

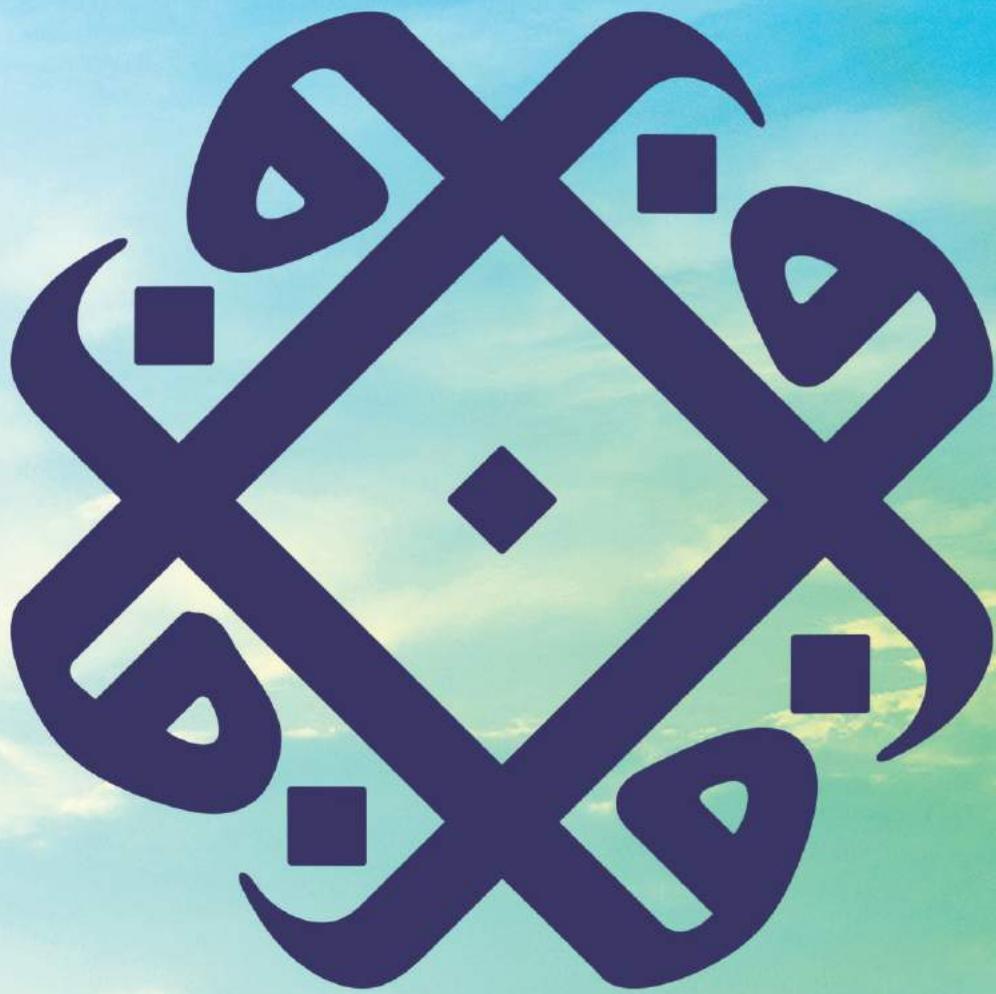
A HERITAGE OF PURE DAIRY

ANNUAL
REPORT
2021



fauji foods





ABOUT FAUJI FOODS LIMITED

A HERITAGE OF PURE DAIRY

At FFL, our mission is to look after the nation by providing top quality dairy products that are essential for every home.

Ensuring strict quality control and rigorous safety processes propel us to deliver dairy products of the highest quality to everyone across the land.

We have refined the idea of pure dairy through our iconic butter that is the standard bearer for dairy products in Pakistan. Nurpur UHT milk has cultivated its own trust based on taste and nutrition. Our commitment to the passion for pure dairy is also reflected in Nurpur Cheese, a cornerstone of purity in its category. Nurpur Cream has no equivalent in the industry, with its smooth and delicious taste. A product made from fresh, high-quality milk. Furthermore, Nurpur Flavoured milk's taste and popularity with kids is a testament to our dedication of serving every age group in the country.

Moving forward, we strive to expand our horizons in the dairy category that cements our **HERITAGE OF PROVIDING PURE DAIRY.**



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VISION

TRANSFORMING LIVES
THROUGH **NOURISHMENT**



fauji foods



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Sarfaraz Ahmed Rehman - Chairman

Mr. Arif ur Rehman

Dr. Nadeem Inayat

Syed Bakhtiyar Kazmi

Brig. Dr. Samia Iram (Retd)

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
Mr. Arif ur Rehman

HR & R Committee

Mr. Ali Asrar Hossain Aga - Chairman
Dr. Nadeem Inayat
Mr. Imran Husain
Mr. Arif ur Rehman
Brig. Dr. Samia Iram (Retd)

Operation and Business Committee

Mr. Ali Asrar Hossain Aga - Chairman
Dr. Nadeem Inayat
Mr. Imran Husain
Mr. Sarfaraz Ahmed Rehman

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

Chief Executive Officer

Mr. Ebad Khalid

Chief Financial Officer

Mr. Faisal Yaseen

Company Secretary

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

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Qazi Imran Zahid
Advocate Supreme Court

Website

www.faujifoods.com

Plant

Bhalwal, District Sargodha.

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

BOARD OF **DIRECTORS** **LEADING** THROUGH **EXAMPLE**





Mr. Sarfaraz Ahmed Rehman
Chairman

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.

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.

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.

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

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 lead 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 an outstanding professional, having rich experience in managing, operating and advising investment portfolio to top tier banks and organizations of the Country at senior level. Presently he is holding the position of Corporate Advisor and Head of Investment Division in Fauji Foundation.

He is a member of FFBL Board of Directors since July 2006. He is also a member of Board of Directors of all subsidiaries and associated companies of Fauji Foundation and Pakistan Maroc Phosphore S.A.



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.

Mr Kazmi served KPMG for 35 years; last 25 years as a partner. As a partner he interacted with the leadership in almost every industry, understanding their vision, their insights, and most importantly on their 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, pertaining to public and private sector organizations. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients, and a cross-functional integration with the advisory and taxation services that allowed a robust and comprehensive service delivery package to the clients. As an auditor and an advisor, Mr Kazmi successfully delivered his promise of providing best-in-class and integrity driven services. With his career progression, he branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan. He almost single handedly established advisory practice of KPMG in Islamabad about 2 decades ago which today arguably is the go to advisory in Islamabad. This initiative covered financial projections, feasibilities, information memorandums, internal audit assessments, HR assessments, manuals for processes and controls, valuations, and development advisory which included an assessment of the Punjab and Sindh governments.

Mr. Bakhtiyar Kazmi 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 Kazmi is an avid golfer and currently hold the position of captain of Islamabad golf club.



Mr. Ali Asrar Hossain Aga
Director

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. Basharat Ahmad
Director

Mr. Basharat Ahmad has 40 years of 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 of 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 Edinburgh Award Pakistan, Member Pakistan Soap Manufacturers Association, and Member Pakistan Tea Association.



Mr. Imran Husain
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 Sindh 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
Director

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.

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.

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 PLA, and Sindh and represented Sussex under 25 and combined English Universities.

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



Brig. Dr. Samia Iram (Retd)
Director

Brig (R) Samia Iram is a retired Army Officer (w.e.f 31 Aug 2019). A public health specialist with special focus on community nutritional/ food requirements for a healthy nation.

She remained involved in administration of various hospitals at various appointments. Highlighted appointments include Second in Command, Adm Officer, Healthcare Administrator, Incharge Medical Stores and Senior Medical Officer Incharge Family Wing, along with staff and instructional duties for about 30 years in Pakistan Army and Pakistan Air Force. She has additional specialty as Lead Auditor, Field Epidemiologist (Qualified from USA), Human Resource Manager and Project Manager/Designer. She is a master trainer of MISP National Health Emergency Preparedness and Response Network (NHEPRN). She also remained as Head of Department, College of Nursing for about a year. She had been incharge Relief & Rehabilitation work (during Earth Quake 2005), Community Developer, Social Mobilizer, Gender Developer, Human Activist, Emergency Responder, Livelihood Expert and a Technical Writer (6 Publications). She has 20 years' experience as a Primary Healthcare manager.

This 30 years multi disciplinary experience is tackled with different communities both citizens of Pakistan and Foreigners and worked within competing cultures. She exhibits high level of motivation, Self-discipline and holds educational qualifications i.e. MBBS, Masters in Public Health, Masters in Advance Medical Administration, Diploma in Disaster Management, Certification as a Lead Auditor, Master Trainer for MISP, Certification in Medical Defense against Nuclear, Biological and Chemical warfare (CBRNe). Important research work includes maintenance challenges of hospitals, Monitoring and Evaluation of TB DOTS. Furthermore, she had conducted many workshops, Seminars and Health Security Conferences.

CHAIRMAN'S MESSAGE

On behalf of Fauji Foods Limited, I'm pleased to invite you to review the company's 2021 annual report. This was a year that established our fortitude as an important dairy player in Pakistan. It has been a year full of challenges, market headwinds, inflation and economic volatility, but every employee played their part to ensure the safe delivery of our products to consumers and institutional customers.

Despite the severity of the pandemic and its intense impact on supply chains around the world, Pakistan has maintained robust and durable food and agricultural security. The sufficient supply of high-quality food and agricultural products during the calamity reflects the success of our government in managing the situation.

Despite the difficulties, FFL has grown during 2021, and has delivered much better results than in previous years. We are now on much better and stable grounds and well placed to continue the momentum.

FFL looks to the future with determination and confidence. With an increasingly vibrant workplace, we have achieved better retention levels, with turnover in absolute terms in 2021. We are determined to build on our accomplishments and continue to increase market share in local markets. We are also committed to develop our company through transformational initiatives, focused on process improvement, cost optimization, digitization and building HR competence that we expect to drive increased profitability in the years to come. We hope that these activities will please both our consumers and our shareholders, while benefiting our nation and its citizens.

The Challenges will continue into the new year. By all working together and caring for the welfare of employees and consumers, we will see our long-term success continue in 2022, also to the benefit of our business partners and shareholders. The Board of Directors would like to thank them all for their trust in FFL as a dependable partner.



Sarfaraz Ahmed Rehman

Sarfaraz Ahmed Rehman
Chairman

CEO'S REVIEW



2021 was a year that tested the strength of Fauji Foods Limited as a contributor to food security in Pakistan. Our prior investments in infrastructure, processes and a strong value chain truly paid off. It has been a privilege to lead the Corporation through this difficult retro and I have relied heavily on the support of the management team at all levels to deliver on our possibilities and promises to customers. I am proud of the effort we have done and enthusiastically believe we have embodied the values that our stakeholders expected from us.

