For the year ended 31 December 2018



fauji foods

<u>Cash flows from operating activities</u>	Note	2018 Rupees	2017 Rupees
Loss before taxation		(3,312,388,484)	(3,016,285,734)
<i>Adjustments for non-cash items:</i>			
Depreciation on property, plant and equipment	17.1.6	673,735,318	538,749,313
Amortization of intangible assets	18.1.1	2,652,249	2,040,639
Gain on disposal of property, plant and equipment	31	(1,544,277)	(1,875,883)
Provision for doubtful debts	32	-	3,777,210
Provision for obsolete stores and spares	20	3,356,101	-
Provision for obsolete stocks	21	7,831,398	-
Profit on bank deposits	31	(8,314,319)	(7,820,518)
Liabilities no longer payable written back	31	-	(4,666,100)
Unrealized foreign exchange loss	32	9,108,549	28,992,565
Employee retirement benefits		32,072,757	28,370,511
Finance cost	33	674,796,714	398,345,529
<b>Loss before working capital changes</b>		<b>(1,918,693,994)</b>	<b>(2,030,372,468)</b>
<u>Effect on cash flow due to working capital changes</u>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		(38,354,356)	(13,202,844)
Stock-in-trade		(367,075,944)	(336,350,173)
Trade debts		5,131,493	(55,512,550)
Loans and advances		14,416,275	(27,462,913)
Deposits, prepayments and other receivables		(243,909,929)	(348,530,076)
Due from Associated Companies		784,691	(1,054,339)
Sales tax refundable		43,546,267	(8,393,235)
Increase / (decrease) in trade and other payables		455,375,201	(523,875,959)
		<b>(130,086,302)</b>	<b>(1,314,382,089)</b>
<b>Cash used in operations</b>		<b>(2,048,780,296)</b>	<b>(3,344,754,557)</b>
Income tax paid		(488,778,426)	(247,958,774)
Employee benefits paid		(2,333,444)	(4,953,476)
<b>Net cash used in operating activities</b>		<b>(2,539,892,166)</b>	<b>(3,597,666,807)</b>
<u>Cash flow from investing activities</u>			
Fixed capital expenditure		(1,467,858,414)	(1,064,111,202)
Sale proceeds from disposal of property, plant and equipment		3,203,291	5,705,995
Income on bank deposits received		8,314,319	7,820,518
<b>Net cash used in investing activities</b>		<b>(1,456,340,804)</b>	<b>(1,050,584,689)</b>
<u>Cash flow from financing activities</u>			
Share capital issued - net of expenses		-	3,921,622,704
Proceeds from long term finances		-	4,450,000,000
Short term borrowings - net		349,999,476	(1,800,439,755)
Liabilities against assets subject to finance lease - net		(89,904,038)	(37,167,119)
Finance cost paid		(552,521,110)	(374,689,427)
Dividends paid		(4,427)	(2,925)
<b>Net cash (used in) / generated from financing activities</b>	42	<b>(292,430,099)</b>	<b>6,159,323,478</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(4,288,663,069)</b>	<b>1,511,071,982</b>
<b>Cash and cash equivalents - at beginning of the year</b>		<b>(254,199,678)</b>	<b>(1,765,271,660)</b>
<b>Cash and cash equivalents - at end of the year</b>	36	<b>(4,542,862,747)</b>	<b>(254,199,678)</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore

Chairman

Chief Executive

Director

Chief Financial Officer

# Notes to the Financial Statements

For the year ended 31 December 2018

## 1 The Company and its operations

Fauji Foods Limited ("the Company") was incorporated in Pakistan on 26 September 1966 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The registered office of the Company is situated at FFBL Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore and the manufacturing facility is located at Bhalwal, District Sargodha. The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited, the Parent Company.

During the year, the Company has incurred a loss after tax of Rs. 2,849.24 million and as of this date the accumulated losses stands at Rs. 6,491.31 million and its current liabilities exceeds its current assets by Rs. 2,875.20 million.

Consequent to acquisition of the Company by Fauji Group in year 2015, the management has taken various operational measures towards transformation of the Company that includes curtailment of higher input costs, increasing production scales to optimum levels by BMR - balancing, modernization and replacement of production facility amounting to Rs. 6,825 million (during the last three years), strengthening of milk collection and sales and distribution structures. The management has also taken various financial initiatives towards improvement of liquidity that included raising of equity finance of Rs. 6,896 million to date through right issue to support working capital and capital expenditure requirements. Further fresh working capital lines of Rs. 1,300 million, in addition to existing lines of Rs. 3,900.94 million, were arranged from new and existing lenders during the year to meet operational liquidity requirements. The cash flow forecasts of the Company are showing improvements in cash generation over subsequent periods and reduction in its accumulated losses. The Board of Directors has approved the next year business plan that includes financial support of Rs. 3,000 million from the Parent Company for meeting the contractual obligations and operational liquidity of the Company for the foreseeable future for which purpose a letter of support has been received from the Parent Company. Further, Inner Monogolia Yili Industrial Group Company Limited, a Chinese Company a potential acquirer has expressed its intention to enter into negotiations with Fauji Fertilizers Bin Qasim Ltd., (the parent Company) for acquisition of 51% share of the Company.

The management anticipates that above steps will not only improve the operational performance and liquidity of the Company but also contribute significantly towards the profitability of the Company in the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

## 2 Summary of significant events and transactions in the current reporting period

2.1 In addition to the matters discussed above, the Company's financial position and performance was particularly affected by the following events and transactions during the reporting year:

- The Company has incurred capital expenditure amounting to Rs. 1,328.60 million in aggregate (building and plant and machinery) for the expansion and modernization of its current manufacturing facility. The expansion has been financed through a combination of equity finance (end of prior year) and finances arranged from commercial banks.
- Inner Monogolia Yili Industrial Group Company Limited, a Chinese Company, as a potential acquirer has expressed its intention to enter into negotiations with Fauji Fertilizer Bin Qasim Limited (the Parent Company) for acquisition of 51% shares of the Company.
- The accounting policy for surplus on revaluation of freehold land, building on freehold land, plant and machinery, electric and gas installations, milk churns and other work equipment changed during the year as detailed in note 4.1 to these financial statements.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, the Company has presented additional disclosures in these financial statements and represented certain comparative figures.
- For detailed discussion about the Company's performance, please refer to the Director's report.

### 3 Basis of accounting

#### 3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS 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.

#### 3.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 8 at revalued amounts, recognition of lease liability and employee retirement benefits as referred to in note 10 and 11 at present value respectively.

#### 3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency and all financial information presented has been rounded off to the nearest rupees, except otherwise stated.

### 4 Summary of significant accounting policies

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements, except as disclosed in note 4.1.

#### 4.1 Changes in accounting policy

Up to 31 December 2017, surplus on revaluation of freehold land, building on freehold land, plant and machinery, electric and gas installation, milk churns and other work equipment was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation was credited to the surplus on revaluation account. With effect from 01 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly the management has changed the accounting policy to bring accounting of revaluation surplus in accordance with the requirements of IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of surplus on revaluation of property, plant and equipment - net of tax amounting to Rs. 1,458.97 million and Rs. 440.36 million as at 31 December 2017 and 31 December 2016 respectively to statement of changes in equity.

#### 4.2 Taxation

##### Current

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

##### Deferred

Deferred tax is accounted for using the balance sheet 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, deferred tax is not accounted for if it arises from 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. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of all deferred tax assets is 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. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

#### 4.3 Leases

The Company is a lessee:

##### ***Finance leases***

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Each minimum lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit or loss over the lease term.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 10. The liabilities are classified as current and non-current depending upon the timing of the payment.

##### ***Operating leases***

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

#### 4.4 Employees' retirement benefits

##### 4.4.1 Defined contribution plan

###### ***Provident fund***

The Company is operating an approved provident fund scheme for all its employees since 01 May 1986. Equal monthly contributions are made by the employer and the employee to the fund in accordance with the fund rules at the rate of 10% of basic salary.

##### 4.4.2 Other long term benefits - accumulated compensated absences

The Company also provides for compensated absences for all eligible employees in accordance with the rules of the Company. The Company accounts for these benefits in the year in which the absences are earned. Employees are entitled to earned leaves of 30 days per annum. The unutilized leaves are accumulated subject to a maximum of 60 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Company service. The accumulated leave balance in excess of 60 days of an employee is ignored while determining benefit obligations.

The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 31 December 2018. Provisions are made annually to cover the obligation for accumulating compensated absences based on

actuarial valuation and are charged to the statement of profit or loss. The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

#### **4.4.3 Defined benefit plan**

The Company operates an unfunded defined benefit gratuity plan for all permanent employees, having a service period of more than three years for retired army officers and more than five years for other employees. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. The latest valuation was carried out on 31 December 2018.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability 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, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in the statement of profit or loss.

#### **4.5 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. Account balances are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of business if longer). If not, they are classified as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

#### **4.6 Provisions**

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

#### **4.7 Contingent liabilities**

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

#### **4.8 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the reporting date.

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

#### 4.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

#### 4.10 Property, plant and equipment

Property, plant and equipment except for freehold land, buildings on freehold land, plant and machinery, electric and gas installations, milk churns and other work equipment are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less any identified impairment loss. Buildings on freehold land, plant and machinery, electric and gas installations, milk churns and other work equipment are stated at revalued amount carried out by independent valuers by reference to current market price less accumulated depreciation and any identified impairment loss. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

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.

Increase in the carrying amount arising on revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. 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. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Depreciation on all property, plant and equipment, except freehold land, is charged to statement of profit or loss on the reducing balance method so as to write-off the depreciable amount of an asset over its remaining estimated useful life after taking into account the impact of their residual value, if considered significant. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

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

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 repairs and maintenance are charged to profit or loss during the year in which these are incurred.

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

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

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

#### **4.11 Intangible assets**

Intangible assets represents the cost of computer software and is stated at cost less accumulated amortization and any identified impairment loss. Software cost is only capitalized when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortized applying the straight-line method. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the statement of profit or loss as incurred.

#### **4.12 Stores, spares and loose tools**

Usable stores, spares and loose tools are valued principally at moving average cost, while items considered obsolete are impaired. Items in transit are stated at cost comprising invoice value plus other charges paid thereon up to the reporting date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores.

#### **4.13 Stock-in-trade**

Stock of raw and packing materials, work-in-process and finished goods, except for those in transit, are valued principally at the lower of average cost and net realizable value. Cost in relation to raw and packing materials is measured at moving average cost. Work-in-process and finished goods are measured at weighted average cost and cost comprises direct materials, labour and appropriate proportion of manufacturing overheads.

Stock in transit is stated at invoice value plus other charges incurred thereon up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to be incurred to make the sale.

#### **4.14 Trade debts**

Trade receivables are amount due from customers for merchandise sold in the normal course of business.

Trade debts and other receivables are initially recognized at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts when collection of the amount is no longer probable. The provision for doubtful debt is recognized in the statement of profit or loss. Debts considered irrecoverable are written-off as and when identified. Subsequent recoveries of amount previously written off are credited to the statement of profit or loss.

#### **4.15 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, balances at banks and outstanding balance of short term running finances.

#### **4.16 Impairment**

##### **Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset 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 the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in the statement of profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the statement of profit or loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise it is reversed through other comprehensive income.

#### **Non-financial assets**

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### **4.17 Foreign currency transactions and translation**

##### **Transactions and balances**

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 taken to profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences are generally included in the statement of profit or loss.

#### **4.18 Financial assets and liabilities**

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of profit or loss for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets include trade debts, loans and deposits and other receivables and cash and bank balances.

Financial liabilities include long term finances, liabilities against assets subject to finance lease, short term borrowings, accrued finance cost and trade and other payables.

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

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



#### 4.20 Revenue recognition

Revenue represents the fair value of consideration received or receivable for goods sold, net of discount and sales tax. Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement.

- Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods are transferred to the buyer.
- return on deposits / saving accounts is accounted for on `accrual basis`.

#### 4.21 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. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

#### 4.22 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recognized in the financial statements in the period in which these are approved.

#### 4.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

#### 4.24 Standards, interpretations and amendments to published approved International Financial Reporting Standards

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analysing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the

Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. The amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes. The amendment clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs. The amendment clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

#### **Use of estimates and judgements**

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the

results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

#### **Property, plant and equipment**

The management of the Company reassesses useful lives and residual value 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 the estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. Effect of change in useful life estimate of leased vehicles is explained in note 17.1.5.

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

Revaluation of property, plant and equipment is carried out by independent professional valuers. 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. It may be necessary to revalue the item only every three to five years.

#### **Stores and spare parts**

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

#### **Stock in trade**

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to be incurred to make the sale.

#### **Impairment**

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

#### **Provision against trade debts, advances and other receivables**

The Company reviews the recoverability of its trade debts, loans, advances and other receivables at each reporting date to assess amount of bad debts and provision required there against on annual basis.

#### **Provisions and Contingencies**

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

### Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### Staff retirement benefits

The Company operates an unfunded defined benefit gratuity plan and accumulated compensated absences as explained in note 4.4.2 and 4.4.3 to these financial statements. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary.

