



fauji foods

TOWARDS A
BETTER
TOMORROW

Annual Report **2022**



TOWARDS A BETTER TOMORROW

Over the course of the last year, we saw the seed of perseverance grow in the midst of macroeconomic challenges. This seed reflects our passion for sustainable growth. While the times have been challenging, we at FFL, have continued to invest in our operational processes; strategically expanding our sales and distribution network and ensuring a lasting route-to-market connection.

Our cover this year reflects this enduring transition. We have worked hard to adapt to the changing environment; synchronizing efforts internally to create a structure of improved digitalization and innovation. This has helped us overcome the prevailing unfavorable conditions and achieve renewed growth during the last quarter of 2022.

Just as a seed grows to become a mighty tree, FFL roots are dug deep into the dairy market strengthening its resolve towards creating a better tomorrow for all.



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VISION

TRANSFORMING LIVES
THROUGH NOURISHMENT



CORE VALUES



We Spread Happiness

Happiness lies at the heart of our business. Collectively as Fauji Foods, and individually as a unique part of a community, we work towards understanding the needs of our stakeholders and developing a culture that helps fulfil them, so we can bring our wholesome goal of spreading happiness full-circle.



We Innovate

We embrace innovation. Success isn't an overnight achievement and certainly not one without risks. Hence, we keep attempting to do the impossible with the consistent pursuit of going the extra mile.



We are Caring

We care about our community from the get go. Be it our hard-working farming partners, our cherished customers, diligent employees or our valuable investors, our goal is to build relationships based on empathy and trust.



We are Agile

Our constant focus on research and development helps us stay abreast of all that is changing, be it technology, or the needs of our stakeholders. We consistently work on making sure that we are the best at doing what we do.



We Synergize

We're one of the biggest players in the market and we steadily grow bigger every day. That's why we recognize the impact we have on our community and make sure that our foot print is a positive one. Hence, apart from our philanthropic efforts, we make sure to connect with key stakeholders to ensure that we always work towards the same greater goal: transforming lives for the better.

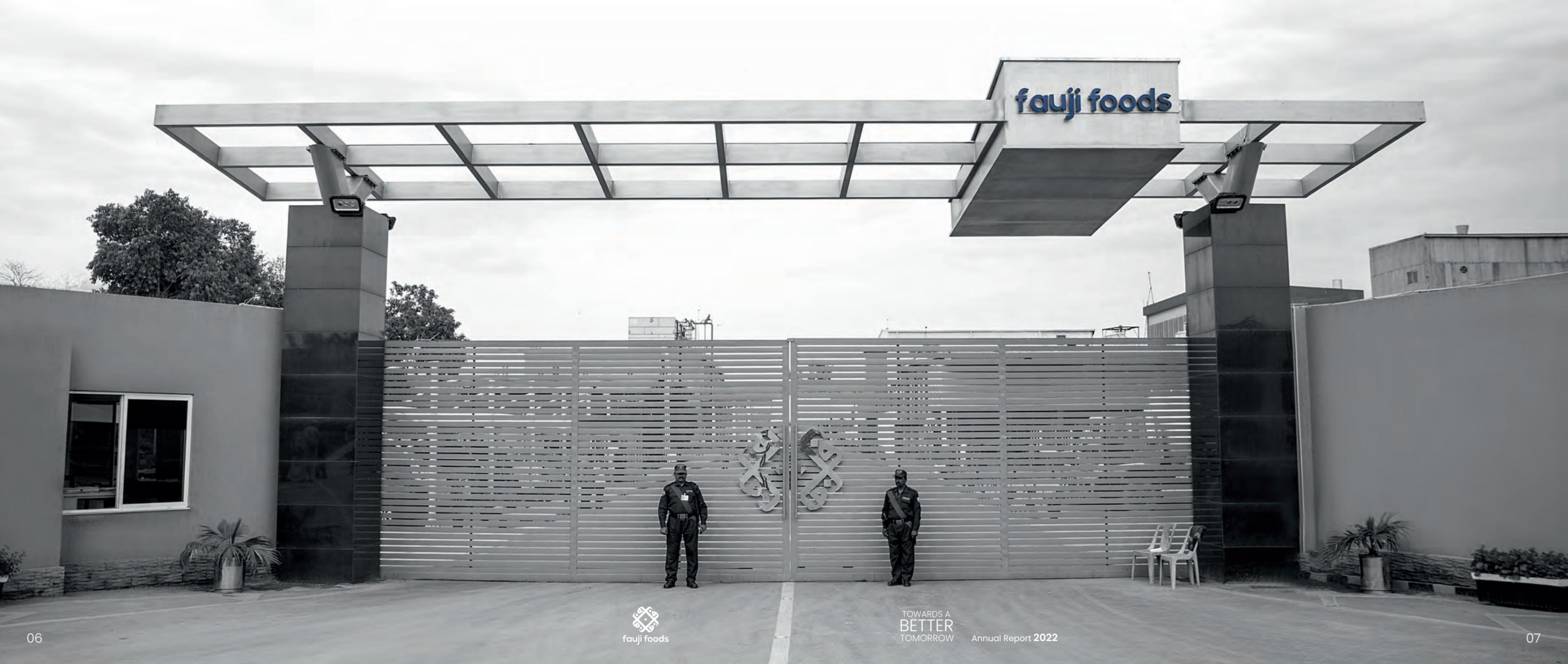
OUR HERITAGE

Under the umbrella of the Fauji Group of Companies, with major shareholding by FFBL – Fauji Foods Limited was founded in 2015 after the acquisition of Noon Pakistan Limited, a company with an over 50-year dairy legacy in Pakistan.

In February 2016, Fauji Foods introduced a new brand for the masses by the name of Dostea. Dostea is a liquid tea whitener which renders the perfect taste and colour you require from your daily cup of tea.

Founded in 1966, the Company's brand Nurpur has been a household name across generations. After the acquisition, Fauji Foods relaunched the House of Nurpur in May 2016, thus reviving an age-old tradition of wholesome quality.

The House of Nurpur, renowned for its Butter in Pakistan is also gaining traction across its consumer base for other wholesome additions to its product range.



TURNAROUND STRATEGY

Margin Accretive Growth

Portfolio Pivot 57% to 68% <small>(2021 Vs 2022)</small> Value Portfolio Contribution	Sustainable Growth 44% Revenue Growth 89% UHT Value Growth 2X Institutional Sales	Route to Market 30,000+ Stores 68% Growth in Distribution Network
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Sustainability / Cost Saving

Energy Mix Optimization 1 MW Investment in Solar Power BioFuel Steam Production Converted from Coal	Efficiency 170 Million+ Saved through Process Optimization 50% Reduction in Receivables	Packaging Localization 1500 ml Conversion from Imported to Local Packmat
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Fit for Future Capability

Automation 100% Sales Distribution Automated Milk Collection Automation in Process	Processes Integrated Business Planning from Grass to Glass Business Process Mapping to Improve SAP Efficiency	Talent Backbone 86% Employee Retention Rate Employee Training & Development - Reward & Recognition Program
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CORPORATE INFORMATION

Board of Directors

*Mr. Waqar Ahmed Malik
Chairman
**Mr. Sarfaraz Ahmed Rehman
Mr. Arif ur Rehman
Dr. Nadeem Inayat
Syed Bakhtiyar Kazmi
Ms. Tania Shahid Aidrus
Mr. Ali Asrar Hossain Aga
Mr. Basharat Ahmad Bhatti
***Mr. Imran Husain
Mr. Javed Kureishi

Audit Committee

Mr. Javed Kureishi
Chairman
Syed Bakhtiyar Kazmi
Mr. Basharat Ahmad Bhatti
Dr. Nadeem Inayat

HR&R Committee

Mr. Ali Asrar Hossain Aga
Chairman
Dr. Nadeem Inayat
Ms. Tania Shahid Aidrus
Mr. Arif ur Rehman

Operation and Business Committee

Mr. Sarfaraz Ahmed Rehman
Chairman
Mr. Basharat Ahmad Bhatti
Mr. Ali Asrar Hossain Aga

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

Registered Office

42 CCA, Ex-Park View,
DHA Phase – VIII, Lahore.
Tel: +92-42-37136315-17
E-mail: info@faujifoods.com

Plant

Bhalwal, District Sargodha.

Chief Executive Officer

Mr. Usman Zaheer Ahmad

Chief Financial Officer

Mr. Waseem Haider

Company Secretary

Brig Hamid Mahmood Dar
SI(M), (Retd)

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mr. Khurram Raza
Advocate Supreme Court

Website

www.faujifoods.com

Bankers

Habib Bank Limited
United Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
Askari Bank Limited
Allied Bank Limited
Bank AL Habib Limited
Dubai Islamic Bank Pakistan Limited
Soneri Bank Limited
JS Bank Limited
Al Baraka Bank (Pakistan) Limited
HBL Microfinance Bank Limited

*Appointed/Elected as Director/Chairman w.e.f. January 26, 2023
**Resigned as Chairman of the Board w.e.f. January 25, 2023.
***Resigned as Director from the Board w.e.f. January 25, 2023.
****Reconstituted on January 26, 2023.

BOARD OF DIRECTORS

Leading the Example



Mr. Waqar Ahmed Malik

Chairman/Director

Mr. Waqar Ahmed Malik has joined Board of Fauji Foods Limited on January 26, 2023. Mr. Waqar Ahmed Malik's corporate and business experience spans over 30 years across three continents. He is a fellow of the Institute of Chartered Accountants in England and Wales and is also an alumnus of the Harvard Business School and INSEAD.

Earlier, his career with The ICI Plc Group based in the UK spanned over 27 years and then later with Akzo Nobel N.V. based in The Netherlands. He has also been the Chief Executive Officer of ICI Pakistan Limited and the Chief Executive Officer and Chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). During his career with ICI and Akzo Nobel, he worked in Europe and Americas' in Corporate Finance and Strategy.

Mr. Waqar Ahmed Malik joined Fauji Foundation as Managing Director and Chief Executive Officer on 9th April 2020. Presently, he is serving as Chairman on the Boards of following Fauji Group Companies:-

- Mari Petroleum Company Ltd
- Askari Cement Ltd
- FFC Energy Ltd
- FFBL Power Company Ltd
- Fauji Fertilizer Company Ltd
- Fauji Akbar Portia Marine Terminal Ltd
- Foundation Wind Energy-I & II Ltd
- Foundation Solar Energy (Private) Ltd
- Fauji Fertilizer Bin Qasim Ltd
- Fauji Foods Ltd
- Fauji Oil Terminal & Distribution Co Ltd
- Foundation Power Company Daharki Ltd
- Daharki Power Holdings Ltd
- Fauji Cement Company Ltd
- Fauji Trans Terminal Ltd
- Fauji Kabir Wala Power Company Ltd
- Fauji Fresh n Freeze Ltd
- Fauji Infrainvest Foods Ltd
- Askari Bank Ltd

He is also Chairman of Pakistan Oxygen Limited (formally Linde Pakistan, a subsidiary of Linde AG) acquired by Adira Capital Holdings (Private) that he co-founded. Mr. Malik is a non-executive Member of the Board of JAZZ Pakistan which is a subsidiary of Veon Limited.

He played an instrumental role in development of Pakistan's Regulatory System as well as for the advocacy to undertake economic reforms. Earlier he served as:-

- Director – State Bank of Pakistan (Central Bank of Pakistan)
- President – Overseas Chamber of Commerce & Industry (OICCI)
- President – Management Association of Pakistan (MAP)
- Director – Pakistan Business Council (PBC)

Mr. Malik is a former member of the visiting faculty of Pakistan Institute of Corporate Governance, Former Member of Board of Governors of Lahore University of Management Science (LUMS) and Former Member of Board of Indus Valley School of Arts.

A trustee of Duke of Edinburgh Trust Pakistan, he was awarded Prince of Wales Medal as a Trustee of the Prince of Wales Pakistan Recovery for the Flood Victims in 2010.



Mr. Sarfaraz Ahmed Rehman

Director

Mr. Sarfaraz, a chartered accountant by qualification, has contributed management expertise to several multinational companies such as Unilever, SB (GSK), Jardine Matheson / Olayan JV and PepsiCo during his varied career.

In 2005, Sarfaraz established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. Engro Foods became the only Pakistani company to receive the 'G20 Top 15 Company' award. In 2012, he took a sabbatical from Engro Foods to establish the Karachi School for Business and Leadership. Sarfaraz rejoined Engro Foods as CEO in 2013, where he remained till 2015.

Since Oct 2015, he has been involved in consultancy projects, among others with ICI, IBL, JSPE, Shan Foods, Al-Shaheer (Meat One), Soya Supreme, Burque Corp, CCL and ITL.

Mr. Sarfaraz was contracted to Grant Thornton for 2016-17 as an executive coach during a culture change project at UBL. He conducts a well-established coaching / mentoring role, with business executives and university graduates. Sarfaraz has coached for Careem, Gatron-Novatex, Engro, ICI, Descon, PPL, UBL and City School.

Mr. Sarfaraz was Chairman of the Broadcasters / Advertisers Council 2015-18 (joint body controlling advertising in Pakistan). Further, he was the Chairman of the 1st Effie Awards in Pakistan, in 2019. He is also on the Board of MAP and Patient Aid Foundation.

Mr. Sarfaraz joined Fauji Group in June 2020 as MD&CEO of Fauji Fertilizer Bin Qasim Limited (FFBL) till October 2021. During his short stay in FFBL, his innovations and effective business strategy led to turnaround of FFBL making it a profitable entity.

Additionally, Sarfaraz speaks at various forums. He has given motivational talks at Laye's, Mondelez, Nutrico, RB, Engro, Octara, ICI, Shell, MAP etc. At universities, colleges, schools and on media occasions he holds climate change talks / sessions to create awareness.

Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, to resolve the issue of literacy in Pakistan over the next decade. In the past he was associated with Shaukat Khanum Hospital as a Board of Governor and with WWF as a Director. He is also associated with Hisaar Foundation and its work on water / environmental issues in Pakistan.

Mr. Sarfaraz Ahmed Rehman has been appointed as Managing Director & Chief Executive Officer of FFC, FFCEL and FFFL w.e.f October 16, 2021.



Mr. Arif ur Rehman

Director

Mr. Arif started his professional career from Fauji Fertilizer Co (FFC) where he initially worked as Process Engineer in the Ammonia, Urea and Utilities plants. Later on he worked as Process Engineering In-charge, Operations Engineer-Ammonia and Ammonia DBN Commissioning Engineer. In mid-1994, his services were transferred to FJFC (now FFBL) project team. He worked at FJFC for about 3 years and was a part of the multidisciplinary team that developed the FJFC Project from inception to firm order placement. He led the engineering and improvement of the Ammonia Plant. For that project he remained in USA for about a year as Ammonia Plant Lead.

In 1996, he joined ICI Pakistan's PTA Business, which was the first and is still the only PTA plant in Pakistan with new technology. He worked as the commissioning leader for the most complex, Oxidation Plant. Later on he led all the remaining sections of the PTA plant (Purification and Utilities) and took over as the first local Production Manager for the PTA Business in 2001. Later on he worked as Technical Services & DBN Manager and was appointed as Site Operations Manager in 2005, where he was responsible for Operations, Maintenance, Inspection and Materials Management.

In 2007 he joined the Fatima Group as Project Director and led the USD 750 Million Project from ground breaking till its commissioning. This was a green field project comprising of Ammonia, Urea, NP, CAN, Nitric Acid, Utilities and related facilities. One of the salient features of the job was that it was a self-managed EPC Project. Arif was engaged with dozens of international contractors directly and completed the project successfully in 2011.

After the commissioning of the project Arif was appointed its Director Operations. In that role he brought the site to its full potential by a series of revamps that included the plants and organizational and systems improvement. As a result the production increased from 0.8 to 1.475 Million tons per year and the bottom line improved from -PKR 2.0 Billion to +10 Billion.

In July 2016 he was appointed Chief Manufacturing Officer, based at the Head Office in Lahore with responsibility for all aspects of manufacturing for the Fatima Group's three Fertilizer Manufacturing facilities, Fatima Fertilizers, Sadiqabad; Pak Arab Fertilizer Company, Multan and Fatima Fertilizers, Lahore (Ex Dawood Hercules). He has responsibility for Operations, Costs, Budgets and People aspects for all Fertilizers. In addition he is also responsible for the Supply Chain Function for the entire group where he controls the budget of about USD 200 Million per year, growth, sustainability and strategy of the FG; Fertilizer Business.



Dr. Nadeem Inayat

Director

Dr. Nadeem Inayat is the Senior Director Strategy and Merger & Acquisitions at Fauji Foundation and holds directorship on the Board of following companies along with Fauji Foods Limited:

- Askari Bank Limited
- Askari Cement Limited
- Daharki Power Holdings Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Cement Company Limited
- Fauji Electric Power Company Limited - Chairman
- Fauji Fertilizer Bin Qasim Limited
- Fauji Fertilizer Company Limited
- Fauji Fresh n Freeze Limited
- Fauji Infraavest Foods Limited
- Fauji Kabirwala Power Company Limited
- Fauji Meat Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- Foundation Power Company Daharaki Limited
- Foundation Wind Energy-I & II Limited
- Mari Petroleum Company Limited
- Pakistan Maroc Phosphore S.A.
- The Hub Power Company Limited - Independent Director

Dr. Inayat holds a Doctorate in Economics and has over 28 years of diversified experience in the corporate sector particularly in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, and collaboration with donor agencies. He also conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics.



Syed Bakhtiyar Kazmi

Director

Mr. Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectoral and functional strata within national and regional economies. The key areas of his specialization are fiscal policy and macroeconomic research, greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, outliers in accounting and finance, strategic level audit and assurance and tax reforms and strategic level advisory. He holds directorship on the Boards of following companies along with Fauji Foods Limited:

- Askari Bank Limited
- Askari Cement Limited
- Daharki Power Holding Company Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Cement Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Fertilizer Company Limited
- Fauji Fresh n Freeze Limited
- Fauji Infraavest Foods Limited
- Fauji Kabirwala Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- FFC Energy Limited
- Foundation Power Company Daharaki Limited
- Foundation Solar Energy Limited
- Foundation Wind Energy-I & II Limited
- Mari Petroleum Company Limited
- Olive Technical Services (Private) Limited

Mr. Kazmi served KPMG for 35 years; interacted with the leadership in almost every industry, understanding their vision, their insights, and business strategies. His rigorous exposure to a diverse range of sectors and projects, enabled him to conceive and culminate strategic value additions for his clients. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients. As an auditor and an advisor, Mr Kazmi successfully delivered best-in-class and integrity driven services and branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan. He has served on a number of diverse forums / boards in the Private Sector, Public Sector & Civil Society Organization. As a thinker, he actively spreads his thoughts and ideas through his articles on national economics, business and taxation matters and issues, regularly published in reputable dailies.



Mr. Ali Asrar Hossain Aga

Independent Director

Mr. Ali A. Aga has over 38 years of multi industry experience in a wide range of management positions in General Management, Marketing, Human Resource Management, Corporate Affairs, Operations and Supply Chain Management in ICI Pakistan as well as German company Hoechst and other national Companies.

He is currently the Managing partner Middle East – South Asia & Chief Executive Pakistan for Ward Howell International, a global Leadership & Management consulting company. Prior to his involvement with Ward Howell in 2014, he was working with Pakistan's leading company ICI where he worked for almost 25 years in various senior positions. He was appointed the Chief Executive of ICI Pakistan & Chairman of ICI Pakistan Power Gen Limited during the transition period of ICI Pakistan's ownership from Akzo Nobel Netherlands to the YB Group in Pakistan in 2013. He also held the position of a Director on the Board of ICI Pakistan and worked as Vice President & Managing Director of ICI's flagship Soda Ash Business from 2008 to 2014. He has also served as General Manager Human Resource for the ICI Group in Pakistan from 2004 to 2008 and looked after HR for the ICI group in Pakistan and Middle East, and was also responsible for leadership development programs for the Regional & Industrial Business of ICI plc globally.

Ali Aga has also served as a Director on the Boards of Pakistan PTA Ltd, Akzo Nobel Pakistan Limited, ICI Power Gen Ltd, and Pakistan Society for Training & Development. He is a Certified Director and Accredited Trainer on Corporate Governance by IFC and Pakistan Institute of Corporate Governance (PICG), and a visiting Faculty for PICG's Director's training program.

He is an Independent Director and Chairman of the Audit Committee and member of HR & Remuneration Committee of the Board of Descon Oxychem Ltd., and has served as Independent Director on the Boards of Public Sector Companies STEDEC Technology Commercialization Corporation of Pakistan, Inland Water Transport Company of Pakistan and Engineering Development Board. He is also involved in volunteer work in the field of management development and has served as the Vice Chairman of the Lahore Chapter of Management Association of Pakistan and a Council member of the Lahore Chapter of Marketing Association of Pakistan.

Ali Aga holds an MBA degree from Drexel University U.S.A and a BSc. (Engg.) in Chemical Engineering from University of the Punjab. He has attended the Advanced Management Program at Harvard Business School and has been a guest speaker at various local and international conferences and seminars.



Mr. Imran Husain

Independent Director

A diversified individual having 40 + years plus experience in Senior Leadership assignments of Chief Executive Officer/ Managing Director, with a proven track record of superior performance through teamwork, continued commitment & application of diversified skill set.

The Professional traits include: Strategic Vision, Business intelligence, Leadership, Team development, Change management and effective execution.

Professional Memberships

Directorship:

- TPL REIT Management Company Limited
- Augere Limited (Netherlands) BV
- Sharp Communications (Pvt) Limited
- GSDCP (Pvt) Limited

Augere Limited (Netherlands) BV

Global Advisor

2012 – To date

International Business Strategist, Consultant and Global Advisor to Augere Limited, a multinational engaged in developing Wireless Broadband in Pakistan, Bangladesh and other countries under the brand name QUBEE.

Augere Limited (Netherlands) BV

Global Director Services and Business Support

2008 – 2012

Augere Pakistan Limited

Chief Executive Officer

2008 – 2008

Grand Leisure Corporation Ltd (PLC) builders of Port Grand

Chief Executive Officer

2003 – 2008

Dannemann Fabrics Ltd (PLC), – Integrated Denim manufacture

Managing Director

1991 – 2001

Pangrio Sugar Mills Ltd (PLC)

Managing Director

1983 – 1995

Spectrum Ltd (PLC)

Managing Director

1977 – 1983

Pakistan Fiat SpA, Italy

Country Advisor

1974 – 1977

Union Carbide Pakistan Limited

Economic Advisor

1972 -1974

Professional Advisory

- Member Prime Minister's Task Force for Land Allocation – (2005 – 2006)
- Member Task Force Board of Investment Pakistan – (2003)
- Chairman Sind Development Forum Organizing Committee – (2003)
- Chairman Sindh Small Industries Corporation Reorganization Task Force – (2002)
- Chairman Sindh Adabi Board, Task Force – (2002)
- Member Executive Committee Pakistan Sugar Mills Association – (1987 – 1989)



Mr. Javed Kureishi

Independent Director

Mr. Javed is a seasoned, international banker having spent 34 years with Citibank. He has held a number of senior, leadership roles across corporate banking, country management, risk and public sector coverage. He worked for Citibank in 6 different locations including Pakistan, Egypt, South Africa, Czech Republic, UAE and Singapore where he spent the last 9 years before returning to Pakistan in oct 2019. His last assignment was Head of Public Sector Senior Coverage Group for Asia Pacific covering 14 countries. Javed has travelled extensively across the Asia Pacific and has a good working knowledge of the region.

Mr. Javed is presently working for the IFC as an external consultant responsible for Senior client coverage and business origination. He is also on 3 other company boards including the Pakistan Stock Exchange.

Mr. Javed has also been a keen cricketer. He captained Pakistan Under 19 in 1978-79 on its tour of Sri Lanka and India. He also played first class Cricket for PIA, and Sind and represented Sussex under 25 and combined English Universities.

He has a BA Hons from Sussex University UK and is married with 2 children.



Mr. Basharat Ahmad Bhatti

Independent 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.

He has been assisting the Federal Government and Provincial Governments on various projects like Formulation of Pure Food Rules, Standardization of Consumer Products at PSQCA, Negotiation on APTTA, Tariff rationalization at FBR, Ministry of Commerce and Ministry of Industry and Special Initiatives etc.

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 Staff along with its practical implementation by process mapping, elimination of superfluous, simplification of system and procedures, thus made the business cost effective in obtaining substantial positive results contributing to Company's profitability.

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".

Mr. Basharat Ahmad remained Vice Chairman & Director, Pakistan Dairy Association, Director, Pakistan Halal Product Development Board, Executive Committee Member, Duke of Edinburg Award Pakistan, Member Pakistan Soap Manufacturers Association, and Member Pakistan Tea Association.