As we look back on fiscal 2021, our achievements and the resounding dedication of our team mark another impressive chapter in FFL history. We delivered strong results and maintained a disciplined approach throughout the year, which ended with the unprecedented challenges brought by COVID-19. Thanks to our solid foundations, operational flexibility, measured risk management and the resilience of our entire workforce, we stood firm and persevered with distinction.

Financial Performance:

Particulars	2021 PKR Millions	2020 PKR Millions	Increase/(Decrease) %
Net sales	8,586	7,373	16%
Gross profit/(loss)	921	62	1,379%
Operating profit/(loss)	(20)	(428)	95%
Profit/(loss) after tax	(1,253)	(3,058)	59%

Growth momentum picked up a strong pace during 2021 and trajectory shows a very encouraging trend. This growth provides a concrete foundation for the company to build its future on. It has helped the Company attaining a healthy contribution margin that continues improving the gross profit trend. A gross profit of PKR 921 million in 2021 compared with a gross profit of PKR 62 million in 2020 is testimony of the direction and outcome of the reshaped business model.

An established year for FFL, we have realized returns from historical investments in the Business that enabled us to step up and carry on our potential to loyal consumers. Through assiduous planning, we ensured our commitment to quality, while realizing healthy upper and bottom-line growth.



Ebad Khalid

Chief Executive Officer

LEADERSHIP TEAM



Ebad Khalid
Chief Executive Officer (CEO)



Faisal Yaseen
Chief Financial Officer (CFO)



Brig. Hamid Mahmood Dar, SI(M), (Retd)
Company Secretary



Khurram Javaid
Head Sales & Marketing



Shahid Nawaz Maan
Head Milk Collection & Agri Services



Faisal Sheikh
Chief Human Resource Officer



Muhammad Salman Bhatti
Head Supply Chain Management



Abdul Rehman Butt
Head Procurement



Rao Imran
Head R&D/Innovations, QA/QR



Muhammad Ifzal Akhtar
Factory Manager



Lt Col Muhammad Babar Rashid (Retd)
Head Admin



fauji foods



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 55th Annual General Meeting of the shareholders of Fauji Foods Limited will be held on Wednesday, March 16, 2022 at 11:00 a.m. at FFL Head Office, 42 CCA, Ex Park View, DHA Phase- VIII, Lahore and virtually through video-link to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting held on November 26, 2021.
2. To receive, consider and adopt the audited accounts for the year ended December 31, 2021 and the reports of the Directors and Auditors thereon.
3. To appoint auditors for ensuing period till next AGM and to fix their remuneration.

OTHER BUSINESS:

4. 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 10, 2022 to March 16, 2022 (both days inclusive) for the purpose of holding the Annual General Meeting.

Lahore.
January 25, 2022

By Order of the Board

Brig Hamid Mahmood Dar (Retd)
Company Secretary

NOTES:-

Participation in the AGM Proceedings:

1. In the light of threat posed by COVID-19 pandemic and to protect wellbeing of the shareholders, the Securities & Exchange Commission of Pakistan (SECP) vide its Circular No. 4 of 2021 dated February 15, 2021 has permitted to hold General Meetings virtually via electronic means, video-link, webinar, zooming etc. as a regular feature from the date of this circular till further orders in addition to requirement of holding physical meeting. Apropos, video-link for participation virtually in the AGM shall be made available on Company's website i.e., www.faujifoods.com.
2. Please observe COVID-19 SOPs in case of physical participation.
3. 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 the time of holding meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's CNIC must be attached with the proxy form.
4. 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:
 - i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his / her original national identity card or original passport at the time of attending the meeting.
 - ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

(b) For appointing proxies:

- i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - iv. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the
 - v. Company along with proxy form.
5. 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.
6. 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 Register Folio / CDC Account No _____ hereby opt for video conference facility at _____.

Signature of member

7. 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.

Directors' Report to the Shareholders

On behalf of the Board of Directors of Fauji Foods limited, we are pleased to present the Director's Report along with the audited financial statements of the Company for the year ended December 31, 2021.

Principal Activities

Fauji Foods Limited, a majority owned Company of Fauji Fertilizer Bin Qasim Limited (71.63% shareholding) and Fauji Foundation (4.25% shareholding) is engaged in processing and marketing of dairy products. The Company's brands include the House of Nurpur, a range filled with top line dairy products. Nurpur's portfolio of brands ensures quality and nourishment to our consumers. In addition, the company is also engaged in tea creamer category providing the Pakistani consumer with a leading brand i.e. DOSTEA.



Overview

The Company, in face of all external challenges, achieved an impressive 16.5% growth in net revenue, PKR 8.6 billion compared with PKR 7.4 billion in 2020. This performance shines further as we maintained our Operating Expenses in relation to the previous year. The company rode the wave of challenges faced during Covid to achieve this feat. The Operational Losses for the year decreased by a mammoth 59%, further reinforcing the growth trajectory and fortifying financial health of the Company. This figure is all the more impressive when we account for the challenges posed by inflationary and socio-economic pressures.

Growth momentum picked up a strong pace during 2021 and trajectory shows a very encouraging trend. This growth provides a concrete foundation for the company to build its future on. It has helped the Company attaining a healthy contribution margin that continues improving the gross profit trend. A gross profit of PKR 921 million in 2021 compared with a gross profit of PKR 62 million in 2020 is testimony of the direction and outcome of the reshaped business model.

Through fundamental business model improvements, the Company was able to achieve its targeted growth and profit recovery. These improvements were only possible by relying on a culture of consumer and customer centricity. The optimal use of value chain aids in driving effectiveness and operational efficiency across the Company. Under the presence of a dynamic leadership, capabilities were enhanced and a cross functional model helped the Company in achieving its targets in a seamless manner.

Building a Heritage of Dairy through Innovation/Renovation

Key foundation blocks of our strategy include relying on the innovation/renovation program. We aim to leverage our iconic NURPUR brand and its portfolio

Nurpur Cream is the brand-new entrant in the market. Its growth pattern has suggested that our consumers look towards Nurpur for quality and nourishment.

Keeping the consumer convenience at the forefront of our thought, the all-time favorite Nurpur Butter was launched in a butter tub. In addition, keeping the consumption trends in mind, a variant of Unsalted Butter was introduced, which now acts as a staple for every household.



Nurpur Cheese came in to the picture with a revamped packaging and improved quality further fortifying our position in the consumer's mind of being the 'dairy expert'.

Further exciting launches are in the pipeline. Consumer testing of our innovation funnel (products, concepts) is showing promising opportunities for the Company moving forward.

Improving Operational Efficiency in Supply Chain and Production

Our strategy includes a big focus on improving cost competence across our value chain. Benchmarking, target setting and implementation of cost management initiatives is enabling significant progress in variable as well as fixed costs.

Strengthening Milk Collection, Agri Services and Key Raw Materials Procurement Expertise

Improvement of capabilities and supplier/farmer development initiatives strengthens our sustainability of milk supply and other key raw materials.

Purpose Led Sustainable Development

Our sustainable value chain plays a vital role in upholding a promise of health and nutrition to our community. Our milk collection & agri services teams ensure we look after the farmers and help their communities in achieving sustainability in the process. This strategy plays a key role in ensuring we have a robust value chain that can withstand an unprecedented time like the Covid pandemic.

Working Capital Efficiency & Improving Financial Management

Improvement in cash conversion cycle is brought through efficient working capital management. This has further been supported by reduction of debt servicing expense achieved through right issue / conversion of sponsors' loan into equity.

Financial Performance:

The positive changes are attributable to innovation/renovation, product and channel mix improvement, pricing, cost optimization and efficient expansion in sales/distribution. Raw milk cost, however, remained somewhat challenging, though our strategy to strengthen our milk collection is already starting to provide benefits.

PKR million	2021	2020	Increase/(Decrease) %
Net sales	8,586	7,373	16%
Gross profit	921	62	1,379%
EBITDA	(20)	(428)	95%
(Loss) after tax	(1,253)	(3,058)	59%



Increase in Authorized Capital and Right Issue

In the Extraordinary General Meeting held on July 28, 2021, Shareholders have approved, through a special resolution, an increase in Authorized Capital to 18,000 million Shares of Rs. 10 /- each from 10,000 million Shares of Rs. 10 /- each. Further during the year Board of Directors on September 04, 2021, approved 97.2% right issue of shares of the Company in aggregate amount of PKR 7,807,945,960 (Seven Billion Eight Hundred Seven Million Nine Hundred Forty Five Thousand Nine Hundred Sixty) divided into 780,794,596 (Seven Hundred Eighty Million Seven Hundred Ninety Four Thousand Five Hundred Ninety Six) shares of PKR 10 each. The issuance of right shares has strengthened the Company's equity and liquidity.

Covid and Related Measures

Challenges related to the constant threat of COVID are being thoroughly monitored and proactive precautions and mitigation measures are in place. To ensure health and safety of everyone, mandatory Covid related SOPs for employees and service providers are implemented. This includes, facemasks and maintenance of prescribed social distance at all times. Moreover, all efforts are being made to ensure smooth supply to trade and consumers.

Future outlook

The Company is on the path of recovery from operating losses, as evident from the results for the year 2021. Growth and operational efficiency are being driven through a focused multipronged strategy.

Operational efficiency

Cost management initiatives are being implemented across our value chain. An efficiency oriented lean management approach and mind-set is being strengthened. The Company has already started reaping benefits in key areas such as production and supply chain. Moreover, this mind-set is enabling gradual optimization of fixed costs across the Company.

Sustainable development for Dairy industry

To achieve sustainable sector growth, it is of immense importance that future GOP revenue and monetary policies are consistent and supportive to this important sector. Company is engaged with multiple relevant and important stakeholders through Pakistan Dairy Association (PDA) emphasizing the importance of packaged milk and related products for providing healthy and hygienic products to the nation.

However, management foresees a mixed macroeconomic and business environment with inflationary challenges, pressure on consumer purchasing power and the constant threat of Covid. 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 at arms' length. Except as disclosed in financial statements, no other transactions were executed with related parties.