Cost primarily represents actuarial present value of the obligation for benefits earned on employee service during the year and employee service in previous years. Calculations are sensitive to changes in the underlying assumptions.

## 6 Share capital

6.1 Authorized capital	2018	2017	2018	2017
	-- (Number of shares) --		Rupees	Rupees
Shares of Rs. 10 each	<b>700,000,000</b>	700,000,000	<b>7,000,000,000</b>	7,000,000,000
<b>6.2 Issued, subscribed and paid up capital</b>				
<b>Ordinary share capital</b>				
Ordinary shares of Rs.10 each fully paid in cash	<b>503,934,166</b>	443,388,989	<b>5,039,341,660</b>	4,433,889,890
Ordinary shares of Rs 10 each issued as fully paid bonus shares	<b>2,639,200</b>	1,127,200	<b>26,392,000</b>	11,272,000
Ordinary shares of Rs 10 each issued as fully paid on conversion of loans	<b>14,633,826</b>	5,483,003	<b>146,338,260</b>	54,830,030
Voting ordinary shares of Rs.10 each issued on conversion of 12% cumulative convertible preference shares	<b>7,200,000</b>	-	<b>72,000,000</b>	-
Non-voting ordinary shares of Rs.10 each issued on conversion of 12% cumulative convertible preference shares	-	7,200,000	-	72,000,000
Non-voting ordinary shares of Rs.10 each fully paid in cash	-	60,545,177	-	605,451,770
Non-voting ordinary shares of Rs.10 each issued as fully paid bonus shares	-	1,512,000	-	15,120,000
Non-voting ordinary shares of Rs.10 each issued as fully paid on conversion of loans	-	9,150,823	-	91,508,230
	<b>528,407,192</b>	528,407,192	<b>5,284,071,920</b>	5,284,071,920

**6.3** During the year, 78,408,000 fully paid non-voting ordinary shares has been converted into ordinary shares, ranking parri passu with, and having the same rights as, the existing ordinary shares of the Company in all respects as approved by the shareholders of the Company in their meeting held on 26 March 2018.

**6.4** Ordinary shares of the Company held by associated undertakings and directors at year end are as follows:

	<b>2018</b>	2017	<b>2018</b>	2017
	----- <b>Percentage held</b> -----		----- <b>Number of shares</b> -----	
<b>Ordinary share capital</b>				
<i>Fauji Fertilizer Bin Qasim Limited</i>				
- voting ordinary shares	<b>50.59%</b>	49.40%	<b>267,314,886</b>	222,277,277
- non-voting ordinary shares	<b>0.00%</b>	57.44%	-	45,037,609
<i>Fauji Foundation</i>				
- voting ordinary shares	<b>12.75%</b>	12.75%	<b>67,371,916</b>	57,374,896
- non-voting ordinary shares	<b>0.00%</b>	12.75%	-	9,997,020
<i>Directors, Chief Executive, officers and their spouse and minor children</i>				
- voting ordinary shares	<b>4.04%</b>	14.94%	<b>21,368,165</b>	67,249,907
- non-voting ordinary shares	<b>0.00%</b>	6.64%	-	5,202,613
<i>Employees' provident fund</i>				
- voting ordinary shares	<b>1.62%</b>	2.15%	<b>8,560,700</b>	9,661,700
<i>FFBL provident fund</i>				
- voting ordinary shares	<b>4.09%</b>	0.12%	<b>21,606,000</b>	556,000
- non-voting ordinary shares	<b>0.00%</b>	0.61%	-	478,000
<i>FFBL gratuity fund</i>				
- voting ordinary shares	<b>1.22%</b>	0.07%	<b>6,421,500</b>	305,000
- non-voting ordinary shares	<b>0.00%</b>	0.27%	-	211,000
			<b>392,643,167</b>	<b>418,351,022</b>

**6.5** The holders of voting ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Company.

## **7 Share premium**

This reserve can only be utilized by the Company for the purpose specified in Section 81(2) of the Companies Act, 2017.

	Note	2018 Rupees	2017 Rupees
<b>8 Surplus on revaluation of property, plant and equipment - net of tax</b>			
Revaluation surplus as at 01 January		1,804,306,912	512,340,994
Surplus arisen during the year	8.1	-	1,365,180,697
<i>Surplus transferred to accumulated losses on account of:</i>			
<i>Incremental depreciation charged during the year</i>			
- net of deferred tax		(81,730,197)	(51,250,344)
- related deferred tax liability		(33,382,757)	(21,964,435)
		(115,112,954)	(73,214,779)
Revaluation surplus as at 31 December		1,689,193,958	1,804,306,912
Less: Related deferred tax liability on revaluation surplus at 01 January		345,338,860	71,985,373
Deferred tax on incremental depreciation		(33,382,757)	(21,964,435)
Deferred tax on surplus arisen during the year		-	295,317,922
Adjustment resulting from change of tax rate		(47,139,906)	-
		264,816,197	345,338,860
Revaluation surplus as at 31 December - net of tax		1,424,377,761	1,458,968,052

8.1 The Company revalued its freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other works equipment during the financial years 1999, 2011, 2015 and 2017. The latest revaluation was conducted by K.G Traders (independent valuers and consultants). Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery and other assets.

		2018 Rupees	2017 Rupees
<b>9 Long term finances - secured</b>			
Long term loans	9.1	4,450,000,000	4,450,000,000
Current maturity presented under current liabilities	12	(258,333,333)	-
		4,191,666,667	4,450,000,000

**9.1 Long term finances utilized under mark-up arrangements from banking companies are composed of:**

Note	Bank Name	Facility	2018 Rupees	2017 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment
9.1.1	Allied Bank Limited	Term Finance	800,000,000	800,000,000	3 Months KIBOR plus 0.85% per annum, payable quarterly.	12 quarterly installments starting from 02 August 2019 and ending on 02 May 2022.
9.1.2	National Bank of Pakistan	Term Finance	750,000,000	750,000,000	3 Months KIBOR plus 0.60% per annum, payable quarterly.	6 semi-annually installments starting from 30 December 2019 and ending on 30 June 2022.
9.1.3	MCB Bank Limited	Demand Finance	1,000,000,000	1,000,000,000	3 Months KIBOR plus 0.85% per annum, payable quarterly.	12 quarterly installments starting from 01 February 2020 and ending on 01 November 2022.
9.1.4	Faysal Bank Limited	Term Finance	1,900,000,000	1,900,000,000	3 Months KIBOR plus 1.58% per annum, payable quarterly.	6 semi-annually installments starting from 29 June 2020 and ending on 20 December 2022.

**9.1.1** This facility is secured by way of first parri passu charge of Rs 1,334 million on present and future current and fixed assets of the Company and equitable mortgage of property / land measuring 112.25 kanals and building thereon situated in Mauza Purana Bhalwal, Tehsil Bhalwal, District Sargodha, together with structures of all sorts, amenities, easements, etc. constructed or to be constructed thereon, plant and machinery, air conditioning / air conditioning plant, equipment, fittings and fixtures, appurtenances whatsoever, installed or to be installed therein / thereon etc.

**9.1.2** This facility is secured by way of first parri passu charge over current and fixed assets (excluding land and building) of the Company.

**9.1.3** This facility is secured by way of first parri passu charge of Rs. 1,333.33 million over all present and future current and fixed assets (including land and building) of the Company.

**9.1.4** This facility is secured by way of first parri passu charge of Rs. 2,534 million (25% margin) on all present and future current and fixed assets (excluding land and building) of the Company.

**9.1.5** All these facilities have been obtained to finance the balancing, modernization and replacement (BMR) of the Company.

<b>10 Liabilities against assets subject to finance lease</b>	Note	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Leased vehicles - secured		<b>131,937,261</b>	141,637,760
Leased machinery - unsecured		<b>302,634,288</b>	-
		<b>434,571,549</b>	141,637,760
Current maturity presented under current liabilities	12	<b>(145,298,654)</b>	(38,582,834)
		<b>289,272,895</b>	103,054,926

The Company has entered into lease agreements with different commercial banks for vehicles and with a supplier for filling machines. The rentals under these agreements are repayable in 24 to 60 monthly instalments. The minimum lease payments have been discounted at an implicit interest rate of 5.54% to 13.44% (2017: 6.05% to 9.46%) per annum to arrive at their present value. At the end of the respective lease term, the assets shall be transferred in the name of the Company. Taxes, repairs and insurance costs are to be borne by the Company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

	Note	2018			2017		
		Up to one year	From one to five years	Total	Up to one year	From one to five years	Total
<b>a) Leased Vehicles - secured</b>							
-----Rupees-----							
<b>Particulars</b>							
Minimum lease payments		61,292,013	115,595,094	176,887,107	48,384,453	134,187,481	182,571,934
Less: Finance costs allocated to future periods		11,096,252	7,711,894	18,808,146	8,395,419	8,815,605	17,211,024
		<u>50,195,761</u>	<u>107,883,200</u>	<u>158,078,961</u>	<u>39,989,034</u>	<u>125,371,876</u>	<u>165,360,910</u>
Less: Security deposits adjustable on expiry of lease terms		-	(26,141,700)	(26,141,700)	(1,406,200)	(22,316,950)	(23,723,150)
Present value of minimum lease payments	10.1	<u>50,195,761</u>	<u>81,741,500</u>	<u>131,937,261</u>	<u>38,582,834</u>	<u>103,054,926</u>	<u>141,637,760</u>
<b>b) Leased Machines - unsecured</b>							
<b>Particulars</b>							
Minimum lease payments		134,614,763	265,509,289	400,124,052	-	-	-
Less: Finance costs allocated to future periods		39,511,870	57,977,894	97,489,764	-	-	-
		<u>95,102,893</u>	<u>207,531,395</u>	<u>302,634,288</u>	<u>-</u>	<u>-</u>	<u>-</u>

10.1 This includes amount of Rs. 54.93 million (2017: Rs. 31.96 million) payable to Askari Bank Limited, a related party.

	Note	2018 Rupees	2017 Rupees
<b>11 Employee retirement benefits</b>			
Accumulated compensated absences	11.1	31,608,489	23,243,262
Defined benefit plan	11.2	54,559,328	32,369,350
		<u>86,167,817</u>	<u>55,612,612</u>
<b>11.1 Movement in accumulated compensated absences</b>			
Balance as at 01 January		23,243,262	16,828,230
Charge to statement of profit or loss	11.1.2	10,698,671	11,368,508
Benefits paid during the year		(2,333,444)	(4,953,476)
Balance as at 31 December		<u>31,608,489</u>	<u>23,243,262</u>
<b>11.1.2 Charge to the statement of profit or loss</b>			
Current service cost		9,453,429	8,077,810
Interest on defined benefit liability		883,062	520,242
Remeasurement loss		362,180	2,770,456
		<u>10,698,671</u>	<u>11,368,508</u>

**11.1.3 The principal actuarial assumptions at the reporting date were as follows:**

	<u>2018</u>	<u>2017</u>
Discount rate	<b>13.25%</b>	8.00%
Expected per annum growth rate in salaries	<b>13.25%</b>	8.00%
Expected mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

As at 31 December 2018, average accumulation of leaves is 16 days per annum (2017: 13 days per annum), subject to a maximum accumulation of 60 days (2017: 60 days).

**11.1.4 Sensitivity analysis**

If the significant actuarial assumptions used to estimate the present value of liability at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the liability as at 31 December 2018 would have been as follows:

		<b>Due to increase in assumptions</b>	<b>Due to decrease in assumptions</b>
		----- Rupees -----	
		<u>2018</u>	
<b><u>Present value of liability at the year end</u></b>			
		<b>27,614,326</b>	<b>36,402,623</b>
		<b>36,356,702</b>	<b>27,581,879</b>
		<u>2017</u>	
		20,033,555	27,150,379
		27,110,879	20,006,395
		<b>2018</b>	<b>2017</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>11.2 Present value of defined benefit obligation</b>	<i>Note</i>		
Balance as at 01 January		<b>32,369,350</b>	15,993,994
Charge to statement of profit or loss	11.2.1	<b>21,374,086</b>	17,002,003
Charge to other comprehensive income	11.2.2	<b>815,892</b>	(626,647)
Balance as at 31 December		<b><u>54,559,328</u></b>	<b><u>32,369,350</u></b>
<b>11.2.1 Charge to the statement of profit or loss</b>			
Current service cost		<b>18,784,538</b>	15,842,438
Interest on defined benefit liability		<b>2,589,548</b>	1,159,565
		<b><u>21,374,086</u></b>	<b><u>17,002,003</u></b>
<b>11.2.2 Charge to other comprehensive income</b>			
Actuarial loss/(gains) on present value			
- Experience adjustments		<b><u>815,892</u></b>	<b><u>(626,647)</u></b>
<b>11.2.3 Estimated expense to be charged to the statement of profit or loss in next year</b>			
Current service cost		<b>21,617,246</b>	18,784,538
Interest cost		<b>6,506,200</b>	2,273,749
		<b><u>28,123,446</u></b>	<b><u>21,058,287</u></b>

**11.2.4 The principal actuarial assumptions at the reporting date were as follows:**

	<u>2018</u>	<u>2017</u>
Discount rate	<b>13.25%</b>	8.00%
Expected per annum growth rate in salaries	<b>13.25%</b>	8.00%
Expected mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

As at 31 December 2018, the weighted average duration of the defined benefit obligation was 9 years (2017: 8 years).