Ms. Tania Shahid Aidrus

Independent Director

Ms. Tania envisions Pakistan as an emerging leader in technology and innovation in the rapidly evolving global digital landscape over the next decade. She served as an advisor to the Prime Minister of Pakistan where she put in place a framework for the country's digitization journey. During her time in this role, she architected the five pillar Digital Pakistan strategy for the country to move towards digitization rapidly.

She also helped build Pakistan's Covid-19 data driven-response strategy as part of the National Command and Operations Center (NCOC). Today, Pakistan is globally recognized for handling the COVID-19 pandemic, and data-driven interventions have played an important role in this response.

Prior to this appointment, Tania spent over a decade at Google in the US and Singapore where she was a Director of Product Management for Next Billion Users and Payments. She was responsible for digitizing payments in emerging markets, particularly countries looking to take the leap from cash to digital and played a key role in the product strategy for the rollout of GPay across multiple countries. Tania also started Google's business in South Asia Frontier Markets (Bangladesh, Pakistan, Sri Lanka) and led those teams as the Country Manager. She co-founded a health-tech startup – ClickDiagnostics, and spent a portion of her career consulting for private and public sector organizations at Booz Allen Hamilton. Tania holds an MBA from the MIT Sloan School of Management and a BSc from Brandeis University

CHAIRMAN'S MESSAGE

Pakistan faced several challenges in 2022 that had a considerable impact on the nation's economy, including climate change-induced floods, animal disease, inflation, and currency devaluation, all of which exacerbated the economic struggles caused by the earlier pandemic.

As the fourth largest milk producing country in the world, Pakistan contributes 50 million tons of milk annually, with 80% of the country's total milk production coming from rural areas. However, the impact of climate change has caused significant concern among agriculturists and dairy business experts, who fear that the loss of hundreds of thousands of animals in 2022 may lead to a 30% to 40% reduction in milk and meat production in the coming periods which would lead to further inflationary pressures.

Despite these setbacks, I am pleased to report that our company has forged ahead, with significant growth momentum observed through an increase in sales. This was achieved through our focus on margin accretive portfolio, cost-saving initiatives for sustainable business practices, and the establishment of fit-for-the-future organizational capabilities.

We recognize that our greatest strength lies in our people, who have demonstrated remarkable resilience during these challenging times. This has enabled us to pursue sustainable business growth strategies and drive innovation. By working together, we have become a significant industry player dedicated to serving the people of Pakistan. Our focus on human resource development and corporate digitalization will continue to be a priority as we work to create value for our shareholders and society. We understand that the health of our organization is intrinsically linked to the health of the society in which we operate, and our sustainable business efforts in 2022 will enable us to reduce our carbon footprint in the future.

In 2022, the FFL Board successfully completed the transition of leadership roles, and we would like to acknowledge the invaluable services of our outgoing Chairman, Mr. Sarfaraz Ahmed Rehman, in the success of our company. As the Chairman, I will ensure that the Board takes all necessary steps that help us achieve long-term sustainable growth for the company.

The Board has established several committees entrusted with advisory and oversight functions, including the recommendation of a strategic framework, strengthening governance, guiding management to maximize resource utilization, improving capital structure, addressing business risks, and monitoring progress to recommend backup plans to achieve our strategic goals. Governance-related activities are a top priority, and our Directors actively seek feedback from subject matter experts before making critical decisions.

The Board shall remain focused on providing strategic direction and oversight to the Company for offering sustained returns to its shareholders, besides contributing towards nutritional needs of the Country.



Waqar Ahmed Malik

Chairman



CEO'S MESSAGE

2022 stands out for the remarkable changes to the world we operate in. The inflation, devaluation, floods, country liquidity crisis and disruptive supply chain created a perfect storm for all businesses. Amidst all this, Fauji Foods Limited (FFL) embarked upon its own journey of change.

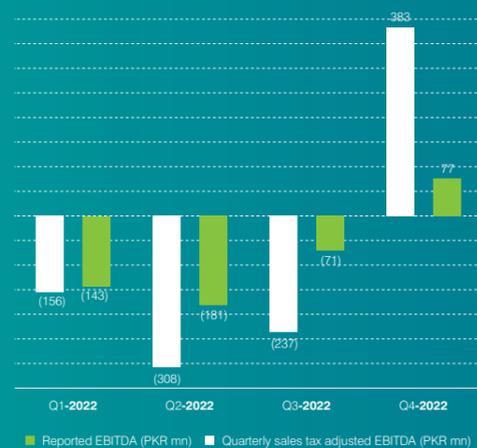
The portfolio strategy was reimagined, Route to Market was redesigned and digitized, FFL invested in sustainable and environment friendly energy mix and large strides were made in developing capabilities in multiple areas of business. As a result, despite the challenges, the revenue grew by 44%, putting FFL on path of a sustainable, value-led growth. The revenue growth was driven by a 66% increase in Nurpur UHT milk volume, doubling the institutional sales and distribution increase of 57%.

Inflationary pressure on the back of devaluation, floods, and macro-economic uncertainty resulted in a 50% increase in raw milk price and other major cost components. That in turn, eroded the margins by circa 7% in Q2 2022.

The management's timely decisions on pricing, deploying cost-optimization strategies and above all a firm commitment to grow margin accretive portfolio ensured a robust margin recovery in Quarter 4. As a result, the 2022 Q4 EBIDTA was PKR 383 mn (PKR 77 mn excluding one-time sales tax reversal), a 262% growth over Q3 2022.

Quarterly EBIDTA 2022

(PKR mn)



The loss after tax for the FY 2022 was PKR 2.168 bn; where interest cost of PKR 1.2 bn constituted 57% of the total loss. Our sponsors have committed to inject an equity of PKR 11.7 billion via Other than Right Share issue. This will eliminate the debt overhang and rid the business of the interest cost that is a drag on the Company's financial performance.

FFL takes immense pride in its environment friendly policies. The twin projects of bio-fuel and solar will not only reduce our carbon footprint but will also rationalize the energy cost. This, coupled with an in-depth cost benchmarking shall yield certain cost-efficiency opportunities. The management is confident that these initiatives will yield close to PKR 1 bn. That in turn, will structurally improve the gross-margin leading to greater sustainability.

We feel that FFL is at the cusp of turning into a healthy, growing business. While the inflationary pressure on the industry will persist, it also presents a great opportunity to connect with our consumers and customers. It is this customer-centricity that allowed us to double our institutional business in 2022. With our partnership with international customers firmly in place, we expect the localization trend to continue, strengthening FFL's Food Services business. Likewise, the redesigned Route to Market was pivotal in achieving volume growth as the distribution nearly doubled to 30,000+ stores in 2022. With the digitization and channel focus, we expect that distribution will continue to be a strong driver of growth moving forward.

The worsening economic outlook does not augur well for the country's economy. FFL has taken timely steps to bring key costs down and will benefit from the full year impact of these initiatives. Food in general and dairy in particular will remain critical to the nutritional needs of the nation. We believe that FFL has the right strategic direction, resources and above all the collective will to not only ride but also thrive in these challenging times.

Usman Zaheer Ahmad

Chief Executive Officer

LEADERSHIP TEAM



Sitting From Left To Right

Rao Muhammad Imran	Head of R&D / Innovation, QA/RA
Khurram Javaid	Chief Commercial Officer
Brig. Hamid Mahmood Dar SI(M), (Retd)	Company Secretary
Usman Zaheer Ahmad	Chief Executive Officer
Lt Col M. Babar Rashid (Retd)	Head Admin
Muhammad Ifzal Akhtar	Factory Manager

Standing From Left To Right

Abdul Rehman Butt	Head Supply Chain Management
Faisal Sheikh	Chief Human Resource Officer
Waseem Haider	Chief Financial Officer
Hafiz Sajjad Hussain	Head Milk Collection & Agri Services

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of the shareholders of Fauji Foods Limited will be held on Tuesday, March 21, 2023 at 11:00 a.m. at FFL Head Office, 42 CCA, Ex Park View, DHA Phase- VIII, Lahore and also virtually through video-link to transact the following business:

Ordinary Business:

- To confirm the minutes of Extraordinary General Meeting held on October 18, 2022.
- To receive, consider and adopt the audited accounts for the year ended December 31, 2022 and the reports of the Directors and Auditors thereon.
- To appoint auditors for ensuing period till next AGM and to fix their remuneration.

Other Business:

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

Closure of Share Transfer Books:

Share transfer books of the Company will remain closed from March 15, 2023 to March 21, 2023 (both days inclusive) for the purpose of holding the Annual General Meeting.

By Order of the Board

Lahore,
January 26, 2023

Brig Hamid Mahmood Dar (Retd)
Company Secretary

Notes:-

Participation in the AGM Proceedings:

- Any 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 time of holding the meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's CNIC must be attached with the proxy form.

- The CDC/sub account holders are required to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:-

(a) For attending the meeting:

- 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.
- 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:

- In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.

- The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- 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.

- Members, having physical shares, are advised to intimate any change in their registered address and the shareholders who have not yet submitted photocopies of their Computerized National Identity Cards (CNIC) are requested to send the same at the earliest.

- Shareholders who wish to receive annual reports and notice of the General Meeting through e-mail are requested to provide, through a letter duly signed by them, their particulars, i.e. Name, Folio/ CDC A/C No., E-mail Address, Contact Number, CNIC Number (attach copy). Shareholders are also requested to notify immediately any change in their e-mail address 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 Registered Folio / CDC Account No _____ hereby opt for video conference facility at _____.

Signature of member

5. E-Voting

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

6. Participation in the AGM through video-link:

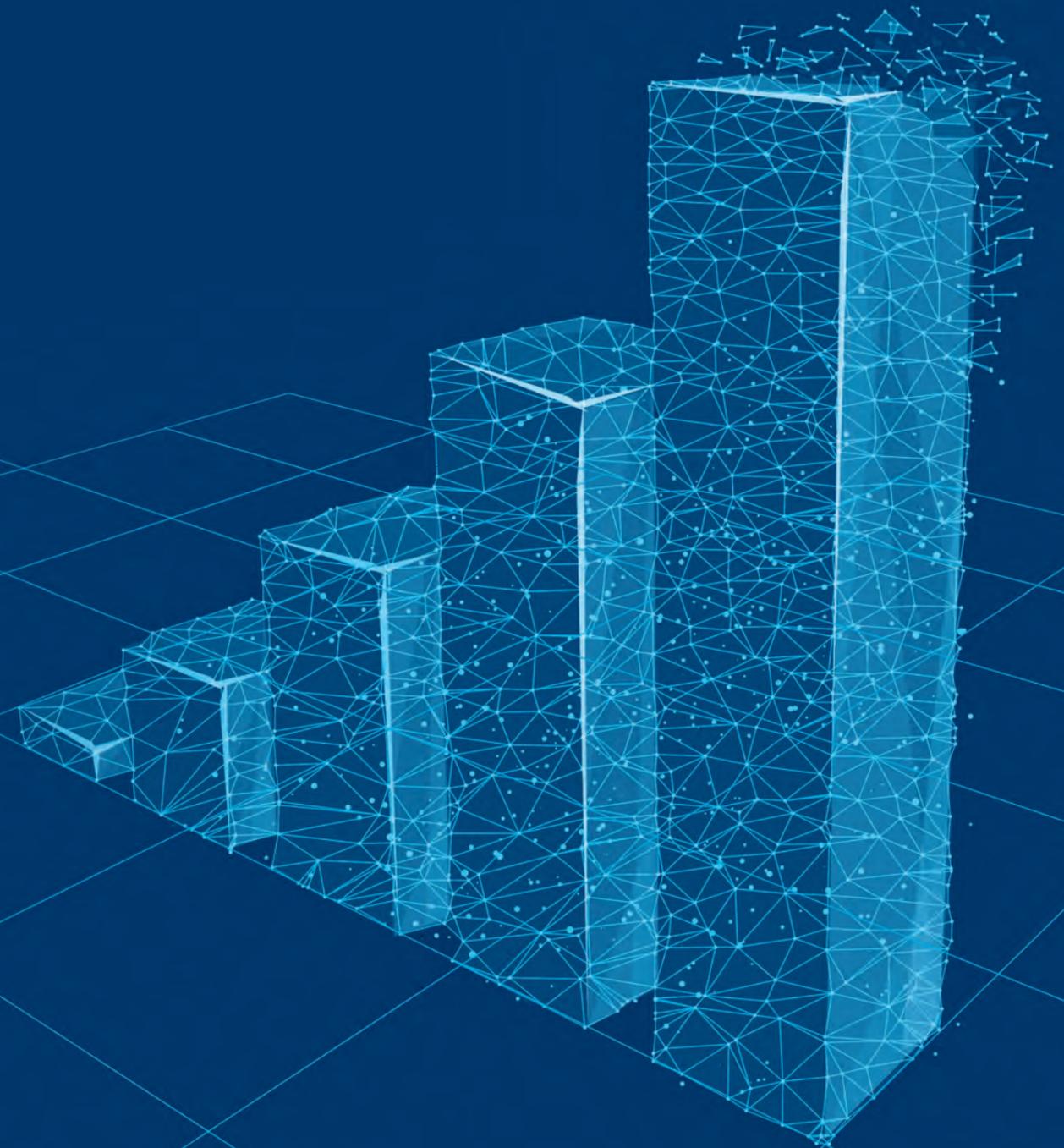
Video-link for participation virtually in the AGM shall be available on Company's website i.e., www.faujifoods.com.

Members are also requested to participate in the Annual General Meeting through the following means:

1.	WhatsApp No.	[0321-8318007] for queries & suggestions)
2.	Email ID	[secretary@faujifoods.com] (for queries & suggestions)
3.	Video Link	[Join Through Below Zoom Link]
https://ffbl.zoom.us/j/2315355306?pwd=dUFUL0pHNUIFSTdINzNZWVJWdVVDUT09		
	Meeting ID:	231 535 5306
	Passcode:	335335

DIRECTORS' REPORT

For the year ended December 31, 2022



DIRECTOR'S REPORT

For the year ended December 31, 2022

Economic Overview

Uncertainty regarding the global economy persists with central banks continuing monetary tightening to combat growing inflation, which is expected to continue in 2023. This monetary tightening, coupled with withdrawal of fiscal stimuli, has increased the possibility of a global recession. Pakistan while not only facing global challenges, has its own demons to face in the months ahead. Although discussions are ongoing with multilateral agencies, however unprecedented climate-induced floods coupled with rapidly depleting foreign currency reserves, slowing of exports, high interest rate environment & related factors have dramatically worsened Pakistan's economic outlook.

Unprecedented floods in mid-2022 created havoc in Pakistan. It is estimated that over 33 million people are affected and damages of USD ~20 billion have been borne by the economy. The floods have affected economic and agricultural activity in the Country as major crops witnessed significant production losses. The textile sector, saw factories shutting down due to unavailability of cotton, while shortage of agricultural produce has resulted in increased prices of staple food items, further fueling rising inflation. With this scenario, the Country's risk of default continues to be priced in by global markets.

To address uncertainty and revert to a growth trajectory, the Country is in dire need of structural reforms, like expansion of tax net, cost effective power generation, lowering fuel rates, incentivizing export sectors, targeted policies to boost IT sector exports, and establishing talent development programs.

Through such grim realities, our business is working towards building a sustainable business model and has also started developing an export-oriented road map. During these challenging times, Fauji Foods Limited continues to play a vital role in helping solve some of the Country's most pressing food security issues.

Business Review

Along with the massive economic challenges mentioned above, the dairy industry was one of the first and the most hit by the floods. It is estimated that around 1.5 million animals died and/or were displaced by these climate change induced floods and disease. This resulted in around a 20% loss in milk production in Pakistan dairy sector. Devaluation of Pak Rupee significantly impacted the feed input cost of the farmer which resulted in around 50% increase in raw milk cost in 2022 vs a 36% increase in milk cost over the previous 5 years. Due to devaluation

of currency and increasing energy costs, Tetra Pakistan and Ecolene increased the price of packaging material by ~ 30% during the year. Company is also facing serious challenges in import of essential raw materials due to delays in opening of Letter of Credits by State Bank of Pakistan amid government policies to tackle the depleting foreign reserves.

Early in 2022, GST was imposed on liquid tea whitener, a key product of the dairy industry, which significantly impacted the sales of this category & also FFL's financial results. The above GST was rightly reversed by Honorable Lahore High Court in Q4 2022, helping not only the Company but overall dairy industry in such difficult times.

2022 saw FFL stage a strong comeback based on three strategic pillars:

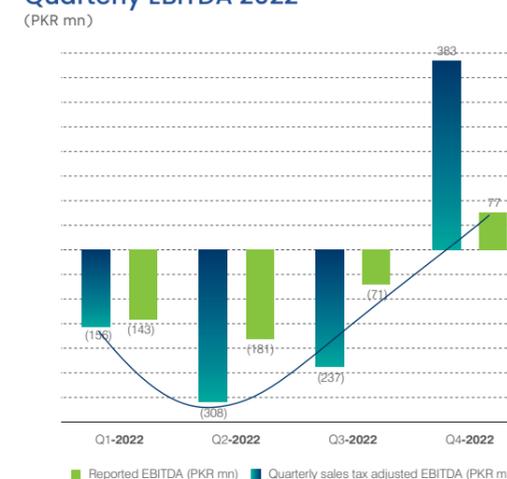
- Value led growth:
 - **Portfolio Pivot** towards margin accretive categories
 - **Aggressive Pricing** to offset the inflationary pressure
 - Transformed **Rout to Market** for focused deployment of portfolio in the market bringing in efficiencies and speed.
 - **Channel Strategy** revisited to prioritize profitable channels.
- Build Sustainability through significantly reducing the cost base
 - **Optimized sourcing** strategy to reduce the impact of critical raw materials
 - The **imported** and hence expensive packmat for 1.5L was **replaced with local** format to reduce the cost.
 - Number of efficiency projects successfully executed at plant to reduce wastage and improve productivity
- Capability
 - Company has invested heavily in the **automation of secondary sales** processes through implementation of SalesFlo
 - The **digitization of entire milk collection** value chain is under way. The design part has been completed.
 - A **robust talent management** process was put in place to build a strong talent backbone for future

It gives me immense pleasure to report that despite such an uncertain & challenging business environment, FFL achieved an impressive 44% growth in net revenue for the year 2022; PKR 12.4 billion compared with PKR 8.6

billion in 2021. Volume for the year increased by 9%; with significantly higher growth in value-added portfolio, hence off-setting volume & margin decline in commoditized categories.

The business showed unprecedented resilience and ingenuity to bounce back from macro-economic and other external challenges in first half of the year to stage a strong recovery. The Q4 EBIDTA of +383 mn (+77 mn for Q4 excluding reversal of Sales Tax) reflects that the turnaround strategy has started bearing fruit.

Quarterly EBIDTA 2022



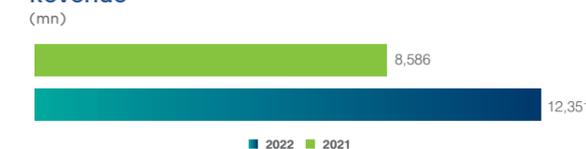
The gross profit of PKR 971 million in 2022 (+ 5% over LY) is testimony to the success of the reshaped business model in the face of such extreme inflationary environment.

A very high interest rate saw the gross profit generated by the Company being hit by an interest cost to the tune of Pkr 1.3 billion. The company was successful in securing cash injection commitments of Pkr 11.7 billion from its sponsors and shareholders via Other than rights share issue process. On the completion of this process, this injection will help the Company address its highly leveraged balance sheet and ensuring a significant reduction in the markup costs for year 2023.

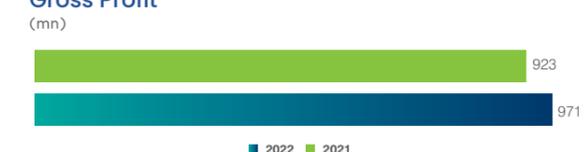
Loss after tax for the year 2022 stood at Pkr 2.168 billion vs Pkr 1.253 billion in 2021.

PKR million	2022	2021	Increase/(Decrease) %
Net sales	12,351	8,586	44.0%
Gross profit	971	923	5.2%
(Loss) after tax	(2,168)	(1,253)	73.0%

Revenue



Gross Profit



Loss after Taxation



Increase in Authorized Capital and other than Right Issue

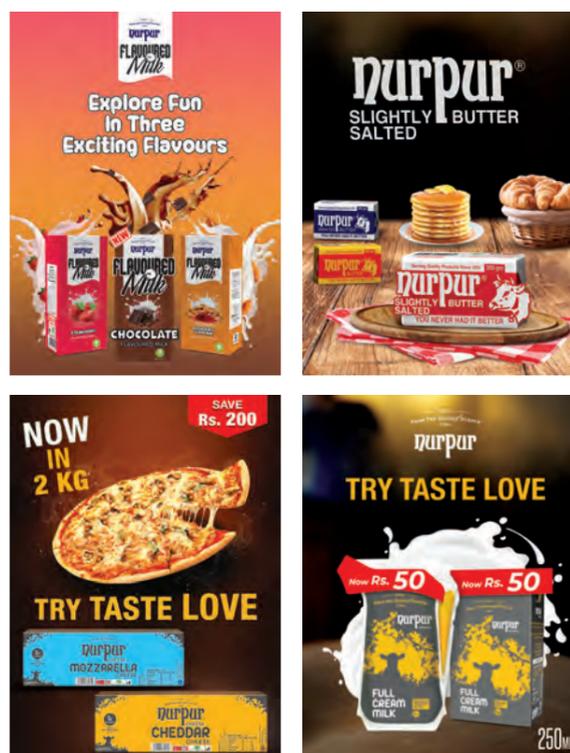
In the Extraordinary General Meeting held on August 30, 2022, Shareholders approved, through a special resolution, an increase in Authorized Capital to 28,000 million Shares of Rs. 10/- each from 18,000 million Shares of Rs. 10/- each. Further during the year, Shareholders have approved through a special resolution in the Extraordinary General Meeting held on October 18, 2022; issuance of "other than right" shares of the Company in the aggregate amount of PKR 11,708,749,800 divided into 1,170,874,980 shares of PKR 10 each. The issuance of "other than right" shares, once approved by relevant authorities will strengthen the Company's equity and liquidity.

Deploying a fit for future portfolio strategy

House of Nurpur presents one of the most diversified dairy portfolio to serve the Tasteful Nutrition for Pakistani consumers. Our wide range of products include Nurpur UHT Milk, Butter, Cheese, Cream, Flavored milk & Dostea Liquid Tea Whitener. In '22 Nurpur UHT milk outgrew the milk category by more than 7 times, becoming the fastest growing milk brand in Pakistan in 2022. Living our promise of tastefulness and nutrition, we laterally & successfully expanded our portfolio through line extensions in value added categories i.e., Slightly Salted Butter, Chocolate Flavor Milk, Mozzarella & Cheddar Cheese Blocks.

In '22 we effectively improved Nurpur top of the mind consumer awareness manifold. This was delivered on the back of a well-orchestrated integrated communication strategy. The communication platforms included TVCs, always-on social media digital platforms, food shows and recipe channels integrations, Sports (Hockey & Golf) sponsorships, baking competitions, impactful consumer engagement and consumer promotions to induce trial.

Our food services business plays a fundamental role in upholding our promise of Taste & Nutrition by developing business with prestigious Int'l & local clients based on customized products and a value-added range of our portfolio. It helped in sustaining the business value margins and volume growth in these unprecedented economic times.



Future outlook

The 2022 strategic direction has already started to build a positive growth momentum in volume and margins as borne out by Q4 results. Based on last two quarters trends we are confident that:

- **Growth momentum** will continue in 2023. The 'Route to Market' capability will continue to drive the sustainable growth in portfolio and particularly value-added brands

- Successful development of **new products for institutional business** is expected to build on an already robust portfolio. We aim to sell more products to existing customers as well as acquire new customers based on insight-led new products.
- **Mega sustainability projects** are underway to shift to clean energy and radically bring down the energy cost. A 1.0 MW solar plant is being installed currently that is expected to be in production by Q1 2023. Also, conversion is under way to utilize locally available bio fuel to reduce the reliance on imported and expensive fuel for production needs.
- **Equity injection** is expected to eliminate the debt. That will take sizeable interest cost off the books thereby allowing a much needed boost to a business that is already improving its operational health rapidly
- We aim to secure the future of the business by **Transforming the Talent Base**. Number of initiatives are underway to ensure that FFL is able to engage top quality talent to build a leadership pipeline for future.