Corporate and financial reporting framework:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment except for those as disclosed in the financial statements.
- International financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a 'going concern'.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2021 except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on un-audited accounts, was Rs.171 million as at December 31, 2021.
- 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	67,371,916	4.2530
2. Fauji Fertilizer Bin Qasim Limited	1,134,701,257	71.6312
II. Mutual Funds:		
1. CDC - Trustee PICIC Investment Fund	1,450,045	0.0915
2. CDC - Trustee PICIC Growth Fund	1,699,356	0.1073
3. CDC - Trustee HBL- Stock Fund	708,726	0.0447
4. CDC - Trustee HBL Multi - Asset Fund	209,935	0.0133
5. CDC - Trustee ABL Stock Fund	18,500	0.0012
6. CDC – Trustee Lakson Equity Fund	4,299,089	0.2714
7. CDC – Trustee HBL Equity Fund	1,833,743	0.1158
8. CDC – Trustee First Capital Mutual Fund	35,000	0.0022
9. CDC – Trustee Lakson Tactical Fund	585,287	0.0369
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. Samia Iram	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:	54,855,867	3.4629
VII. Shareholders holding five percent or more voting interest in the listed company:		
1. Fauji Fertilizer Bin Qasim Limited	1,134,701,257	71.6312
• Detail of trade in the shares of the Company carried-out by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year ended December 31, 2021.		
Mr. Arif ur Rehman		
- Purchased through PSX	77,500	0.0049
- Sold through PSX	7,500	0.0005
Mr. Sarfaraz Ahmed Rehman		
- Right issue exercised	3	0.0000
Mr. Nadeem Inayat		
- Right issue exercised	15	0.0000
Mr. Ali Asrar Hossain Aga		
- Right issue exercised	38,879	0.0025

Board of Directors / Committees meetings during the year 2021:

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

Name of Directors	No. of Meeting(s) Attended
Lt Gen Tariq Khan (Retd)	- resigned w.e.f October 15, 2021 4
Mr. Sarfaraz Ahmed Rehman	- Re-Elected on November 26, 2021 7
Mr. Arif ur Rehman	- Re-Elected on November 26, 2021 3
Dr. Nadeem Inayat	- Re-Elected on November 26, 2021 3
Syed Bakhtiyar Kazmi	- Re-Elected on November 26, 2021 8
Mr. Ali Asrar Hossain Aga	- Re-Elected on November 26, 2021 8
Mr. Basharat Ahmad Bhatti	- Re-Elected on November 26, 2021 8
Mr. Imran Husain	- Re-Elected on November 26, 2021 8
Mr. Javed Kureishi	- Re-Elected on November 26, 2021 7
Ms. Samia Irami	- Elected on November 26, 2021 1
Lt Col Abdul Khaliq Khan (Retd)	- Retired on November 26, 2021 6
Ms. Aminah Zahid Zaheer	- Retired on November 26, 2021 6
Mr. Muhammad Haseeb Aslam	- Retired on November 26, 2021 6
Mr. Mohammad Munir Malik	- Retired on November 26, 2021 6

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
Dr. Nadeem Inayat	1
Mr. Ali Asrar Hossain Aga	4
Lt Col Abdul Khaliq Khan (Retd)	4
Syed Bakhtiyar Kazmi	3

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

Name of Directors	No. of Meeting(s) Attended
Ms. Aminah Zahid Zaheer	9
Mr. Muhammad Haseeb Aslam	6
Dr. Nadeem Inayat	1
Mr. Basharat Ahmad Bhatti	9
Mr. Ali Asrar Hossain Aga	10

Operational and Business Committee was formed on December 03, 2021 1st Meeting will be held in the 1st Quarter 2022

Name of Directors	No. of Meeting Attended
Mr. Ali Asrar Hossain Aga	0
Dr. Nadeem Inayat	0
Mr. Imran Husain	0
Mr. Sarfaraz Ahmed Rehman	0

A Special Joint meeting of Committee was held on August 09, 2021. Attendance by each director was as follow:

Name of Directors	No. of Meeting Attended
Ms. Aminah Zahid Zaheer	1
Mr. Muhammad Haseeb Aslam	1
Dr. Nadeem Inayat	1
Mr. Basharat Ahmad Bhatti	1

Mr. Ali Asrar Hossain Aga	1
Mr. Javed Kureishi	1
Syed Bakhtiyar Kazmi	1
Lt Col Abdul Khaliq Khan (Retd)	1

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, 2021 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.

Dividend:

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

Annual General Meeting:

The 55th Annual General Meeting will be held on March 16, 2022 at 1100 hours at Lahore to approve annual financial statements of the Company for the year ended December 31, 2021.

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



Sarfaraz Ahmed Rehman
Chairman

Dated : January 25, 2022



Ebad Khalid
Chief Executive Officer

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

Name of Company: Fauji Foods Limited

Year ended: December 31, 2021

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:

Category

Names

Independent Directors

Mr. Javed Kureishi
Mr. Basharat Ahmad Bhatti
Mr. Imran Husain

Non-Executive Directors

Mr. Sarfaraz Ahmed Rehman
Mr. Arif ur Rehman
Dr. Nadeem Inayat
Syed Bakhtiyar Kazmi
Mr. Ali Asrar Hossain Aga

Female Director

Ms. Samia Iram

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 15 October, 2021 was filled by the Directors on 22 October, 2021 when Mr. Arif Ur Rehman was appointed as Director in place of Lt Gen Tariq Khan (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 Board has arranged Directors' Training program for the following:

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)

11. The Board has approved appointment of Chief Financial Officer and Company Secretary 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)
Mr. Arif ur Rehman	(Member)

HR & REMUNERATION COMMITTEE

Mr. Ali Asrar Hossain Aga	(Chairman)
Dr. Nadeem Inayat	(Member)
Mr. Imran Husain	(Member)
Mr. Arif ur Rehman	(Member)
Brig. Dr. Samia Iram (Retd)	(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 and Human Resource Committee have been formed, documented and advised to the Committees for Compliance and Terms of Reference of Operation and Business Committee are under review of the Board.

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

	No.	Frequency
a) Audit Committee:	05	Quarterly
b) HR and Remuneration Committee:	10	Quarterly
c) Operation and Business Committee:	0	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. We confirm that all other requirements of the Regulations have been complied with.