**11.2.5 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 would have been as follows:

		<b>Due to increase in assumptions</b>	<b>Due to decrease in assumptions</b>
		----- Rupees -----	
<b><u>Present value of defined benefit obligation at year end</u></b>		<u>2018</u>	
		<b>47,869,516</b>	<b>62,365,742</b>
		<b>62,292,010</b>	<b>47,814,401</b>
		<u>2017</u>	
		28,237,390	37,411,148
		37,360,078	28,202,439
		<b>2018</b>	<b>2017</b>
<b>12</b>	<b>Current portion of long term liabilities</b>	<b>Rupees</b>	<b>Rupees</b>
		<b>258,333,333</b>	-
		<b>145,298,654</b>	38,582,834
		<b>403,631,987</b>	<b>38,582,834</b>
<b>13</b>	<b>Short term borrowings - secured</b>		
		<b>4,641,084,045</b>	1,449,501,368
		<b>349,999,476</b>	-
		<b>4,991,083,521</b>	<b>1,449,501,368</b>

**13.1 Short term running finance**

This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. 4,650.94 million (2017: Rs. 4,342.30 million). These facilities are secured against charge over all current assets and fixed assets (excluding land and building) of the Company and carry mark-up ranging from 6.46% to 11.71% (2017: 6.43% to 6.80%) per annum, payable quarterly and semi-annually in arrears. These facilities are expiring on various dates (Latest by December 2018 and maximum by June 2019).

**13.2 Islamic mode of financing**

This represents utilized amount of short term finance facility (Wakala Istithmar) availed from Dubai Islamic Bank aggregating to Rs. 550 million (2017: Rs 2,000 million). These facilities are secured against present and future current and fixed assets of the Company and carries mark-up ranging from 7.26% to 10.06% (2017: 6.65% to 6.67%) per annum. The facility is expiring by January 2019.

### 13.3 Unavailed credit facilities

The facilities for opening of letter of credits and guarantees as at 31 December 2018 amounted to Rs. 1,386.24 million (2017: Rs. 789.77 million) of which remaining unutilized amount was Rs. 1,080.89 million (2017: Rs. 593.17 million).

### 13.4 Related party

This includes amount of Rs. 708.02 million (2017: Rs. Nil ) borrowed from Askari Bank Limited, a related party.

14 Trade and other payables	Note	2018 Rupees	2017 Rupees
Trade and other creditors		898,415,328	438,319,119
Advances from customers		89,000,223	66,318,847
Accrued expenses		190,784,187	215,689,928
Retention money payable		44,155,043	39,168,736
Due to employees		394,208	609,428
Due to associated undertaking - <i>unsecured</i>	14.1	805,088	1,227,887
Withholding income tax payable		10,576,420	11,977,261
Withholding sales tax payable		13,479,315	10,299,601
Payable to provident fund	14.2	5,051,531	4,549,220
Workers' profit participation fund		347,385	347,385
Others		2,256,133	2,273,699
		<u>1,255,264,861</u>	<u>790,781,111</u>
<b>14.1 Due to associated undertakings - <i>unsecured</i></b>			
Noon Sugar Mills Limited		521,947	521,947
Fauji Security Services (Private) Limited		283,141	-
FFBL Power Company Limited		-	705,940
		<u>805,088</u>	<u>1,227,887</u>

14.1.1 These are interest free in the normal course of business for purchase of goods or services.

### 14.2 Employees' provident fund

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the unaudited financial statements of the provident fund for the year ended 31 December 2018:

Size of the fund		385,794,148	231,178,892
Cost of investments made	14.2.1	185,498,361	158,791,810
Fair value of investments		329,315,227	187,609,073
Percentage of investments made		85%	81%
<b>14.2.1 The breakup value of cost of investment is as follows:</b>			
Defence saving certificate		16,624,000	18,305,000
Special saving certificate		10,000,000	10,000,000
PLS accounts		43,476,125	272,491
Equity securities		115,398,236	130,214,319
		<u>185,498,361</u>	<u>158,791,810</u>

- 14.2.2** The Company will comply with the limits for investment in listed securities as required under section 1(5) of Employees' Contributory Funds (Investment in Listed Securities) Regulations, 2018 (Rules) dated 06 June 2018, within one year from the commencement of these regulations. The fund holds 1.62 % (2017: 2.15%) of the Company's share capital as referred in note 6.4.

	Note	2018 Rupees	2017 Rupees
<b>15 Accrued finance cost</b>			
<i>Mark-up based borrowings from conventional banks</i>			
- Long term borrowings - secured		<b>104,072,985</b>	24,578,219
- Short term borrowings - secured	15.1	<b>80,934,045</b>	45,998,310
- Liabilities against assets subject to finance leases		<b>462,905</b>	532,075
<i>Islamic mode of financing</i>			
- Short term financing - secured		<b>10,178,733</b>	2,264,460
		<b><u>195,648,668</u></b>	<b><u>73,373,064</u></b>

- 15.1** This includes amount of Rs. Nil (2017: Rs. 0.024 million) payable to Askari Bank Limited, an associated undertaking.

## 16. Contingencies and commitments

### 16.1 Contingencies

- 16.1.1** The Company has issued following guarantees:  
Guarantees aggregating Rs. 83.51 million (2017: Rs. 70.84 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Controller Naval Account.
- 16.1.2** The Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.99 million alleging that the Company suppressed its sales. The Commissioner Inland Revenue-Appeals (CIR-A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (ATIR) had set aside the order of CIR-A and remanded the case back to CIR-A for denovo proceedings. The CIR-A, vide his order dated 03 September 2012, has allowed partial relief of Rs. 11.32 million to the Company. The remaining disputed amount after rectification order under section 221 of the Income Tax Ordinance 2001 dated 16 May 2013 out of Rs. 34.99 million now stands at Rs. 18.28 million. Both the Company and the Department have filed appeals before the ATIR against the order of CIR-A, which are pending adjudications.
- 16.1.3** The Company, during the financial year ended 30 June 2011, received a notice under section 177 of the Ordinance for the tax year 2009 for selection of its case for detailed scrutiny. The Company filed a writ petition before the Honourable Lahore High Court which was dismissed vide order dated 27 May 2015.  
  
The Company filed an appeal before the Honourable Supreme Court of Pakistan which directed that the Company should seek remedy in this respect before the intra court appeal of the Honourable Lahore High Court. The matter is now pending in intra court appeal.
- 16.1.4** The Additional Commissioner Inland Revenue raised income tax demand under section 122(5A) of the Ordinance for the tax year 2010 amounting Rs. 5.63 million. The Company filed an appeal before Commissioner Inland Revenue - Appeals, which was decided in the favour of the Company, however the Department is contesting the order before the Appellate Tribunal Inland Revenue (ATIR).



- 16.1.5** The Additional Commissioner Inland Revenue raised income tax demand under section 122(5A) of the Ordinance for the tax year 2011 amounting Rs 21.8 million. The Company, through its external legal counsel, filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) which was decided in favour of the Company with the exception of Rs. 2.97 million addition by CIR-A. The Company has subsequently filed an appeal before the ATIR against confirmation of the said addition and the Department is contesting the relief allowed by CIR-A. Further, second amendment order has also been framed under section 122(5A) determining additional tax demand at Rs. 10.09 million. The Company has filed an appeal before CIR-A against the second amendment order.
- 16.1.6** In the year 2015, the Company received a notice under section 177 of the Ordinance in respect of tax year 2012 for selection of its case for tax audit by the Commissioner Inland Revenue (CIR). The Company filed a writ petition before the Honourable Lahore High Court against the selection of case by CIR under the aforementioned section. During the year, the writ petition was decided against the Company and consequently audit proceedings were initiated wherein a demand of Rs. 30 Million was raised by Additional Commissioner Inland Revenue under section 122(1) of the Income Tax Ordinance, 2001. The Company, through its external council, filed an appeal against the order before the Commissioner Inland Revenue - Appeals (CIR - A) which is pending adjudication.
- 16.1.7** During the year ended 31 December 2016, the Additional Commissioner Inland Revenue raised income tax demand under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2014 amounting to Rs 32.63 million by treating differences in sales tax returns as compared to audited accounts. The proceedings are in progress.
- Further, the Company has been selected for audit in respect of tax year 2014 under section 214C of the Income Tax Ordinance, 2001. Proceedings in this respect are still to be initiated.
- 16.1.8** During the year, the Assistant Commissioner Inland Revenue issued a show cause notice under section 161 of the Income Tax Ordinance, 2001 for the tax year 2017 against non-deduction of withholding tax on payments against milk procurement, contractual services and air ticketing amounting to Rs 60.62 million. The proceedings are in progress.
- 16.1.9** During the year ended 31 December 2017, Assistant Commissioner Inland Revenue (ACIR) raised sales tax demand of Rs. 102 million under section 10 and 11(2) of the Sales Tax Act 1990 against inadmissible input tax adjustment and non-deduction of withholding sales tax during the period from July 2015 to June 2016. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR - A) which was decided against the Company. The Company being aggrieved filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.
- 16.1.10** During the year ended 31 December 2017, Assistant Commissioner Inland Revenue (ACIR) issued sales tax order, dated 26 May 2017 for payment of Rs. 974 million for sales tax along with 100% default surcharge and penalty of Rs. 225 million due to alleged non-payment of sales tax on sales of "Chai Mix, Dairy Rozana and Dostea (tea whitener)" for the tax period July 2011 to December 2016. The order is based on the grounds that exemption is available to the Company only to the extent of dairy products and tea whitener is not milk / dairy product. The Company being aggrieved filed appeal initially before Commissioner Inland Revenue - Appeals (CIR-A) and then to the Appellate Tribunal Inland Revenue (ATIR) where the matter was heard and decided in favour of the Company on jurisdictional grounds. The Department and the Company have filed appeals before the Honourable High Court which are pending adjudication.

Further during the year, the Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice, dated 10 October 2018 for payment of Rs. 974 million for sales tax along with 100% default surcharge and penalty of Rs. 129 million due to alleged non-payment of sales tax on sales of "Dostea Chai Mix (tea whitener)" for the tax period January to December 2017. The order is based on the same grounds on which the order dated 26 May 2017 as explained above was issued. The Company has filed a writ petition against this show cause notice before the High Court on jurisdictional and technical grounds which is pending adjudication.

Meanwhile, the matter was forwarded by the Regional Tax Officer Sargodha to Model Custom Collectorate of Appraisalment (East), Customs House, Karachi for determination of appropriate classification of tea whitener. The hearings of the matter are underway but no final decision have been made till the reporting date. The management is of the opinion that tea whitener classification has already determined by the Appraisalment Committee in the past and the Company was following the same PCT code as was determined for the purposes of sales tax.

- 16.1.11** During the year, Assistant Commissioner Inland Revenue (ACIR) through its order dated 23 October 2018, raised a sales tax demand for the period from July 2016 to June 2017, under section 11(2) and 11(3) of Sales Tax Act, 1990, amounting to Rs. 145.57 million along with penalty of Rs. 7.28 million against inadmissible adjustment of input tax on goods not related to taxable supplies, non-realization of sales tax on disposal of fixed assets and non-withholding of sales tax from payment made against advertisement. The Company is in process of filing appeal before Commissioner Inland Revenue - Appeals (CIR-A).
- 16.1.12** During the year, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice, dated 09 November 2018, against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement amounting to Rs. 399.60 million. The Company is in process of filing a suitable response.
- 16.1.13** During the year, Additional Commissioner Inland Revenue (ACIR) raised sales tax demand for the period June 2017 to August 2017 under section 11(2) of the Sales Tax Act, 1990 against non realization of sales tax amounting to Rs. 0.53 million on sale made to withholding agents. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) which is remanded back to ACIR for re-evaluation.
- 16.1.14** During the year, Additional Commissioner Inland Revenue (ACIR) raised sales tax demand for the period from January 2016 to December 2016 under section 11(2) of the Sales Tax Act, 1990 against non realization of sales tax amounting to Rs. 1.85 million on sale scrap. The Company filed an appeal before Commissioner Inland Revenue (Appeals), which was decided in the favour of the Department. The Company being aggrieved filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

Based on the opinion of the legal and tax advisors handling the above 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.

## 16.2 Commitments

The Company has the following commitments in respect of:

- 16.2.1** Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the year end were for Rs. 56.98 million (2017: Rs. 201.46 million).
- 16.2.2** Commitments, for purchase of raw / packing material, outstanding at the year end were for Rs. 312.14 million (2017: Rs. 883.10 million).