To achieve sustainable sectoral growth, it is of immense importance that future government policies are consistent and supportive to dairy sector. Company is engaged with multiple relevant and important stakeholders through the platform of Pakistan Dairy Association (PDA) to help emphasize the importance of packaged milk and related products to ensure for provision of healthy and hygienic products to the nation.

However, management also foresees a mixed macroeconomic and business environment with inflationary challenges and pressure on consumer purchasing power. The management team remains committed and resilient to respond to the challenges in the market by increasing capabilities and by bringing further operational efficiency to make the company's business sustainable and profitable.

Principle Risks and Uncertainties Facing the Company

Risks faced by the Company are not significantly different from those posed to other companies working in the dairy sector. Risks are reviewed by the management through a robust business and risk management process. Appropriate strategies and contingency plans are regularly reviewed to minimize the potential impact associated

with these 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 on an arms' length basis. 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 with continuous improvements taking place.
- 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, 2022 except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on un-audited accounts, was Rs. 111 million as at December 31, 2022.
- 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:		No. of Shares held	Percentage
I. Associated Companies, Undertakings and Related Parties:			
1.	Committee of Admin. Fauji Foundation (CDC)	67,371,916	4.2530
2.	Fauji Fertilizer Bin Qasim Limited (CDC)	1,134,701,257	71.6312
II. Mutual Funds:			
1.	CDC – Trustee Alfalah Consumer Index Exchange Traded Fund (CDC)	121,876	0.0077
2.	CDC - Trustee Faysal MTS Fund - MT (CDC)	205, 500	0.0130
3.	CDC – Trustee First Capital Mutual Fund (CDC)	35,000	0.0022
4.	CDC – Trustee Golden Arrow Stock Fund (CDC)	50,000	0.0032
5.	CDC – Trustee HBL Financial Sector Income Fund Pan I – MT (CDC)	55,000	0.0035
6.	CDC – Trustee NIT Income Fund – MT (CDC)	500	0.0000
III. Directors, CEO and their Spouse and Minor Children:			
1.	Mr. Sarfaraz Ahmed Rehman	7	0.0000
2.	Mr. Arif ur Rehman	70,001	0.0044
3.	Dr. Nadeem Inayat	31	0.0000
4.	Syed Bakhtiyar Kazmi	1	0.0000
5.	Mr. Ali Asrar Hossain Aga	78,879	0.0050
6.	Mr. Basharat Ahmad Bhatti	1	0.0000
7.	Mr. Imran Husain	1	0.0000
8.	Mr. Javed Kureishi	1	0.0000
9.	Ms. Tania Shahid Aidrus	1	0.0000

IV.	Executives:	-	-
V.	Public Sector Companies & Corporations:	-	-
VI.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	28,247,439	1.7832
VII.	Shareholders holding five percent or more voting interest in the listed company:		
	1. Fauji Fertilizer Bin Qasim Limited (CDC)	1,134,701,257	71.6312

- No trading 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, 2022.

Five meetings of the Audit Committee were held. Attendance by each director was as follow:

Name of Directors	No. of Meeting(s) Attended
Mr. Javed Kureishi	5
Syed Bakhtiyar Kazmi	5
Mr. Basharat Ahmad Bhatti	5
Dr. Nadeem Inayat	1

Seven meetings of the HR&R Committee were held. Attendance by each director was as follow:

Name of Directors	No. of Meeting(s) Attended
Mr. Ali Asrar Hossain Aga	7
Dr. Nadeem Inayat	1
Mr. Imran Husain	6
Mr. Arif ur Rehman	7
Ms. Samia Iram	0

Five meetings of the Operation and Business Committee were held.

Attendance by each director was as follow:

Name of Directors	No. of Meeting(s) Attended
Mr. Ali Asrar Hossain Aga	5
Dr. Nadeem Inayat	1
Mr. Imran Husain	5
Mr. Sarfaraz Ahmed Rehman	4

Board of Directors / Committees meetings during the year 2022:

Seven meetings of the Board of Directors were held. Attendance by each director was as follow:

Name of Directors		No. of Meeting(s) Attended
Mr. Sarfaraz Ahmed Rehman	- Re-Elected on November 26, 2021	5
Mr. Arif ur Rehman	- Re-Elected on November 26, 2021	7
Dr. Nadeem Inayat	- Re-Elected on November 26, 2021	4
Syed Bakhtiyar Kazmi	- Re-Elected on November 26, 2021	7
Mr. Ali Asrar Hossain Aga	- Re-Elected on November 26, 2021	7
Mr. Basharat Ahmad Bhatti	- Re-Elected on November 26, 2021	7
Mr. Imran Husain	- Re-Elected on November 26, 2021	7
Mr. Javed Kureishi	- Re-Elected on November 26, 2021	7
Ms. Samia Iram	- Resigned w.e.f September 05, 2022	1
Ms. Tania Shahid Aidrus	- Appointed on September 05, 2022	3

Auditors:

The audit committee reviewed consent of retiring auditors EY Ford Rhodes Chartered Accountants being eligible for re-appointment to provide independent external audit services to the Company. The Audit Committee has recommended the appointment of retiring auditors EY Ford Rhodes Chartered Accountants as statutory auditors of the Company for the ensuing year. The Board has endorsed the recommendation.

Compliance with the Code of Corporate Governance:

The requirements of the Listed Companies (Code of Corporate Governance) regulations 2019, relevant for the year ended December 31, 2022 have been duly complied with. A statement to this effect is annexed with the report.

FFL follows a policy framework conducive to more environmentally friendly practices and proper waste management practices have been adopted for solid and liquid waste, air emission, soil pollution and noise.

Company's objective towards corporate social responsibility is to prioritize social good alongside the traditional corporate goal of generating profits.

Directors are under fiduciary responsibility to operate business under a system of governance and controls, which reinforces stakeholders trust and confidence in the Company.

The remuneration to the Non-executive Directors (including independent Directors) is paid according to the remuneration policy approved by the Board.

Dividends:

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

Annual General Meeting:

The 56th Annual General Meeting will be held on March 21, 2023 at 1100 hours at Lahore to approve annual financial statements of the Company for the year ended December 31, 2022.

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

Waqar Ahmed Malik
Chairman

Usman Zaheer Ahmad
Chief Executive Officer

Dated: January 26, 2023



STATEMENT OF COMPLIANCE

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

Name of Company: Fauji Foods Limited
Year ended: December 31, 2022

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

1. The total number of directors are 09 as per the following:

a. Male:	08
b. Female:	01

2. The composition of Board is as follows:

Independent Directors

Mr. Javed Kureishi

Mr. Basharat Ahmad Bhatti

Mr. Imran Husain

Mr. Ali Asrar Hossain Aga

Female Director

Ms. Tania Shahid Aidrus

Non-Executive Directors

Mr. Sarfaraz Ahmed Rehman (Chairman)

Mr. Arif ur Rehman

Dr. Nadeem Inayat

Syed Bakhtiyar Kazmi

Chief Executive Officer

Mr. Usman Zaheer Ahmad

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. A casual vacancy occurring on 05 September, 2022 was filled by the Directors on 05 September, 2022 when Ms. Tania Shahid Aidrus was appointed as Director in place of Brig Dr. Samia Iram (Retd).

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

7. 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.

8. 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 the Board.

9. 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 by BOD.

10. The following Directors have completed their Director's Training Program:

Mr. Sarfaraz Ahmed Rehman (Director / Chairman)

Dr. Nadeem Inayat (Director)

Mr. Basharat Ahmad Bhatti (Director)

Mr. Imran Husain (Director)

Mr. Ali Asrar Hossain Aga (Director)

Syed Bakhtiyar Kazmi (Director)

11. The Board has approved appointment of Chief Financial Officer including the remuneration and terms and conditions of employment.

12. Chief Executive Officer resigned from his position and the vacant position has been filled by the Board. There is no change in the Head of Internal Audit.

13. CEO and CFO duly endorsed the financial statements before approval of the Board.

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

Audit Committee

Mr. Javed Kureishi (Chairman)

Syed Bakhtiyar Kazmi (Member)

Mr. Basharat Ahmad Bhatti (Member)

Dr. Nadeem Inayat (Member)

HR & Remuneration Committee

Mr. Ali Asrar Hossain Aga (Chairman)

Dr. Nadeem Inayat (Member)

Mr. Imran Husain (Member)

Mr. Arif ur Rehman (Member)

Operation and Business Committee

Mr. Ali Asrar Hossain Aga (Chairman)

Dr. Nadeem Inayat (Member)

Mr. Imran Husain (Member)

Mr. Sarfaraz Ahmed Rehman (Member)

15. The Terms of Reference of the Audit Committee, Human Resource Committee and Operation and Business Committee have been formed, documented and advised to the Committees for Compliance.

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

	No.	Frequency
Audit Committee	05	Quarterly
HR and Remuneration Committee:	07	Quarterly
Operation and Business Committee:	05	Quarterly

17. 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.

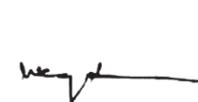
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

19. 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.

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

21. Explanation for non-compliance with requirements other than regulations 3,6,7,8,27,32,33 and 36 are below:

- The Company has not formed Risk Management Committee. However, the Company has Operation and Business Committee which is working in lieu of this committee.
- The Company has not formed Nomination Committee. However, the Company has Human Resource & Remuneration Committee which is working in lieu of this committee.


Waqar Ahmed Malik

Chairman


Usman Zaheer Ahmad

Chief Executive Officer

Dated: January 26, 2023

FINANCIAL PERFORMANCE

		Annual					
		2022	2021	2020	2019	2018	2017
Production							
Liquid Production - litres		59,041,145	57,077,538	61,144,281	60,873,948	90,295,898	86,699,115
Non - Liquid Products - Kgs		2,791,413	2,830,496	1,940,207	1,651,307	1,778,587	725,221
Financial Performance - Profitability							
Gross profit margin	%	7.86	10.75	0.84	(11.82)	(3.84)	2.79
EBITDA margin to sales	%	(2.58)	(0.23)	(5.81)	(32.70)	(24.08)	(29.67)
Pre tax margin	%	(16.27)	(17.89)	(41.28)	(74.03)	(43.30)	(43.08)
Net profit margin	%	(17.56)	(14.59)	(41.48)	(100.77)	(37.25)	(32.68)
Return on equity	%	(53.58)	(21.79)	(111.40)	(244.43)	(79.88)	(35.73)
Return on capital employed	%	22.55	12.89	127.81	(908.41)	(42.47)	(28.46)

Operating Performance / Liquidity							
Total assets turnover	Times	1	0.61	0.56	0.47	0.56	0.59
Fixed assets turnover	Times	2	1.01	0.96	0.71	0.96	1.03
Trade Debtors	Rs. (000)	557,499	566,068	350,850	181,171	124,573	129,705
Debtors turnover	Times	22	19	28	38	60	67
Debtors turnover	Days	17	19	13	10	6	5
Inventory	Rs. (000)	1,239,692	707,587	543,983	1,443,223	1,380,401	1,021,156
Inventory turnover	Times	12	12	7	5	7	8
Inventory turnover	Days	31	30	50	80	55	46
Purchases	Rs. (000)	9,889,644	6,577,469	5,866,287	5,053,129	6,437,178	5,403,562
Accounts Payables	Rs. (000)	1,241,569	737,489	443,910	777,093	898,415	438,319
Creditors turnover	Times	10	11	10	6	10	7
Creditors turnover	Days	37	33	38	61	38	49
Operating cycle	Days	11	17	25	29	23	2
Return on assets	%	(15.25)	(8.85)	(26.06)	(47.63)	(21.02)	(19.22)
Current ratio		1.32	1.27	0.44	0.31	0.58	1.70
Quick / Acid test ratio		1.01	1.07	0.37	0.18	0.36	1.22

Capital Market / Capital Structure Analysis							
Market value per share							
- Year end	Rs.	4.71	9.19	17.37	14.47	30.28	16.46
Breakup value - (Net assets / share)	Rs.	2.56	2.23	(4.97)	(6.96)	4.05	9.36
Earning per share (pre tax)	Rs.	(1.27)	(0.97)	(3.91)	(8.05)	(6.27)	(12.15)
Earning per share (after tax)	Rs.	(1.37)	(0.79)	(3.92)	(10.96)	(5.39)	(9.22)
Earnings growth	%	-73.07%	79.85%	64.18%	-103.17%	41.50%	-5.33%
Price earning ratio		(3.44)	(11.62)	(4.43)	(1.32)	(5.62)	(1.79)
Market price to breakup value		1.84	4.13	(3.50)	(2.08)	7.47	1.76
Debt : Equity		1.78	2.25	(3.64)	(3.82)	4.61	1.73
Interest cover		(0.65)	(3.96)	(0.65)	(1.43)	(3.79)	(6.45)

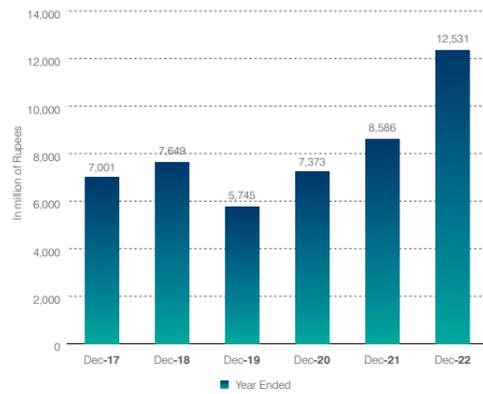
		Annual					
		2022	2021	2020	2019	2018	2017
Statement of affairs							
Share capital	Rs. (000)	15,840,882	15,840,882	8,032,936	5,284,072	5,284,072	5,284,072
Reserves	Rs. (000)	(13,925,332)	(14,541,006)	(13,265,668)	(10,271,276)	(4,565,974)	(1,797,650)
Revaluation surplus	Rs. (000)	2,131,899	2,225,644	1,243,724	1,309,418	1,424,378	1,458,968
Share holder's fund / Equity	Rs. (000)	4,047,449	3,525,519	(3,989,009)	(3,677,786)	2,142,476	4,945,390
Long term borrowings	Rs. (000)	5,536,164	6,117,338	6,304,524	2,963,889	4,480,940	4,553,055
Capital employed	Rs. (000)	9,614,409	9,718,112	2,392,685	(637,262)	6,709,583	8,039,476
Deferred liabilities/(assets)	Rs. (000)	-	-	-	-	(1,571,537)	(1,061,248)
Property, plant & equipment	Rs. (000)	8,138,696	8,521,212	7,550,093	8,106,036	7,953,144	6,822,274
Long term assets	Rs. (000)	8,154,165	8,529,390	7,577,052	8,152,036	9,584,783	7,901,844
Net current assets / Working capital	Rs. (000)	1,460,244	1,188,722	(5,184,367)	(8,789,298)	(2,875,200)	1,652,214
Liquid funds - net	Rs. (000)	1,145,482	1,873,907	888,888	114,134	98,221	1,195,302

Financial Performance							
Sales - net	Rs. (000)	12,350,702	8,586,396	7,373,162	5,744,872	7,649,287	7,000,955
Gross profit	Rs. (000)	970,668	922,734	62,262	(678,827)	(293,641)	195,125
Operating Loss	Rs. (000)	(815,763)	(457,148)	(1,147,313)	(2,434,379)	(2,555,185)	(2,570,226)
Loss before tax	Rs. (000)	(2,009,458)	(1,536,489)	(3,043,795)	(4,253,029)	(3,312,388)	(3,016,286)
Loss after tax	Rs. (000)	(2,168,511)	(1,252,942)	(3,058,112)	(5,788,937)	(2,849,239)	(2,288,262)
EBITDA	Rs. (000)	(318,248)	(19,931)	(428,346)	(1,878,474)	(1,841,925)	(2,077,150)

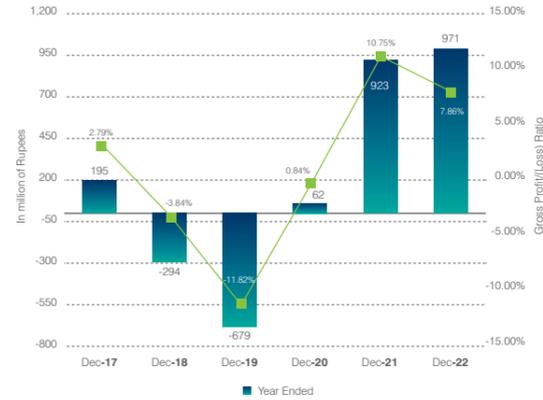
Summary of Cash Flows							
Net cash flow from operating activities	Rs. (000)	(969,895)	(381,082)	(321,559)	(1,960,936)	(2,539,892)	(3,597,667)
Net cash flow from investing activities	Rs. (000)	20,163	105,945	(67,252)	(739,335)	(1,456,341)	(1,050,585)
Net cash flow from financing activities	Rs. (000)	220,591	1,201,499	4,659,344	2,215,323	(292,430)	6,159,323
Changes in cash & cash equivalents	Rs. (000)	(729,141)	926,361	4,270,533	(484,949)	(4,288,663)	1,511,072
Cash & cash equivalents - Year end	Rs. (000)	(560,059)	169,083	(757,279)	(5,027,812)	(4,542,863)	(254,200)

FINANCIAL PERFORMANCE

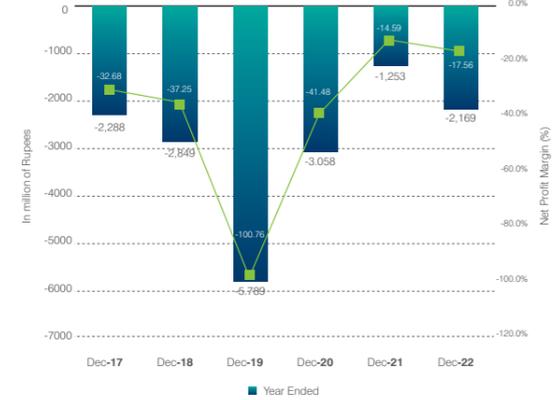
Sales - Net



GROSS PROFIT/(LOSS) & RATIO TO SALES



Loss After Tax



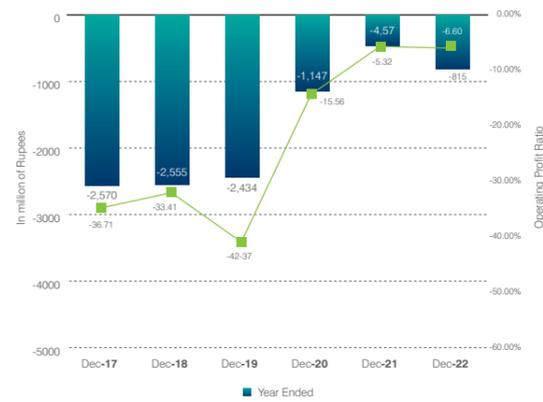
Ordinary Share Capital & Loss Per Share



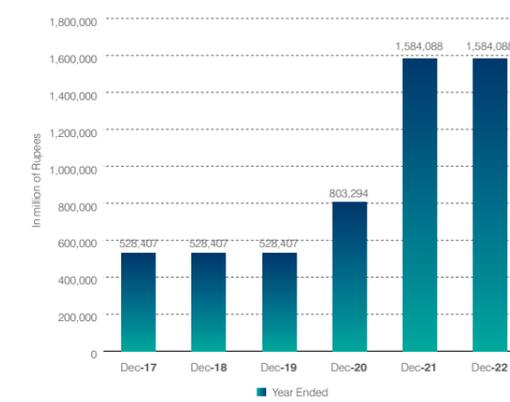
Distribution Expenses Ratio to Sales



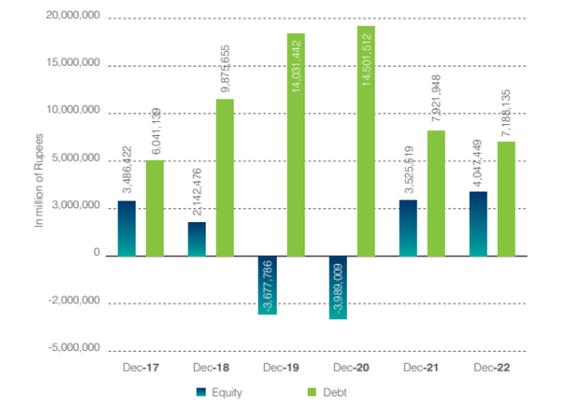
OPERATING LOSS & RATIO TO SALES



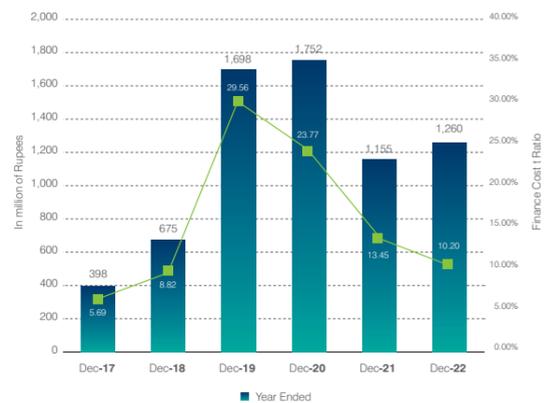
Paid-up Share Capital



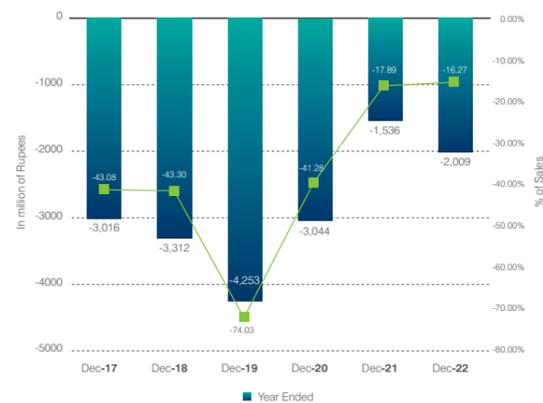
Shareholders' Equity and Total Debts



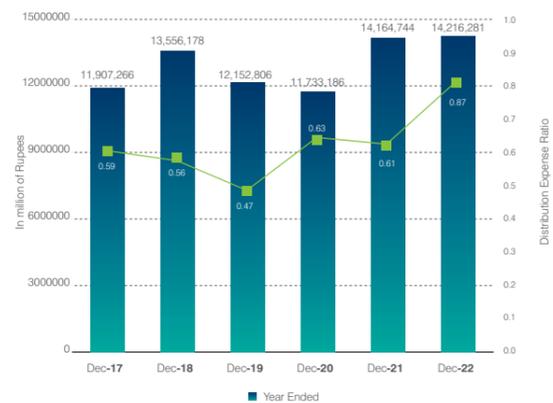
Financial Expenses & Ratio to Sales



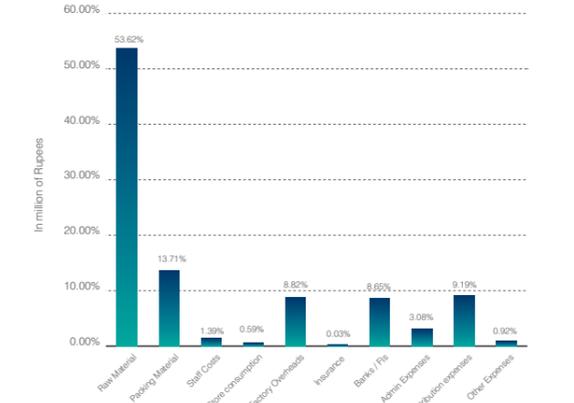
Loss Before Tax & Ratio to Sales



Total Assets & Turnover



Application of Revenue



PRODUCT PORTFOLIO



NURPUR UHT MILK

NURPUR UHT Milk is produced from freshly collected high quality full-cream milk. It is ultra-high temperature treated and packed in both Tetra Pak and Ecolean Packs



NURPUR SALTED BUTTER

NURPUR Salted Butter is produced from fresh dairy cream with great taste due to high-quality NURPUR butter churn. It is hygienically packed for better protection and convenience