Sarfaraz Ahmed Rehman
Chairman



Ebad Khalid
Chief Executive Officer

Dated: January 25, 2022

FINANCIAL PERFORMANCE



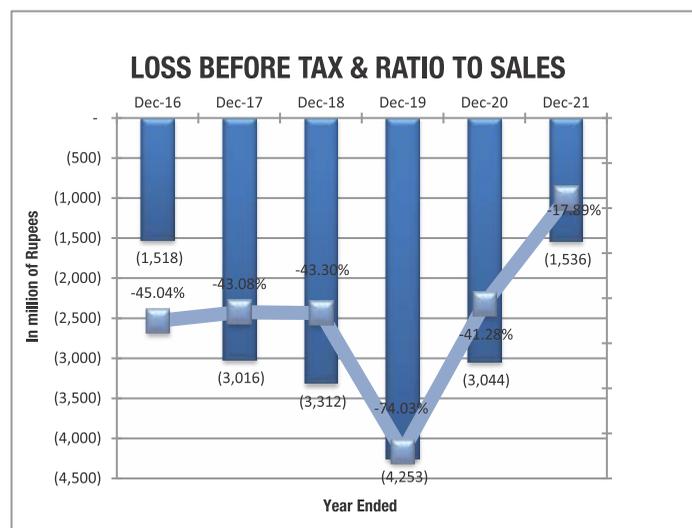
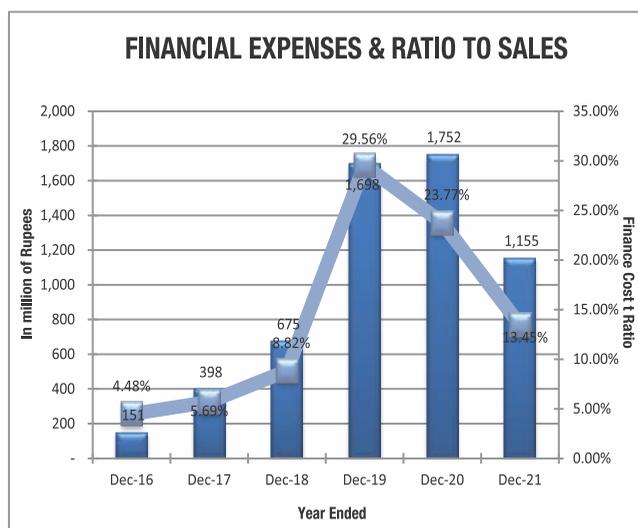
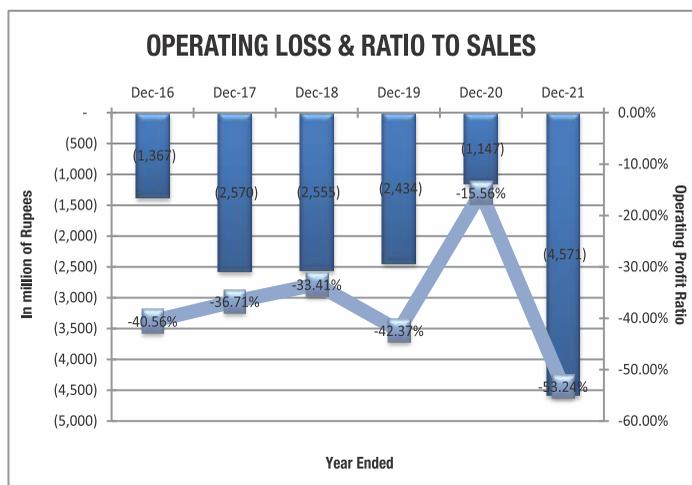
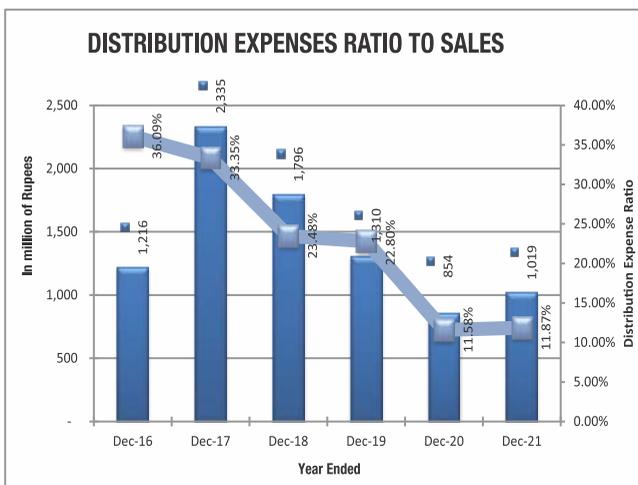
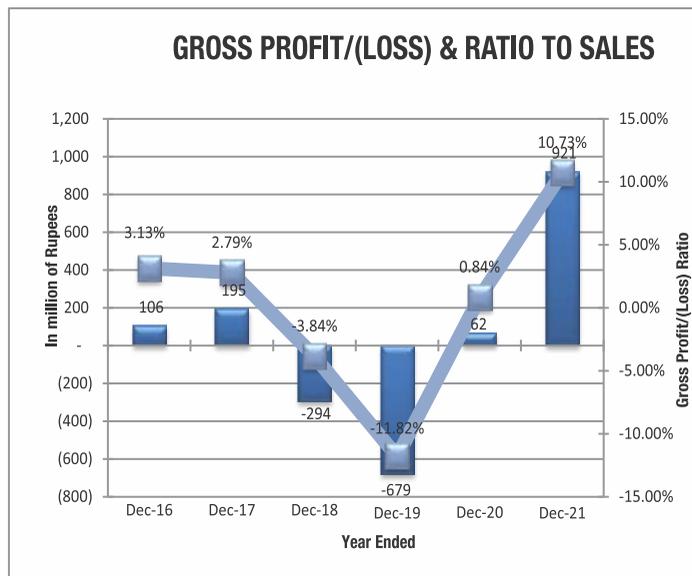
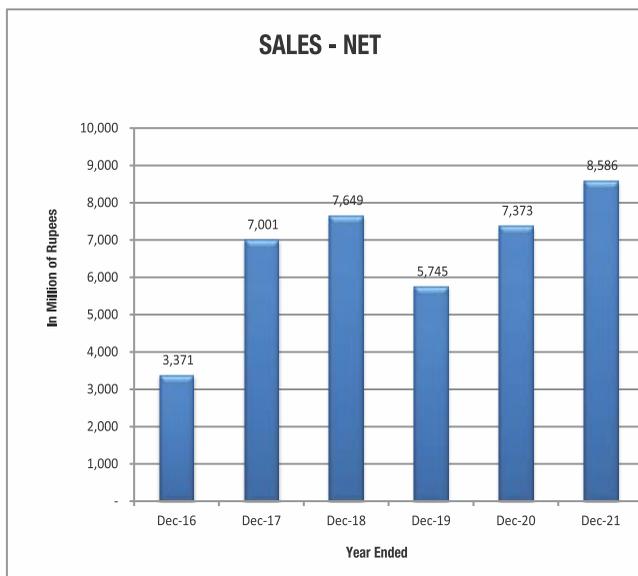
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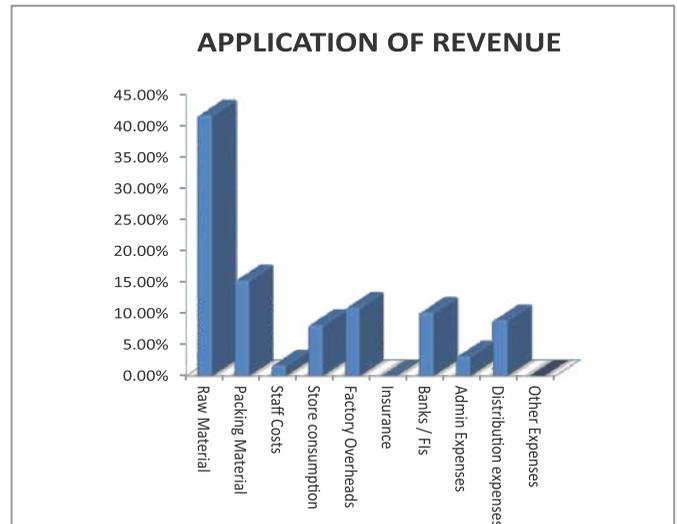
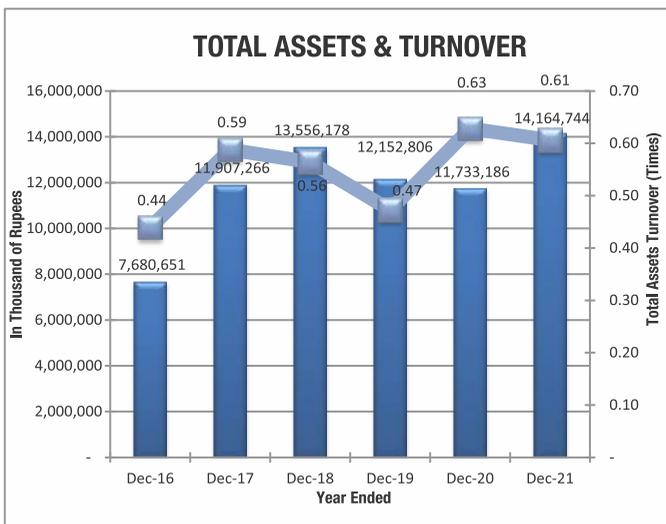
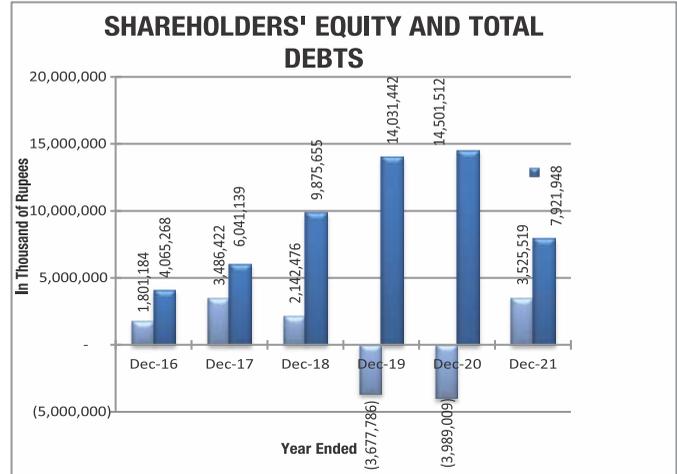
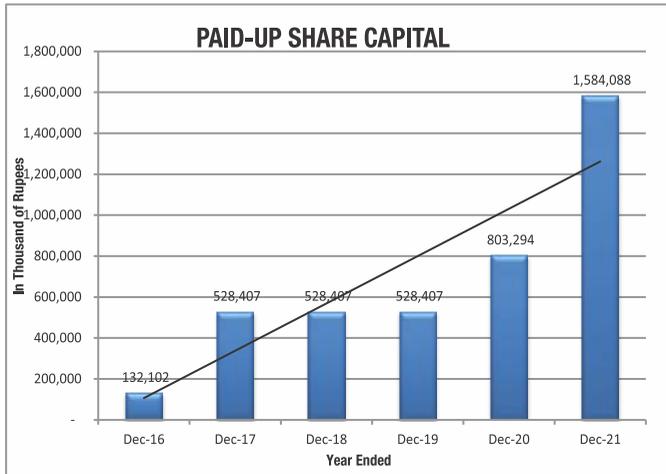
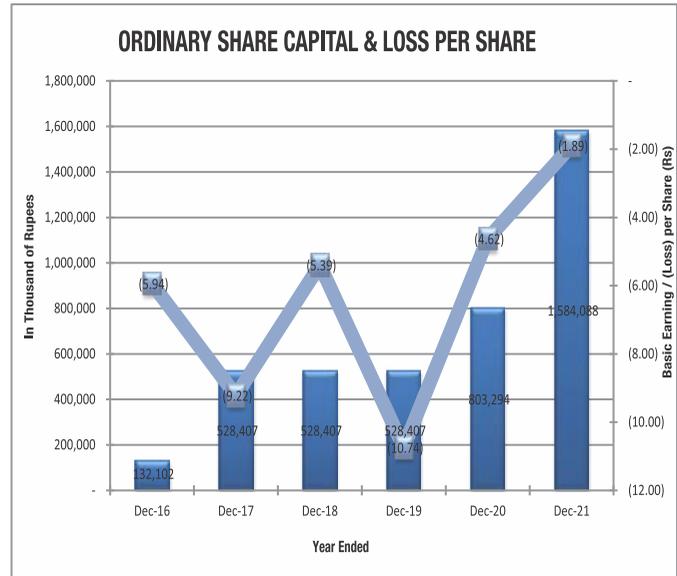
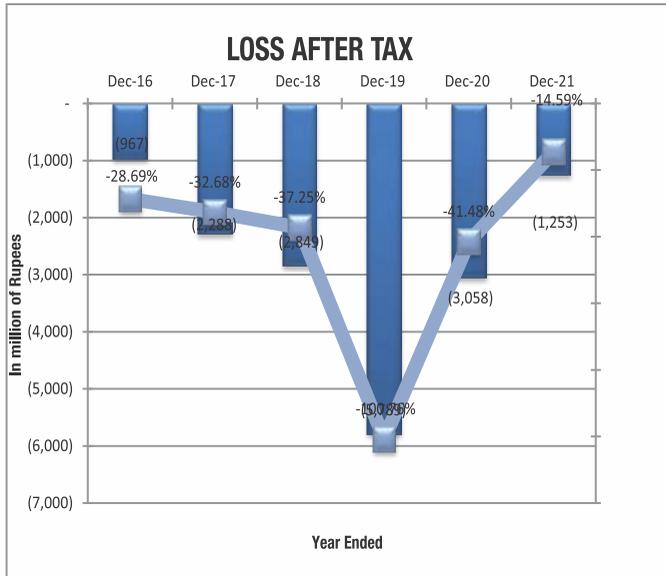
	Annual.....					
		2021	2020	2019	2018	2017	2016
Production							
<i>Liquid Production - litres</i>		57,077,538	61,144,281	60,873,948	90,295,898	86,699,115	37,252,653
<i>Non - Liquid Products - Kgs</i>		3,906,943	1,940,207	1,651,307	1,778,587	725,221	5,415,745
Financial Performance - Profitability							
Gross profit margin	%	10.73	0.84	-11.82	-3.84	2.79	3.13
EBITDA margin to sales	%	(0.23)	(5.81)	(32.70)	(24.08)	(29.67)	(34.82)
Pre tax margin	%	(17.89)	(41.28)	(74.03)	(43.30)	(43.08)	(45.04)
Net profit margin	%	(14.59)	(41.48)	(100.77)	(37.25)	(32.68)	(28.69)
Return on equity	%	35.54	(76.66)	(157.40)	(132.99)	(46.27)	(43.14)
Return on capital employed	%	12.89	127.81	(908.41)	(42.47)	(28.46)	(50.07)
Operating Performance / Liquidity							
Total assets turnover	Times	0.61	0.56	0.47	0.56	0.59	0.44
Fixed assets turnover	Times	1.01	0.96	0.71	0.96	1.03	0.68
Trade Debtors	Rs. (000)	566,068	350,850	181,171	124,573	129,705	77,969
Debtors turnover	Times	19	28	38	60	67	58
Debtors turnover	Days	19	13	10	6	5	6
Inventory	Rs. (000)	707,587	543,983	1,443,223	1,380,401	1,021,156	684,806
Inventory turnover	Times	12	7	5	7	8	8
Inventory turnover	Days	30	50	80	55	46	48
Purchases	Rs. (000)	6,577,469	5,866,287	5,053,129	6,437,178	5,403,562	2,717,812
Accounts Payables	Rs. (000)	822,325	443,910	777,093	898,415	438,319	1,008,155
Creditors turnover	Times	10	10	6	10	7	4
Creditors turnover	Days	35	38	61	38	49	89
Operating cycle	Days	14	25	29	23	2	
Return on assets	%	(8.85)	(26.06)	(47.63)	(21.02)	(19.22)	(12.59)
Current ratio		1.27	0.44	0.31	0.58	1.70	0.40
Quick / Acid test ratio		1.07	0.37	0.18	0.36	1.22	0.25
Capital Market / Capital Structure Analysis							
Market value per share							
- Year end	Rs.	9.19	17.37	14.47	30.28	16.46	88.67
Breakup value - (Net assets / share)	Rs.	0.82	(6.51)	(9.44)	1.36	6.60	13.63
- excluding revaluation surplus	Rs. (000)	1,299,875	(5,232,733)	(4,987,204)	718,098	3,486,422	1,801,184
- including revaluation surplus	Rs. (000)	3,525,519	(3,989,009)	(3,677,786)	2,142,476	4,945,390	2,241,540
Earning per share (pre tax)	Rs.	(1.96)	(3.91)	(8.05)	(6.27)	(12.15)	(13.74)
Earning per share (after tax)	Rs.	(1.60)	(3.92)	(10.96)	(5.39)	(9.22)	(8.75)
Earnings growth	%	59.26%	64.18%	-103.17%	41.50%	-5.33%	-718.22%
Price earning ratio		(5.75)	(4.43)	(1.32)	(5.62)	(1.79)	(10.13)
Market price to breakup value		11.20	(2.67)	(1.53)	22.28	2.49	6.50
Debt : Equity		2.25	(3.64)	(3.82)	4.61	1.73	2.26
Interest cover		(3.96)	(0.65)	(1.43)	(3.79)	(6.45)	(9.06)