	Note	2018 Rupees	2017 Rupees
<b>17 Property, plant and equipment</b>			
Operating fixed assets	17.1	<b>6,885,161,167</b>	6,637,495,791
Capital work-in-progress	17.2	<b>1,067,982,436</b>	184,777,907
		<b><u>7,953,143,603</u></b>	<b><u>6,822,273,698</u></b>

17.1 Operating fixed assets

	2018									
	Cost / revalued amount 01 January 2018	Additions / (deletions)	Revaluation during the year	Cost / revalued amount 31 December 2018	Accumulated depreciation as at 01 January 2018	Depreciation charge / (deletions) / for the year	Revaluation during the year	Accumulated depreciation as at 31 December 2018	Book value as at 31 December 2018	Rate of depreciation %
----- (Rupees) -----										
<b>Owned assets</b>										
Freehold land	721,779,000	4,764,375	-	726,543,375	-	-	-	-	726,543,375	-
Buildings on freehold land	931,142,209	13,814,133	-	944,956,342	77,946,681	87,469,225	-	165,415,906	779,540,436	10
Plant and machinery	5,812,197,341	469,498,875	-	6,281,696,216	1,041,344,753	497,683,491	-	1,539,028,244	4,742,667,972	10
Milk churns	143,740	-	-	143,740	143,500	36	-	143,536	204	15
Electric and gas installation	22,553,112	-	-	22,553,112	10,430,096	1,212,302	-	11,642,398	10,910,714	10
Other works equipment	15,906,188	8,794,721	-	24,700,909	5,842,010	1,326,726	-	7,168,736	17,532,173	10
Office equipment	81,243,122	10,014,777	-	91,257,899	22,148,984	6,592,673	-	28,741,657	62,516,242	10
Furniture and fixtures	32,137,158	4,726,669	-	36,863,827	11,701,875	2,150,686	-	13,852,561	23,011,266	10
Pallets	21,610,012	13,823,550	-	35,433,562	6,809,662	7,773,270	-	14,582,932	20,850,630	33.33
Vehicles	45,496,368	14,784,781	-	55,381,779	28,928,058	4,440,917	-	29,184,941	26,196,838	20
		(4,899,370)				(4,184,034)				
	<b>7,684,208,250</b>	<b>540,221,881</b>	-	<b>8,219,530,761</b>	<b>1,205,295,619</b>	<b>608,649,326</b>	-	<b>1,809,760,911</b>	<b>6,409,769,850</b>	
	-	(4,899,370)	-	-	-	(4,184,034)	-	-	-	
<b>Leased assets</b>										
Vehicles	224,864,210	25,468,333	-	248,545,543	66,281,050	58,914,720	-	124,352,448	124,193,095	33.33
		(1,787,000)				(843,322)				
Plant and machinery	-	357,369,494	-	357,369,494	-	6,171,272	-	6,171,272	351,198,222	10
	<b>224,864,210</b>	<b>382,837,827</b>	-	<b>605,915,037</b>	<b>66,281,050</b>	<b>65,085,992</b>	-	<b>130,523,720</b>	<b>475,391,317</b>	
	-	(1,787,000)	-	-	-	(843,322)	-	-	-	
<b>31 December 2018</b>	<b>7,909,072,460</b>	<b>923,059,708</b>	-	<b>8,825,445,798</b>	<b>1,271,576,669</b>	<b>673,735,318</b>	-	<b>1,940,284,631</b>	<b>6,885,161,167</b>	
	-	(6,686,370)	-	-	-	(5,027,356)	-	-	-	

2017										
	Cost / revalued amount 01 January 2017	Additions / (deletions)	Revaluation during the year	Cost / revalued amount 31 December 2017	Accumulated depreciation as at 01 January 2017	Depreciation charge / (deletions) / for the year	Revaluation during the year	Accumulated depreciation as at 31 December 2017	Book value as at 31 December 2017	Rate of depreciation %
----- (Rupees) -----										
<b>Owned assets</b>										
Freehold land	316,986,376	24,005,000	380,787,624	721,779,000	-	-	-	-	721,779,000	-
Buildings on freehold land	157,792,126	772,377,694	972,389	931,142,209	25,904,263	51,996,750	45,668	77,946,681	853,195,528	10
Plant and machinery	3,535,267,502	1,124,756,055	1,152,218,784	5,812,197,341	445,343,956	427,253,127	168,752,432	1,041,344,753	4,770,852,588	10
		(45,000)				(4,762)				
Milk churns	143,740	-	-	143,740	143,458	42	-	143,500	240	15
Electric and gas installation	21,550,962	1,002,150	-	22,553,112	9,185,165	1,244,931	-	10,430,096	12,123,016	10
Other works equipment	15,703,448	202,740	-	15,906,188	4,744,418	1,097,592	-	5,842,010	10,064,178	10
Office equipment	59,834,440	21,408,682	-	81,243,122	15,850,839	6,298,145	-	22,148,984	59,094,138	10
Furniture and fixtures	21,172,315	10,964,843	-	32,137,158	9,772,568	1,929,307	-	11,701,875	20,435,283	10
Pallets	15,900,000	5,710,012	-	21,610,012	437,250	6,372,412	-	6,809,662	14,800,350	33.33
Vehicles	52,751,047	1,204,296	-	45,496,368	29,382,194	4,214,965	-	28,928,058	16,568,310	20
		(8,458,975)				(4,669,101)				
	4,197,101,956	1,961,631,472	1,533,978,797	7,684,208,250	540,764,111	500,407,271	168,798,100	1,205,295,619	6,478,912,631	
		(8,503,975)				(4,673,863)				
<b>Leased assets</b>										
Vehicles	193,028,545	31,835,665	-	224,864,210	27,939,008	38,342,042	-	66,281,050	158,583,160	20
	193,028,545	31,835,665	-	224,864,210	27,939,008	38,342,042	-	66,281,050	158,583,160	
31 December 2017	4,390,130,501	1,993,467,137	1,533,978,797	7,909,072,460	568,703,119	538,749,313	168,798,100	1,271,576,669	6,637,495,791	
	-	(8,503,975)	-	-	-	(4,673,863)	-	-	-	



**17.1.1 Disposal of operating assets**

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost	Net book value	Sale proceeds	Gain on disposal	Mode of disposal
----- Rupees -----							
<b>Vehicles</b>							
Suzuki Alto	Mazher Ali	N/A	612,800	40,302	248,333	208,031	Auction
Suzuki Cultus	Rana Ejaz	N/A	612,800	41,947	333,333	291,386	- do -
Suzuki Cultus	M. Tahir	N/A	921,430	160,025	448,333	288,308	- do -
Honda City	Muhammad Rafeeq	N/A	999,500	180,133	362,500	182,367	- do -
Honda Civic	Sadia Kanwal	N/A	1,752,840	292,929	820,833	527,904	- do -
Suzuki Cultus	Tariq Islam	Ex-employee	1,099,000	591,628	602,794	11,166	Company policy
Suzuki Mehran	Muazzam Ali Shah	Employee	688,000	352,050	387,165	35,115	- do -
<b>2018</b>			<b>6,686,370</b>	<b>1,659,014</b>	<b>3,203,291</b>	<b>1,544,277</b>	
2017			8,503,975	4,673,863	3,830,112	5,705,995	

**17.1.2** Had these revaluations not been carried out, the carrying amount of freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other work equipment would have been as follows:

	<b>2018</b>	2017
	<b>Rupees</b>	Rupees
Freehold land	<b>73,365,999</b>	68,601,624
Buildings on freehold land	<b>694,364,030</b>	758,555,076
Plant and machinery including milk churns	<b>3,794,806,728</b>	3,718,303,171
Electric and gas Installations	<b>8,687,002</b>	9,652,226
Other works equipment	<b>16,777,157</b>	9,225,269
	<b>4,588,000,916</b>	4,564,337,366

**17.1.3** The manufacturing facility of the Company is located at Sargodha Road, Bhalwal, District Sargodha. Total owned area is 120 kanals and 5 marlas and covered area of building is 172,550 square feet.

**17.1.4** The latest revaluation was carried on at 30 June 2017 by K.G. Traders (Private) Limited. As per the revaluation report, forced sale value of freehold land and buildings on free hold land was Rs. 613.28 million and Rs. 652.18 million respectively and forced sales value of plant and machinery, milk churns, electric and gas installations and other works equipment was Rs. 3,512.95 million.

**17.1.5** As of 01 January 2018, the Company has revised its estimate of the remaining useful life of leased vehicles from 20% to 33.33%. This change in estimate of useful life of leased vehicles has been applied prospectively as required under IAS-8 'Accounting policies, changes in accounting estimates and errors. Had the useful life estimate not been revised, the depreciation charge for the current year and for financial years 2019 and 2020 would have been lower by Rs. 21.14 million, Rs. 9.87 million and Rs. 3.20 million respectively and for financial years 2021 and 2022 would have been higher by Rs. 0.58 million and Rs. 2.55 million respectively.

17.1.6 The depreciation charge has been allocated as follows:

	Note	2018 Rupees	2017 Rupees
Milk collection centres	28	62,439,477	51,107,123
Cost of sales	28	558,633,673	450,005,700
Marketing and distribution expenses	29	25,342,255	17,016,137
Administrative expenses	30	27,319,913	20,620,353
		<b>673,735,318</b>	<b>538,749,313</b>

17.2 Capital work-in-progress

	Note	2018 Rupees	2017 Rupees
Plant and machinery	17.2.1	857,915,549	83,640,338
Building		158,506,111	87,534,569
Leased vehicles		24,651,000	13,603,000
Office equipment		26,909,776	-
		<b>1,067,982,436</b>	<b>184,777,907</b>

17.2.1 This includes borrowing cost of Rs. 5.26 million (2017: Rs. 25.80 million) capitalized during the year calculated at the markup rate of 7.04% (2017: 6.67%) per annum.

18 Intangible assets

	Note	2018 Rupees	2017 Rupees
Intangible assets	18.1	3,414,754	4,256,277
Capital work-in-progress	18.2	55,743,389	13,122,111
		<b>59,158,143</b>	<b>17,378,388</b>

18.1 Intangible assets

	2018							
	Cost as at 01 January 2018	Additions	Cost as at 31 December 2018	Accumulated Amortization 01 January 2018	Amortization charge for the year	Accumulated Amortization 31 December 2018	Book value as at 31 December 2018	Rate of Amortization %
	Rupees							
Secondary sale system	1,983,860	-	1,983,860	1,983,860	-	1,983,860	-	
Anti-virus	432,032	-	432,032	432,032	-	432,032	-	
Secondary sale system (Tally)	5,996,916	-	5,996,916	1,998,972	1,998,972	3,997,944	1,998,972	33.33
SAP - HCM Module	300,000	1,810,726	2,110,726	41,667	653,277	694,944	1,415,782	33.33
	<b>8,712,808</b>	<b>1,810,726</b>	<b>10,523,534</b>	<b>4,456,531</b>	<b>2,652,249</b>	<b>7,108,780</b>	<b>3,414,754</b>	
	2017							
	Cost as at 01 January 2017	Additions	Cost as at 31 December 2017	Accumulated amortization 01 January 2017	Amortization charge for the year	Accumulated amortization 31 December 2017	Book value as at 31 December 2017	Rate of amortization %
	Rupees							
Secondary sale system	1,983,860	-	1,983,860	1,983,860	-	1,983,860	-	
Anti-virus	432,032	-	432,032	432,032	-	432,032	-	
Secondary sale system (Tally)	-	5,996,916	5,996,916	-	1,998,972	1,998,972	3,997,944	33.33
SAP - HCM Module	-	300,000	300,000	-	41,667	41,667	258,333	33.33
	<b>2,415,892</b>	<b>6,296,916</b>	<b>8,712,808</b>	<b>2,415,892</b>	<b>2,040,639</b>	<b>4,456,531</b>	<b>4,256,277</b>	



	Note	2018 Rupees	2017 Rupees
<b>18.1.1</b> The amortization charge has been allocated as follows:			
Marketing and distribution expenses	29	1,998,972	1,998,972
Administrative expenses	30	653,277	41,667
		<u>2,652,249</u>	<u>2,040,639</u>

**18.2** This represent advance paid for installation of SAP ERP software.

**19 Deferred taxation - net**

The deferred tax asset comprises of the following		2018 Rupees	2017 Rupees
<i>Deductible temporary differences:</i>			
- unused tax losses	19.1	2,069,440,000	1,610,535,850
- unused tax credit		159,425,493	258,340,976
- provisions		32,518,433	21,116,947
		<u>2,261,383,926</u>	<u>1,889,993,773</u>
<i>Less: Taxable temporary differences:</i>			
- accelerated tax depreciation allowances net of lease liability		425,030,348	483,407,321
- surplus on revaluation of property, plant and equipment		264,816,198	345,338,860
		<u>689,846,546</u>	<u>828,746,181</u>
Deferred taxation - net	19.2	<u>1,571,537,380</u>	<u>1,061,247,592</u>

**19.1** Deferred tax asset has only been recognised on the losses amounting to Rs. 8,244 million as availability of sufficient taxable profits in future tax year to absorb these losses is expected and no deferred tax asset on remaining losses of Rs. 1,295.91 million has been recognised as sufficient tax profits may not be available to set these off in foreseeable future.