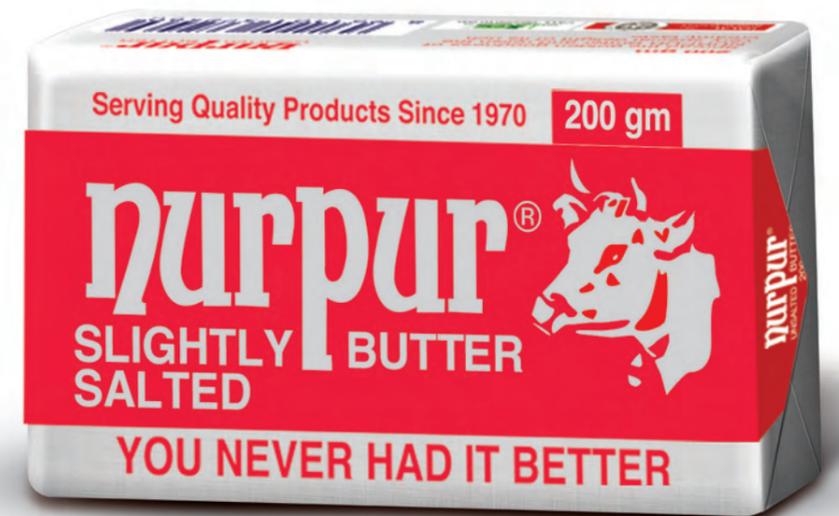


NURPUR UNSALTED BUTTER

Nurpur unsalted butter is produced from fresh dairy cream with great taste due to high-quality NURPUR butter churn. It is hygienically packed in butter paper and foil for better protection and convenience



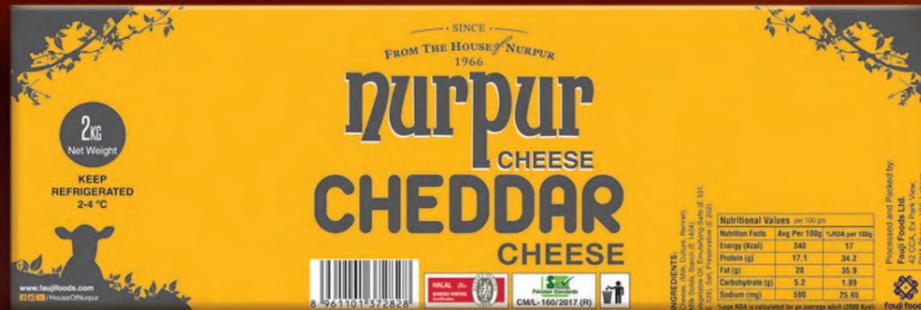
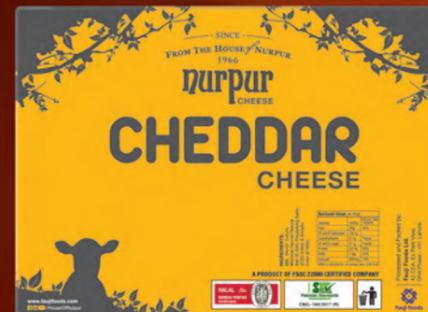
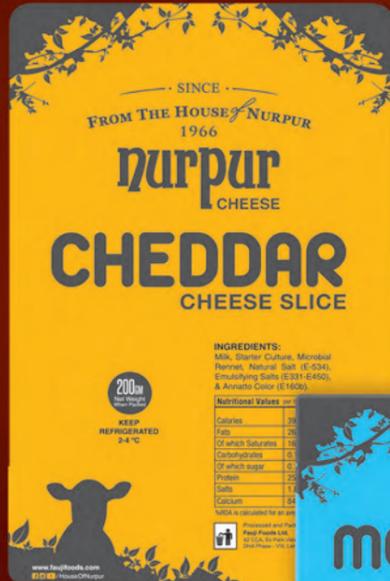
NURPUR SLIGHTLY SALTED BUTTER



Spread NURPUR's Slightly Salted Butter on your toast or dollop on pancakes to relish every bite. The subtle taste of salt is ideal for those who prefer low salt diet

NURPUR CHEESE

Nurpur Cheddar Cheese has creamy taste with rich aroma making it customers first choice. Nurpur Mozzarella Cheese provides outstanding performance in various applications so customers can enjoy a delicious, authentic experience every time



NURPUR FLAVOURED MILK



Nurpur Flavoured Milk is a sweetened dairy product made with fresh milk. The process involves ultra-high temperature treatment to protect the product

NURPUR CREAM

Nurpur Cream is a smooth and delicious dairy cream, produced from fresh high quality milk, ultra-high temperature treated and packed in Tetra packaging



DOSTEA TEA WHITENER

Dostea Tea whitener provides a rich and mouthful cup of tea. It is a pasteurized, ultra-high temperature treated and packed in both Tetra Pak and Ecolean Packs



FAUJI FOODS LIMITED FOOD SERVICES BUSINESS

FFL Food Services Business provides a wide range of food products to meet the growing demands of the food service industry including restaurants, hotels, fast food chains, bakeries, institutional caterers and more.

With emphasis on quality and customer service, FFL Food Services Business plays a pivotal role in the food supply chain, ensuring the prompt delivery of quality food products that satisfy the nutritional needs of our customers while enriching their lives with unique culinary tastes.



OUR CERTIFICATIONS & LICENSES



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



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, 2019

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

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

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

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

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 2022.



Chartered Accountants
Place: Lahore
Date: 24th February 2023
UDIN: CR202210079rJLH6hie4

INDEPENDENT AUDITOR'S REPORT

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 2022, 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 (hereinafter referred to as the 'financial statements') 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, 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 2022 and of the loss and other 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 Auditors' 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 Matter

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:

Key audit matters	How the matter was addressed in our audit
1. Going concern The Company has suffered a loss of Rs. 2,169 million, for the year ended 31 December 2022 (2021: Rs. 1,253 million) and its accumulated loss as at the reporting date amounts to Rs. 18,469 million (2021: Rs. 16,396 million). In order to support the operations of the Company, the parent company along with the ultimate parent and other group companies have approved injection of additional equity amounting to Rs. 11,709 million into the Company, as mentioned in Note 1.2 to the accompanying financial statements. The assessment of the entity's ability to continue as a going concern is critical to the preparation of financial statements as it is significant to the decision making of users of the entity's financial statements.	We performed following key audit procedures, among other procedures, in this respect: <ul style="list-style-type: none"> - Reviewed the business plan of the Company approved by the Board of Directors along with testing the appropriateness of underlying assumptions and bases for projected financial information - Performed variance analysis of actual financial performance and budget - Checked the planned equity injections in the business plan of the Company - Assessed the financial capability of the prospective shareholders who have planned to inject further equity into the Company to ascertain the feasibility of their plan to inject equity - Assessed the parent company's commitment to support the Company based on the conversion of loan and related accrued mark-up into equity and its letter of support given to the Company

INDEPENDENT AUDITOR'S REPORT

To the Members of Fauji Foods Limited Report on the Audit of the Financial Statements

Key audit matters	How the matter was addressed in our audit
In view of the substantial operating and accumulated losses and significance of assessment of the Company's ability to continue as a going concern to the financial statements as a whole, it was considered a key audit matter.	- Assessed the adequacy of disclosures made in the financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' 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 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.

Auditors' 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 auditors' 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:

- i 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.
- ii 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.
- iii Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ii 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 auditors' 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 auditors' report is Ahsan Shahzad.



EY Ford Rhodes
Chartered Accountants Lahore:
Date: 24th February 2023
UDIN: AR202210079dY1KUyAf8

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	4	28,000,000,000	18,000,000,000
Issued, subscribed and paid up share capital	4	15,840,881,590	15,840,881,590
Capital Reserves			
Share premium	5	1,835,148,153	1,854,498,097
Share deposit money	6	2,708,749,801	–
Surplus on revaluation of property, plant and equipment - net of tax	7	2,131,898,795	2,225,644,056
Revenue Reserve			
Accumulated loss		(18,469,229,527)	(16,395,504,505)
		4,047,448,812	3,525,519,238
Non-current liabilities			
Long term loans - secured	8	5,482,593,723	5,988,149,276
Lease liabilities	9	53,570,131	129,188,382
Employee retirement benefits	10	30,795,946	75,255,499
		5,566,959,800	6,192,593,157
Current liabilities			
Current portion of long term liabilities	11	579,001,285	112,260,832
Short term borrowings - secured	12	1,705,540,931	1,933,798,755
Trade and other payables	13	1,755,021,988	995,323,636
Unclaimed dividends		965,752	965,752
Accrued finance cost	14	402,289,522	1,267,924,682
Provision for taxation		159,052,640	136,357,747
		4,601,872,118	4,446,631,404
Contingencies and commitments			
	15	14,216,280,730	14,164,743,799

The annexed notes from 1 to 46 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Chief Financial Officer



	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	16	8,138,695,696	8,521,211,562
Intangible assets	17	5,929,326	1,572,247
Security deposits		9,539,947	6,606,122
Deferred taxation - net	18	–	–
		8,154,164,969	8,529,389,931
Current assets			
Stores, spares and loose tools	19	185,095,995	183,210,631
Stock-in-trade	20	1,239,691,594	707,587,224
Trade debts - considered good	21	557,499,467	566,068,117
Loans and advances - considered good	22	149,550,153	122,430,288
Deposits, prepayments and other receivables	23	198,461,867	82,155,615
Interest accrued	24	40,973,562	–
Sales tax refundable - net		1,275,508,594	740,111,000
Income tax recoverable		1,269,852,300	1,359,883,804
Cash and cash equivalents	25	1,145,482,229	1,873,907,189
		6,062,115,761	5,635,353,868
		14,216,280,730	14,164,743,799

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers - net	26	12,350,702,418	8,586,396,344
Cost of revenue	27	(11,380,034,184)	(7,663,661,981)
Gross profit		970,668,234	922,734,363
Marketing and distribution expenses	28	(1,338,285,748)	(1,019,059,263)
Administrative expenses	29	(448,145,750)	(360,822,937)
Loss from operations		(815,763,264)	(457,147,837)
Other income	30	199,400,052	76,233,076
Other expenses	31	(133,328,146)	(523,991)
Finance cost	32	(1,259,766,520)	(1,155,050,524)
Loss before taxation		(2,009,457,878)	(1,536,489,276)
Income tax expense	33	(159,052,640)	283,547,018
Loss for the year		(2,168,510,518)	(1,252,942,258)
Loss per share - basic and diluted	34	(1.37)	(0.79)

The annexed notes from 1 to 46 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 Rupees	2021 Rupees
Loss for the year	(2,168,510,518)	(1,252,942,258)
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)	–	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Remeasurement gain on defined benefit plans	1,040,235	9,331,092
Revaluation surplus during the year	–	1,423,600,647
Deferred tax on revaluation surplus during the year	–	(405,588,641)
	–	1,018,012,006
Total comprehensive loss for the year	(2,167,470,283)	(225,599,160)

The annexed notes from 1 to 46 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Issued, sub- scribed and paid-up capital	Capital Reserve			Revenue reserves	Total
		Share premium	Share deposit money	Surplus on revaluation of property, plant and equipment- net of tax	Accumulated loss	
Rupees						
As at 01 January 2021	8,032,935,630	1,922,317,157	-	1,243,724,345	(15,187,985,634)	(3,989,008,502)
Parent loan	5,925,000,000	-	-	-	-	5,925,000,000
Accrued markup	1,882,945,960	-	-	-	-	1,882,945,960
Share issuance cost	-	(67,819,060)	-	-	-	(67,819,060)
Conversion of debt to equity (net of transaction cost)	7,807,945,960	(67,819,060)	-	-	-	7,740,126,900
Loss for the year	-	-	-	-	(1,252,942,258)	(1,252,942,258)
Other comprehensive income for the year	-	-	-	1,018,012,006	9,331,092	1,027,343,098
Total comprehensive loss	-	-	-	1,018,012,006	(1,243,611,166)	(225,599,160)
Disposal of plant and machinery - net of tax	-	-	-	(590,954)	590,954	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(35,501,341)	35,501,341	-
Surplus transferred to accumulated losses	-	-	-	(36,092,295)	36,092,295	-
Balance as at 31 December 2021	15,840,881,590	1,854,498,097	-	2,225,644,056	(16,395,504,505)	3,525,519,238
Loss for the year	-	-	-	-	(2,168,510,518)	(2,168,510,518)
Other comprehensive income for the year	-	-	-	-	1,040,235	1,040,235
Total comprehensive loss	-	-	-	-	(2,167,470,283)	(2,167,470,283)
Share issuance cost	-	(19,349,944)	-	-	-	(19,349,944)
Share deposit money	-	-	2,708,749,801	-	-	2,708,749,801
Surplus transferred to accumulated losses	-	-	-	-	-	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(93,745,261)	93,745,261	-
Balance as at 31 December 2022	15,840,881,590	1,835,148,153	2,708,749,801	2,131,898,795	(18,469,229,527)	4,047,448,812

The annexed notes from 1 to 46 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Chief Financial Officer



STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022	2021
		Rupees	Rupees
Cash flows from operating activities			
Loss before taxation		(2,009,457,878)	(1,536,489,276)
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	16.6	497,112,893	418,435,536
Amortization of intangible assets	29	402,418	18,780,896
Gain on disposal of property, plant and equipment	30	(1,393,407)	(43,723,546)
Provision / write off for obsolete stock	20	29,882,174	-
Profit on saving accounts	30	(37,974,751)	(12,226,916)
Profit on Term Deposit Receipts (TDRs)	30	(141,124,932)	-
Allowance for expected credit losses	21	89,444,266	-
Provision for employee retirement benefits		26,810,003	29,650,329
Finance cost	32	1,259,766,520	1,155,050,524
Operating profit / (loss) before working capital changes		(286,532,694)	29,477,547
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(1,885,364)	7,932,906
Stock-in-trade		(561,986,544)	(163,604,411)
Trade debts		(80,875,616)	(215,218,012)
Loans and advances		(27,119,865)	12,820,901
Deposits, prepayments and other receivables		(116,306,252)	(3,106,601)
Sales tax refundable		(535,397,594)	(103,461,617)
increase / (decrease) in current liabilities			
Trade and other payables		759,698,352	121,822,954
		(563,872,883)	(342,813,880)
Cash flows used in operations		(850,405,577)	(313,336,333)
Income tax paid		(46,326,243)	(45,512,732)
Employee benefits paid		(70,229,321)	(22,233,682)
Net cash flows used in operating activities		(969,894,966)	(381,082,747)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(122,817,080)	(34,598,712)
Sale proceeds from disposal of property, plant and equipment		4,853,963	128,317,148
Profit on saving accounts		37,974,751	12,226,916
Profit on Term deposit receipts		100,151,370	-
Net cash flows generated from investing activities		20,163,004	105,945,352
Cash flows from financing activities			
Repayment of long term loans		(50,457,824)	(128,975,214)
Short term borrowings - net		(228,974,159)	(156,281)
Repayment of principal portion of lease liabilities		(63,975,527)	(63,738,308)
Finance cost paid		(1,416,651,879)	(420,758,227)
Proceeds received against issuance of right shares		-	1,882,945,960
Share deposit money received from Fauji Foundation		2,000,000,000	-
Share issuance cost		(19,349,944)	(67,819,060)
Net cash flows generated from financing activities	43	220,590,667	1,201,498,870
Net (decrease) / increase in cash and cash equivalents		(729,141,295)	926,361,475
Cash and cash equivalents - at beginning of the year		169,082,593	(757,278,882)
Cash and cash equivalents - at end of the year	35	(560,058,702)	169,082,593
Cash and cash equivalents comprise of the following:			
Cash and bank balances	25	1,145,482,229	1,873,907,189
Running finances	12	(1,705,540,931)	(1,704,824,596)
		(560,058,702)	169,082,593

The annexed notes from 1 to 46 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

1 THE COMPANY AND ITS ACTIVITIES

1.1 Corporate and general information

Fauji Foods Limited (the Company) was incorporated in Pakistan on 26 September 1966 as a Public Company under the Companies Act, 2017. The shares of the Company are listed on Pakistan Stock Exchange. The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited (the Parent Company). The Company is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. Following are the business units of the Company along with their respective locations:

Business Unit	Location
Production Plant	Bhalwal, District Sargodha
Registered Office and Head Office	42 CCA, Ex Park View, DHA Phase-VIII, Lahore

1.2 During the year ended 31 December 2022, the Company has incurred a loss after tax of Rs. 2,168.51 million (2021: Rs. 1,252.94 million), resulting in accumulated losses of Rs. 18,469.23 million (31 December 2021: Rs. 16,395.50 million) as of that date. Accordingly, the Company's operations are being financed via further sponsor support / equity injection and high level of external debt. As of 31 December 2022, the Company's total debt amounts to Rs. 7,693.69 million (31 December 2021: Rs. 7,972.41 million). The Parent Company has committed the necessary continued financial support to the Company, including (but not limited to) equity injections and providing working capital as and when required. Further, following are the key measures which have been taken by the Parent Company and the Sponsors of the Parent Company to support the Company:

1. Existing and potential shareholders of the Company, all entities under common control with the Company, have also approved equity injection, through other than right issue, into the Company amounting to Rs. 11,708.75 million, out of which Rs. 11,000 million will be in cash. The Ultimate Parent Company has already injected Rs. 2,000 million. The aforesaid amount of equity shall be used to settle the borrowings of the Company and for working capital support and capital expenditure of the Company.

2. Interest accrued on loan to the Parent Company, is being converted into the share capital and approval of shareholders of the Parent Company have been obtained and corporate compliances are in process.

3. Company's Sponsors have also provided security, on behalf of the Company, in respect of the Company's syndicate loan facility (amounting to Rs. 5,988.15 million, refer to note 8 in the form of (a) a letter of credit amounting to Rs. 1,000 million from Askari Bank Limited, a related party, and (b) a revolving corporate guarantee.

In addition to the above, the Company has formulated a formal business plan and is undertaking margin improvement initiatives and a differentiated marketing strategy to build efficiencies in the distribution channels.

Based upon the above, the management has concluded that there is no material uncertainty regarding going concern of the Company and accordingly, these financial statements have been prepared on a going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

– International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

2.2 Basis of measurement

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 17 which are carried at revalued amounts, while recognition of lease liability and employee retirement benefits as referred to in note 9 and 10 are carried at present value respectively.

2.3 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.

2.4 Significant Estimates and Judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on the parameters under which these financial statements were prepared. Existing circumstances and assumptions about the future development may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2.5 Useful lives and residual value of property, plant and equipment

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

2.6 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.

2.7 Valuation of stock in trade

The Company reviews the carrying amount of stock in trade, stores and spares on an annual basis, and as appropriate, inventory is written down to its net realizable value, or a provision is made for obsolescence if there is any change in the usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

2.8 Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

2.9 Estimation of provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

2.10 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.

2.11 Allowance for expected credit losses

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2.12 Compensated absences

Compensated absences is granted to all its permanent employees in accordance with the rules of the Company. Calculations in respect of unutilized privileged leaves accumulated as on April 30, 2021 require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.13 Staff retirement gratuity

Defined benefit plan is provided for permanent employees of the Company. The plan is typically structured as a separate legal entity managed by trustees. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.14 Sales tax refundable

Management has classified the whole of the amount of sales tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government, within next twelve months will include refund of Sales tax.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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, after taking into account tax credits, rebates and exemptions, if any. 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. 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 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. 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.

3.2 Leases

At the inception of a contract, the Company assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use assets except for plant and machinery is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. Right of use assets in respect of plant and machinery are stated at revalued amount carried out by independent valuers by reference to current market price less accumulated depreciation and any identified impairment loss. The right of use assets are depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in 17.1 of the financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used its incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 9 to these financial statements for disclosure of lease liability.

Short term leases and leases of low value assets

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets (milk collection centers/sales offices). The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

3.3 Employees' retirement benefits

3.3.1 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.

3.3.2 Accumulated compensated absences

The Company 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. Retired army officers and other employees are entitled to earned leaves of 30 days and 20 days per annum respectively. The unutilized leaves are accumulated subject to a maximum of 120 days for ex-servicemen and 20 days for management & 28 days for non-management employees. The unutilized accumulated leaves can be encashed at the time the employee leaves Company service. The accumulated leave balance in excess of above mentioned limits 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 2021. 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.

3.3.3 Defined benefit plan

The Company operates an funded 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 2022.

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. Past service costs are immediately recognized in statement of profit or loss.

3.4 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.

3.5 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 each reporting date and adjusted to reflect the current best estimate.

3.6 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3.7 Borrowings

Loans and borrowings are classified as financial liabilities at amortized cost. 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.

3.8 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.

3.9 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 recognized 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, building and plant & machinery 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 statement of 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 statement of 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.

3.10 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets with finite useful life are amortized using the straight-line method over the estimated useful life of three years. Amortization of intangible assets is commenced from the date an asset is capitalized.

3.11 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.

3.12 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3.13 Financial instruments

3.13.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.13.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI), fair value through statement of profit or loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through statement of profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss. The Company has no such investments at the reporting date.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

The Company's financial liabilities comprise trade and other payables, long term and short term borrowings, loan from the Parent Company, accrued markup and unclaimed dividend.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3.13.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

3.13.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

3.13.5 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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 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.

3.14 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.

3.15 Foreign currency transactions and translation

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 statement of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3.16 Revenue recognition

Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts and commissions. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

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

3.17 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.18 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. All non-current assets of the Company are located in Pakistan and 100% of the revenue is derived from sale of dairy and allied products.

3.19 Dividends and appropriations to reserves

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

3.20 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the Taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the Taxation authority is included as part of receivables or payables in the unconsolidated statement of financial position.

3.21 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 related taxes.

3.22 Amendments to Approved Accounting Standards That are Not Yet Effective

The following amendments with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

Standard		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current: In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: <ul style="list-style-type: none"> • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. • Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. 	01 January 2024
IAS 1 and IFRS IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: The amendments aim to help entities provide accounting policy disclosures that are more useful by: <ul style="list-style-type: none"> • Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and • Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. 	01 January 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	01 January 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.	Not yet decided
IFRS 16	Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.	01 January 2024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

3.23 Changes in Accounting Policies and Disclosures Resulting From Amendments in Standards During the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IFRS 03	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). These amendments had no impact on the financial statements of the Company.
IAS 16	Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. 'In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Company, as prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.
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The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.
IFRS 16	Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Company.
IAS 41	Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	2022	2021	2022	2021
	(Number of shares)		Rupees	
4.1 Authorized share capital				
Shares of Rs. 10 each	2,800,000,000	1,800,000,000	28,000,000,000	18,000,000,000

	2022	2021	2022	2021
	Rupees			
4.2 Issued, subscribed and paid up capital				
Ordinary share capital				
Ordinary shares of Rs.10 each fully paid in cash	692,228,762	692,228,762	6,922,287,620	6,922,287,620
Ordinary shares of Rs 10 each issued as fully paid bonus shares	2,639,200	2,639,200	26,392,000	26,392,000
Ordinary shares of Rs 10 each issued on conversion of loans	882,020,197	882,020,197	8,820,201,970	8,820,201,970
Voting ordinary shares of Rs.10 each issued on conversion of 12% cumulative convertible preference shares	7,200,000	7,200,000	72,000,000	72,000,000
	1,584,088,159	1,584,088,159	15,840,881,590	15,840,881,590

	2022	2021
	Rupees	
4.3 Movement during the year is as follows:		
Balance as at 01 January	1,584,088,159	803,293,563
Right shares issued against:		
- Conversion of loan	-	592,500,000
- Cash	-	188,294,596
Balance as at 31 December	1,584,088,159	1,584,088,159

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

	2022	2021	2022	2021
	Percentage held		(Number of shares)	
Ordinary share capital				
Fauji Fertilizer Bin Qasim Limited				
- voting ordinary shares	71.63%	71.63%	1,134,701,257	1,134,701,257
Fauji Foundation				
- voting ordinary shares	4.25%	4.25%	67,371,916	67,371,916
Directors, Chief Executive, officers and their spouse and minor children				
- voting ordinary shares	0.01%	0.01%	148,923	148,923
FFBL Provident Fund				
- voting ordinary shares	0.00%	0.00%	-	-
FFBL Gratuity Fund				
- voting ordinary shares	0.00%	0.00%	-	-
			1,202,222,096	1,202,222,096

4.5 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.

5 SHARE PREMIUM

This reserve can only be utilized by the Company for the purpose specified in Section 81(2) of the Companies Act, 2017. During the year ended, the Company utilized reserve against cost incurred for increase in authorised share capital.