	Annual.....					
		2021	2020	2019	2018	2017	2016
Statement of affairs							
Share capital	Rs. (000)	15,840,882	8,032,936	5,284,072	5,284,072	5,284,072	1,321,017
Reserves	Rs. (000)	(14,541,006)	(13,265,668)	(10,271,276)	(4,565,974)	(1,797,650)	480,166
Share holder's fund / Equity	Rs. (000)	1,299,875	(5,232,733)	(4,987,204)	718,098	3,486,422	1,801,184
Revaluation surplus	Rs. (000)	2,225,644	1,243,724	1,309,418	1,424,378	1,458,968	440,356
Long term borrowings	Rs. (000)	6,117,338	6,304,524	2,963,889	4,480,940	4,553,055	129,919
Capital employed	Rs. (000)	9,718,112	2,392,685	(637,262)	6,709,583	8,039,476	1,931,103
Deferred liabilities/(assets)	Rs. (000)	-	-	-	(1,571,537)	(1,061,248)	(628,542)
Property, plant & equipment	Rs. (000)	8,505,263	7,550,093	8,106,036	7,953,144	6,822,274	4,937,751
Long term assets	Rs. (000)	8,513,441	7,577,052	8,152,036	9,584,783	7,901,844	5,571,678
Net current assets / Working capital	Rs. (000)	1,204,671	(5,184,367)	(8,789,298)	(2,875,200)	1,652,214	(3,167,397)
Liquid funds - net	Rs. (000)	1,873,907	888,888	114,134	98,221	1,195,302	333,540
Financial Performance							
Sales - net	Rs. (000)	8,586,396	7,373,162	5,744,872	7,649,287	7,000,955	3,370,507
Gross profit	Rs. (000)	921,036	62,262	(678,827)	(293,641)	195,125	105,506
Operating Loss	Rs. (000)	(457,148)	(1,147,313)	(2,434,379)	(2,555,185)	(2,570,226)	(1,367,004)
Loss before tax	Rs. (000)	(1,536,489)	(3,043,795)	(4,253,029)	(3,312,388)	(3,016,286)	(1,517,940)
Loss after tax	Rs. (000)	(1,252,942)	(3,058,112)	(5,788,937)	(2,849,239)	(2,288,262)	(966,920)
EBITDA	Rs. (000)	(19,931)	(428,346)	(1,878,474)	(1,841,925)	(2,077,150)	(1,173,689)
Summary of Cash Flows							
Net cash flow from operating activities	Rs. (000)	(393,997)	(321,559)	(1,960,936)	(2,539,892)	(3,597,667)	(1,573,454)
Net cash flow from investing activities	Rs. (000)	105,945	(67,252)	(739,335)	(1,456,341)	(1,050,585)	(3,862,420)
Net cash flow from financing activities	Rs. (000)	1,214,413	4,659,344	2,215,323	(292,430)	6,159,323	4,205,063
Changes in cash & cash equivalents	Rs. (000)	926,361	4,270,533	(484,949)	(4,288,663)	1,511,072	(1,230,810)
Cash & cash equivalents - Year end	Rs. (000)	169,083	(757,279)	(5,027,812)	(4,542,863)	(254,200)	(1,765,272)



PERFORMANCE OVERVIEW





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 **31-12-2021**

2.2	No. of Shareholders	Shareholdings		Total Shares Held
		From	To	
	851	1	100	42,282
	1398	101	500	634,915
	1633	501	1,000	1,593,711
	3650	1,001	5,000	10,735,845
	1415	5,001	10,000	11,615,716
	509	10,001	15,000	6,610,710
	411	15,001	20,000	7,693,537
	262	20,001	25,000	6,208,366
	194	25,001	30,000	5,563,195
	126	30,001	35,000	4,182,956
	110	35,001	40,000	4,276,388
	48	40,001	45,000	2,079,901
	113	45,001	50,000	5,567,414
	57	50,001	55,000	3,025,013
	53	55,001	60,000	3,102,907
	30	60,001	65,000	1,895,939
	38	65,001	70,000	2,609,328
	30	70,001	75,000	2,216,407
	31	75,001	80,000	2,436,321
	16	80,001	85,000	1,330,669
	20	85,001	90,000	1,775,280
	12	90,001	95,000	1,121,781
	76	95,001	100,000	7,572,954
	14	100,001	105,000	1,443,124
	6	105,001	110,000	655,500
	6	110,001	115,000	675,917
	8	115,001	120,000	948,762
	13	120,001	125,000	1,609,009
	7	125,001	130,000	897,983
	1	130,001	135,000	133,500
	3	135,001	140,000	415,000
	2	140,001	145,000	286,500
	14	145,001	150,000	2,094,497
	3	150,001	155,000	461,396
	4	155,001	160,000	632,018
	2	160,001	165,000	326,500
	6	165,001	170,000	1,007,619

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
4	170,001	175,000	699,000
7	175,001	180,000	1,250,387
5	180,001	185,000	913,000
3	185,001	190,000	568,599
4	190,001	195,000	773,755
19	195,001	200,000	3,782,625
4	200,001	205,000	807,857
4	205,001	210,000	834,966
2	210,001	215,000	422,000
3	215,001	220,000	654,602
4	220,001	225,000	889,500
5	225,001	230,000	1,142,500
2	230,001	235,000	462,000
3	235,001	240,000	716,772
2	240,001	245,000	488,092
4	245,001	250,000	1,000,000
4	250,001	255,000	1,013,500
1	255,001	260,000	256,358
3	260,001	265,000	786,788
2	265,001	270,000	540,000
4	270,001	275,000	1,097,000
1	275,001	280,000	280,000
4	285,001	290,000	1,147,500
1	290,001	295,000	291,000
7	295,001	300,000	2,100,000
1	305,001	310,000	305,658
4	310,001	315,000	1,258,000
1	330,001	335,000	335,000
2	350,001	355,000	707,000
1	355,001	360,000	360,000
1	360,001	365,000	364,496
1	365,001	370,000	370,000
3	370,001	375,000	1,120,476
3	375,001	380,000	1,136,764
2	390,001	395,000	788,401
6	395,001	400,000	2,395,950
1	405,001	410,000	408,000
1	410,001	415,000	410,500
2	425,001	430,000	850,196



No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
2	435,001	440,000	877,500
1	440,001	445,000	444,000
2	445,001	450,000	893,078
1	450,001	455,000	455,000
1	460,001	465,000	463,500
1	470,001	475,000	474,896
1	480,001	485,000	481,135
1	485,001	490,000	487,500
9	495,001	500,000	4,495,857
1	505,001	510,000	508,500
1	510,001	515,000	514,000
1	535,001	540,000	540,000
2	555,001	560,000	1,115,572
1	560,001	565,000	563,500
2	575,001	580,000	1,157,989
1	585,001	590,000	585,287
1	595,001	600,000	596,500
1	600,001	605,000	600,500
1	610,001	615,000	610,666
1	630,001	635,000	635,000
1	655,001	660,000	659,500
1	680,001	685,000	681,600
1	695,001	700,000	700,000
1	705,001	710,000	708,726
1	710,001	715,000	710,897
1	715,001	720,000	719,000
1	740,001	745,000	744,500
1	760,001	765,000	761,500
1	775,001	780,000	778,122
1	780,001	785,000	784,000
2	785,001	790,000	1,577,592
1	865,001	870,000	867,000
1	885,001	890,000	887,683
1	895,001	900,000	900,000
1	985,001	990,000	985,995
6	995,001	1,000,000	6,000,000

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
1	1,000,001	1,005,000	1,000,525
1	1,020,001	1,025,000	1,023,000
1	1,135,001	1,140,000	1,140,000
1	1,145,001	1,150,000	1,150,000
1	1,170,001	1,175,000	1,171,500
1	1,260,001	1,265,000	1,260,500
1	1,295,001	1,300,000	1,300,000
1	1,325,001	1,330,000	1,328,500
1	1,450,001	1,455,000	1,450,045
1	1,480,001	1,485,000	1,481,000
1	1,495,001	1,500,000	1,500,000
1	1,650,001	1,655,000	1,650,500
2	1,695,001	1,700,000	3,399,356
1	1,780,001	1,785,000	1,782,000
1	1,830,001	1,835,000	1,833,743
1	1,845,001	1,850,000	1,845,784
2	1,850,001	1,855,000	3,706,812
1	1,855,001	1,860,000	1,857,698
1	1,875,001	1,880,000	1,879,307
1	1,975,001	1,980,000	1,976,000
1	1,990,001	1,995,000	1,993,406
1	2,035,001	2,040,000	2,036,500
1	2,165,001	2,170,000	2,170,000
1	2,200,001	2,205,000	2,203,000
1	2,830,001	2,835,000	2,830,742
1	3,125,001	3,130,000	3,129,500
1	3,165,001	3,170,000	3,166,000
1	3,725,001	3,730,000	3,725,500
1	4,005,001	4,010,000	4,010,000
1	4,295,001	4,300,000	4,299,089
1	4,595,001	4,600,000	4,600,000
1	6,685,001	6,690,000	6,687,302
1	12,870,001	12,875,000	12,870,056
1	12,995,001	13,000,000	13,000,000
1	13,015,001	13,020,000	13,017,557
1	15,460,001	15,465,000	15,465,000
1	25,955,001	25,960,000	25,959,367
1	52,945,001	52,950,000	52,945,500
1	67,370,001	67,375,000	67,371,916
1	274,885,001	274,890,000	274,886,371
1	859,810,001	859,815,000	859,811,886
11400			1,584,088,159



fauji foods

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	53,010,083	3.3464%
2.3.6 Modarabas and Mutual Funds	10,839,681	0.6843%
2.3.7 Shareholders holding 10% or more	1,134,701,257	71.6312%
2.3.8 General Public		
a. Local	234,017,726	14.7730%
b. Foreign	3,473,510	0.2193%
2.3.9 Others (to be specified)		
1- Investment Companies	323,000	0.0204%
2- Joint Stock Companies	76,965,637	4.8587%
3- Other Companies	1,382,342	0.0873%

3. Signature of Company Secretary

4. Name of Signatory

Brig Hamid Mahmood Dar (Retd)

5. Designation

Company Secretary

6. CNIC Number

35201-7127628-1

7. Date

December 31, 2021

**INDEPENDENT AUDITORS' 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 (the Company) for the year ended 31 December 2021 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 2021



EY Ford Rhodes
Chartered Accountants
Engagement Partner: Sajjad Hussain Gill
Lahore: 21 February 2022
UDIN: CR202110087wYUDr2AIJ

INDEPENDENT AUDITORS' 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 2021, 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 2021 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 Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p>1. Going concern</p> <p>The Company has suffered a loss of Rs. 1,253 million, for the year ended 31 December 2021 (2020: Rs. 3,058 million) and its accumulated loss as at the reporting date amounts to Rs. 16,396 million (2020: Rs. 15,188 million)</p> <p>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.</p> <p>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.</p>	<p>We performed following key audit procedures, among other procedures, in this respect:</p> <ul style="list-style-type: none"> - Reviewed the business plan of the Company approved by the Board of Directors - Performed variance analysis of actual financial performance and budgeted forecast as per the business plan for 2021, in order to assess the reliability of the planning process of the Company - Performed analysis of key financial indicators which support the going concern assessment of the Company such as comparison of current assets with liabilities, equity position at the year-end and operating results as compared to prior year - Assessed the adequacy of external sources of finance available to the Company by inspecting the relevant agreements - Assessed the parent company's commitment to support the Company based on the recent equity injection - 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based
- on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- 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 Sajjad Hussain Gill.