**19.2 Movement in deferred tax balances is as follows:**

	2018			
	Reversal from / (charge to)			
	Opening	Profit or loss	Equity	Closing
<b>Deferred taxation</b>	----- (Rupees in thousand) -----			
<b><u>Deductible / (taxable) temporary difference</u></b>				
Unused tax losses	1,610,535,850	458,904,150	-	2,069,440,000
Unused tax credit	258,340,976	(98,915,483)	-	159,425,493
Provisions	21,116,947	11,401,486	-	32,518,433
Accelerated tax depreciation allowances	(483,407,321)	58,376,973	-	(425,030,348)
Surplus on revaluation of property, plant and equipment	(345,338,860)	33,382,756	47,139,906	(264,816,198)
	<u>1,061,247,592</u>	<u>463,149,882</u>	<u>47,139,906</u>	<u>1,571,537,380</u>

2017			
Reversal from / (charge to)			
Opening	Profit or loss	Equity	Closing

----- (Rupees in thousand) -----

Deductible / (taxable) temporary difference

Unused tax losses	845,806,955	764,728,895	-	1,610,535,850
Unused tax credit	120,000,000	138,340,976	-	258,340,976
Provisions	26,597,902	(5,480,955)	-	21,116,947
Accelerated tax depreciation allowances	(291,877,845)	(191,529,476)	-	(483,407,321)
Surplus on revaluation of property, plant and equipment	(71,985,373)	21,964,435	(295,317,922)	(345,338,860)
	<u>628,541,639</u>	<u>728,023,875</u>	<u>(295,317,922)</u>	<u>1,061,247,592</u>

		2018 Rupees	2017 Rupees
<b>20</b>	<b>Stores, spares and loose tools</b>		
	Stores	47,934,809	43,853,061
	Spares	97,192,654	62,917,094
	Loose tools	361,098	364,050
		<u>145,488,561</u>	<u>107,134,205</u>
	Less: provision for obsolescence	(3,356,101)	-
		<u>142,132,460</u>	<u>107,134,205</u>
	<b>20.1 Movement in provision for obsolescence</b>		
	Balance as at 01 January	-	-
	Provision for the year	3,356,101	-
	Balance as at 31 December	<u>3,356,101</u>	<u>-</u>
<b>21</b>	<b>Stock-in-trade</b>		
	<i>Raw and packing material</i>		
	- In hand	857,374,937	550,250,497
	- In transit	235,680,171	321,313,518
		<u>1,093,055,108</u>	<u>871,564,015</u>
	Work-in-process	37,295,000	26,134,645
	Finished goods	257,881,802	123,457,306
		<u>1,388,231,910</u>	<u>1,021,155,966</u>
	Less: provision for obsolescence	(7,831,398)	-
		<u>1,380,400,512</u>	<u>1,021,155,966</u>
	<b>21.1 Movement in provision for obsolescence</b>		
	Balance as at 01 January	-	-
	Provision for the year	7,831,398	-
	Balance as at 31 December	<u>7,831,398</u>	<u>-</u>

21.2 The amount charged to the statement of profit or loss on account of write down of finished goods and work-in-process to net realizable value amounts to Rs. 12.95 million (2017: Rs. 31.10 million).

<b>22 Trade debts</b>	<i>Note</i>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
<i>Unsecured</i>			
- Considered good		<b>124,573,265</b>	129,704,758
- Considered doubtful		<b>14,777,210</b>	14,777,210
		<b>139,350,475</b>	144,481,968
Less: Provision for doubtful debts	22.1	<b>(14,777,210)</b>	(14,777,210)
		<b>124,573,265</b>	129,704,758
<b>22.1 Provision for doubtful debts</b>			
Balance as at 01 January		<b>14,777,210</b>	11,000,000
Provision for the year	32	-	3,777,210
Balance as at 31 December		<b>14,777,210</b>	14,777,210
<b>23 Loan and advances - unsecured</b>			
Due from employees - Considered good		<b>5,454,374</b>	3,575,796
Advances to suppliers - Considered good		<b>56,072,719</b>	72,367,572
		<b>61,527,093</b>	75,943,368
<b>23.1</b>	No loan or advance has been given to Chief Executive or any other Director of the Company.		
<b>24 Deposits, prepayments and other receivables</b>			
Security deposits		<b>128,109,409</b>	98,327,063
Prepayments		<b>4,567,096</b>	3,062,612
Other receivables		<b>601,111,088</b>	388,487,989
		<b>733,787,593</b>	489,877,664
<b>25 Due from associated undertakings - unsecured</b>			
Noon International (Private) Limited		<b>39,247</b>	39,247
Askari Bank Limited		<b>269,648</b>	1,054,339
		<b>308,895</b>	1,093,586

**25.1 Maximum outstanding balance with reference to month end balances:**

	In the month of	In the month of	2018 Rupees	2017 Rupees
Askari Bank Limited	Oct-18	Dec-17	2,826,524	1,054,339
Noon International (Private) Limited	Dec-18	Dec-17	39,247	39,247

**25.2 Aging of receivables of related party is as follows:**

	Less than 3 months	Greater than 6 months	2018 Rupees	2017 Rupees
Askari Bank Limited	269,648	-	269,648	1,054,339
Noon International (Private) Limited	-	39,247	39,247	39,247
	<u>269,648</u>	<u>39,247</u>	<u>308,895</u>	<u>1,093,586</u>

**25.3** These are interest free in the normal course of business on account of purchase of goods or services.

<b>26 Cash and bank balances</b>	Note	2018 Rupees	2017 Rupees
Cash-in-hand		737,941	545,731
<i>Cash at banks on:</i>			
- Current accounts		6,196,620	91,281,117
- Saving accounts	26.1	91,065,247	1,103,253,352
- Dividend accounts		221,490	221,490
	26.2	97,483,357	1,194,755,959
		<u>98,221,298</u>	<u>1,195,301,690</u>

**26.1** This carries profit at the rates ranging from 3.75% to 5% (2017: 3.75% to 5%) per annum.

**26.2** This includes amount of Rs. 32.73 million (2017: Rs. 347.41 million) at Askari Bank Limited, a related party.

<b>27 Sales - net</b>	2018 Rupees	2017 Rupees
Gross sales	8,306,734,551	7,111,439,606
Less: Sales tax	(77,759,771)	(63,451,017)
Trade discounts	(134,851,689)	(47,033,283)
	<u>(212,611,460)</u>	<u>(110,484,300)</u>
	<u>8,094,123,091</u>	<u>7,000,955,306</u>

<b>28 Cost of Sales</b>	<i>Note</i>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Raw materials consumed		<b>3,256,877,739</b>	3,011,268,056
Milk collection expenses	28.1	<b>232,627,326</b>	138,051,271
Salaries, wages and other benefits	28.2	<b>218,710,464</b>	192,328,133
Power and fuel		<b>329,705,354</b>	275,743,435
Packing materials consumed		<b>2,780,979,646</b>	2,249,180,485
Stores and spares consumed		<b>188,640,619</b>	143,113,304
Repair and maintenance		<b>177,922,883</b>	163,104,558
Depreciation on property, plant and equipment			
- Milk collection centres	17.1.6	<b>62,439,477</b>	51,107,123
- Production facility	17.1.6	<b>558,633,673</b>	450,005,700
Rent Rates & Taxes		<b>29,700,804</b>	20,631,270
Insurance		<b>10,051,299</b>	12,842,194
Provision for obsolete stocks and stores	20.1	<b>3,356,101</b>	-
		<b>7,849,645,385</b>	6,707,375,529
Adjustment of work-in-process			
Opening stock		<b>26,134,645</b>	72,762,966
Closing stock	21	<b>(37,295,000)</b>	(26,134,645)
		<b>(11,160,355)</b>	46,628,321
Cost of goods manufactured		<b>7,838,485,030</b>	6,754,003,850
Adjustment of finished goods			
Opening stock		<b>123,457,306</b>	175,283,807
Closing stock	21	<b>(250,922,457)</b>	(123,457,306)
		<b>(127,465,151)</b>	51,826,501
		<b>7,711,019,879</b>	6,805,830,351

**28.1** This includes salaries, wages and other benefits amounting to Rs. 99.58 million (2017 : Rs. 71.86 million) and provident fund amounting to Rs. 1.94 million (2017 : Rs. 1.61 million).

**28.2** Salaries, wages and other benefits include following in respect of employee benefits:

	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Provident fund	<b>5,041,537</b>	6,941,551
Long term accumulated compensated absences	<b>4,248,996</b>	3,978,978
Gratuity	<b>8,549,634</b>	5,950,701
	<b>17,840,167</b>	16,871,230

<b>29 Marketing and distribution expense</b>	<i>Note</i>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Freight and forwarding		<b>372,074,161</b>	330,282,201
Salaries, wages and other benefits	29.1	<b>234,623,711</b>	233,157,889
Rent		<b>76,302,736</b>	66,558,970
Entertainment		<b>1,663,099</b>	2,274,159
Communication		<b>3,116,930</b>	5,685,798
Travelling and conveyance		<b>9,264,474</b>	15,802,206
Vehicles' running and maintenance		<b>33,995,415</b>	22,228,763
Advertisement and sales promotion		<b>1,701,917,975</b>	1,616,165,375
Insurance		<b>2,186,637</b>	3,098,758
Depreciation on property, plant and equipment	17.1.6	<b>25,342,255</b>	17,016,137
Amortization	18.1.1	<b>1,998,972</b>	1,998,972
Samples		<b>7,460,753</b>	17,691,544
Others		<b>6,047,627</b>	3,187,902
		<b><u>2,475,994,745</u></b>	<b><u>2,335,148,674</u></b>

**29.1** Salaries, wages and other benefits include following in respect of employee benefits:

Provident fund	<b>9,842,962</b>	9,643,211
Long term accumulated compensated absences	<b>4,442,593</b>	3,978,978
Gratuity	<b>8,549,634</b>	5,950,701
	<b><u>22,835,189</u></b>	<b><u>19,572,890</u></b>

**30 Administrative expenses**

Salaries, wages and other benefits	30.1	<b>237,138,781</b>	236,678,083
Travelling and conveyance:			
- directors		<b>5,008,971</b>	9,168,909
- others		<b>19,201,564</b>	21,254,740
Directors' meeting fee	37	<b>3,909,669</b>	1,449,500
Rent, rates and taxes		<b>48,626,858</b>	41,806,649
Entertainment		<b>2,969,989</b>	3,399,561
Communication		<b>8,579,675</b>	7,374,964
Printing and stationery		<b>7,017,800</b>	9,104,674
Electricity, gas and water		<b>10,862,828</b>	7,413,812
Insurance		<b>364,440</b>	940,343
Repair and maintenance		<b>9,235,563</b>	7,295,413
Vehicles' running and maintenance		<b>13,531,694</b>	10,494,953
Subscription		<b>3,128,477</b>	4,386,065
Legal and professional charges		<b>30,581,919</b>	17,158,132
Learning and Development		<b>17,497,568</b>	11,389,735
Auditors' remuneration	30.2	<b>1,335,000</b>	1,235,000
Cash security charges		<b>5,697,909</b>	5,700,938
Depreciation on property, plant and equipment	17.1.6	<b>27,319,913</b>	20,620,353
Amortization of intangible assets	18	<b>653,277</b>	41,667
Others		<b>12,987,488</b>	13,288,496
		<b><u>465,649,383</u></b>	<b><u>430,201,987</u></b>

**30.1** Salaries, wages and other benefits include following in respect of employee benefits:



	2018 Rupees	2017 Rupees
Provident fund	5,860,473	5,284,742
Long term accumulated compensated absences	2,247,885	3,410,552
Gratuity	4,274,818	5,100,601
	<u>12,383,176</u>	<u>13,795,895</u>
<b>30.2 Legal and professional charges</b>		
<i>The charges for professional services include the following in respect of auditors' services for:</i>		
- Statutory audit fee	1,000,000	750,000
- Half yearly review	125,000	125,000
- Certification charges	60,000	210,000
- Out-of-pocket expenses	150,000	150,000
	<u>1,335,000</u>	<u>1,235,000</u>
<b>31 Other income</b>		
		<i>Note</i>
<b><u>Income from financial assets</u></b>		
Profit on saving accounts	8,314,319	7,820,518
<b><u>Income from non-financial assets</u></b>		
Sale of scrap	7,953,763	14,993,802
Gain on disposal of property, plant and equipment	1,544,277	1,875,883
Liabilities no longer payable written back	-	4,666,100
	<u>17,812,359</u>	<u>29,356,303</u>
<b>32 Other expenses</b>		
Exchange loss	87,051,591	28,992,565
Provision for doubtful debts	-	3,777,210
Voluntary separation scheme	-	15,148,181
Staff training	-	16,037,484
Research and development	9,811,622	13,115,362
	<u>96,863,213</u>	<u>77,070,802</u>
<b>33 Finance cost</b>		
<i>Islamic mode of financing</i>		
- Short term financing	27,038,289	145,104,870
<i>Interest / mark-up on interest / mark-up based loans</i>		
- Long term finance	354,212,096	55,020,666
- Short term borrowings	258,941,891	183,944,440
- Finance lease	10,347,191	10,796,414
Bank charges and commission	24,257,247	3,479,139
	<u>674,796,714</u>	<u>398,345,529</u>

	Note	2018 Rupees	2017 Rupees
<b>34 Taxation</b>			
<i>Current:</i>			
- For the year	34.1	-	-
<i>Deferred:</i>			
- For the year		(795,012,918)	(728,023,875)
- Prior year		331,863,036	-
		<b>(463,149,882)</b>	<b>(728,023,875)</b>

34.1 Current tax charge for the year determined under "Minimum Tax" regime u/s 113, of Income Tax Ordinance, 2001 has been restricted to zero because of the tax credit related to balancing, modernization and replacement of plant and machinery already installed, as available u/s 65B of the Income Tax Ordinance, 2001.