	Note	2022	2021
		Rupees	
6 SHARE DEPOSIT MONEY			
Fauji Foundation		2,000,000,000	-
Fauji Fertilizer Bin Qasim Limited		708,749,801	-
	6.1	2,708,749,801	-

6.1 These represent the share deposit money convertible into ordinary shares of the Company at Rs. 10 each.

	2022	2021
	Rupees	
7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX		
Revaluation surplus as at 01 January	2,857,700,098	1,484,933,668
Surplus during the year	-	1,423,600,647
Surplus transferred to accumulated losses on account of:		
- disposal of plant and machinery - net of deferred tax	-	(590,954)
- incremental depreciation charged during the year		
- net of deferred tax	(93,745,261)	(35,501,341)
	(93,745,261)	(36,092,295)
Related deferred tax liability		
- disposal of plant and machinery	-	(241,375)
- incremental depreciation charged during the year	(38,290,318)	(14,500,547)
	(38,290,318)	(14,741,922)
Revaluation surplus as at 31 December	2,725,664,519	2,857,700,098
Less: Related deferred tax liability on revaluation surplus at 01 January	632,056,042	241,209,323
Deferred tax on surplus arisen during the year	-	405,588,641
Reduction in deferred tax liability due to:		
- disposal of plant and machinery	-	(241,375)
- incremental depreciation charged during the year	(38,290,318)	(14,500,547)
	(38,290,318)	(14,741,922)
Deferred tax liability on revaluation surplus as at 31 December	593,765,724	632,056,042
Revaluation surplus as at 31 December - net of tax	2,131,898,795	2,225,644,056

7.1 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, 2017 and 2021. The latest revaluation was conducted by K.G Traders (independent valuers and consultants) as at 31 December 2021. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9.1 This represented amount payable to Askari Bank Limited, an associated undertaking.

	Note	2022	2021
		Rupees	Rupees
10 EMPLOYEE RETIREMENT BENEFITS			
Accumulated compensated absences	10.1	22,871,516	23,611,109
Defined benefit plan	10.8	7,924,430	51,644,390
		30,795,946	75,255,499
10.1 Movement in accumulated compensated absences			
Balance as at 01 January		23,611,109	21,540,928
Charge to statement of profit or loss	10.2	8,499,200	10,797,979
Benefits paid during the year		(9,238,793)	(8,727,798)
Balance as at 31 December		22,871,516	23,611,109
10.2 Charge to the statement of profit or loss			
Current service cost		4,677,308	4,583,495
Interest on defined benefit liability		997,065	858,851
Remeasurement loss	10.3	2,824,827	5,355,633
	10.4	8,499,200	10,797,979
10.3 Remeasurement loss			
Actuarial gain / losses due to changes in financial assumptions		68,166	(3,316,389)
Actuarial gain / losses due to experience adjustments		2,756,661	8,672,022
		2,824,827	5,355,633
10.4 Allocation of expense during the year			
Cost of sales		3,399,680	4,319,192
Marketing and distribution expense		3,399,680	4,319,191
Administrative expense		1,699,840	2,159,596
		8,499,200	10,797,979

	2022	2021
10.5 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	13.25%	10.50%
Expected per annum growth rate in salaries	12.25%	9.50%
Expected mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

As at 31 December 2022, average accumulation of leaves is 8 days per annum (2021: 9 days per annum), subject to a maximum accumulation of 20 days for management employees, 28 days for non-management employees and 120 days for ex-servicemen (2021: 20 days for management employees, 28 days for non-management employees and 120 days for ex-servicemen).

10.6 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 2022 would have been as follows:

Present value of liability at the year end

	Due to increase in assumptions			
	2022	2021	2022	2021
	Rupees			
Discount rate 100 bps	21,121,202	24,766,270	21,588,312	25,822,805
Salary increase 100 bps	24,766,879	21,121,461	25,823,439	21,588,577

10.7 Maturity profile (Undiscounted payments)

The Company expects to contribute to the gratuity fund on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit

	2022
	Rupees
Projected payments	
Year 1	5,641,077
Year 2	6,052,415
Year 3	7,429,372
Year 4	8,163,844
Year 5	8,765,196
More than year 5	45,327,185

	Note	2022	2021
		Rupees	Rupees
10.8 Defined benefit plan			
Present value of defined benefit obligation	10.10	57,924,430	51,644,390
Fair value of plan assets	10.11	(50,000,000)	—
	10.9	7,924,430	51,644,390
10.9 Movement in net defined benefit liability			
Balance as at 01 January		51,644,390	55,629,016
Current service cost		16,090,145	13,964,743
Interest on net defined benefit liability		2,220,658	4,887,607
Contribution by employer		(60,990,528)	(13,505,884)
Charge to other comprehensive income		(1,040,235)	(9,331,092)
Balance as at 31 December		7,924,430	51,644,390
10.10 Reconciliation of present value of defined benefit obligation			
Balance as at 01 January		51,644,390	55,629,016
Current service cost		16,090,145	—
Interest on defined benefit liability		4,845,658	18,852,350
Benefits paid during the year		(10,990,528)	(13,505,884)
Charge to other comprehensive income		(3,665,235)	(9,331,092)
Balance as at 31 December		57,924,430	51,644,390
10.11 Reconciliation of fair value of plan assets			
Balance as at 01 January		—	—
Contribution by employer		60,990,528	—
Interest income		2,625,000	—
Benefits paid during the year		(10,990,528)	—
Return on plan assets excluding interest income		(2,625,000)	—
Balance as at 31 December		50,000,000	—

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	Note	2022	2021
		Rupees	Rupees
10.12 Charge to the statement of profit or loss			
Current service cost		16,090,145	13,964,743
Interest on defined benefit liability - net		2,220,658	4,887,607
	10.13	18,310,803	18,852,350
10.13 Allocation of expense during the year			
Cost of sales		8,374,321	7,540,940
Marketing and distribution expense		8,374,321	7,540,940
Administrative expense		1,562,161	3,770,470
		18,310,803	18,852,350
10.14 Charge to other comprehensive income			
- Actuarial (gain) / losses due to change in financial assumptions		131,109	(4,829,525)
- Actuarial (gain) / losses due to experience adjustments		(3,796,344)	(4,501,567)
- Return on plan assets excluding Interest income		2,625,000	-
		(1,040,235)	(9,331,092)
10.15 Estimated expense to be charged to statement of profit or loss in next year			
Current service cost		18,530,042	
Interest cost on defined benefit obligation - (net)		1,049,987	
		19,580,029	

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

	2022	2021
Discount rate	13.25%	10.50%
Expected per annum growth rate in salaries	12.25%	9.50%
Expected mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

As at 31 December 2022, the weighted average duration of the defined benefit obligation was 8 years (2021: 9 years).

10.17 Maturity profile (Undiscounted payments)

The Company expects to contribute to the gratuity fund on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

	2022
	Rupees
Projected payments	
Year 1	6,017,254
Year 2	7,194,739
Year 3	8,306,514
Year 4	9,468,057
Year 5	10,613,873
More than year 5	62,285,460

10.18 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 2022 would have been as follows:

Present value of defined benefit obligation at year end

	Due to increase in assumptions			
	2022		2021	
	Rupees			
Discount rate 100 bps	53,492,896	62,724,474	47,221,103	56,483,264
Salary increase 100 bps	62,723,087	53,492,239	56,482,015	47,220,522

	Note	2022	2021
		Rupees	Rupees
11 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans - secured	8	505,555,554	-
Lease liabilities	9	73,445,731	61,803,007
Salary refinance-JS bank	8	-	50,457,825
		579,001,285	112,260,832
12 SHORT TERM BORROWINGS - SECURED			
Short term running finance	12.1 & 12.4	1,705,540,931	1,704,824,596
Islamic mode of financing	12.2	-	228,974,159
		1,705,540,931	1,933,798,755

12.1 Short term running finance

This represents utilized amount of short term running finance facilities ("facilities") under mark-up arrangements available from various commercial banks aggregating to Rs 1,705.54 million (31 December 2021: Rs 1,935.49 million). These facilities are secured against charge over current assets amounting to PKR 2,500 million inclusive of 20% margin along with charge on fixed assets amounting to PKR 500 million. The facilities carry markup of 3- months KIBOR plus spread of 1.0% per annum (2021: 3 months KIBOR plus spread of 1.00%) payable quarterly in arrears. These facilities will be expiring in October 2023.

12.2 Islamic mode of financing

This represented utilized amount of short term finance facility (Wakala Istithmar) availed from Dubai Islamic bank Limited. The facility was secured against charge over all current assets amounting to PKR 2,500 Million inclusive of 25% margin along with charge on fixed assets (excluding land and building) amounting to PKR 500 Million. The facility carried mark-up of 3-months KIBOR plus spread of 1.0% per annum (2021: 3 months KIBOR plus spread of 1.00%) per annum.

12.3 Unavailed credit facilities

Out of total facilities for opening of letters of credit of Rs. 150 million (2021: Rs 150 million) as at 31 December 2022, unutilized amount as of that date was Rs. 150 million (2021: Rs 150 million).

12.4 Related party

This includes balance of Rs. 271.80 million (2021: Rs. 273.08 million) payable to Askari Bank Limited, an associated undertaking.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	Note	2022	2021
		Rupees	Rupees
13 TRADE AND OTHER PAYABLES			
Trade and other creditors	13.1	901,663,249	453,078,380
Contract liabilities		178,556,370	106,149,269
Accrued expenses		622,008,413	386,790,073
Retention money payable		2,325,832	2,325,832
Due to employees		5,860,954	2,605,427
Withholding income tax payable		16,096,715	23,010,176
Withholding sales tax payable		12,066,996	9,927,557
Payable to provident fund	13.2	15,271,097	9,834,572
Others		1,172,362	1,602,350
		1,755,021,988	995,323,636
13.1 These include amounts due to the following related parties:			
Fauji Foundation		4,614,655	1,086,921
FFBL Power Company Limited		-	11,451,017
Askari Bank		118,129	-
		4,732,784	12,537,938

13.1.1 These are un-secured, interest free and in the normal course of business for purchase of goods or services.

13.2 Employees' provident fund

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

	Note	2022	2021
		Rupees	Rupees
14 ACCRUED FINANCE COST			
Mark-up based borrowings from conventional banks			
- Long term borrowings - secured		324,586,005	502,639,977
- Short term borrowings - secured	14.1	47,703,515	11,166,237
		372,289,520	513,806,214
Loan from Parent Company - unsecured Islamic mode of financing	14.2	30,000,002	750,540,212
- Short term borrowings - secured		-	3,578,256
		402,289,522	1,267,924,682

14.1 This includes amount of Rs. 7.6 million (2021: 36.91) payable to Askari Bank Limited, an associated undertaking.

14.2 During the year, the shareholders of the Parent Company have approved to convert the accrued finance cost amounting to Rs. 708 million into ordinary shares of the Company at Rs.10 each and according, the amount has been reclassified to share deposit money.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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.

15.1.2 For the year ended June 30, 2012 i-e tax year 2012 amendment order was framed determining tax at Rs. 74,128,663 as against Rs. 22,753,512 conceded in the return. The CIR (Appeals) in his order under section 129 dated December 31, 2018 has confirmed the action of the ACIR in respect of certain additions and set aside other matters with directions. The company being aggrieved with the order filled appeal before the ATIR, who decided the matter in favor of the Company. The department filed an appeal against the order of the ATIR before the Honorable Lahore High Court, which is pending adjudication.

15.1.3 Company was selected for audit under section 214C for Tax year 2014 as per list published by FBR. For the Tax year 2014, The Department order in this case has resulted in demand of Rs. 5,923,267 as against refund of Rs. 2,108,564 claimed in the return. Further the Company obtained stay against recovery of above tax demand under section 140 of ITO 2001, and also filled appeal before CIR appeals Lahore, who remanded back the case. The Company has filed appeal before ATIR which is pending adjudication.

15.1.4 During the year ended 31 December 2016, Assistant Commissioner Inland Revenue (ACIR) raised sales tax demand of Rs. 4.84 million under section 11(2) and 11(3) of the Sales Tax Act 1990 against inadmissible refund claim and non-realization of sales tax on sale of scrap during the period from December 2012 to March 2013. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR - A) which was decided against the Company dated November 14, 2016. Being aggrieved by the treatment meted out, the Company preferred an appeal before Appellate Tribunal Inland Revenue (ATIR). The ATIR decided the case in favor of the Company and waived off the whole tax demand against which the Department filed reference before the Honorable Lahore High Court which is pending adjudication.

15.1.5 During the year ended 31 December 2018, 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 filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) and demand was reduced to 13m, aggrieved by the order, company filled an appeal before ATIR which is pending adjudication.

15.1.6 The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2019 to December 2019 has charged sales tax amounting Rs. 14,000,000. The company being aggrieved by the order filled appeal before CIR appeals who, through order 08/2020 dated 29/10/2020 remanded the case back to ACIR for re- assessment . The department have filed appeal before ATIR which is pending adjudication.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

15.1.7 The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2016 to December 2016 has charged sales tax amounting Rs. 6,090,000. The company aggrieved by the order filled appeal before CIR appeals who, through order 09/2020 dated 29/10/2020 remanded the case back to ACIR for re- assessment. The department have filled appeal before ATIR which is pending adjudication.

15.1.8 During the year ended 31 December 2018, 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. Against the show cause notice, the ACIR raised a sales tax demand of Rs. 135.34 million along with default surcharge and penalty. The Company filed an appeal with CIR appeals who decided the case in favor of the company through order 10/2020 dated 29/10/2020 and annulled the ACIR order. Department have filed an appeal before ATIR.

15.1.9 For the Tax year 2013, Amendment order under section 122(5A) has framed on May 16, 2019 wherein additions for alleged suppressed/Un- reconciled sales has been made at Rs. 43,770,576 and for inadmissible exchange loss amounting to Rs. 4,252,697. Further, turnover tax credit has also been disallowed. Appeal was filed before the CIR Appeals against the said additions and refusal to grant tax credit, who passed the order in which all the additions mentioned in impugned order were maintained except of exchange gain and disallowance of credit under Sec 65 B where additional commissioner inland revenue was instructed to re-examine the issue and then pass speaking order. The Company being aggrieved has filed an appeal before ATIR which is pending adjudication.

15.1.10 During the year ended 31 December 2021, ADCIR issued a show cause notice, dated 17 February 2021 against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement. Against the show cause notice, the ADCIR raised a sales tax demand of Rs. 100 Million along with default surcharge and penalty. The Company filed an appeal with CIR appeals on 06 January 2022 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.

15.2 Commitments

15.2.1 Commitments, for purchase of raw / packing material, outstanding at the year end were for Rs. 66.50 million (2021: Rs. 7.51 million).

15.2.2 Guarantees aggregating Rs. 161.61 million (2021: Rs. 17.61 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Remount veterinary and corps farms.

	Note	2022 Rupees	2021 Rupees
16 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	7,847,856,113	8,282,128,337
Capital work-in-progress	16.7	290,839,583	239,083,225
		8,138,695,696	8,521,211,562

16.1 Operating fixed assets

	2022						2021													
	As at 01 January	Additions	Disposals	Revaluation surplus during the year	Transfers	As at 31 December	As at 01 January	Additions	Disposals	Revaluation surplus during the year	Transfers	As at 31 December	As at 01 January	Charge for the year	Disposals	Transfers	As at 31 December	Book value	Rate of depreciation (%)	
Owned assets:																				
Freehold land	751,562,500	-	-	-	-	751,562,500	751,562,500	-	-	-	-	751,562,500	-	-	-	-	-	751,562,500	-	-
Buildings on freehold land	1,343,616,906	154,610	-	-	-	1,343,771,516	392,240,506	60,476,251	-	-	-	1,343,771,516	392,240,506	60,476,251	-	-	-	891,054,759	6	6
Plant and machinery	8,918,081,404	21,967,897	-	-	-	8,940,049,301	2,880,683,676	358,036,194	-	-	-	8,940,049,301	2,880,683,676	358,036,194	-	-	-	5,701,319,431	6	6
Electric and gas installation	25,518,141	893,162	-	-	-	26,411,303	16,704,701	1,548,176	-	-	-	26,411,303	16,704,701	1,548,176	-	-	-	8,163,426	10	10
Other works equipment	215,987,617	3,643,300	(2,576,407)	-	-	217,054,510	64,344,173	11,702,087	(1,705,876)	-	-	217,054,510	64,344,173	11,702,087	(1,705,876)	-	-	142,714,126	10	10
Office and IT Equipment	132,132,467	19,013,107	-	-	-	151,145,574	53,477,572	15,734,795	-	-	-	151,145,574	53,477,572	15,734,795	-	-	-	81,933,207	10 & 33.33	10
Furniture and fixture	49,179,294	381,245	-	-	-	49,560,539	21,885,716	2,465,354	-	-	-	49,560,539	21,885,716	2,465,354	-	-	-	25,209,469	10	10
Vehicles	47,803,694	18,622,788	(179,424)	-	-	66,247,058	26,811,805	4,977,770	(104,710)	-	-	66,247,058	26,811,805	4,977,770	(104,710)	-	-	34,582,193	20	20
	11,483,882,023	64,676,109	(2,755,831)	-	-	11,545,802,301	3,456,158,149	454,935,627	(1,810,586)	-	-	11,545,802,301	3,456,158,149	454,935,627	(1,810,586)	-	-	7,636,519,111	-	-
Right of use assets:																				
Building	133,686,254	-	-	-	-	133,686,254	69,071,232	26,737,251	-	-	-	133,686,254	69,071,232	26,737,251	-	-	-	37,877,771	20	20
Plant and Machinery	218,148,553	-	-	-	-	218,148,553	39,232,413	10,862,545	-	-	-	218,148,553	39,232,413	10,862,545	-	-	-	168,053,595	6	6
Vehicles	48,686,683	-	(11,950,875)	-	-	36,735,808	37,813,382	2,952,355	(9,435,565)	-	-	36,735,808	37,813,382	2,952,355	(9,435,565)	-	-	5,405,636	33.33	33.33
	400,521,490	-	(11,950,875)	-	-	388,570,615	146,117,027	40,552,151	(9,435,565)	-	-	388,570,615	146,117,027	40,552,151	(9,435,565)	-	-	211,337,002	-	-
	11,884,403,513	64,676,109	(14,706,706)	-	-	11,934,372,916	3,602,275,176	495,487,778	(11,246,151)	-	-	11,934,372,916	3,602,275,176	495,487,778	(11,246,151)	-	-	7,847,856,113	-	-
Owned assets:																				
Freehold land	726,543,375	-	-	25,019,125	-	751,562,500	751,562,500	-	-	-	-	751,562,500	-	-	-	-	-	751,562,500	-	-
Buildings on freehold land	1,170,928,431	2,607,388	-	170,061,087	-	1,343,616,906	341,977,831	50,262,675	-	-	-	1,343,616,906	341,977,831	50,262,675	-	-	-	951,376,400	6	6
Plant and machinery	7,657,836,170	21,840,180	(104,898,801)	1,138,723,720	-	8,918,081,404	2,586,289,717	297,742,160	(42,591,069)	-	-	8,918,081,404	2,586,289,717	297,742,160	(42,591,069)	-	-	6,037,887,728	6	6
Electric and gas installation	23,818,152	-	-	1,699,989	-	25,518,141	15,163,066	1,541,635	-	-	-	25,518,141	15,163,066	1,541,635	-	-	-	8,813,440	10	10
Other works equipment	184,098,862	4,126,157	-	27,762,598	-	215,987,617	51,248,605	13,095,568	-	-	-	215,987,617	51,248,605	13,095,568	-	-	-	151,643,444	10	10
Office and IT Equipment	126,500,967	5,631,500	-	-	-	132,132,467	47,470,431	6,007,141	-	-	-	132,132,467	47,470,431	6,007,141	-	-	-	78,654,895	10 & 33.33	10
Furniture and fixture	48,540,808	638,486	-	-	-	49,179,294	19,200,983	2,684,733	-	-	-	49,179,294	19,200,983	2,684,733	-	-	-	27,293,578	10	10
Vehicles	120,139,970	-	(72,336,276)	-	-	47,803,694	86,814,575	2,426,274	(62,429,044)	-	-	47,803,694	86,814,575	2,426,274	(62,429,044)	-	-	20,991,889	20	20
	10,058,406,735	34,843,711	(177,235,077)	1,363,286,519	-	11,483,882,023	3,148,165,208	373,760,186	(105,020,113)	-	-	11,483,882,023	3,148,165,208	373,760,186	(105,020,113)	-	-	8,027,723,874	-	-
Right of use assets:																				
Building	133,686,254	-	-	-	-	133,686,254	42,333,981	26,737,251	-	-	-	133,686,254	42,333,981	26,737,251	-	-	-	64,615,022	20	20
Plant and Machinery	362,414,560	-	-	60,314,128	-	422,728,688	70,303,501	8,181,780	-	-	-	422,728,688	70,303,501	8,181,780	-	-	-	39,232,413	6	6
Vehicles	81,945,913	-	(33,259,230)	-	-	48,686,683	48,937,656	9,756,318	(20,880,592)	-	-	48,686,683	48,937,656	9,756,318	(20,880,592)	-	-	10,873,301	33.33	33.33
	576,046,727	-	(33,259,230)	60,314,128	-	603,101,625	161,575,138	44,675,349	(20,880,592)	-	-	603,101,625	161,575,138	44,675,349	(20,880,592)	-	-	254,404,463	-	-
	10,636,453,462	34,843,711	(210,494,307)	1,423,600,647	-	11,884,403,513	3,309,740,346	418,435,535	(125,900,705)	-	-	11,884,403,513	3,309,740,346	418,435,535	(125,900,705)	-	-	8,282,128,337	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

16.2 Disposal of property, plant and equipment

	Cost / Revalued Amount	Net book value	Proceeds from disposal	Gain / (loss)	Mode of disposal	Particulars of buyers
Rupees						
Office Equipment						
Generator 50kva	1,994,077	544,219	521,947	(22,272)	Third Party	Noon Sugar Mills Limited
Vehicles						
Corolla Altis - LEC-19-9756	2,606,000	738,008	998,443	260,435	Company Policy	Muhammad Ali
Assets having net book value less than Rs.500,000						
	10,106,629	2,178,328	3,333,572	1,155,244		
2022	14,706,706	3,460,555	4,853,962	1,393,407		
2021	210,494,307	84,593,602	128,317,148	43,723,546		

16.3 The Company's land, buildings on freehold land, plant and machinery, electric and gas installations, milk churns and other work equipment are measured using revaluation model. 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:

	2022	2021
	Rupees	Rupees
Freehold land	73,365,999	73,365,999
Buildings on freehold land	670,216,420	716,441,997
Plant and machinery - Owned assets	3,942,851,154	4,065,542,191
Plant and machinery - Right of use asset	114,853,700	(39,232,413)
Electric and gas Installations	5,174,458	5,492,365
Other works equipment	107,815,794	115,619,687
	4,914,277,525	4,937,229,826

16.4 The latest revaluation was carried on at 31 December 2021 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. 638.83 million and Rs. 808.67 million respectively and forced sales value of plant and machinery, milk churns, electric and gas installations and other works equipment was Rs. 4,776.79 million.

16.5 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.

	Note	2022	2021
		Rupees	Rupees
16.6 The depreciation charge has been allocated as follows:			
Cost of sales	27	427,012,649	351,160,345
Marketing and distribution expenses	28	10,851,548	11,960,470
Administrative expenses	29	59,248,696	55,314,721
		497,112,893	418,435,536

	Note	2022	2021
		Rupees	Rupees
16.7 Capital work-in-progress			
Plant and machinery		228,617,127	223,134,724
Advance against capital expenditure	16.7.1	62,222,456	15,948,501
	16.7.2	290,839,583	239,083,225

16.7.1 These include advance amounting to Rs.46.27 million (2021: Nil) paid to Foundation Solar Energy (Private) Limited for solar project at plant site.

16.7.2 This includes Rs. 245.4 (2021: Rs. 245.4) million relating to construction of waste water treatment plant which is in progress. The management has assessed its recoverable value to be higher than the carrying amount and hence the amount is not impaired.

	Note	2022	2021
		Rupees	Rupees
17 INTANGIBLE ASSETS			
Software	17.1	–	402,421
Capital work-in-progress	17.3	5,929,326	1,169,826
		5,929,326	1,572,247

17.1 Software

	2022							
	Cost			Depreciation			December	Rate of amortization (%)
	As at 01 January	Additions	As at 31 December	As at 01 January	Charge for the year	As at 31 December		
	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	5,996,916	–	5,996,916	33.33	
SAP - HCM Module	2,110,726	–	2,110,726	1,708,305	402,421	2,110,726	33.33	
SAP - ERP	56,292,447	–	56,292,447	56,292,447	–	56,292,447	33.33	
	66,815,981	–	66,815,981	66,413,560	402,421	66,815,981	–	

	2021							
	Cost			Depreciation			December	Rate of amortization (%)
	As at 01 January	Additions	As at 31 December	As at 01 January	Charge for the year	As at 31 December		
	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	5,996,916	–	5,996,916	33.33	
SAP - HCM Module	2,110,726	–	2,110,726	1,658,044	50,261	1,708,305	402,421	
SAP - ERP	56,292,447	–	56,292,447	37,561,812	18,730,635	56,292,447	–	
	66,815,981	–	66,815,981	47,632,664	18,780,896	66,413,560	402,421	

17.2 Amortization charge has been allocated to administrative expenses (note 29).

17.3 This represents cost in relation of development for a module for capturing data in relation to purchase of milk which has not yet been integrated with the Company's ERP.