EY Ford Rhodes

Chartered Accountants

Lahore: 21 February 2022

UDIN: AR202110087eyRPxivQd

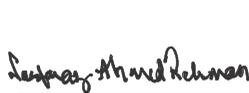


fauji foods

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	5	<u>18,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid up share capital	5	15,840,881,590	8,032,935,630
Capital Reserves			
Share premium	6	1,854,498,097	1,922,317,157
Surplus on revaluation of property, plant and equipment - net of tax	7	2,225,644,056	1,243,724,345
Revenue Reserve			
Accumulated loss		(16,395,504,505)	(15,187,985,634)
		3,525,519,238	(3,989,008,502)
Non-current liabilities			
Long term finances - secured	8	5,988,149,276	6,117,124,491
Lease liabilities	9	129,188,382	187,399,528
Employee retirement benefits	10	75,255,499	77,169,944
		6,192,593,157	6,381,693,963
Current liabilities			
Current portion of long term liabilities	11	112,260,832	117,787,993
Short term borrowings - secured	12	1,933,798,755	1,875,297,551
Loan from parent company - unsecured	13	-	5,925,000,000
Trade and other payables	14	995,323,636	873,500,682
Unclaimed dividend		965,752	965,752
Accrued finance cost	15	1,267,924,682	533,632,385
Provision for taxation		136,357,747	14,316,124
		4,446,631,404	9,340,500,487
Contingencies and commitments	16	<u>14,164,743,799</u>	<u>11,733,185,948</u>

The annexed notes 1 to 44 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Chief Financial Officer

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	17	8,505,263,061	7,550,092,840
Intangible assets	18	1,572,247	20,353,143
Security deposits		6,606,122	6,606,122
Deferred taxation - net	19	-	-
		8,513,441,430	7,577,052,105
Current assets			
Stores, spares and loose tools	20	183,210,631	191,143,537
Stock-in-trade	21	707,587,224	543,982,813
Trade debts - considered good	22	566,068,117	350,850,105
Loans and advances - considered good	23	138,378,789	151,199,690
Deposits, prepayments and other receivables	24	82,155,615	79,049,014
Sales tax refundable - net		740,111,000	636,649,383
Income tax recoverable		1,359,883,804	1,314,371,072
Cash and cash equivalents	25	1,873,907,189	888,888,229
		5,651,302,369	4,156,133,843
		14,164,743,799	11,733,185,948

The annexed notes 1 to 44 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021



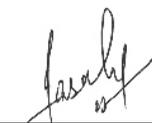
	Note	2021 Rupees	2020 Rupees
Revenue from contracts with customers - net	26	8,586,396,344	7,373,162,067
Cost of revenue	27	(7,665,360,235)	(7,310,900,013)
Gross profit		921,036,109	62,262,054
Marketing and distribution expenses	28	(1,019,059,263)	(854,143,010)
Administrative expenses	29	(359,124,683)	(355,432,212)
Loss from operations		(457,147,837)	(1,147,313,168)
Other income	30	76,233,076	98,704,064
Other expenses	31	(523,991)	(242,918,870)
Finance cost	32	(1,155,050,524)	(1,752,267,407)
Loss before taxation		(1,536,489,276)	(3,043,795,381)
Taxation	33		
Current		(122,041,623)	(14,316,124)
Deferred		405,588,641	-
Loss after taxation		(1,252,942,258)	(3,058,111,505)
Loss per share - basic and diluted	34	(1.60)	Restated (3.92)

The annexed notes 1 to 44 form an integral part of these financial statements.


Chairman


Chief Executive Officer

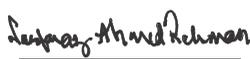

Director


Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

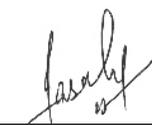
	<u>2021</u> Rupees	<u>2020</u> Rupees
Loss after taxation for the year	(1,252,942,258)	(3,058,111,505)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	9,331,092	1,049,127
Revaluation surplus during the year	1,423,600,647	-
Deferred tax on revaluation surplus during the year	(405,588,641)	-
Total comprehensive loss for the year	<u>(225,599,160)</u>	<u>(3,057,062,378)</u>

The annexed notes 1 to 44 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 2021

Issued, subscribed and paid-up capital	Capital Reserve		Revenue Reserves	Total
	Share premium	Surplus on revaluation of property, plant and equipment- net of tax	Accumulated loss	

----- Rupees -----

As at 01 January 2020	5,284,071,920	1,925,340,907	1,309,417,781	(12,196,616,692)	(3,677,786,084)
Conversion of debt to equity					
Parent loan	2,630,000,000	-	-	-	2,630,000,000
Accrued markup	118,863,710	-	-	-	118,863,710
Share issuance cost	-	(3,023,750)	-	-	(3,023,750)
	2,748,863,710	(3,023,750)	-	-	2,745,839,960
Total comprehensive loss for the year					
Loss after taxation	-	-	-	(3,058,111,505)	(3,058,111,505)
Other comprehensive income for the year					
Remeasurement of defined benefit obligation	-	-	-	1,049,127	1,049,127
Total comprehensive loss	-	-	-	(3,057,062,378)	(3,057,062,378)
Surplus transferred to accumulated losses					
Disposal of plant and machinery - net of tax	-	-	(69,395)	69,395	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(65,624,041)	65,624,041	-
Balance as at 31 December 2020	8,032,935,630	1,922,317,157	1,243,724,345	(15,187,985,634)	(3,989,008,502)
Issue of right shares					
Shares issued against conversion of loan	5,925,000,000	-	-	-	5,925,000,000
Shares issued against cash	1,882,945,960	-	-	-	1,882,945,960
Share issuance cost	-	(67,819,060)	-	-	(67,819,060)
	7,807,945,960	(67,819,060)	-	-	7,740,126,900
Total comprehensive income for the year					
Loss after taxation	-	-	-	(1,252,942,258)	(1,252,942,258)
Other comprehensive income for the year					
Surplus on revaluation during the year - net of tax	-	-	1,018,012,006	-	1,018,012,006
Remeasurement of defined benefit obligation	-	-	-	9,331,092	9,331,092
Total comprehensive loss	-	-	1,018,012,006	(1,243,611,166)	(225,599,160)
Surplus transferred to accumulated losses					
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	-
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

The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman

Chief Executive Officer

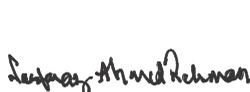
Director

Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 Rupees	2020 Rupees
Cash flows from operating activities			
Loss before taxation		(1,536,489,276)	(3,043,795,381)
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	17.1.6	418,435,536	699,926,589
Amortization of intangible assets	28	18,780,896	19,040,421
Gain on disposal of property, plant and equipment	30	(43,723,546)	(32,240,063)
Provision/write off for obsolete stock	21	-	242,290,040
Profit on bank deposits	30	(12,226,916)	(44,490,685)
Provision for employee retirement benefits		29,650,329	14,015,232
Finance cost	32	1,142,136,134	1,752,267,407
Profit/(loss) before working capital changes		16,563,157	(392,986,440)
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		7,932,906	46,402,387
Stock-in-trade		(163,604,411)	656,950,081
Trade debts		(215,218,012)	(169,678,993)
Loans and advances		12,820,901	(86,553,839)
Deposits, prepayments and other receivables		(3,106,601)	154,946,976
Sales tax refundable		(103,461,617)	(73,346,124)
Trade and other payables		121,822,954	(293,241,389)
		(342,813,880)	235,479,099
Cash flows used in operations		(326,250,723)	(157,507,341)
Income tax paid		(45,512,732)	(151,620,093)
Employee benefits paid		(22,233,682)	(12,431,110)
Net cash flows used in operating activities		(393,997,137)	(321,558,544)
Cash flow from investing activities			
Acquisition of property, plant and equipment		(34,598,712)	(163,765,492)
Sale proceeds from disposal of property, plant and equipment		128,317,148	52,022,316
Income on bank deposits received		12,226,916	44,490,686
Net cash flows generated from / (used in) investing activities		105,945,352	(67,252,490)
Cash flow from financing activities			
Long term finances - net		(128,975,214)	1,850,915,648
Short term borrowings - net		(156,281)	(1,320,867,588)
Lease rentals paid		(63,738,308)	(138,101,474)
Finance cost paid		(407,843,837)	(1,654,578,985)
Right Shares subscription received		1,882,945,960	-
Loan received from Parent Company		-	5,925,000,000
Share issuance cost		(67,819,060)	(3,023,750)
Net cash flows generated from financing activities	41	1,214,413,260	4,659,343,851
Net increase in cash and cash equivalents		926,361,475	4,270,532,817
Cash and cash equivalents - at beginning of the year		(757,278,882)	(5,027,811,699)
Cash and cash equivalents - at end of the year	35	169,082,593	(757,278,882)

The annexed notes 1 to 44 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 31 DECEMBER 2021



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, 1913 (now 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 Consequent to acquisition of the Company by Fauji Group in year 2015, the management has taken various operational measures towards transformation of the Company that includes curtailment of higher input costs, increasing production scales to optimum levels by BMR - balancing, modernization and replacement of production facility (during the last five years), strengthening of milk collection and sales and distribution structures. The management has also taken various financial initiatives towards improvement of liquidity that included time to time raising of equity finance through right issue, arrangement of long term and working capital facilities to support working capital and capital expenditure requirements.