**34.2 Tax charge reconciliation**

Reconciliation between the average effective tax charge and the applicable tax

Loss before tax	(3,312,388,484)	(3,016,285,734)
Applicable tax @ 29% / 30%	(960,592,660)	(904,885,720)
Effect of tax credit	98,915,483	(138,340,976)
Effect of change in tax rate	331,863,036	-
Effect of deferred tax asset not recognized on unused tax losses	66,664,259	315,202,821
Others	-	-
	<b>497,442,778</b>	<b>176,861,845</b>
Effective tax credit for the year	<b>(463,149,882)</b>	<b>(728,023,875)</b>

34.3 As per management's assessment, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

<u>Tax Years</u>	<u>Tax provision as per financial statements</u> Rupees	<u>Tax as per assessment / return</u> Rupees
2016	Nil	5,678,709
2017	Nil	Nil
2018	Nil	Nil

**35 Loss per share**

**Loss per share - basic and diluted**

		2018	2017
Loss for the year	<i>Rupees</i>	<b>(2,849,238,602)</b>	(2,288,261,859)
Weighted average number of ordinary shares in issue during the year	<i>Number</i>	<b>528,407,192</b>	248,263,942
Loss per share - basic and diluted	<i>Rupees</i>	<b>(5.39)</b>	(9.22)



36	Cash and cash equivalents	Note	2018	2017
			Rupees	Rupees
	Cash and bank balances	26	98,221,298	1,195,301,690
	Running finance balances	13.1	(4,641,084,045)	(1,449,501,368)
			<b>(4,542,862,747)</b>	<b>(254,199,678)</b>

### 37 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to Chief Executive, directors and executives of the Company is as follows:

	Chief Executive		Non Executive Directors		Executives	
	2018	2017	2018	2017	2018	2017
	-----Rupees-----					
Managerial remuneration	-	-	-	-	90,526,119	169,314,255
Meeting fee	-	-	3,909,669	1,449,500	-	-
Consultancy fee	-	-	5,248,872	7,873,308	-	-
Provident fund	-	-	-	-	12,932,701	14,574,804
House rent	-	-	-	-	81,473,507	131,173,236
Utilities	-	-	-	-	9,052,612	14,574,804
Relocation allowance	-	-	-	-	440,591	1,102,940
Others	-	-	-	-	6,222,585	4,314,825
	-	-	9,158,541	9,322,808	200,648,115	335,054,864
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>11</b>	<b>11</b>	<b>46</b>	<b>139</b>

37.1 The Company also provides one director and some of its executives with company maintained cars and travel facilities.

38	Number of employees	Factory employees		Total employees	
		2018	2017	2018	2017
		(Number of persons)		(Number of persons)	
	Total number of employees as at 31 December	1,222	979	1,451	1,508
39	Average number of employees	1,231	822	1,462	1,397
Capacity and production		Capacity		Production	
		2018	2017	2018	2017
	Liquid products - litres	227,760,000	227,760,000	90,295,898	86,699,115
	Non - Liquid products - Kgs	6,935,000	6,935,000	1,778,587	725,221

The actual production is according to market demand.

#### 40 Related party transactions and balances

Related parties comprise of parent company, associated companies, directors, entities with common directorship, post employment plans and key management personnel. Balances are disclosed elsewhere in these financial statements. The Company in the normal course of business carries out transactions with related parties. Significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	2018 Rupees	2017 Rupees
<i>Associated Undertakings</i>				
Fauji Fertilizer Bin Qasim Limited (FFBL)	Parent (Shareholding and common directorship)	Salaries of seconded employees charged by related party	<b>2,521,764</b>	32,044,602
		Salaries of seconded employees charged to related party	<b>9,414,999</b>	-
		Repair & maintenance and building rent expense charged by related party	<b>49,752,977</b>	44,352,898
		Expense borne by the Company on behalf of related party	<b>918,531</b>	-
		Purchase of fixed assets from related party	<b>3,500,000</b>	1,918,500
Fauji Foundation	Ultimate Parent (Shareholding and common directorship)	Equity contribution	-	2,008,977,790
		Equity contribution	-	505,289,370
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost charged by related party	<b>27,733,006</b>	51,791,298
		Interest income on saving accounts	<b>6,167,619</b>	4,904,667
		Utilities expense paid on behalf of the related party	<b>2,298,055</b>	1,054,339
Fauji Meat Limited	Associated Undertaking (Common directorship)	Expense borne by the Company on behalf of related party	<b>459,266</b>	-
Fauji Security Services (Private) Limited	Associated Undertaking (Common directorship)	Expenses paid against security services	<b>2,897,782</b>	628,106
FFBL Gratuity Fund	Post employee benefit plan of related entity	Equity contribution	-	5,160,000
FFBL Provident Fund Trust	Post employee benefit plan of related entity	Equity contribution	-	10,340,000
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the year	<b>60,963,473</b>	21,869,504
		Equity contribution	-	79,631,500
Mr. Salman Hayat Noon	Non-Executive Director	Consultancy fee expense	<b>5,248,872</b>	-
		Equity contribution	-	212,002,920
Mr. Malik Adnan Hayat Noon	Non-Executive Director	Equity contribution	-	316,429,290
		Meeting fee	<b>3,909,669</b>	-
Directors		Equity contribution	-	1,260
		Remuneration and benefits	<b>76,334,485</b>	-
Key Management Personnel				

**40.1** Associated companies / related parties percentage of shareholding has been disclosed in note 6.4.

#### 41 Financial risk management

##### 41.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company's exposure to financial risk, the way these risks affects the financial position and performance and the manner in which such risks are managed is as follows:

#### **41.1.1 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 value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

##### **41.1.1.1 Foreign exchange risk**

Foreign exchange risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers.

The Company is exposed to exchange risk arising from currency exposures mainly with respect to the Euro and US Dollar on import of raw material, packing material and stores and spares. Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities. The Company's exposure to foreign exchange risk is as follows:

	2018	2017
Bills payable - Euro	<b>504,335</b>	297,327
Net exposure - Euro	<b>504,335</b>	297,327
Bills payable - US Dollar	<b>145,200</b>	-
Net Exposure - US Dollar	<b>145,200</b>	-

The following significant exchange rates were applied during the year:

	2018	2017
<i>Rupees per Euro:</i>		
- Average rate	<b>142.57</b>	121.28
- Reporting date rate	<b>159.1</b>	131.97
<i>Rupees per USD:</i>		
- Average rate	<b>120.61</b>	107.62
- Reporting date rate	<b>139.1</b>	110.5

**Foreign currency sensitivity analysis**

At 31 December 2018, if the Rupee had weakened / strengthened by 10% against the Euro and US Dollar with all other variables held constant, loss before tax for the year would have been higher / lower as under, mainly as a result of foreign exchange gains / losses on translation of foreign exchange denominated financial instrument. The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate:

	<b>Change in Exchange rate</b>	<b>Effect on loss before tax</b>
	%	Rupees
<b>31 December 2018 - Euro</b>	10%	<b>(8,005,312)</b>
	-10%	<b>8,005,312</b>
<b>31 December 2018 - US Dollar</b>	10%	<b>(2,016,683)</b>
	-10%	<b>2,016,683</b>
31 December 2017 - Euro	10%	(3,937,799)
	-10%	3,937,799
31 December 2017 - US Dollar	10%	-
	-10%	-

**41.1.1.2 Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

**41.1.1.3 Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature or reprice in a given period.

The Company's interest rate risk arises from long term finances, lease finances and short term finances. Borrowings obtained at variable rates exposes the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2018	2017	2018	2017
	----- Effective rate -----		Rupees	Rupees
<b>Financial assets</b>				
<b><u>Fixed rate instruments</u></b>				
Saving accounts	<b>3.75% to 5%</b>	3.75% to 5%	<b>91,065,247</b>	1,103,253,352
Total exposure			<b>91,065,247</b>	1,103,253,352
<b>Financial liabilities</b>				
<b><u>Variable rate instruments</u></b>				
Liabilities against assets				
subject to finance lease	<b>5.54% to 13.44%</b>	6.05% to 9.46%	<b>434,571,549</b>	141,637,760
Long term finances	<b>6.76% to 9.88%</b>	6.73% to 7.01%	<b>4,450,000,000</b>	4,450,000,000
Short term borrowings	<b>6.46% to 11.71%</b>	6.43% to 6.80%	<b>4,991,083,521</b>	1,449,501,368
Total exposure			<b>9,875,655,070</b>	6,041,139,128

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

At 31 December 2018, if interest rate on variable rate financial liabilities has been 1% higher / lower with all other variables held constant, loss before tax for the year would have been Rs. 98.76 million (2017: Rs. 60.41 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

**41.1.2 Credit risk**

Credit risk represents the risk of a financial loss if a customer or counter party to a financial instrument fails to discharge its contractual obligation. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Credit risk primarily arises from credit exposure to customers and deposit with banks and financial institutions. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Individual risk limits are set based on internal or external ratings in accordance with criteria developed for managing risk by board. The utilization of credit limits is regularly monitored and major sales to customers are on advance terms, thus limiting credit exposure. For banks and financial institutions credit quality is determined with respect to external credit ratings performed by independent parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<b><u>Loans and receivables</u></b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Security deposits	<b>129,053,715</b>	99,271,369
Trade debts	<b>124,573,265</b>	129,704,758
Due from employees	<b>5,454,374</b>	3,575,796
Due from related parties	<b>308,895</b>	1,093,586
Other receivables	<b>601,111,088</b>	388,487,989
Bank balances	<b>97,483,357</b>	1,194,755,959
	<b><u>957,984,694</u></b>	<b><u>1,816,889,457</u></b>

The credit risk on liquid funds is limited because the counter parties are banks with reasonable high credit ratings.

The Company believes that it is not exposed to major concentration of credit risk as it's exposure is spread over a large number of counter parties.

All the trade debts at the reporting date represent domestic parties. The ageing of trade debts at the year-end was as follows:

	<b>2018 Rupees</b>	<b>2017 Rupees</b>
1 to 90 days	<b>114,649,050</b>	127,212,107
91 to 180 days	<b>1,323,106</b>	2,492,651
181 to 365 days	<b>1,081,100</b>	-
Above 365 days	<b>7,520,008</b>	-
	<b><u>124,573,264</u></b>	<b><u>129,704,758</u></b>

The management estimates the recoverability of trade debts on 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 customers, provision is made in the financial statements.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating		Rating Agency	2018 Rupees	2017 Rupees
	Short term	Long term			
National Bank Of Pakistan	A1+	AAA	PACRA	3,952,266	621,132,315
United Bank Limited	A-1+	AAA	JCR-VIS	294,718	296,823
Askari Bank Limited	A1+	AA+	PACRA	32,730,812	352,121,302
Bank Alfalah Limited	A1+	AA+	PACRA	5,738	33,460,338
MCB Bank Limited	A1+	AAA	PACRA	883,524	7,750,989
Habib Bank Limited	A-1+	AAA	JCR-VIS	57,263,442	72,907,612
Allied Bank Limited	A1+	AAA	PACRA	-	6,342
Faysal Bank Limited	A1+	AA	PACRA	164,591	22,496,797
Bank Islami Pakistan	A1	A+	PACRA	284,999	15,343,905
Bank Al-Habib Limited	A1+	AA+	PACRA	658,082	115,118
Soneri Bank	A1+	AA-	PACRA	550	31,090,891
Dubai Islamic Bank	A-1	AA-	JCR-VIS	1,244,635	38,033,527
				<b>97,483,357</b>	<b>1,194,755,959</b>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

#### 41.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company's finance department aims at maintaining flexibility in funding by keeping regular committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
-----------------	------------------------	------------------	----------------------

----- Rupees -----

At 31 December 2018

**Non derivative financial liabilities**

Liabilities against assets

subject to finance lease	434,571,549	550,869,459	195,906,776	354,962,683
Long term finances	4,450,000,000	5,438,427,333	688,964,274	4,749,463,059
Trade and other payables	1,136,809,987	1,136,809,987	1,136,809,987	-
Accrued finance cost	195,648,668	195,648,668	195,648,668	-
Short term borrowings	4,991,083,521	4,991,083,521	4,991,083,521	-
	<b>11,208,113,725</b>	<b>12,312,838,968</b>	<b>7,208,413,226</b>	<b>5,104,425,742</b>

Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
-----------------	------------------------	------------------	----------------------

----- Rupees -----

At 31 December 2017

**Non derivative financial liabilities**

Liabilities against assets

subject to finance lease	141,637,760	158,848,784	46,978,253	111,870,531
Long term finances	4,450,000,000	5,473,270,429	309,765,000	5,163,505,429
Trade and other payables	698,258,976	698,258,976	698,258,976	-
Accrued finance cost	73,373,064	73,373,064	73,373,064	-
Short term borrowings	1,449,501,368	1,449,501,368	1,449,501,368	-
	<b>6,812,771,168</b>	<b>7,853,252,621</b>	<b>2,577,876,661</b>	<b>5,275,375,960</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

**41.2 Fair value 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 without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

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

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

#### 41.2.1 Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

2018					
Carrying amount			Fair value		
Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3

Note ----- Rupees -----

#### On-Balance sheet financial instruments

31 December 2018

##### Financial assets not measured at fair value

Security deposits		129,053,715	-	129,053,715	-	-	-
Trade debts	22	124,573,265	-	124,573,265	-	-	-
Due from employees	23	5,454,374	-	5,454,374	-	-	-
Due from related parties	25	308,895	-	308,895	-	-	-
Other receivables	24	601,111,088	-	601,111,088	-	-	-
Bank balances	26	98,221,298	-	98,221,298	-	-	-
		<u>958,722,635</u>	<u>-</u>	<u>958,722,635</u>	<u>-</u>	<u>-</u>	<u>-</u>

##### Financial liabilities not measured at fair value

Liabilities against assets subject							
to finance lease	10	-	434,571,549	434,571,549	-	-	-
Long term finances	9		4,450,000,000	4,450,000,000	-	-	-
Trade and other payables	14	-	1,136,809,987	1,136,809,987	-	-	-
Short term borrowing	13	-	4,991,083,521	4,991,083,521	-	-	-
Accrued profit / interest / mark-up	15	-	195,648,668	195,648,668	-	-	-
		<u>-</u>	<u>11,208,113,725</u>	<u>11,208,113,725</u>	<u>-</u>	<u>-</u>	<u>-</u>

2017					
Carrying amount			Fair value		
Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3

Note ----- Rupees -----

#### On-Balance sheet financial instruments

31 December 2017

##### Financial assets not measured at fair value

Security deposits		99,271,369	-	99,271,369	-	-	-
Trade debts	22	129,704,758	-	129,704,758	-	-	-
Due from employees	23	3,575,796	-	3,575,796	-	-	-
Due from related parties	25	1,093,586	-	1,093,586	-	-	-
Other receivables	24	388,487,989	-	388,487,989	-	-	-
Bank balances	26	1,195,301,690	-	1,195,301,690	-	-	-
		<u>1,817,435,188</u>	<u>-</u>	<u>1,817,435,188</u>	<u>-</u>	<u>-</u>	<u>-</u>

##### Financial liabilities not measured at fair value

Liabilities against assets subject							
to finance lease	10	-	141,637,760	141,637,760	-	-	-
Long term finances	9	-	4,450,000,000	4,450,000,000	-	-	-
Trade and other payables	14	-	698,258,976	698,258,976	-	-	-
Short term borrowing	13	-	1,449,501,368	1,449,501,368	-	-	-
Accrued profit / interest / mark-up	15	-	73,373,064	73,373,064	-	-	-
		<u>-</u>	<u>6,812,771,168</u>	<u>6,812,771,168</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 41.2.2 Fair value versus carrying amounts

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

#### 41.3 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

42 Reconciliation of movements of liabilities to cash flows arising from financing activities.

2018							
Liabilities					Equity	Total	
Long term finances	Liabilities against assets subject to finance lease	Short term borrowings	Accrued finance cost	Unclaimed dividend	Share capital / share premium		
----- Rupees -----							
Balance as at 01 January 2018	4,450,000,000	141,637,760	1,449,501,368	73,373,064	970,179	7,209,412,827	13,324,895,198
<u>Cash flows</u>							
Short term borrowings repaid net of receipts	-	-	349,999,476	-	-	-	349,999,476
Repayment of lease rentals	-	(89,904,038)	-	-	-	-	(89,904,038)
Finance cost paid	-	-	-	(552,521,110)	-	-	(552,521,110)
Dividends paid	-	-	-	-	(4,427)	-	(4,427)
Total changes from financing cash flows	-	(89,904,038)	349,999,476	(552,521,110)	(4,427)	-	(292,430,099)
<u>Other changes including non-cash</u>							
Changes in running finance	-	-	3,191,582,677	-	-	-	3,191,582,677
Finance cost	-	-	-	674,796,714	-	-	674,796,714
Assets acquired on lease	-	382,837,827	-	-	-	-	382,837,827
Total liability related other changes	-	382,837,827	3,191,582,677	674,796,714	-	-	4,249,217,218
Closing as at 31 December 2018	4,450,000,000	434,571,549	4,991,083,521	195,648,668	965,752	7,209,412,827	17,281,682,317
2017							
Liabilities					Equity	Total	
Long term finances	Liabilities against assets subject to finance lease	Short term borrowings	Accrued finance cost	Unclaimed dividend	Share capital / share premium		
----- Rupees -----							
Balance as at 01 January 2017	-	166,016,779	3,899,251,334	49,716,962	973,104	3,287,790,123	7,403,748,302
<u>Cash flows</u>							
Share capital issued - net of expenses	-	-	-	-	-	3,921,622,704	3,921,622,704
Receipts from long term finances	4,450,000,000	-	-	-	-	-	4,450,000,000
Short term borrowings repaid net of receipts	-	-	(1,800,439,755)	-	-	-	(1,800,439,755)
Repayment of finance lease liabilities	-	(37,167,119)	-	-	-	-	(37,167,119)
Finance cost paid	-	-	-	(374,689,427)	-	-	(374,689,427)
Dividends paid	-	-	-	-	(2,925)	-	(2,925)
	4,450,000,000	(37,167,119)	(1,800,439,755)	(374,689,427)	(2,925)	3,921,622,704	6,159,323,478
<u>Non-cash changes</u>							
Change in running finance	-	-	(649,310,211)	-	-	-	(649,310,211)
New finance leases	-	12,788,100	-	-	-	-	12,788,100
Interest expense	-	-	-	398,345,529	-	-	398,345,529
Total non-cash changes	-	12,788,100	(649,310,211)	398,345,529	-	-	(238,176,582)
Closing as at 31 December 2017	4,450,000,000	141,637,760	1,449,501,368	73,373,064	970,179	7,209,412,827	13,324,895,198

**43 Date of authorization of issue**

These financial statements have been authorized for issue by the Board of Directors of the Company on 29 January, 2019.

**44 Events after the reporting date**

There are no subsequent events occurring after reporting date.

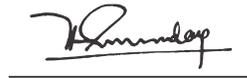
**45 Corresponding figures**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison and better presentation as per reporting framework. However, no significant reclassification has been made.

Lahore



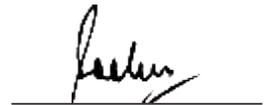
Chairman



Chief Executive



Director



Chief Financial Officer

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- 📊 Risk profiler\*
- 📄 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
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\*Mobile apps are also available for download for android and ios devices



fauji foods

# FAUJI FOODS LIMITED

## FORM OF PROXY

Registered Folio No./  
CDC Account No. \_\_\_\_\_

I/We \_\_\_\_\_  
(NAME)

of \_\_\_\_\_  
(Address)

being a member of FAUJI FOODS LIMITED , hereby appoint

\_\_\_\_\_

(NAME)

of \_\_\_\_\_  
(Address)

or failing him \_\_\_\_\_  
(NAME)

of \_\_\_\_\_  
(Address)

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 52<sup>nd</sup> Annual General Meeting of the Company to be held at Pearl Continental Hotel, Lahore on Wednesday, March 27, 2019 at 11:00 a.m. and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ Day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
Signature of Shareholder / Appointer

Revenue  
Stamp  
Rs. 5/-

### Witness 1

### Witness 2

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

CNIC #

CNIC #

**Note:** Proxies, in order to be effective must reach the Company's Registered office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

SECP's Circular No. 1 dated January 26th, 2000 is on the reverse side of the form.

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

State Life Building 7, Blue Area, Islamabad

January 26, 2000

**Circular No. 1 of 2000**

**Sub: GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES**

The shares of a number of listed companies are now being maintained as "book entry Security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instruction to be issued in this regard, the following guideline for the convenience of the listed companies and the beneficial owners are laid down:

**A. Attending of meeting in person by account holders and / or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS:**

- (1) The Company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.
- (2) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (3) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

**B. Appointment of Proxies**

- (1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the Company.
- (2) The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (3) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (4) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- (5) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.



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# فوجی فوڈز لیمیٹڈ پراکسی فارم

رجسٹرڈ فولیو نمبر/-----

سی ڈی سی اکاؤنٹ نمبر-----

میں/ہم-----  
(نام)

(پتہ)

بحیثیت ممبر/ممبران فوجی فوڈز لیمیٹڈ، یہاں پر تقرر کرتا ہوں/کرتے ہیں۔

(نام)

(پتہ)

یا اسکی غیر حاضری کی صورت میں-----  
(نام)

(پتہ)

(کمپنی کا/کی رکن ہونے کے ناطے) ہمارے ایما پر کمپنی کے بروز بدھ مورخہ 27 مارچ 2019 کو بوقت 11:00 بجے صبح پرل کانٹینینٹل ہوٹل، لاہور۔ میں منعقد یا ملتوی ہونے والے باؤنویں سالانہ اجلاس عام میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ مقرر کرتا ہوں/کرتے ہیں۔

بطور گواہ آج بتاریخ----- 2019

شہیر ہولڈر کے دستخط-----

پانچ روپے کارسیدی  
ٹکٹ یہاں چسپاں  
کریں

گواہ 2

دستخط-----

نام-----

پتہ-----

قومی شناختی کارڈ نمبر-----

گواہ 1

دستخط-----

نام-----

پتہ-----

قومی شناختی کارڈ نمبر-----

نوٹ: پراکسی اسی صورت میں قابل قبول ہوگی کہ اس پر دستخط، رسیدی ٹکٹ، گواہان کے دستخط ہوئے ہوں اور اس کو اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ پتہ پر بھیج دیا جائے۔ سی ڈی سی کے ممبران کو اپنی پراکسی تصدیق شدہ قومی شناختی کارڈ کے ہمراہ بھیجنا ہوگی۔

SECP کا سرکلر نمبر 1 مورخہ 26 جنوری 2000 اس فارم کی پشت پر چھپا ہوا ہے۔

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
State Life Building 7, Blue Area, Islamabad

January 26, 2000

**Circular No. 1 of 2000**

**Sub: GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES**

The shares of a number of listed companies are now being maintained as "book entry Security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instruction to be issued in this regard, the following guideline for the convenience of the listed companies and the beneficial owners are laid down:

**A. Attending of meeting in person by account holders and / or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS:**

- (1) The Company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.
- (2) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (3) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

**B. Appointment of Proxies**

- (1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the Company.
- (2) The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (3) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (4) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- (5) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.