17.4 Intangibles of Rs. 66,815,981 (2021: Rs. 64,705,255) have been fully amortized

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	Note	2022		2021	
		Rupees		Rupees	
18 DEFERRED TAXATION - NET					
The deferred tax asset comprises of the following:					
Deductible temporary differences:					
- Business losses	18.1	–		1,162,417,618	
- unabsorbed depreciation losses	18.1	1,261,539,225		–	
- minimum tax	18.1	–		136,357,747	
- provisions		56,372,111		39,680,226	
		1,317,911,336		1,338,455,591	
Less: Taxable temporary differences:					
- accelerated tax depreciation allowances - net of lease liability		724,145,611		706,399,548	
- surplus on revaluation of property, plant and equipment		593,765,725		632,056,043	
		1,317,911,336		1,338,455,591	
Deferred taxation - net	18.2	–		–	

18.1 The aggregate unused tax losses and minimum tax credit available to the Company for set off against future taxable profit as at 31 December 2022 amount to Rs. 18,948.90 million (2021: Rs. 20,179.41 million) and Rs. 159.05 (2021: Rs. 136.36 million) respectively. The deferred tax asset on absorbed depreciation losses amounting to Rs.1,261 (2021: Nil) million has been recognized.

18.2 The expiry of tax losses for which no deferred tax asset has been recognized is as follows:

Expiry tax year	Name	2022		2021	
		Rupees		Rupees	
2024	Business loss - TY 2018	2,492,626,346		141,710,613	
2025	Business loss - TY 2019	2,671,290,831		2,671,290,831	
2026	Business loss - TY 2020	3,487,579,099		3,487,579,099	
2027	Business loss - TY 2021	2,353,326,086		3,408,831,285	
2028	Business loss - TY 2022	1,133,726,835		1,708,512,145	
2029	Business loss - TY 2023	1,681,967,977		–	
2026	Minimum tax - TY 2023	159,080,097		–	
No expiry	Unused depreciation loss	779,629,047		4,778,299,857	

18.3 Movement in deferred tax balances is as follows:

	2022			
	Opening	Reversal from / (charge to) Profit or loss	OCI	Closing
	Rupees			
Deferred taxation				
Deductible / (taxable) temporary difference				
Unused tax losses	1,162,417,618	(1,162,417,618)	–	–
Unabsorbed depreciation losses	–	1,261,539,225	–	1,261,539,225
Minimum Tax U/s 113	136,357,747	(136,357,747)	–	–
Provisions	39,680,226	16,691,885	–	56,372,111
Accelerated tax depreciation allowances	(706,399,548)	(17,746,063)	–	(724,145,611)
Surplus on revaluation of property, plant and equipment	(632,056,043)	38,290,318	–	(593,765,725)
	–	–	–	–

	2021			
	Opening	Reversal from / (charge to) Profit or loss	OCI	Closing
	Rupees			
Deductible / (taxable) temporary difference				
Unused tax losses	789,405,453	(373,012,165)	–	1,162,417,618
Unused tax credit	–	–	–	–
Minimum Tax U/s 113	14,316,124	(122,041,623)	–	136,357,747
Provisions	99,206,787	59,526,561	–	39,680,226
Accelerated tax depreciation allowances	(661,690,694)	44,708,854	–	(706,399,548)
Surplus on revaluation of property, plant and equipment	(241,237,670)	796,407,014	(405,588,641)	(632,056,043)
	–	405,588,641	(405,588,641)	–

	Note	2022		2021	
		Rupees		Rupees	
19 STORES, SPARES AND LOOSE TOOLS					
Stores			12,472,166		8,917,538
Spares			181,236,630		182,905,894
			193,708,796		191,823,432
Less: provision for obsolescence			(8,612,801)		(8,612,801)
			185,095,995		183,210,631
20 STOCK-IN-TRADE					
Raw and packing material					
- In hand			521,653,498		270,624,472
- In transit			17,225,350		22,463,675
			538,878,848		293,088,147
Work-in-process			157,048,335		118,186,971
Finished goods			586,842,076		296,312,106
Less: Provision for obsolescence		20.1	(43,077,665)		(30,504,149)
		20.2	1,239,691,594		707,587,224

20.1 Movement in provision for obsolescence

Balance as at 01 January		30,504,149		60,526,693
Charge for the year		14,259,508		–
Written off during the year		(1,685,992)		(30,022,544)
Balance as at 31 December		43,077,665		30,504,149

20.2 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. 3.64 million (2021: Rs. 2.3 million).

	Note	2022		2021	
		Rupees		Rupees	
21 TRADE DEBTS					
Unsecured:					
- Considered good			557,499,467		566,068,117
- Considered doubtful			111,900,180		22,455,914
Allowance for expected credit loss	21.1		(111,900,180)		(22,455,914)
			557,499,467		566,068,117
21.1 Allowance for expected credit loss					
As at 01 January			22,455,914		22,455,914
For the year			89,444,266		–
As at 31 December			111,900,180		22,455,914

21.2 The agings of these trade debts have been disclosed in Note 40.8 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	Note	2022	2021
		Rupees	Rupees
22 LOAN AND ADVANCES - UNSECURED			
Due from employees - Considered good		9,029,958	21,588,342
Advances to suppliers - Considered good	22.1	140,520,195	100,841,946
		149,550,153	122,430,288

22.1 These are interest free and in the normal course of business.

22.2 No loan or advance has been given to Chief Executive or any other Director of the Company.

	Note	2022	2021
		Rupees	Rupees
23 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposits		144,098,530	59,701,855
Prepayments		11,077,484	10,138,807
Other receivables	23.1	43,285,853	12,314,953
		198,461,867	82,155,615
23.1 Due from associated undertakings - unsecured			
Noon International (Private) Limited		–	39,247
Fauji Cereals		5,829,210	5,829,210
		5,829,210	5,868,457

23.1.1 Maximum outstanding balance with reference to month end balances:

	In the month of	In the month of	2022	2021
			Rupees	Rupees
Fauji Cereals	May 2021	May 2021	5,829,210	5,829,210

	Note	2022	2021
		Rupees	Rupees
24 INTEREST ACCRUED	24.1	40,973,562	–

24.1 This represents interest accrued on Term Deposit Receipts (TDRs) of Askari Bank Limited, an associated undertaking.

	Note	2022	2021
		Rupees	Rupees
25 CASH AND CASH EQUIVALENTS			
Cash-in-hand		88,272	99,015
Cash at banks on:			
- Current accounts		8,577,874	1,351,328,377
- Saving accounts	25.1	166,594,592	522,258,306
- Dividend accounts		221,491	221,491
	25.2	175,393,957	1,873,808,174
Term Deposit Receipts (TDRs):			
- Askari Bank Limited (Associated undertaking)	25.3	970,000,000	–
		1,145,482,229	1,873,907,189

25.1 This carries profit at the rates ranging from 10.75% to 14.5% (2021: 6% to 7.8%) per annum.

25.2 This includes amount of Rs. 108 million (2021: Rs. 1,453.99) at Askari Bank Limited, a related party.

25.3 These carry mark-up at the rate of 15.8% per annum and have one year maturity with premature encashment option without any surcharge.

	2022	2021
	Rupees	Rupees
26 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET		
Gross sales	12,919,391,281	9,466,139,369
Less: Sales tax	(289,355,529)	(458,973,667)
Trade discounts	(279,333,334)	(420,769,358)
	(568,688,863)	(879,743,025)
	12,350,702,418	8,586,396,344

26.1 Revenue from contracts with customers relates to local (Pakistan) market and represents sale of dairy and allied products. Timing of revenue recognition is at point of time.

26.2 The Company receives consideration from its customers in advance. In rare case credit term of 30 to 90 days is allowed.

	Note	2022	2021
		Rupees	Rupees
27 COST OF SALES			
Raw materials consumed		7,807,305,847	4,743,368,897
Salaries, wages and other benefits	27.1	202,052,188	198,959,205
Freight and forwarding		276,933,561	128,097,183
Power and fuel		576,422,508	316,023,441
Packing materials consumed		1,996,705,445	1,741,298,323
Stores and spares consumed		85,632,938	92,801,667
Repair and maintenance		234,457,305	189,835,083
Depreciation on property, plant and equipment	16.6	427,012,649	351,160,345
Rent, rates and taxes		287,913	656,521
Travelling and conveyance		10,627,809	6,938,157
Communication, establishment & others		874,365	795,677
Printing and stationery		1,099,677	659,013
Insurance		4,859,210	8,025,370
Others		11,572,286	998,753
		11,635,843,701	7,779,617,635
Adjustment of work-in-process			
Opening stock		118,186,971	173,006,590
Closing stock	20	(157,048,335)	(118,186,971)
		(38,861,364)	54,819,619
Cost of goods manufactured		11,596,982,337	7,834,437,254
Adjustment of finished goods			
Opening stock		326,816,255	156,040,982
Closing stock	20	(543,764,408)	(326,816,255)
		(216,948,153)	(170,775,273)
		11,380,034,184	7,663,661,981

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

	2022	2021
	Rupees	Rupees
Provident fund	10,375,862	9,473,900
Long term accumulated compensated absences	3,399,677	4,319,192
Gratuity	7,324,310	7,540,940
	21,099,849	21,334,032

In addition, salaries, wages and other benefits relating to milk procurement department amounts to Rs. 96.47 million (2021: Rs. 98.31 million) and provident fund amounts to Rs. 2.4 million (2021: Rs. 1.88 million).

	Note	2022	2021
		Rupees	Rupees
28 MARKETING AND DISTRIBUTION EXPENSES			
Freight and forwarding		164,894,207	134,970,766
Salaries, wages and other benefits	28.1	293,438,640	261,278,989
Repair and maintenance		2,097,158	2,128,315
Rent, rates and taxes		6,138,774	4,710,401
Travelling and conveyance		11,857,899	7,622,450
Vehicles' running and maintenance		63,893,415	32,371,944
Advertisement and sales promotion		768,783,394	553,182,762
Insurance		766,507	1,179,266
Depreciation on property, plant and equipment	16.6	10,851,548	11,960,470
Communication, establishment and others		15,564,206	9,653,900
		1,338,285,748	1,019,059,263

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

	2022	2021	
	Rupees	Rupees	
Provident fund	10,738,008	9,622,933	
Long term accumulated compensated absences	3,399,686	4,319,191	
Gratuity	7,324,325	7,540,940	
	21,462,019	21,483,064	
29 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	29.1	233,904,166	191,949,952
Travelling and conveyance		4,382,206	4,148,984
Directors' meeting fee	36	15,760,000	13,105,000
Rent, rates and taxes		1,817,031	1,314,130
Entertainment		2,893,475	1,212,748
Communication and establishment		14,472,814	13,527,697
Printing and stationery		2,802,506	2,262,153
Electricity, gas and water		13,500,947	7,926,724
Insurance		1,121,874	1,586,437
Repair and maintenance		6,157,033	3,028,011
Vehicles' running and maintenance		22,831,331	7,269,477

	Note	2022	2021
		Rupees	Rupees
Administrative expenses (Continued)			
Subscription		25,914,145	7,901,722
Legal and professional charges		30,711,596	23,691,876
Auditors' remuneration	29.2	2,890,000	1,590,000
Cash security charges		4,717,221	3,995,440
Depreciation on property, plant and equipment	16.6	59,248,696	55,314,721
Amortization of intangible assets	17.2	402,418	18,780,896
Others		4,618,291	2,216,969
		448,145,750	360,822,937

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

	Note	2022	2021
		Rupees	Rupees
Provident fund		7,202,203	5,680,024
Long term accumulated compensated absences		1,699,843	2,159,596
Gratuity		3,662,161	3,770,470
		12,564,207	11,610,090

29.2 Auditors' remuneration

- Statutory audit fee		1,800,000	1,210,000
- Half yearly review		315,000	150,000
- Certification charges		425,000	150,000
- Out-of-pocket expenses		350,000	80,000
		2,890,000	1,590,000

30 OTHER INCOME

Income from financial assets			
Profit on TDRs	25.3	141,124,932	-
Profit on saving accounts	25.1	37,974,751	12,226,916
Income from non-financial assets			
Sale of scrap		18,906,962	20,282,614
Gain on disposal of property, plant and equipment	16.2	1,393,407	43,723,546
		199,400,052	76,233,076

31 OTHER EXPENSES

Exchange loss		2,351,890	523,991
Contractual deductions		41,531,990	-
Allowance for expected credit losses	21.1	89,444,266	-
		133,328,146	523,991

32 FINANCE COST

Islamic mode of financing			
- Short term borrowings		20,818,876	19,359,116
Interest / mark-up on interest / mark-up based loans			
- Long term loans		910,432,136	493,113,151
- Short term borrowings		277,245,079	599,235,970
- Lease liabilities		22,117,040	30,427,897
Bank charges and commission		29,153,389	12,914,390
		1,259,766,520	1,155,050,524

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	2022	2021
	Rupees	Rupees
33 TAXATION		
Current:		
- For the year	159,052,640	122,041,623
Deferred:		
- For the year	-	(405,588,641)
	159,052,640	(283,547,018)

33.1 In view of minimum taxation, the reconciliation of accounting profit with tax charge is not considered meaningful and hence not presented.

	2022	2021
	Rupees	Rupees
34 LOSS PER SHARE		
Loss per share - basic and diluted		
Loss for the year	Rupees (2,168,510,518)	(1,252,942,258)
Weighted average number of ordinary shares in issue during the year	Number 1,584,088,159	1,584,088,159
Loss per share - basic and diluted	Rupees (1.37)	(0.79)

	Note	2022	2021
		Rupees	Rupees
35 Cash and cash equivalents			
Cash and cash equivalents included in the statement of cash flows comprise the following:			
Cash and bank balances	25	1,145,482,229	1,873,907,189
Running finance balances	12	(1,705,540,931)	(1,704,824,596)
		(560,058,702)	169,082,593

36 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	
	2022	2021	2022	2021	2022	2021
	Rupees					
Managerial remuneration	20,479,350	19,920,000	-	-	129,208,710	100,507,184
Meeting fee	-	-	15,760,000	13,105,000	-	-
Provident fund	2,047,940	1,528,000	-	-	12,919,324	10,151,345
House rent	9,215,710	5,940,000	-	-	108,449,115	83,976,464
Utilities	2,047,940	1,320,000	-	-	12,920,871	10,050,728
Relocation allowance	-	-	-	-	925,000	3,042,221
Others	6,400,000	2,200,000	-	-	33,604,913	19,164,679
	40,190,940	30,908,000	15,760,000	13,105,000	298,027,933	226,892,621
Number of persons	2	1	10	14	50	40

36.1 The Company also provides some of its executives with company maintained cars and other benefits in accordance with the Company's policy.

	Factory employees		Total employees	
	2022	2021	2022	2021
	Rupees			
37 NUMBER OF EMPLOYEES				
Total number of employees as at 31 December	392	430	583	617
Average number of employees during the year	415	500	604	681

	Capacity		Production	
	2022	2021	2022	2021
	Rupees			
38 CAPACITY AND PRODUCTION				
Liquid products - liters	221,312,000	221,312,000	59,041,145	57,077,538
Non - Liquid products - Kg	6,318,709	6,318,709	2,791,413	2,830,496

The actual production is according to market demand.

39 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	2022	2021
			Rupees	Rupees
Associated Undertakings				
Fauji Fertilizer Bin Qasim Limited (FFBL)	Parent Company (Shareholding and common directorship)	TA/DA, repair and maintenance and rent expense charged by related party	11,274	1,004,252
		Expense of IT facilities charged by related party	10,468,680	6,000,000
		Expense Charged to related party by Company	8,200	660,998
		Consultancy fee charged by related party	557,500	
		Finance cost charged by related party	15,000,000	457,466,704
		Conversion of loan as subscription received against right issue	-	5,925,000,000
Fauji Foundation	Associated Undertaking (Shareholding and common directorship)	Management shared services charged by related party	4,992,486	6,069,741
		Share deposit money received	2,000,000,000	-
		Consultancy fee charged by related party	847,500	-
		TA/DA and boarding expenses charged by related party	1,019,520	1,446,725

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For the year ended December 31, 2022

Name of the Company	Relationship	Nature of transactions	2022	2021
			Rupees	Rupees
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost charged by related party	103,107,131	58,777,408
		Profit on TDR	141,124,932	-
		Interest income on saving accounts	22,748,520	8,272,438
FFBL Power Company Limited	Associated Undertaking (Common directorship)	Purchase of coal	5,294,322	94,749,089
Fauji Cereals	Associated Undertaking (Common directorship)	Salary of executive charged to the related party	-	4,938,165
		Travelling expense charged to the related party	-	442,458
Fauji Security Services (Private) Limited	Associated Undertaking (Common directorship)	Expenses paid against security services	-	232,000
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the year	60,535,059	52,328,260
Employee's Gratuity Fund	Post employee benefit plan	Payment to gratuity fund	50,000,000	-
Directors		Meeting fee	15,760,000	13,105,000
Key Management Personnel		Remuneration and benefits	138,202,273	100,053,584

39.1 Associated companies / related parties percentage of shareholding has been disclosed in note 4.4.

40 FINANCIAL RISK MANAGEMENT

40.1 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 analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The 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:

40.2 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.

40.3 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 is not exposed to foreign exchange risk as at 31 December 2022 as it has no financial instruments denominated in foreign currency.

40.4 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.

40.5 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.

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

	2022	2021	2022	2021
	Effective rate		Rupees	Rupees
Financial assets				
Fixed rate instruments				
Saving accounts	10.75% to 14.5%	6% to 7.8%	166,594,592	522,258,306
Term Deposit Receipts	15.80%	-	970,000,000	-
			1,136,594,592	522,258,306

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	2022	2021	2022	2021
	Effective rate		Rupees	Rupees
Financial liabilities				
Variable rate instruments				
Lease liabilities	8.20% to 13.51%	8.20% to 13.51%	127,015,862	190,991,389
Long term loans	9.85% to 17.26%	8.79% to 9.85%	5,482,593,723	6,038,607,101
Short term borrowings	9.35% to 16.76%	8.29% to 9.35%	1,705,540,931	1,933,798,755
Total exposure			7,315,150,516	8,163,397,245

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 2022, if interest rate on variable rate financial instruments has been 1% higher / lower with all other variables held constant, loss before tax for the year would have been Rs. 93.15 million (2021: Rs. 76.41 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

40.6 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's credit risk arises from trade debts, other receivables, and balances with banks. The Company has no significant concentration of credit risk as its exposure is spread over a large number of counter parties.

40.7 Exposure to credit risk

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

	Note	2022	2021
		Rupees	Rupees
Financial assets at amortized cost			
Security deposits		153,638,477	66,307,977
Trade debts	21	557,499,467	566,068,117
Due from employees	22	9,029,958	21,588,342
Other receivables	23	43,285,853	12,314,953
Interest accrued	24	40,973,562	-
Bank balances	25	175,393,957	1,873,808,174
Term Deposit Receipts (TDRs)	25	970,000,000	-
		1,949,821,274	2,540,087,563

40.8 Credit quality and impairment

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

Counter parties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, TDRs and interest accrued. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Institutions	Rating		Agency	2022	2021
	Short term	Long term		Rupees	Rupees
Bank balances and TDRs					
National Bank Of Pakistan	AAA	A1+	PACRA	233,432	4,845,721
United Bank Limited	AAA	A1+	JCR-VIS	294,719	294,722
Askari Bank Limited	AA+	A1+	PACRA	873,515,891	1,453,999,677
JS Bank	AA-	A1+	PACRA	133,116	218,679
Bank Alfalah Limited	AA+	A1+	PACRA	-	5,738
MCB Bank Limited	AAA	A1+	PACRA	29,927,268	109,379,836
Habib Bank Limited	AAA	A1+	JCR-VIS	540,000	421,094
Faysal Bank Limited	AA	A1+	PACRA	240,263,493	156,218,756
Bank Islami Pakistan	A+	A1	PACRA	284,999	284,999
Bank Al-Habib Limited	AAA	A1+	PACRA	7,747	7,827
Soneri Bank Limited	AA-	A1+	PACRA	139,343	148,056,183
Dubai Islamic Bank	AA	A1+	JCR-VIS	53,949	74,942
				1,145,393,957	1,873,808,174
Interest accrued					
Askari Bank Limited	AA+	A1+	PACRA	40,973,562	-

Counter parties without external credit ratings

- Trade debts

These mainly include customers which are counter parties to trade debts. As explained in note 2.11, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Trade debts are written off when there is no reasonable expectation of recovery. Management uses an allowance matrix to measure "Expected Credit losses" (ECL) of trade debtors. The aging of trade debts at the reporting date is as follows:

	2022	2021
	Rupees	Rupees
0 - 90 days	412,295,555	151,784,031
91 - 180 days	10,326,886	305,595,961
181 - 365 days	32,871,289	29,358,913
Above 365 days	213,905,917	101,785,126
	669,399,647	588,524,031
Allowance for expected credit loss	(111,900,180)	(22,455,914)
	557,499,467	566,068,117

- Security deposits, other receivables and due from employees

The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

40.9 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

40.10 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. As explained in note 1.2, the Company has continuously been supported by sponsors and providers for finance for efficient working capital management and for meeting its contractual obligations. 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 2022				
Lease liabilities	127,015,862	142,125,935	85,953,292	56,172,643
Long term loans	5,988,149,277	5,988,149,277	505,555,554	5,482,593,723
Trade and other payables	1,548,301,907	1,548,301,907	1,548,301,907	-
Accrued finance cost	402,289,522	402,289,522	402,289,522	-
Short term borrowings	1,705,540,931	1,705,540,931	1,705,540,931	-
	9,771,297,499	9,786,407,572	4,247,641,206	5,538,766,366

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
Rupees				
At 31 December 2021				
Lease liabilities	190,991,389	229,493,836	84,721,252	144,772,584
Long term loans	6,038,607,101	6,038,607,101	50,457,824	5,988,149,277
Trade and other payables	853,631,207	853,631,207	853,631,207	-
Accrued finance cost	1,267,924,682	1,267,924,682	1,267,924,682	-
Short term borrowings	1,933,798,755	1,933,798,755	1,933,798,755	-
	10,284,953,134	10,323,455,581	4,190,533,720	6,132,921,861

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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 FAIR VALUE MEASUREMENTS

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.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate fair values. The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Note	2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Rupees					
Assets carried at amortized cost					
Security deposits		153,638,477	153,638,477	66,307,977	66,307,977
Trade debts - net of allowance	21	557,499,467	557,499,467	566,068,117	566,068,117
Due from employees	22	9,029,958	9,029,958	21,588,342	21,588,342
Other receivables	23	43,285,853	13,829,210	12,314,953	12,314,953
Interest accrued	24	40,973,562	40,973,562	-	-
Cash and bank balances	25	1,145,482,229	1,191,863,389	1,873,907,189	1,873,907,189
Term Deposit Receipts	25	970,000,000	-	-	-
		2,919,909,546	2,936,844,072	2,540,186,578	2,540,186,578

	Note	2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Rupees					
Liabilities carried at amortized cost					
Long term loans	7	5,988,149,277	5,988,149,277	6,038,607,101	12,026,756,378
Lease liabilities	9	127,015,862	127,015,862	190,991,389	318,007,251
Short term borrowing	12	1,705,540,931	1,705,540,931	1,933,798,755	3,639,339,686
Loan from Parent Company	13	2,000,000,000	2,000,000,000	-	2,000,000,000
Trade and other payables	13	1,548,301,907	1,548,301,907	853,631,207	2,401,933,114
Accrued finance cost	14	402,289,522	402,289,522	1,267,924,682	1,670,214,204
		11,771,297,499	11,771,297,499	10,284,953,134	22,056,250,633

The basis for determining fair values is as follows:

Interest rate used for determining fair values of financial instruments

For financial instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in the market rate and rate of the instruments and most of the fixed rate instruments are short term in nature, therefore fair value significantly approximates to carrying value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Fair value hierarchy

The following table shows assets recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

	2022				2021 Total
	Level 1	Level 2	Level 3	Total	
	Rupees				
Property, plant and equipment	-	7,662,867,837	-	7,662,867,837	8,079,699,652

42 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. As of the date of statement of financial position, the Company was financed through debt and equity.