Growth's momentum picked up a strong pace during 2021 and trajectory shows a very encouraging trend. This growth provides a concrete foundation for the company to build its future. As a result current assets exceed current liabilities by Rs. 1,204.67 million, equity stands at positive amounting to Rs. 3,525.52 million and the operations are being financed through sponsor support/equity injection/bank borrowings.

In the year 2021, the Company has shown recovery compared to 2020 with a topline growth of 16.5% and reduction of loss after tax by 59.03%. The Board of the Directors ("BOD") of the Company have approved the business plan for financial year 2022 that shows improvements in cash generation. The Company has also issued right shares during the year amounting to Rs. 7,807 million against conversion of sponsor loan amounting to Rs. 5,925 million and remaining issue against cash to strengthen working capital requirement and meeting financial obligations.

The management and the Board considers that the measures as explained above would result in availability of adequate financial resources for the Company to sustain the continuity of its business operations for the foreseeable future and thus maintain its going concern status. Accordingly, these financial statements have been prepared on a going concern basis which assumes that the Company will continue to operate its business, realize its assets, and discharge its liabilities, in the normal course of business.

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 Standards, amendments and interpretations and forthcoming requirements

2.4.1 Standards, amendments or interpretations that are not yet effective

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

	Standard and IFRIC	Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - Definition of a Business (reference to the Conceptual Framework amendments)	January 01, 2022
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.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	January 01, 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current (amendments)	January 01, 2023
IAS 1 and 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:	January 01, 2023

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

2.4.2 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 following standards as described below:

IFRS 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

3 SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

3.1 Depreciation method, rates and useful lives of property and equipment

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

3.2 Revaluation of property, plant and equipment

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

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

3.3 Stock in trade

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

3.4 Impairment

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

3.5 Provisions and contingencies

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

3.6 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.

4 Summary of significant accounting policies

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

4.1 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.

4.2 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.

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.

4.3 Employees' retirement benefits

4.3.1 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.

4.3.2 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.

4.3.3 Defined benefit plan

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

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. The latest valuation was carried out on 31 December 2021.

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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 Financial instruments

4.13.1 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.

4.13.2 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.

4.13.3 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.

4.13.4 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.

4.13.5 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 of 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 Dividends and appropriations to reserves

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

4.20 Share capital

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

5 Issued, subscribed and paid up share capital

5.1 Authorized capital	2021	2020	2021	2020
	- - (Number of shares) - -		Rupees	Rupees
Shares of Rs. 10 each	<u>1,800,000,000</u>	<u>1,000,000,000</u>	<u>18,000,000,000</u>	<u>10,000,000,000</u>

5.2 Issued, subscribed and paid up capital

Ordinary share capital

Ordinary shares of Rs.10 each fully paid in cash	692,228,762	503,934,166	6,922,287,620	5,039,341,660
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 (note 5.5)	882,020,197	289,520,197	8,820,201,970	2,895,201,970
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
	<u>1,584,088,159</u>	<u>803,293,563</u>	<u>15,840,881,590</u>	<u>8,032,935,630</u>

5.3 Movement during the year is as follows:

	<u>2021</u>	<u>2020</u>
Balance as at 01 January	803,293,563	528,407,192
Shares issued (other than right) against conversion of loan and accrued markup	-	274,886,371
Right shares issued against:		
- Conversion of loan	592,500,000	-
- Cash	188,294,596	-
Balance as at 31 December	<u>1,584,088,159</u>	<u>803,293,563</u>

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

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Ordinary share capital	----- Percentage held -----		----- Number of shares -----	
Fauji Fertilizer Bin Qasim Limited				
- voting ordinary shares	71.63%	67.50%	1,134,701,257	542,201,257
Fauji Foundation				
- voting ordinary shares	4.25%	8.39%	67,371,916	67,371,916
Directors, Chief Executive, officers and their spouse and minor children				
- voting ordinary shares	0.01%	0.00%	148,923	40,000
			<u>1,202,222,096</u>	<u>609,613,173</u>

5.5 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.

5.6 During the year, the Company has issued right shares at 97.1991% of existing shareholding amounting to Rs. 7,807.95 million after obtaining all regulatory approvals.

	<u>2021</u>	<u>2020</u>
	Rupees	Rupees
6 Share premium	<u>1,854,498,097</u>	<u>1,922,317,157</u>

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, Company utilized reserve against share issuance cost resulting from issue of right share.

	<u>2021</u> Rupees	<u>2020</u> Rupees
7 Surplus on revaluation of property, plant and equipment - net of tax		
Revaluation surplus as at 01 January	1,484,933,668	1,577,459,635
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)	(69,395)
- incremental depreciation charged during the year - net of deferred tax	(35,501,341)	(65,624,041)
Related deferred tax liability		
- disposal of plant and machinery	(241,375)	(28,345)
- incremental depreciation charged during the year	(14,500,547)	(26,804,186)
	(50,834,217)	(92,525,967)
Revaluation surplus as at 31 December	2,857,700,098	1,484,933,668
Less: Related deferred tax liability on revaluation surplus at 01 January	241,209,323	268,041,854
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)	(28,345)
- incremental depreciation charged during the year	(14,500,547)	(26,804,186)
	(14,741,922)	(26,832,531)
Deferred tax liability on revaluation surplus as at 31 December	632,056,042	241,209,323
Revaluation surplus as at 31 December - net of tax	2,225,644,056	1,243,724,345

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.

	Note	<u>2021</u> Rupees	<u>2020</u> Rupees
8 Long term finances - secured			
Long term loans			
Syndicate Finance Facility	8.1	5,988,149,276	6,066,666,667
Salary Refinance Facility	8.5	50,457,825	100,915,648
		6,038,607,101	6,167,582,315
Current maturity presented under current liabilities	11	(50,457,825)	(50,457,824)
		5,988,149,276	6,117,124,491

8.1 A syndicate finance facility is jointly led by Faysal Bank Limited, National Bank of Pakistan, MCB Bank Limited and Allied Bank Limited and participated by Askari Bank Limited, Alfalah Bank Limited, Soneri Bank Limited, Dubai Islamic Bank Limited whereby the outstanding exposure of all the banks was restructured into long term and short term exposure on prorata basis. The restructuring was done under the State Bank of Pakistan's circular No. BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.

8.2 The bank wise exposure of participant and lead banks after restructuring is as follows:

Note	Bank Name	Facility	2021 Rupees	2020 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment
8.2.1	Allied Bank Limited	Term Finance	568,026,750	646,544,141	3 Months KIBOR plus 1.5% per annum, payable quarterly.	The loan is repayable in 7 years with a grace period of 2.5 years. Repayment will be in form of stepped up quarterly installment starting from year 2023 and ending in year 2027
8.2.2	National Bank of Pakistan	Term Finance	941,976,909	941,976,909		
8.2.3	MCB Bank Limited	Demand Finance	1,084,158,027	1,084,158,027		
8.2.4	Faysal Bank Limited	Term Finance	1,733,459,001	1,733,459,001		
8.2.5	Askari Bank Limited	Term Finance	396,544,141	396,544,141		
8.2.6	Alfalah Bank Limited	Term Finance	247,840,088	247,840,088		
8.2.7	Soneri Bank Limited	Demand Finance	495,680,176	495,680,175		
8.2.8	JS Bank limited	Term Finance	247,840,088	247,840,088		
8.2.9	Dubai Islamic Bank Limited	Term Finance	272,624,097	272,624,097		

8.3 The syndicate finance facility is secured by way of pari passu charge amounting to PKR 8,089 Million inclusive of 25% margin on fixed assets along with mortgage by constructive deposit of title deeds of property / land measuring 120 kanals and building thereon situated in Mauza Purana Bhalwal, Tehsil Bhalwal, District Sargodha in favour of security agent (i.e. Faysal bank limited). The syndicate finance facility is additionally secured through sponsor support in the form of Stand by letter of credit amounting to PKR 1,000 Million from Askari bank limited and a revolving corporate guarantee.

8.4 All these facilities have been clubbed under Master Finance Agreement executed on 21 December 2020 which became effective from 01 August 2020.

8.5 The Company availed a salary refinance facility under SBP circular number IH&SMEFD Circular No. 06 and 07 of 2020 dated 10 April 2020 from JS Bank Limited. As per the SBP circular and terms of the facility, the facility is repaid in 8 equal quarterly installments starting from January 2021. The facility is priced at 3% and secured against a charge on current and fixed assets at a margin of 25%.

	Note	2021 Rupees	2020 Rupees
9 Lease liabilities			
Leased vehicles - secured	9.1	1,010,561	15,703,678
Leased machinery - unsecured		104,013,796	132,399,740
Leased building - unsecured		85,967,032	106,626,279
		190,991,389	254,729,697
Current maturity presented under current liabilities	11	(61,803,007)	(67,330,169)
		129,188,382	187,399,528

The Company has entered into lease agreements with different commercial banks for vehicles, with a supplier for filling machines and with a landlord for building. The rentals under these agreements are repayable in 24 to 60 monthly and quarterly instalments. The minimum lease payments have been discounted at an implicit interest rate of 8.20% to 13.59% (2020: 7.56% to 14.39%) per annum to arrive at their present value. At the end of the respective lease term, the assets other than building, shall be transferred in the name of the Company. Taxes, repairs and insurance costs are to be borne by the Company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

	2021			2020		
	Up to one year	From one to five years	Total	Up to one year	From one to five years	Total
a) Leased vehicles - secured						
Note	-----Rupees-----			-----Rupees-----		
Particulars						
Minimum lease payments	1,978,816	-	1,978,816	14,929,671	6,902,346	21,832,017
Less: Finance costs allocated to future periods	(153,155)	-	(153,155)	(399,430)	(30,859)	(430,289)
	1,825,661	-	1,825,661	14,530,241	6,871,487	21,401,728
Less: Security deposits adjustable on expiry of lease terms	(815,100)	-	(815,100)	-	(5,698,050)	(5,698,050)
Present value of minimum lease payments	9.1 1,010,561	-	1,010,561	14,530,241	1,173,437	15,703,678
b) Leased machinery - unsecured						
Particulars						
Minimum lease payments	44,032,116	80,857,427	124,889,543	44,032,116	124,757,662	168,789,778
Less: Finance costs allocated to future periods	(11,627,934)	(9,247,813)	(20,875,747)	(15,561,069)	(20,828,969)	(36,390,038)
	32,404,182	71,609,614	104,013,796	28,471,047	103,928,693	132,399,740
c) Leased building - unsecured						
Particulars						
Minimum lease payments	38,710,320	64,730,257	103,440,577	34,372,800	98,458,976	132,831,776
Less: Finance costs allocated to future periods	(10,322,056)	(7,151,489)	(17,473,545)	(10,043,919)	(16,161,578)	(26,205,497)
	28,388,264	57,578,768	85,967,032	24,328,881	82,297,398	106,626,279

9.1 This represent amount payable to Askari Bank Limited, a related party.

	Note	2021 Rupees	2020 Rupees
10 Employee retirement benefits			
Accumulated compensated absences	10.1	23,611,109	21,540,928
Defined benefit plan	10.2	51,644,390	55,629,016
		75,255,499	77,169,944

	Note	<u>2021</u> Rupees	<u>2020</u> Rupees
10.1	Movement in accumulated compensated absences		
	Balance as at 01 January	21,540,928	26,760,382
	Charge to statement of profit or loss	10,797,979	5,503,013
	Benefits paid during the year	(8,727,798)	(10,722,467)
	Balance as at 31 December	<u>23,611,109</u>	<u>21,540,928</u>
10.1.1	Charge to the statement of profit or loss		
	Current service cost	4,583,495	1,821,249
	Interest on defined benefit liability	858,851	1,409,572
	Remeasurement loss	5,355,633	2,272,192
		<u>10,797,979</u>	<u>5,503,013</u>
10.1.1.1	Allocation of expense during the year		
	Cost of sales	4,319,192	2,201,206
	Marketing and distribution expense	4,319,191	2,201,206
	Administrative expense	2,159,596	1,100,600
		<u>10,797,979</u>	<u>5,503,012</u>

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

	<u>2021</u>	<u>2020</u>
Discount rate	10.50%	10.00%
Expected per annum growth rate in salaries	9.50%	10.00%
Expected mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

As at 31 December 2021, average accumulation of leaves is 9 days per annum (2020: 10 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 (2020: 20 days for management employees, 28 days for non-management employees and 120 days for ex-servicemen).