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## کوڈ آف کارپوریٹ گورننس کی تعمیل

سال 2018 میں لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں بیان کردہ ضوابط کی تعمیل کی گئی ہے۔ اس بابت ایک کیفیت نامہ رپورٹ ہذا سے منسلک ہے۔

## ڈیویڈنڈ

دوران سال کمپنی کو ہونے والے نقصان کے پیش نظر بورڈ نے کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

## سالانہ اجلاس عام

31 دسمبر 2018 کو اختتام پزیر ہونے والے سال کے لیے کمپنی کا بائوواں سالانہ اجلاس عام مورخہ 27 مارچ، 2019 صبح گیارہ بجے بمقام پرل کانٹینینٹل ہوٹل، شاہراہ قائد اعظم لاہور منعقد ہوگا۔

## اعتراف

بورڈ کمپنی پر اعتماد اور انمول تعاون کے لیے تمام حصص یافتگان اور مالیاتی اداروں کا شکر گزار ہے۔ بورڈ کمپنی کے تمام ملازمین کی جانب سے لگن، توجہ اور محنت سے کی گئی ان کی تمام کاوشوں کے لیے اپنی ستائش کو بھی ریکارڈ پر لانا پسند کرتا ہے۔

لیفٹیننٹ جنرل جاوید اقبال  
ہلال امتیاز (ملٹری) (ریٹائرڈ)  
چیف ایگزیکٹو/مینیجنگ ڈائریکٹر

لیفٹیننٹ جنرل سید طارق ندیم گیلانی  
ہلال امتیاز (ملٹری) (ریٹائرڈ)  
چیئر مین

مورخہ 29 جنوری 2019

خالص نقصان میں اضافہ کا سبب روپے کی قدر میں کمی کی وجہ خام مال کی قیمت میں اضافہ اور اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافہ کی بنا پر ہونے والے مالیاتی اخراجات بنے۔

اس کے علاوہ اضافی ریگولیٹری ڈیوٹی اور بازار میں کھلے دودھ کی کم قیمت میں وافر مقدار میں دستیابی کی وجوہات سمیت مصنوعات تیار کرنے کی لاگت میں اضافے کے باوجود صنعت اور کمپنی کی جانب سے مخصوص مصنوعات کی قیمتوں میں اضافہ کرنے میں ناکامی نقصانات میں اضافے کا سبب بنی۔

انتظامیہ نے داخلی لاگتوں میں کٹوتی، فروخت میں حتی الامکان اضافہ اور کام چلانے کے لیے سرمایہ فراہم کرنے والے نئے ذرائع سمیت متعدد اقدامات اٹھائے ہیں۔ ہمیں توقع ہے کہ یہ اقدامات اور فروخت میں اضافہ مستقبل میں کمپنی کے لیے منافع بخش رہیں گے۔

### انزموگولیا پبلی انڈسٹریل گروپ کمپنی لمیٹڈ کی جانب سے تحصیل کا ارادہ

31 جولائی 2018 کو ڈیری سیکٹر سے متعلقہ چین کی ایک ریاستی ملکیتی کارپوریشن نے فوجی نوڈز لمیٹڈ کے 51 فیصد حصص لینے کا ارادہ ظاہر کیا۔ فوجی گروپ کی انتظامیہ اور دیگر فریق کی جانب سے قانونی اور تفصیلی جانچ پڑتال (due diligence) کا عمل جاری ہے۔ انتظامیہ اس معاملے میں ہونے والی تمام پیشرفت سے اسٹاک ایکسچینج پر فوری اعلانات کے ذریعے تمام حصص یافتگان کو آگاہ رکھے گی۔

### مستقبل کی پیش گوئی

میانپکنگ اور سوسائٹیز کی افزائش اور زراعتی سیکٹر کی بحالی کے ساتھ پاکستان کی معیشت ترقی کی جانب گامزن ہے۔ مقامی طلب میں اضافہ اور پاک چین اقتصادی راہداری کے سبب بنیادی ڈھانچے میں ہونے والی افزائش سے توقع ہے کہ اس سے ترقی کی رفتار مزید تیز ہو جائے گی۔ آنے والے وقت میں ایشیا، صرف کی قیمتوں میں اتار چڑھاؤ، مقامی کرنسی کی کمزوری اور اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافہ وقتی دباؤ کا سبب بن سکتا ہے تاہم پاکستان کی معیشت کے عمومی اشاریے مثبت نظر آتے ہیں۔

پاکستان کی ڈیری مارکیٹ میں ترقی کے دم خم پر ڈائریکٹران کا اعتماد برقرار ہے۔ توقع ہے کہ ڈیری انڈسٹری منفی پراپیگنڈے کے اثرات سے نکل آئے گی اور امید ہے کہ مستقبل میں یہ کھلے دودھ سے اپنا کھویا ہوا حصہ واپس حاصل کرے گی۔

بورڈ مستقبل میں نئی اختراعات اور بہترین کارکردگی پر توجہ مرکوز رکھتے ہوئے اعلیٰ معیار کی مصنوعات کی فراہمی کے ذریعے کمپنی کی ترقی کے لیے بھی پراعتماد ہے۔ موجودہ پیداواری استعداد میں اضافہ سے ڈیری کی صنعت میں راہنما کردار ادا کرنے کے قابل بنادے گا۔ کمپنی جدت، مصنوعات کی تیاری کے مراحل میں اصلاحات اور قیمتوں پر موثر کنٹرول کے ذریعے اپنے حصص یافتگان کی قدر میں اضافے پر اپنی توجہ مرکوز رکھے گی اور انشا اللہ مارکیٹ شیئر میں اپنے اضافے کی شرح کو برقرار رکھے گی۔

### آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز KPMG Taseer Hadi & Co، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہونے کے ناطے کمپنی کے قانونی آڈیٹر کے طور پر دوبارہ منتخب کیے جانے کے لیے خود کو پیش کر رہے ہیں۔ بورڈ کی آڈٹ کمیٹی اور کمپنی کے بورڈ آف ڈائریکٹرز نے ان کے دوبارہ تقرر کی سفارش کی توثیق کی ہے۔



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## ڈائریکٹران رپورٹ برائے ممبران

فوجی فوڈز لیمیٹڈ کا بورڈ آف ڈائریکٹرز 31 دسمبر 2018 کو اختتام پزیر ہونے والے سال کے لیے آڈٹ شدہ مالیاتی حسابات پر ڈائریکٹران کی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہا ہے۔

### بنیادی سرگرمیاں

فوجی فوڈز لیمیٹڈ فوجی فریٹلائزر بن قاسم لیمیٹڈ (50.59 فیصد شیئر ہولڈنگ) اور فوجی فائونڈیشن (12.75 فیصد شیئر ہولڈنگ) کے اکثریتی حصص کی ملکیت پر مبنی دودھ اور اس سے بنی ہوئی غذائی اشیاء، جوس اور جام تیار کرنے والی کمپنی ہے۔ کمپنی کا ”نورپور“ برانڈ پاکستان میں طویل عرصہ سے سب سے زیادہ جانا پہچانا نام ہے۔

### دوران سال سرگرمیاں

کمپنی اپنی ترقی کی حکمت عملی اور اعلیٰ معیار کے عہد پر قائم رہی اور کئی سنگ میل عبور کیے جبکہ زیر جائزہ عرصہ کے دوران ڈیری انڈسٹری اچھے برے حالات اور اتار چڑھاؤ کا شکار رہی جس نے کمپنی کے کاروباری اور مالی حالات پر اپنے اثرات مرتب کیے۔

بہتر ملک پروسیسنگ، پیداواری گنجائش کے موثر استعمال، اضافی پروڈکٹ ڈسٹری بیوشن اور برانڈ کی موجودگی نے کمپنی کے کاروباری نتائج مرتب کیے۔ نئے ٹی وائٹرز برانڈ ”تازہ“ کا اضافہ اور کمپنی کے اعلیٰ برانڈ کے حامل پیچر انڈر برانڈ کو ”دودھ“ کے برانڈ نام سے نئی پیکنگ میں دوبارہ تعارف نے کمپنی کی جانب سے اپنے گاہکوں سے کئے گئے وعدوں کے مطابق اعلیٰ معیار کی اشیاء کی فراہمی کو جاری رکھا جس سے فروخت میں بھی اضافہ ہوا۔

بیرونی محاذ پر، اس سال کے آغاز میں عدالتِ عظمیٰ پاکستان کے ایک فیصلے کی بنا پر کمپنی کو اپنے پیک شدہ UHT ملک کے شعبے میں منفی اثرات کا سامنا کرنا پڑا بعد ازاں دودھ کے دوبارہ ٹیسٹ کیے جانے پر عدالتِ عظمیٰ نے کمپنی کے حق میں اس پر عائد پابندی اٹھادی۔ UHT ملک پر اس حکم کے اثرات سال کے بقیہ حصے تک محسوس کیے جاتے رہے۔ پیکڈ ملک کے معاملے میں میڈیا کی جانب سے پھیلائے گئے منفی تاثر کی بنا پر ڈیری انڈسٹری کی نشوونما میں بھی کمی واقع ہوئی۔

ان سخت حالات کے باوجود کمپنی نے اپنے مارکیٹ شیئر میں اضافہ کی شرح کو قائم رکھا۔ سال 2017 کے مقابلے میں سال 2018 کے دوران 16 فیصد اضافی ریوینیو کا حصول کیا گیا۔

### حصص کی اقسام کا انضمام

26 مارچ 2018 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران نے بذریعہ قراردادِ خصوصی عمومی ووٹنگ حصص اور نان ووٹنگ عمومی حصص کی اقسام کو ایک قسم کا بنانے کے لیے ان کے انضمام کی منظوری دی اور مجاز سرمایہ کو -/10 روپے فی حصہ مالیت کے 700,000,000 عمومی حصص تک بڑھا دیا گیا۔

### مالیاتی کارکردگی

کمپنی نے سابقہ تقابلی عرصہ میں حاصل کردہ 7,000 ملین روپے کے مقابلے میں اس سال 8,094 ملین روپے کا کاروبار کیا۔ سابقہ سال کے دوران ہونے والے 2,288 ملین روپے نقصان کے مقابلے میں اس سال بعد از ٹیکس نقصان 2,849 ملین روپے رہا۔ سابقہ سال میں ہونے والے 9.22 روپے فی حصہ نقصان کے مقابلے میں اس سال فی حصہ نقصان 5.39 روپے رہا۔

**a. اجلاس میں شرکت کے لیے:**

- i افراد کی صورت میں اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کی غرض سے اپنا اصل قومی شناختی کارڈ/ پاسپورٹ معہ CDC اکاؤنٹ نمبر ساتھ لائیں۔
- ii کارپوریٹ باڈیز کے نمائندے اجلاس میں شرکت کے لیے بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ معہ نامزد افراد کے نمونہ دستخط اپنے ہمراہ لائیں۔

**b. پراکسیوں کے تقرر کے لیے:**

- i افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر مندرجہ بالا ہدایات کے مطابق پراکسی فارم مہیا کریں۔
- ii پراکسی فارم دو گواہان سے تصدیق شدہ ہوگا جن کے نام، پتے اور CNIC نمبر فارم پر درج کیے جائیں گے۔
- iii پراکسی فارم دینے والے ممبر اور پراکسی ہولڈر کے CNIC یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ مہیا کی جائیں گی۔
- iv میٹنگ میں شرکت کے وقت پراکسی ہولڈر اپنا اصل قومی شناختی کارڈ یا پاسپورٹ برائے شناخت پیش کرے گا۔
- v کارپوریٹ باڈیز بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ اور پراکسی کے نمونہ دستخط پراکسی فارم کے ہمراہ مہیا کریں۔

- 3 ممبران سے التماس ہے کہ اگر ان کے ڈاک کے پتوں میں اگر کوئی تبدیلی ہو تو اس سے فوراً کمپنی رجسٹرار یعنی کارپ لنک (پرائیویٹ) لمیٹڈ کو ان کے پتے واقع ونگز آرکیڈ، 1-K، کمرشل، ماڈل ٹاؤن لاہور پر مطلع کریں۔



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# فوجی فوڈز لیمیٹڈ

## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ فوجی فوڈز لیمیٹڈ کے ممبران کا باہانواں سالانہ اجلاس عام بروز بدھ مورخہ 27 مارچ، 2019 صبح گیارہ بجے مندرجہ ذیل امور کی انجام دہی کے لیے بمقام پرل کانسٹیبل ہٹل، شاہراہ قائد اعظم لاہور منعقد ہوگا:

- 1 - ممبران کے غیر معمولی اجلاس عام منعقدہ 26 نومبر 2018 کی کارروائی کی توثیق کرنا۔
- 2 - 31 دسمبر، 2018 کو اختتام پزیر ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ حسابات اور ان پر آڈیٹران اور ڈائریکٹروں کی رپورٹوں پر غور کرنا اور انہیں منظور کرنا۔
- 3 - 31 دسمبر 2018 کو اختتام پزیر ہونے والے سال کے لیے کمپنی کے آڈیٹران کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔
- 4 - صدر اجلاس کی اجازت سے اجلاس میں پیش کیے جانے والے دیگر امور انجام دینا۔

### منتقلی حصص کی کتابوں کی بندش

کمپنی حصص کی منتقلی کی کتابیں مورخہ 21 مارچ، 2019 تا 27 مارچ، 2019 (بشمول دونوں ایام) بغرض انعقاد سالانہ اجلاس عام بند رہیں گی۔

بحکم بورڈ

بریگیڈیر زاهد نواز مان (ریٹائرڈ)

کمپنی سیکریٹری

لاہور۔

مورخہ : 29 جنوری، 2019

### نوٹس :

1 - کوئی بھی ممبر جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا مجاز ہے وہ اپنی جگہ کسی اور ممبر کو اجلاس میں شرکت کرنے کے لیے اپنا پر کسی مقرر کرنے کا حقدار ہے۔ پراکسیوں کے لیے ضروری ہے کہ وہ اجلاس کے انعقاد کے لیے مقرر کردہ وقت سے کم از کم اڑتالیس گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جائیں۔ کوئی ممبر ایک سے زائد پراکسی مقرر نہیں کر سکتا۔ پراکسی فارم کے ہمراہ شیئر ہولڈر کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل لگائی جائے۔

2 - CDC کے اکاؤنٹ ہولڈروں کو ہدایت کی جاتی ہے کہ وہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکلر نمبر 1 of 2000 مورخہ 26

جنوری 2000 میں وضع کردہ مندرجہ ذیل ہدایات پر عمل کریں:

*Dostea*  
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