	Note	2022	2021
		Rupees	Rupees
Gearing ratio			
Long term loans	8	5,988,149,277	6,038,607,101
Trade and other payables	13	1,755,021,988	995,323,636
Lease liabilities	9	127,015,862	190,991,389
Accrued mark-up	14	402,289,522	1,267,924,682
Short term borrowings	12	1,705,540,931	1,933,798,755
Total debt		9,978,017,580	10,426,645,563
Cash and cash equivalents	25	(1,145,482,229)	(1,873,907,189)
Net debt		8,832,535,351	8,552,738,374
Equity		4,047,448,812	3,525,519,238
Equity and net debt		12,879,984,163	12,078,257,612
		77%	86%

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. As at the reporting date, the Company has accumulated losses of Rs. 18,469.23 million. These indicators and other matters as explained in note 1.2 to the financial statements may cause changes in the Company's approach to capital management.

43 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES.

	2022					Total
	Long term loans	Short term borrowings	Accrued finance cost	Lease liabilities	Unclaimed dividend	
	Rupees					
Balance as at 01 January 2022	6,038,607,101	1,933,798,755	1,267,924,682	190,991,389	965,752	27,127,667,366
Cash flows						
Short term borrowings - net	-	(228,974,159)	-	-	-	(228,974,159)
Receipt of share deposit money	-	-	-	-	-	2,000,000,000
Repayment of long term loans	(50,457,824)	-	-	-	-	(50,457,824)
Repayment of lease rentals	-	-	-	(63,975,527)	-	(63,975,527)
Finance cost paid	-	-	-	(1,416,651,879)	-	(1,416,651,879)
Share issuance cost adjusted against share premium	-	-	-	-	(19,349,944)	(19,349,944)
Total changes from financing cash flows	(50,457,824)	(228,974,159)	(1,416,651,879)	(63,975,527)	(19,349,944)	220,590,667
Other changes including non-cash	-	716,335	-	-	-	716,335
Changes in running finance	-	-	1,259,766,520	-	-	1,259,766,520
Finance cost	-	-	-	-	-	-
Conversion of accrued finance cost to share deposit money	-	-	(708,749,801)	-	-	(708,749,801)
Assets acquired on lease	-	716,335	551,016,719	-	-	1,267,353,054
Total liability related other changes	5,988,149,277	1,705,540,931	402,289,522	127,015,862	965,752	17,676,029,743
Closing as at 31 December 2022	6,038,607,101	1,933,798,755	1,267,924,682	190,991,389	965,752	27,127,667,366
	Rupees					
Balance as at 01 January 2021	6,167,562,315	1,875,297,551	5,925,000,000	533,632,365	254,729,697	24,712,460,487
Cash flows						
Short term borrowings repaid	-	(156,281)	-	-	-	(156,281)
net of receipts	(128,975,214)	-	-	-	-	(128,975,214)
Repayment of long term loans	-	-	-	(63,738,308)	-	(63,738,308)
Repayment of lease rentals	-	-	-	-	-	-
Share issuance cost adjusted against share premium	-	-	-	(420,758,227)	-	(420,758,227)
Finance cost paid	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Total changes from financing cash flows	(128,975,214)	(156,281)	-	(420,758,227)	(63,738,308)	(1,209,727,836)
Other changes including non-cash	-	58,657,485	-	-	-	58,657,485
Changes in running finance	-	-	-	1,155,050,524	-	1,155,050,524
Finance cost	-	-	(5,925,000,000)	-	-	(5,925,000,000)
Sponsor support converted to equity	-	-	-	-	-	-
Assets acquired on lease	-	58,657,485	(5,925,000,000)	1,155,050,524	-	(4,708,684,990)
Total liability related other changes	6,038,607,101	1,933,798,755	1,267,924,682	190,991,389	965,752	17,695,379,687
Closing as at 31 December 2021	6,038,607,101	1,933,798,755	1,267,924,682	190,991,389	965,752	27,127,667,366

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

44 DATE OF AUTHORIZATION OF ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on January 26, 2023.

45 EVENTS AFTER THE REPORTING DATE

There are no subsequent events occurring after reporting date.

46 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.


Chairman


Chief Executive Officer


Director


Chief Financial Officer



FORM 34
THE COMPANIES ACT, 2017
(Section 227(2)(f))

PATTERN OF SHAREHOLDING

1.1 Name of the Company **FAUJI FOODS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **31-12-2022**

2.2 Number Of Shareholders	From	Shareholding To	Total Shares Held
992	1	100	49,427
1489	101	500	651,234
1716	501	1,000	1,644,919
3961	1,001	5,000	11,763,862
1714	5,001	10,000	13,925,554
692	10,001	15,000	9,011,118
530	15,001	20,000	9,860,751
349	20,001	25,000	8,230,094
245	25,001	30,000	7,010,150
159	30,001	35,000	5,258,265
162	35,001	40,000	6,266,718
95	40,001	45,000	4,093,373
147	45,001	50,000	7,267,510
56	50,001	55,000	2,975,737
87	55,001	60,000	5,093,489
34	60,001	65,000	2,140,025
51	65,001	70,000	3,513,009
48	70,001	75,000	3,520,247
43	75,001	80,000	3,391,061
18	80,001	85,000	1,503,550
24	85,001	90,000	2,122,454
21	90,001	95,000	1,963,977
125	95,001	100,000	12,457,869
20	100,001	105,000	2,056,540
19	105,001	110,000	2,058,760
8	110,001	115,000	903,500
11	115,001	120,000	1,305,031
25	120,001	125,000	3,096,643
16	125,001	130,000	2,059,942
5	130,001	135,000	664,641
4	135,001	140,000	553,840
5	140,001	145,000	716,700
26	145,001	150,000	3,889,718
8	150,001	155,000	1,220,028
6	155,001	160,000	948,616
5	160,001	165,000	813,313

PATTERN OF SHAREHOLDING

2.2 Number Of Shareholders	Shareholding From	To	Total Shares Held
8	165,001	170,000	1,340,710
7	170,001	175,000	1,211,351
5	175,001	180,000	894,390
2	180,001	185,000	366,000
3	185,001	190,000	568,599
3	190,001	195,000	582,248
29	195,001	200,000	5,780,984
12	200,001	205,000	2,434,776
4	205,001	210,000	831,000
4	210,001	215,000	850,264
2	215,001	220,000	438,001
6	220,001	225,000	1,339,500
4	225,001	230,000	912,324
4	230,001	235,000	933,716
3	235,001	240,000	715,000
2	240,001	245,000	486,500
7	245,001	250,000	1,750,000
4	250,001	255,000	1,008,436
4	255,001	260,000	1,032,158
7	260,001	265,000	1,844,989
2	265,001	270,000	540,000
1	270,001	275,000	275,000
4	275,001	280,000	1,111,092
2	280,001	285,000	566,317
4	285,001	290,000	1,151,500
2	290,001	295,000	583,500
8	295,001	300,000	2,400,000
2	300,001	305,000	602,027
2	305,001	310,000	615,658
5	310,001	315,000	1,564,500
2	315,001	320,000	634,877
1	320,001	325,000	325,000
2	325,001	330,000	656,000
3	335,001	340,000	1,017,500
1	340,001	345,000	344,500
3	345,001	350,000	1,050,000
2	350,001	355,000	703,500
2	360,001	365,000	724,500
1	365,001	370,000	367,000

2.2 Number Of Shareholders	Shareholding From	To	Total Shares Held
2	370,001	375,000	745,678
4	375,001	380,000	1,515,560
2	390,001	395,000	789,003
6	395,001	400,000	2,393,745
2	400,001	405,000	808,272
1	410,001	415,000	412,090
1	420,001	425,000	425,000
1	430,001	435,000	432,500
2	440,001	445,000	885,000
3	445,001	450,000	1,350,000
3	450,001	455,000	1,358,000
1	465,001	470,000	467,242
1	480,001	485,000	481,135
12	495,001	500,000	5,998,357
1	500,001	505,000	503,000
1	515,001	520,000	516,741
4	525,001	530,000	2,113,400
1	530,001	535,000	533,500
2	535,001	540,000	1,077,500
2	545,001	550,000	1,092,968
2	555,001	560,000	1,114,965
1	565,001	570,000	566,850
2	595,001	600,000	1,196,500
1	610,001	615,000	610,666
1	620,001	625,000	623,000
2	630,001	635,000	1,268,000
1	640,001	645,000	645,000
2	660,001	665,000	1,329,900
2	675,001	680,000	1,356,043
1	680,001	685,000	681,600
4	695,001	700,000	2,800,000
1	700,001	705,000	701,000
1	715,001	720,000	719,000
1	740,001	745,000	741,568
1	745,001	750,000	750,000
2	785,001	790,000	1,577,592
2	795,001	800,000	1,600,000
1	835,001	840,000	837,000
1	885,001	890,000	887,683

PATTERN OF SHAREHOLDING

2.2 Number Of Shareholders	Shareholding From	To	Total Shares Held
3	895,001	900,000	2,700,000
1	920,001	925,000	920,798
1	925,001	930,000	926,742
1	965,001	970,000	965,817
2	985,001	990,000	1,975,293
5	995,001	1,000,000	5,000,000
1	1,045,001	1,050,000	1,050,000
1	1,125,001	1,130,000	1,130,000
1	1,135,001	1,140,000	1,140,000
4	1,195,001	1,200,000	4,799,477
1	1,295,001	1,300,000	1,300,000
1	1,310,001	1,315,000	1,314,500
1	1,325,001	1,330,000	1,328,122
1	1,450,001	1,455,000	1,455,000
1	1,465,001	1,470,000	1,470,000
2	1,495,001	1,500,000	3,000,000
1	1,540,001	1,545,000	1,544,000
1	1,655,001	1,660,000	1,660,000
2	1,695,001	1,700,000	3,400,000
1	1,745,001	1,750,000	1,749,500
1	1,750,001	1,755,000	1,751,483
1	1,780,001	1,785,000	1,784,500
1	1,845,001	1,850,000	1,845,784
1	1,855,001	1,860,000	1,857,698
1	1,920,001	1,925,000	1,925,000
1	2,005,001	2,010,000	2,008,460
1	2,095,001	2,100,000	2,098,621
1	2,405,001	2,410,000	2,407,857
1	2,515,001	2,520,000	2,515,500
1	2,920,001	2,925,000	2,920,743
1	3,000,001	3,005,000	3,001,497
1	3,055,001	3,060,000	3,056,000
1	3,125,001	3,130,000	3,129,500
1	3,210,001	3,215,000	3,210,852
1	3,440,001	3,445,000	3,445,000
1	4,595,001	4,600,000	4,600,000
1	5,230,001	5,235,000	5,231,000
1	6,685,001	6,690,000	6,687,302
1	7,265,001	7,270,000	7,266,000

2.2 Number Of Shareholders	Shareholding From	To	Total Shares Held
1	8,695,001	8,700,000	8,697,557
1	8,880,001	8,885,000	8,883,660
1	9,995,001	10,000,000	10,000,000
1	26,400,001	26,405,000	26,401,583
1	67,370,001	67,375,000	67,371,916
1	1,134,700,001	1,134,705,000	1,134,701,257
13223			1,584,088,159

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	148,923	0.0094%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	1,202,073,173	75.8842%
2.3.3 NIT and ICP	8,300	0.0005%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,845,784	0.1165%
2.3.5 Insurance Companies	26,401,655	1.6667%
2.3.6 Modarabas and Mutual Funds	467,876	0.0295%
2.3.7 Shareholders holding 10% or more	1,134,701,257	71.6312%
2.3.8 General Public		
a. Local	313,291,290	19.7774%
b. Foreign	283,900	0.0179%
2.3.9 Others (to be specified)		
1- Investment Companies	448,000	0.0283%
2- Joint Stock Companies	37,710,219	2.3806%
3- Other Companies	1,409,039	0.0889%

3. Signature of Company Secretary

4. Name of Signatory

5. Designation

6. CNIC Number

7. Date



Brig Hamid Mahmood Dar (Retd)

Company Secretary

35201-7127628-1

December 31, 2022

حصص کی ملکیت	ملکیتی حصص کی تعداد	فیصد
محترم تانیہ شاہ عیدروس	1	0.0000
IV ایگزیکٹوز:	-	-
V پبلک سیکر کمپنیاں اور کارپوریشنز:	-	-
VI بینک، ہر قریبی مالیاتی ادارے، غیر بینکنگ مالیاتی کمپنیاں، انشورنس کمپنیاں، نکافل، مضاربہ اور پشٹن فنڈز:	28,247,439	1.7832
VII لسطہ کمپنی میں پانچ فیصد یا اس سے زیادہ ووٹنگ انٹریٹ رکھنے والے شیئر ہولڈرز:		
1 فوجی فریڈائزر بن قاسم لمیٹڈ (CDC)	1,134,701,257	71.6312

- 31 دسمبر 2022 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور بالغ بچوں کے ذریعے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی گئی۔

سال 2022 کے دوران بورڈ آف ڈائریکٹرز/کمٹیوں کے اجلاس:

بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	میٹنگز کی تعداد
جناب سرفراز احمد رحمان	26 نومبر 2021 کو دوبارہ منتخب ہوئے
جناب عارف الرحمان	26 نومبر 2021 کو دوبارہ منتخب ہوئے
ڈاکٹر ندیم عنایت	26 نومبر 2021 کو دوبارہ منتخب ہوئے
سید بخشیا رکاشی	26 نومبر 2021 کو دوبارہ منتخب ہوئے
جناب علی اسرار حسین آغا	26 نومبر 2021 کو دوبارہ منتخب ہوئے
جناب بشارت احمد بھٹی	26 نومبر 2021 کو دوبارہ منتخب ہوئے
جناب عمران حسین	26 نومبر 2021 کو دوبارہ منتخب ہوئے
جناب جاوید قریشی	26 نومبر 2021 کو دوبارہ منتخب ہوئے
محترمہ سمیرا م	05 ستمبر 2022 کو مستعفی ہو گئیں
محترمہ تانیہ شاہ عیدروس	05 ستمبر 2022 کو مقرر ہوئیں

آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	میٹنگز کی تعداد
جناب جاوید قریشی	5
سید بخشیا رکاشی	5
جناب بشارت احمد بھٹی	5
ڈاکٹر ندیم عنایت	1

ڈائریکٹر کا نام	میٹنگز کی تعداد
جناب علی اسرار حسین آغا	7
ڈاکٹر ندیم عنایت	1
جناب عمران حسین	6
جناب عارف الرحمان	7
محترمہ سمیرا م	0

آپریشن اینڈ برنس کمیٹی کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	میٹنگز کی تعداد
جناب علی اسرار حسین آغا	5
ڈاکٹر ندیم عنایت	1
جناب عمران حسین	5
جناب سرفراز احمد رحمان	4

آڈیٹرز

آڈٹ کمیٹی نے سکدوش ہونے والے آڈیٹرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس جنہوں نے اہل ہونے کی بناء پر کمپنی کو آزاد بیرونی آڈٹ خدمات فراہم کرنے کے لئے دوبارہ تقرری کی رضامندی کا جائزہ لیا۔ آڈٹ کمیٹی نے سکدوش ہونے والے آڈیٹرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس کی آئندہ سال کے لئے کمپنی کے قانونی آڈیٹرز کے طور پر تقرری کی سفارش کی ہے۔ بورڈ نے سفارشات کی توثیق کی ہے۔

کارپوریٹ گورننس کے ضابطے کی تعمیل:

31 دسمبر 2022 کو ختم ہونے والے سال کے لئے متعلقہ لسٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کی پوری طرح سے تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔

FFFL ایک پالیسی فریم ورک کی پیروی کرتا ہے جو زیادہ ماحول دوست طریقوں کے لیے موزوں ہے اور جس میں ٹھوس اور مائع فضلہ، ہوا کے اخراج، زمینی آلودگی اور شور کے لیے ویسٹ مینجمنٹ کے مناسب طریقے اپنائے گئے ہیں۔

کارپوریٹ سماجی ذمہ داری کی مد میں کمپنی کا مقصد منافع پیدا کرنے کے روایتی کارپوریٹ ہدف کے ساتھ ساتھ سماجی بھلائی کو بھی ترجیح دینا ہے۔

ڈائریکٹرز انتظامی اور کنٹرول نظام کے تحت کاروبار کو چلانے کی باضابطہ ذمہ داری کے تحت ہوتے ہیں، جس سے کمپنی پراسٹیک ہولڈرز کے یقین اور اعتماد کو تقویت ملتی ہے۔

نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو معاوضے کی ادائیگی بورڈ کی طرف سے منظور شدہ معاوضہ پالیسی کے مطابق کی جاتی ہے۔

ڈیویڈنڈز:

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

سالانہ اجلاس عام:

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ مالیاتی گوشواروں کی منظوری کے لیے 56 واں سالانہ اجلاس عام 21 مارچ 2023 کو صبح 11:00 بجے لاہور میں منعقد ہوگا۔

اعتراف:

بورڈ قابل قدر شیئر ہولڈرز اور مالیاتی اداروں کا ان کے اعتماد اور کمپنی کے ساتھ مسلسل تعاون کے لیے شکر گزار ہے۔ بورڈ کمپنی کے تمام ملازمین کی لگن، ہمدردی اور محنت کو بھی سراہتا ہے۔

مختار بھٹو

 وقار احمد ملک
 چیئر مین
 لاہور:
 مورخہ: 26 جنوری 2023

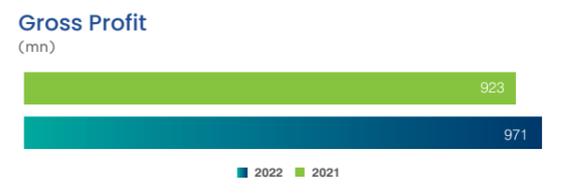
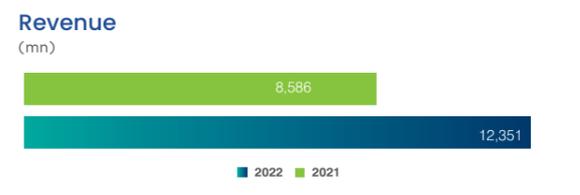
عثمان ظہیر احمد
 چیف ایگزیکٹو آفیسر

2022 میں 971 ملین روپے (LY سے 5% زیادہ) کا مجموعی منافع اس قدر مہنگائی کے ماحول میں نئے سرے سے بنائے گئے کاروباری ماڈل کا کامیابی کا ثبوت ہے۔

بہت زیادہ شرح سود کی وجہ سے کمپنی کے مجموعی منافع 1.2 بلین روپے کو سود کی لاگت کا سامنا کرنا پڑا۔ کمپنی اپنے اسپانسرز اور شیئر ہولڈرز سے رائٹس شیئر ایٹو کے عمل کے علاوہ 11.7 بلین روپے کے کیش آنجیکشن وعدوں کو حاصل کرنے میں کامیاب رہی۔ اس عمل کے مکمل ہونے پر، یہ آنجیکشن کمپنی کو اس کی انتہائی لیور پیڈ بیلنس شیٹ کو حل کرنے اور سال 2023 کے مارک اپ کے اخراجات میں نمایاں کمی کو یقینی بنانے میں مدد کرے گا۔

سال 2022 کے لیے ٹیکس کے بعد نقصان 2.168 بلین روپے جبکہ 2021 میں 1.253 بلین روپے رہا تھا۔

پاکستانی روپے بلین میں	2022	2021	اضافہ / (کمی) %
خالص فروخت	12,351	8,586	44.0%
مجموعی منافع	971	923	5.2%
(نقصان) ٹیکس کے بعد	(2,168)	(1,253)	73.0%



مجاز کیمپنل اور رائٹ ایٹو میں اضافہ

30 اگست 2022 کو ہونے والی غیر معمولی اجلاس عام میں، شیئر ہولڈرز نے ایک خصوصی قرارداد کے ذریعے، مجاز کیمپنل میں ہر ایک-10 روپے کے 18,000 ملین شیئرز سے بڑھا کر ہر ایک-10 روپے کے 28,000 ملین شیئرز تک اضافے کی منظوری دی ہے۔ مزید برآں سال کے دوران 18 اکتوبر 2022 کو ہونے والی غیر معمولی اجلاس عام میں، شیئر ہولڈرز نے ایک خصوصی قرارداد کے ذریعے، کمپنی کے حصص "رائٹ کے علاوہ" کے اجراء کی منظوری دی جس کی مجموعی رقم 11,708,749,800 جو کہ ہر ایک 10 روپے کے 1,170,874,980 شیئرز میں منقسم ہے۔ متعلقہ اٹھارہویں کی طرف سے منظوری کے بعد حصص "رائٹ کے علاوہ" کا اجرا کمپنی کی ایکویٹی اور لیویڈٹی کو تقویت دے گا۔

مستقبل کے پورٹ فولیو کی حکمت عملی کے لیے موزوں تعیناتی

ہاؤس آف نور پور پاکستانی صارفین کے لیے ذائقہ دار غذائیت فراہم کرنے کے لیے بہت اہم متنوع ڈیری پورٹ فولیو پیش کرتا ہے۔ ہماری مصنوعات کی وسیع رینج میں نور پور UHT دودھ، مکھن، بنیر، کریم، ذائقہ دار دودھ اور دودی لکمیڈٹی وائٹرز شامل ہیں۔22 میں نور پور UHT دودھ نے دودھ لیکٹری میں 7 گنا سے زیادہ اضافہ کیا،2022 میں پاکستان میں سب سے تیزی سے ترقی کرنے والا دودھ کا برانڈ بن گیا۔ ذائقہ اور غذائیت کے اپنے وعدے کو پورا کرتے ہوئے، ہم نے ویلیو ایڈڈ لیکٹیگرز یعنی معمولی سائز مکھن، چاکلیٹ ذائقہ والا دودھ، موزار یلا اور چیڈر پنچیر بلاسک میں لائن اسٹینیشن کے ذریعے اپنے پورٹ فولیو کو دیر سے اور کامیابی کے ساتھ بڑھایا۔

22 میں ہم نے نور پور کو موثر طریقے سے صارفین کی آگاہی کو یکنگنا بہتر کیا۔ یہ ایک اچھی طرح سے منظم مہم جو موصلاتی حکمت عملی کی پشت پر فراہم کیا گیا تھا۔ موصلاتی پلیٹ فارمز میں TVCs، ہمیشہ آن سول میڈیا ڈیجیٹل پلیٹ فارمز، فوڈ شووز اور ریسیپس چینلو کا انضمام، اسپورٹس (ہاکی اور گالف) اسپانسرشپس، پیکیج مقابلے، صارفین کی متاثر کن مصروفیات اور آرزائش کو آمادہ کرنے کے لیے صارفین کی پروموشنز شامل ہیں۔

ہمارا فوڈ سروسز کا کاروبار کسٹوماؤرز ڈ مصنوعات اور ہمارے پورٹ فولیو کی ویلیو ایڈڈ ریج کی بنیاد پر معزز بین الاقوامی اور مقامی کلائنٹس کے ساتھ کاروبار کو ترقی دے کر ذائقہ اور غذائیت کے ہمارے وعدے کو برقرار رکھنے میں بنیادی کردار ادا کرتا ہے۔ اس نے ان بے مثال معاشی اوقات میں کاروباری قدر کے مارجن اور حجم میں اضافے کو برقرار رکھنے میں مدد کی۔

مستقبل کا نقطہ نظر

2022 کی اسٹریٹجک سمت نے حجم اور مارجن میں نمو کی ایک مثبت رفتار پیدا کرنا شروع کر دی ہے جیسا کہ چوتھی سہ ماہی کے نتائج سے ظاہر ہوتا ہے۔ گزشتہ دوسہ ماہیوں کے رجحانات کی بنیاد پر ہمیں یقین ہے کہ:

- نمو کی رفتار 2023 میں جاری رہے گی۔ 'روٹ ٹو مارکیٹ' کی صلاحیت پورٹ فولیو اور خاص طور پر ویلیو ایڈڈ برانڈز میں پائیدار نمو کو آگے بڑھاتی رہے گی۔
- ادارہ جاتی کاروبار کے لیے نئی مصنوعات کی کامیاب ترقی پیلے سے مضبوط پورٹ فولیو کی تعمیر کی توقع ہے۔ ہمارا مقصد موجودہ صارفین کو مزید مصنوعات فروخت کرنے کے ساتھ ساتھ بصیرت کی قیادت والی نئی مصنوعات کی بنیاد پر نئے گاہکوں کو حاصل کرنا ہے۔
- کلین انرجی کی طرف منتقلی اور توانائی کی لاگت کو یکسر کم کرنے کے لیے میگا پائیداری کے منصوبے جاری ہیں اور فی الحال 1.0 میگا واٹ کاسولر پلانٹ نصب کیا جا رہا ہے جس کی پیداوار پہلی سہ ماہی 2023 تک متوقع ہے۔ اس کے علاوہ، پیداواری ضروریات کے لیے درآمدی اور مینگے ایندھن پر انحصار کو کم کرنے کے لیے مقامی طور پر دستیاب بائیو فیول کو استعمال کرنے کے لیے تہیہ جلی کا عمل جاری ہے۔

- ایکو پیٹی آنجیکشن سے قرض کے ختم ہونے کی توقع ہے۔ اس سے کھاتوں پر سود کی کافی لاگت کم ہوگی اس طرح کاروبار کو بہت ضروری فروغ ملے گا جو پیلے سے ہی اپنی آپریشنل صحت کو تیزی سے بہتر بنا رہا ہے۔
- ہمارا مقصد ٹیلنٹ میں کو تھریل کے کاروبار کے مستقبل کو محفوظ بنانا ہے۔ اس بات کو یقینی بنانے کے لیے بہت سے اقدامات جاری ہیں کہ FFL مستقبل کے لیے قیادت کی پائپ لائن بنانے کے لیے اعلیٰ معیار کے ٹیلنٹ کو شامل کرنے کے قابل ہو۔

پائیدار شعبہ جاتی ترقی کے حصول کے لیے یہ بہت اہمیت کا حامل ہے کہ مستقبل کی حکوتی پالیسیاں ڈیری سیکٹر کے لیے مستقل اور معاون ہوں۔ کمپنی پاکستان ڈیری ایسوسی ایشن (PDA) کے پلیٹ فارم کے ذریعے متعدد متعلقہ اور اہم اسٹیک ہولڈرز کے ساتھ مصروف عمل ہے تا کہ ملک کو صحت مند اور صحت بخش مصنوعات کی فراہمی کو یقینی بنانے کے لیے پیک شدہ دودھ اور متعلقہ مصنوعات کی اہمیت پر زور دیا جاسکے۔

تاہم، انتظامیہ افراط زر کے چیلنجوں اور صارفین کی قوت خرید پر دباؤ کے ساتھ مخلوط معاشی اور کاروباری ماحول کی پیش گوئی بھی کرتی ہے۔ مینجمنٹ ٹیم کمپنی کے کاروبار کو پائیدار اور منافع بخش بنانے کے لیے صلاحیتوں میں اضافہ اور مزید آپریشنل کارکردگی لاکر مارکیٹ میں چیلنجوں سے نمٹنے کے لیے پُر عزم اور لچکدار ہے۔

کمپنی کو درپیش اصل خطرات اور غیر یقینی صورتحال

کمپنی کو درپیش خطرات ڈیری سیکٹر میں کام کرنے والی دیگر کمپنیوں کو درپیش خطرات سے نمایاں طور پر مختلف نہیں ہیں۔ انتظامیہ کی طرف سے ایک مضبوط کاروبار اور رسک مینجمنٹ کے عمل کے ذریعے خطرات کا جائزہ لیا جاتا ہے۔ ان خطرات سے وابستہ ممکنہ اثرات کو کم کرنے کے لیے مناسب حکمت عملیوں اور ہنگامی منصوبوں کا باقاعدگی سے جائزہ لیا جاتا ہے۔ کمپنی کے کاروبار اور آپریشنز کو کوئی خاص خطرہ اور غیر یقینی صورتحال لاحق نہیں ہے، ہوائے اس کے جو مالیاتی گوشواروں کے ہنگامی حالات اور کمنٹ نوٹس میں ظاہر کیا گیا ہے۔

متعلقہ فریقوں کے ساتھ لین دین

کمپنی نے متعلقہ فریقوں کے ساتھ لین دین کیا ہے اور متعلقہ فریقوں کی طرف سے واجب الادا قومی، جیسا کہ متعلقہ ہیڈز کے تحت ظاہر کیا گیا قابل رسائی قیمتوں کے مطابق کیا گیا ہے۔ مالی گوشواروں میں ظاہر کیے گئے کے سوائے متعلقہ فریقوں کے ساتھ کوئی اور لین دین نہیں کیا گیا۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں، سوائے جن کا مالی گوشواروں میں انکشاف کیا گیا ہے۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ٹیکس، ڈیویڈنڈ، لیویز اور دیگر چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 31 دسمبر 2022 کو بقایا ہوں، سوائے ان کے جن کا مالی گوشواروں میں انکشاف کیا گیا ہے۔
- غیر نظر شدہ حسابات کی بنیاد پر، اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 31 دسمبر 2022 کو 111 ملین روپے تھی۔
- بورڈ نے آزاد رائزر کیئر سمیت نان ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی کی منظوری دی ہے۔
- نمونہ حصص داری اور نمونہ حصص داری کی بابت اضافی معلومات اس سالانہ رپورٹ میں شامل ہیں۔

حصص کی ملکیت	ملکیتی حصص کی تعداد	فیصد
I شریک کمپنیاں، ادارے اور متعلقہ فریق:		
1 انتظامیہ کمپنی۔ فوجی فاؤنڈیشن (CDC)	67,371,916	4.2530
2 فوجی فریٹلائزر رین قاسم لمیٹڈ (CDC)	1,134,701,257	71.6312
II میوچل فنڈز:		
1 CDC- ٹرٹی الفلاح کنزرویمر اینڈ ٹیکس ایسوسی ایشن ٹریڈڈ فنڈ (CDC)	121,876	0.0077
2 CDC- ٹرٹی فیصل MTS- MT (CDC)	205,500	0.0130
3 CDC- ٹرٹی فرسٹ کیمپنل میوچل فنڈ (CDC)	35,000	0.0022
4 CDC- ٹرٹی گولڈن ایرو اسٹاک فنڈ (CDC)	50,000	0.0032
5 CDC- ٹرٹی HBL فنڈیشنل سیکرٹم فنڈ بین MT-I (CDC)	55,000	0.0035
6 CDC- ٹرٹی INIT انکم فنڈ- MT (CDC)	500	0.0000

III ڈائریکٹرز ہی ای او اور ان کی شریک حیات اور نا بالغ بچے:

1 جناب سرفراز احمد رحمان	7	0.0000
2 جناب عارف الرحمان	70,001	0.0044
3 ڈاکٹر ندیم حناہت	31	0.0000
4 سید مختیار کاظمی	1	0.0000
5 جناب علی اسرار حسین آغا	78,879	0.0050
6 جناب بشارت احمد بھٹی	1	0.0000
7 جناب عمران حسین	1	0.0000
8 جناب جاوید قریشی	1	0.0000

کمپنی ممبران کو ویڈیو کانفرنس کی سہولت کے مقام کے بارے میں اجلاس عام کی تاریخ سے کم از کم 5 دن پہلے مطلع اور اس کے ساتھ اس طرح کی سہولت تک رسائی کے قابل بنانے کے لیے ضروری مکمل معلومات فراہم کرے گی۔

میں/ہم _____،
 ساکن _____، بحیثیت فوجی فوڈز لمیٹڈ، کے ممبر ہونے کی
 حیثیت سے _____ عام حصص برطانیق رجسٹر فوڈیو/ CDC کا ڈسٹ نمبر
 بذریعہ ہذا _____
 میں ویڈیو کانفرنس کی سہولت کا
 انتخاب کرتے ہیں۔

ممبر کے دستخط

5- ای ووٹنگ

ممبران کمپنیز ایکٹ، 2017 کے سیکشن 143-145 اور کنونیٹر (پوشل بیلت) ریگولیشنز 2018 کی لاگوشتوں کے تقاضوں کو پورا کرتے ہوئے رائے شماری کا مطالبہ کرنے کا اپنا حق استعمال کر سکتے ہیں۔

6- ویڈیو لنک کے ذریعے AGM میں شرکت:

AGM میں عملی طور پر شرکت کے لیے ویڈیو لنک کمپنی کی ویب سائٹ یعنی www.faujifoods.com پر دستیاب ہوگا۔

ممبران سے درخواست کی جاتی ہے کہ وہ مندرجہ ذیل ذرائع سے بھی سالانہ اجلاس عام میں شرکت کر سکتے ہیں۔

1- واٹس ایپ نمبر [0321-8318007] (برائے سوالات/تجاویز)

2- ای میل آئی ڈی [secretary@faujifoods.com] (برائے سوالات/تجاویز)

3- ویڈیو لنک [ذیل زوم لنک کے ذریعے شامل ہوں]

<https://ffbl.zoom.us/j/2315355306?pwd=dUFUL0pHNUFISTdlNzNzZWVJWdVVDUT09>

میٹنگ آئی ڈی: 2315355306

پاس کوڈ: 335335

ڈائریکٹرز رپورٹ برائے سال 31 دسمبر 2022

اقتصادی جائزہ

بڑھتی ہوئی افراط زر سے نمٹنے کے لیے مرکزی بینکوں کی جانب سے مالیاتی سختی جاری رکھنے کے ساتھ عالمی معیشت کے حوالے سے غیر یقینی صورتحال برقرار ہے، جو 2023 میں بھی جاری رہنے کی توقع ہے۔ مالی محرکات کی واپسی کے ساتھ، اس مابینری سختی نے عالمی کساد بازاری کے امکانات کو بڑھا دیا ہے۔ پاکستان کو نہ صرف عالمی چیلنجز کا سامنا ہے بلکہ اسے آنے والے مہینوں میں اس کو اپنی مشکلات بھی درپیش ہیں۔ اگرچہ کثیرالجہتی ایجنسیوں کے ساتھ بات چیت جاری ہے، تاہم غیر معمولی موسمیاتی سیلاب کے ساتھ ساتھ غیر ملکی کرنسی کے ذخائر میں تیزی سے کمی، برآمدات کی سست روی، بلند شرح سود کے ماحول اور متعلقہ عوامل نے پاکستان کے معاشی نقطہ نظر کو ڈرامائی طور پر کشیدہ کر دیا ہے۔

2022 کے وسط میں بہت زیادہ سیلاب نے پاکستان میں تباہی مچا دی۔ ایک اندازے کے مطابق 33 ملین سے زیادہ لوگ متاثر ہوئے ہیں اور معیشت کو 20~ ملین امریکی ڈالر کا نقصان ہوا ہے۔ سیلاب نے ملک میں معاشی اور زرعی سرگرمیوں کو متاثر کیا ہے کیونکہ بڑی فصلوں کی پیداوار میں نمایاں نقصان ہوا ہے۔ نیکسٹل سیکٹر میں کیپاس کی عدم دستیابی کی وجہ سے کارخانے بند ہوتے دیکھے گئے جبکہ زرعی پیداوار کی قلت کے باعث ایشیائے خورد و نوش کی قیمتوں میں اضافہ ہوا جس سے مہنگائی میں مزید اضافہ ہوا۔ اس منظر نامے کے ساتھ، عالمی منڈیوں کے حساب سے ملک کے ڈیفالٹ کا خطرہ جاری رہتا ہے۔

غیر یقینی صورتحال سے نمٹنے اور ترقی کی رفتار پر واپس آنے کے لیے، ملک کو ساختی اصلاحات، جیسے کہ ٹیکس نیٹ میں توسیع، سستی بجلی کی پیداوار، ایندھن کے نرخوں میں کمی، برآمدی شیپوں کی حوصلہ افزائی، آئی ٹی سیکٹر کی برآمدات کو فروغ دینے کے لیے نارگنڈ پالیسیاں، اور ٹیلنٹ ترقیاتی پروگرام استوار کرنے کی اشد ضرورت ہے۔

اس طرح کی تلخ حقیقتوں کے ذریعے، ہمارا کاروبار ایک پائیدار کاروباری ماڈل بنانے کی سمت میں کام کر رہا ہے اور اس نے برآمد پر مبنی روڈ میپ بھی تیار کرنا شروع کر دیا ہے۔ ان مشکل وقتوں کے دوران، فوجی فوڈز لمیٹڈ نے ملک کے فوڈ سیکٹور میں سب سے اہم مسائل کو حل کرنے میں اہم کردار ادا کیا ہے۔

کاروباری جائزہ

مذکورہ بالا بڑے معاشی چیلنجوں کے ساتھ ساتھ، سیلاب سے ذریعہ اندسٹری سب سے پہلے اور بہت زیادہ متاثر ہوئی۔ ایک اندازے کے مطابق تقریباً 1.5 ملین جانور مر گئے اور/یا ان موسمیاتی تبدیلیوں کی وجہ سے سیلاب اور بیماری کے باعث بے گھر ہو گئے۔ اس کے نتیجے میں پاکستان ذریعہ سیکٹر میں دودھ کی پیداوار میں تقریباً 20 فیصد کا نقصان ہوا۔ پاکستانی روپے کی قدر میں کمی نے کسان کی فیڈ ان پٹ لاگت کو نمایاں طور پر متاثر کیا جس کے نتیجے میں 2022 میں خام دودھ کی قیمت میں تقریباً 50 فیصد اضافہ ہوا جبکہ پچھلے 5 سالوں میں دودھ کی قیمت میں 36 فیصد اضافہ ہوا تھا۔ کرنسی کی قدر میں کمی اور توانائی کے بڑھتے ہوئے اخراجات کی وجہ سے، ٹیڑا پاکستان اور Ecolene نے سال کے دوران بیکیٹیگ مواد کی قیمت میں 30%~ اضافہ کر دیا۔ کم ہوتے غیر ملکی ذخائر سے نمٹنے کے لیے حکومتی پالیسیوں کے درمیان اسٹیٹ بینک آف پاکستان کی جانب سے لیو آف کریڈٹس کھولنے میں تاخیر کی وجہ سے کمپنی کو ضروری خام مال کی درآمد میں بھی سنگین چیلنجز کا سامنا ہے۔

2022 کے اوائل میں، ذریعہ اندسٹری کی ایک اہم پروڈکٹ، مائع چائے وائٹنر پر جی ایس ٹی نافذ کیا گیا، جس نے اس زمرے کی فروخت اور FFL کے مالیاتی نتائج کو بھی نمایاں طور پر متاثر کیا۔ مندرجہ بالا جی ایس ٹی کو معزز لائوور ہائی کورٹ نے چوتھی سہ ماہی 2022 میں بحال طور پر تبدیل کر دیا، جس سے نہ صرف کمپنی بلکہ مجموعی ذریعہ اندسٹری کو ایسے مشکل وقت میں مدد ملی۔

2022 نے تین اسٹریٹجک ستونوں پر مبنی FFL مرحلے میں ایک مضبوط واپسی دیکھی:



قدر کی قیادت کی ترقی:

- مارجن ایکریڈیو سیکٹور میں پورٹ فولیو پیوٹ۔
- مہنگائی کے باوجود کرنے کے لیے جارحانہ قیمتوں کا تعین۔
- مارکیٹ میں پورٹ فولیو کی تعمیراتی پر توجہ مرکوز کرنے کے لیے مارکیٹ کاراستہ تبدیل کیا گیا جس سے صلاحیتوں اور رفتار میں بہتری آئے گی۔
- منافع بخش چینلز کو ترجیح دینے کے لیے چینل کی حکمت عملی پر نظر ثانی کی گئی۔
- لاگت کی بنیاد کو نمایاں طور پر کم کر کے پائیداری پیدا کرنا۔
- اہم خام مال کے اثرات کو کم کرنے کے لیے بہترین سوریٹ حکمت عملی۔
- لاگت کو کم کرنے کے لیے درآمد شدہ اور 1.5L کے مہنگے پیک میٹ کو مقامی فارمیٹ سے بدل دیا گیا۔
- نقطے کو کم کرنے اور پیداواری صلاحیت کو بہتر بنانے کے لیے پلانٹ پر کامیابی کے ساتھ عمل میں لائے گئے متعدد کارکردگی کے منصوبے۔

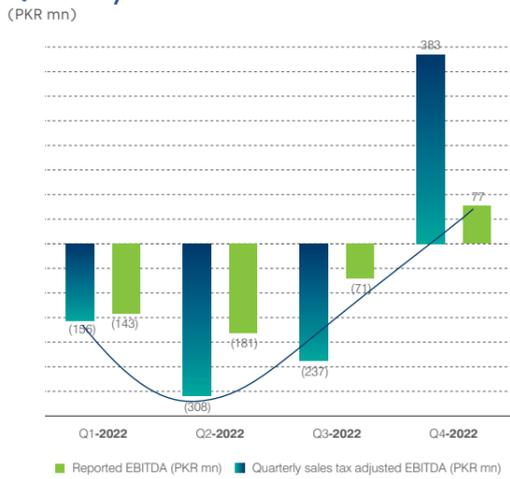
قابلیت

- کمپنی نے SalesFlo کے نفاذ کے ذریعے ثانوی فروخت کے عمل کے آؤٹیشن میں بہت زیادہ سرمایہ کاری کی ہے۔
- دودھ جمع کرنے کی پوری ویلیو چین کی ڈیجیٹلائزیشن جاری ہے۔ ڈیزائن مکمل ہو چکا ہے۔
- مستقبل کے لیے ایک مضبوط ٹیلنٹ ریزرچ کی بڑی کی تعمیر کے لیے ایک مضبوط ٹیلنٹ منجمنٹ کا عمل شروع کیا گیا۔

مجھے یہ بتاتے ہوئے بے حد خوشی ہو رہی ہے کہ اتنے غیر یقینی اور چیلنجنگ کاروباری ماحول کے باوجود، FFL نے سال 2022 کے لیے خالص آمدنی میں 44% کا متاثر کن اضافہ حاصل کیا، 2021 میں 8.6 بلین روپے کے مقابلے میں 12.4 بلین روپے، ویلیو ایڈڈ پورٹ فولیو میں نمایاں طور پر زیادہ نمو کے ساتھ حجم میں 9% سالانہ اضافہ ہوا، چنانچہ کموڈٹائزڈ سیکٹر میں ترقی مارجن میں کمی ہوئی۔

کاروبار نے مضبوط بحالی کے لیے سال کی پہلی ششماہی میں میکرو اکنامک اور دیگر بیرونی چیلنجوں سے واپسی کے لیے بے مثال پلک اور آسانی کا مظاہرہ کیا۔ چوتھی سہ ماہی کے لئے EBIDTA +383 ملین (بیلنگٹس کی واپسی کے علاوہ چوتھی سہ ماہی کے لئے +77 ملین) اس بات کی عکاسی کرتا ہے کہ تبدیلی کی حکمت عملی نے نتائج دینا شروع کر دیے ہیں۔

Quarterly EBITDA 2022



FORM OF PROXY

56th Annual General Meeting

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 56th Annual General Meeting of the Company to be held on Tuesday, March 21, 2023 at 11:00 a.m. at FFL Head Office, 42 CCA, Ex Park View, DHA Phase-VIII, Lahore and also virtually through video-link and at any adjournment thereof.

As witness my hand this _____ day of _____ 2023.

Revenue
Stamp Rs. 50/-

Signature of the Shareholder / Appointer

Witness 1

Signature _____

Name _____

Address _____

CNIC # _____

Witness 2

Signature _____

Name _____

Address _____

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 26th January, 2000 is on the reverse side of the form.

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس مطلع کیا جاتا ہے کہ فوجی فوڈز لیمیٹڈ کے حصص داران کا 56 واں سالانہ اجلاس عام بروز منگل، مورخہ 21 مارچ 2023ء صبح 11:00 بجے FFL کے صدر دفتر، 42 CCA، ایکس پارک ویو، ڈی ایچ اے فیز VIII، لاہور میں اور ورجوئل وڈیو لنک کے ذریعے بھی، مندرجہ امور کی انجام دہی کے لئے منعقد کیا جائیگا:

عمومی امور

1- 18 اکتوبر 2022 کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔

2- 31 دسمبر 2022ء کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالی گواشاہدوں مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔

3- آئندہ مدت اگلے AGM تک کے لئے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین۔

دیگر امور

4- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی کرنا۔

حصص منتقلی کتابوں کی بندش

کمپنی کی حصص منتقلی کتابیں مورخہ 15 مارچ 2023 تا 21 مارچ 2023 (بشمول ہر دو ایام) سالانہ اجلاس عام کے انعقاد کے مقصد کے لئے بند رہیں گی۔

(ii) کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مخصوص دستخط اجلاس کے وقت مہیا کرنا ہوگا۔

(b) پراکسی کی تقرری کے لئے:

(i) بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو بالاریکوار منٹ کے مطابق پراکسی فارم جمع کروانا ہوگا:

(ii) پراکسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، سہ ماہی اور سی این آئی نمبر فارم میں درج ہوں۔

(iii) پراکسی فارم دینے والے ممبر اور پراکسی ہولڈر کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک ہونا چاہئیں۔

(iv) پراکسی ہولڈر اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا۔

(v) کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع مخصوص دستخط پراکسی فارم کے ہمراہ کمپنی کو پیش کرنا ہوگا۔

3- فزیکل شیئرز رکھنے والے ممبران کو ہدایت کی جاتی ہے کہ وہ اپنے رجسٹرڈ ایڈریس میں کسی تبدیلی کی اطلاع دیں اور جن شیئرز ہولڈرز نے ابھی تک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپیاں جمع نہیں کرائی ہیں ان سے درخواست کی جاتی ہے کہ وہ جلد از جلد ارسال کر دیں۔

4- شیئرز ہولڈرز جو سالانہ رپورٹس اور اجلاس عام کے نوٹس ای میل کے ذریعے وصول کرنا چاہتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ اپنے باقاعدہ دستخط شدہ لیٹر کے ذریعے، اپنی تفصیلات، یعنی نام، فوٹو/ سی ڈی سی اکاؤنٹ نمبر، ای میل ایڈریس، رابطہ نمبر، CNIC نمبر (کاپی منسلک کریں) فراہم کریں۔ شیئرز ہولڈرز سے یہ بھی درخواست کی جاتی ہے کہ وہ اپنے ای میل ایڈریس میں کسی بھی تبدیلی کی اطلاع کمپنی کے شیئرز رجسٹرار یعنی میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، گنگز آرکیڈ، K-1، کمرشل، ماڈل ٹاؤن، لاہور کو فوری طور پر مطلع کریں۔

ویڈیو کانفرنس سہولت کے لیے رضامندی

ممبران کراچی اور اسلام آباد میں ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ اس سلسلے میں براہ کرم مندرجہ ذیل کو پُر کریں اور اجلاس عام کے انعقاد سے 10 دن پہلے کمپنی کے رجسٹرڈ ایڈریس پر جمع کرائیں۔

اگر کمپنی کو جغرافیائی عمل وقوع پر سنبھالنے والے مجموعی 10% یا اس سے زیادہ شیئرز ہولڈنگ رکھنے والے اراکین سے اجلاس کی تاریخ سے کم از کم 10 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کرنے کے لیے رضامندی حاصل ہوتی ہے، تو کمپنی اس شہر میں اس طرح کی سہولت کی دستیابی کے حوالہ سے ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی۔

محکم پورڈ



بریگیڈیئر حامد محمود ڈار (ریٹائرڈ)
کمپنی سیکرٹری

لاہور:

مورخہ 26 جنوری 2023

نوٹس:

AGM کارروائی میں شرکت:

1- اس اجلاس عام میں شرکت اور رائے دہی کا/ کی اہل ممبر اپنی جگہ اجلاس میں شرکت کرنے اور رائے دہی کیلئے کسی دیگر فرد/ نمائندہ کو پروکسی مقرر کر سکتا/ سکتی ہے۔ پراکسیاں تاکہ موثر ہو سکیں باقاعدہ ممبر اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں۔ ایک ممبر ایک سے زیادہ پراکسی مقرر نہیں کر سکتا۔ حصص دار کے CNIC کی مصدقہ کاپی پراکسی فارم کے ہمراہ لازماً منسلک ہونی چاہئے۔

2- سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کی طرف سے نیچے دی گئی گائیڈ لائنز کی پیروی کرنا لازمی ہوگی۔

(a) اجلاس میں شرکت کے لئے:

(i) بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔

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 uploads 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 Regulation, 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 along with proxy form to the Company.

(نام)

(پتہ)

بجائیت ممبر / ممبران فوجی فوڈز لمیٹڈ، 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 منگل، مورخہ 21 مارچ 2023 کو بوقت 11:00 بجے صبح FFL کے صدر دفتر، CCA 42، ایکس پارک ویو، ڈی ایچ اے فیئر VIII، لاہور میں اور ورنچوکی وڈیولنگ کے ذریعے بھی ہونے والے 56 واں 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 2023

50/- روپے کارسیدی ٹکٹ

یہاں چسپاں کریں

شہر ہولڈر کے دستخط

گواہ 2

گواہ 1

دستخط

دستخط

نام

نام

پتہ

پتہ

شناختی کارڈ نمبر

شناختی کارڈ نمبر

نوٹ:

پراکسی اسی صورت میں قابل قبول ہوگی کہ اس پر دستخط، رسیدی ٹکٹ، گواہان کے دستخط 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۔

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:

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Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan



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