10.1.3 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 2021 would have been as follows:

10.1.3.1 Present value of liability at the year end

	Due to increase in assumptions			
	2021		2020	
	----- Rupees -----			
Discount rate 100 bps	21,588,312	25,822,805	21,725,661	28,414,437
Salary increase 100 bps	25,823,439	21,588,577	28,379,411	21,700,676

	Note	2021	2020
		Rupees	Rupees
10.2 Present value of defined benefit obligation			
Balance as at 01 January		55,629,016	49,874,566
Charge to statement of profit or loss	10.2.1	18,852,350	8,512,220
Benefits paid during the year		(13,505,884)	(1,708,643)
Charge to other comprehensive income	10.2.2	(9,331,092)	(1,049,127)
Balance as at 31 December		51,644,390	55,629,016
10.2.1 Charge to the statement of profit or loss			
Current service cost		13,964,743	16,211,737
Gain on settlements		-	(13,920,378)
Interest on defined benefit liability		4,887,607	6,220,861
	10.2.1.1	18,852,350	8,512,220
10.2.1.1 Allocation of expense during the year			
Cost of sales		7,540,940	3,404,888
Marketing and distribution expense		7,540,940	3,404,888
Administrative expense		3,770,470	1,702,444
		18,852,350	8,512,220
10.2.2 Charge to other comprehensive income			
Actuarial gain on present value			
- Experience adjustments		9,331,092	1,049,127
10.2.3	The estimated expense to be charged to the statement of profit or loss in next year on account of current service cost and interest cost amounting to Rs. 16.09 million and Rs. 5.42 million respectively.		
10.2.4	The principal actuarial assumptions at the reporting date were as follows:		
		2021	2020
Discount rate		10.50%	10.00%
Expected per annum growth rate in salaries		9.50%	10.00%
Expected mortality rate		SLIC (2001-2005)	SLIC (2001-2005)

As at 31 December 2021, the weighted average duration of the defined benefit obligation was 9 years (2020: 9 years).

10.2.5 Sensitivity analysis

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

10.2.5.1 Present value of defined benefit obligation at year end

		Due to increase in assumptions	
		2021	2020
		----- Rupees -----	
	Discount rate 100 bps	47,221,103	56,483,264
	Salary increase 100 bps	56,482,015	47,220,522
		43,692,623	57,360,104
		57,287,568	43,642,252
		2021	2020
		Rupees	Rupees
11	Current portion of long term liabilities		
	Long term finances - secured	8	-
	Lease liabilities	9	67,330,169
	Salary refinance-JS bank	8	50,457,824
		112,260,832	117,787,993
		2021	2020
		Rupees	Rupees
12	Short term borrowings - secured		
	Short term running finance	12.1 & 12.4	1,646,167,111
	Islamic mode of financing	12.2	229,130,440
		1,933,798,755	1,875,297,551

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 1,935.49 million (31 December 2020: Rs 1,875.30 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 (2020: 3 months KIBOR plus spread of 1.00%) payable quarterly in arrears. These facilities will be expiring in August 2022.

12.2 Islamic mode of financing

This represents utilized amount of short term finance facility (Wakala Istithmar) availed from Dubai Islamic bank Limited. (2020: Rs 229.13 million). The facility is 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 carries mark-up of 3-months KIBOR plus spread of 1.0% per annum (2020: 3 months KIBOR plus spread of 1.00%) per annum. The facilities are expiring in August 2022.

12.3 Unavailed credit facilities

Out of total facilities for opening of letters of credit of Rs. 150 million (2020: Rs 150 million) as at 31 December 2021 unutilized amount as of that date was Rs. 150 million (2020: Rs 150 million).

12.4 Related party

This includes balance of Rs. 273.08 million (2020: Rs. 333.33 million) payable to Askari Bank Limited, an associated undertaking.

	<u>2021</u>	<u>2020</u>
	Rupees	Rupees
13 Loan from Parent Company - unsecured		
Mark-up based Subordinated loan - unsecured	-	5,925,000,000

During the year, loan availed from the Parent Company (Fauji Fertilizer Bin Qasim Limited) under markup arrangement on account of sponsor support of Rs. 5,925 million to meet working capital requirement of the Company has been converted as paid up capital against right issue.

		<u>2021</u>	<u>2020</u>
		Rupees	Rupees
14 Trade and other payables	Note		
Trade and other creditors	14.1	453,078,380	460,053,918
Contract liabilities	14.2	106,149,269	108,469,670
Accrued expenses		386,790,073	273,488,242
Retention money payable		2,325,832	2,971,672
Due to employees		2,605,427	5,074,879
Withholding income tax payable		23,010,176	9,998,263
Withholding sales tax payable		9,927,557	7,591,762
Payable to provident fund	14.2	9,834,572	4,244,388
Others		1,602,350	1,607,888
		<u>995,323,636</u>	<u>873,500,682</u>

14.1 This includes amount due to the following related parties:

Noon Sugar Mills Limited	5,005,726	7,014,925
Fauji Security Services (Private) Limited	-	272,400
Fauji Foundation	1,086,921	-
FFBL Power Company Limited	11,451,017	7,438,194
Fauji Fertilizer Bin Qasim Limited	-	1,418,133
	<u>17,543,664</u>	<u>16,143,652</u>

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

14.2 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.

15	Accrued finance cost	Note	<u>2021</u> Rupees	<u>2020</u> Rupees
	Mark-up based borrowings from conventional banks			
	- Long term borrowings - secured		502,639,977	143,610,231
	- Short term borrowings - secured		11,166,237	81,213,376
	- Loan from Parent Company - unsecured	13	750,540,212	293,073,510
	Islamic mode of financing			
	- Short term borrowings - secured		3,578,256	15,735,268
		15.1	<u>1,267,924,682</u>	<u>533,632,385</u>

15.1 This includes amount of Rs. 36.91 million (2020: 15.70) payable to Askari Bank Limited, an associated undertaking.

16 Contingencies and commitments

16.1 Contingencies

16.1.1 The Company has issued following guarantees:

Guarantees aggregating Rs. 17.61 million (2020: Rs. 14.78 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Controller Naval Account.

16.1.2 The Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.99 million alleging that the Company suppressed its sales. The Commissioner Inland Revenue-Appeals (CIR-A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (ATIR) had set aside the order of CIR-A and remanded the case back to CIR-A for denovo proceedings. The CIR-A, vide his order dated 03 September 2012, has allowed partial relief of Rs. 11.32 million to the Company. The remaining disputed amount after rectification order under section 221 of the Income Tax Ordinance 2001 dated 16 May 2013 out of Rs. 34.99 million now stands at Rs. 18.28 million. Both the Company and the Department have filed appeals before the ATIR against the order of CIR-A, which are pending adjudications.

16.1.3 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 is not in agreement with the result in appeal and has filled appeal before the ATIR which is pending adjudication.

- 16.1.4** 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 have obtained stay against recovery of above tax demand under section 140 of ITO 2001, and has also filled appeal before CIR appeals Lahore, which is pending adjudication.
- 16.1.5** 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.
- 16.1.6** 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.
- 16.1.7** 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 filled appeal before ATIR which is pending adjudication.
- 16.1.8** 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.
- 16.1.9** 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.
- 16.1.10** The Additional Commissioner Inland Revenue (AD-CIR) has created income tax demand amounting to Rs. 2,423,267 under section 122(5A) of the Ordinance for tax year 2014. Being aggrieved from the order, the Company filed an appeal before CIR Appeals which is pending adjudication.
- 16.1.11** The AD-CIR made Assessment Order under section 122(5A) of the Ordinance for tax year 2015 by reducing the tax refunds from Rs. 6,808,698 to Rs. 5,001,811. The AD-CIR disallow tax credit claimed by the Company u/s 65B of the Ordinance in original return. Further, AD-CIR also reduced the losses. Being aggrieved from the order, the Company filed an appeal before CIR Appeals which is pending adjudication.

16.1.12 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 in admissible exchange loss amounting to Rs. 4,252,697. Further, turnover tax credit has also been disallowed. Appeal has been filled before the CIR Appeals against the said additions and refusal to grant tax credit which is pending adjudication.

16.1.13 The DCIR made an amended Assessment Order dated 24 June 2021 and reduce the losses claimed by the company by disallowing certain expense and reducing the loss by Rs.6.7 million. Being aggrieved by the treatment meted out, the Company filed an appeal before CIR Appeal which is pending adjudication.

16.1.14 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.

16.2 Commitments

16.2.1 Commitments, for purchase of raw / packing material, outstanding at the year end were for Rs. 7.51 million (2020: Rs. Nil).

17	Property, plant and equipment	Note	2021	2020
			Rupees	Rupees
	Operating fixed assets	17.1.1	8,282,128,337	7,326,713,116
	Capital work-in-progress	17.2	223,134,724	223,379,724
			8,505,263,061	7,550,092,840

17.1 Operating fixed assets

	2021										
	Cost / revalued amount 01 January	Additions / (deletions)	Revaluation Surplus During the year	Transfer from ROU to owned assets	Cost / revalued amount 31 December	Accumulated depreciation as at 01 January	Depreciation charge / (deletions) / for the year	Transfer from ROU to owned assets	Accumulated depreciation as at 31 December	Book value as at 31 December	Rate of depreciation %
----- Rupees -----											
Owned assets											
Freehold land	726,543,375	-	25,019,125	-	751,562,500	-	-	-	-	751,562,500	-
Buildings on freehold land	1,170,928,431	2,607,388	170,081,087	-	1,343,616,906	341,977,831	50,262,675	-	392,240,506	951,376,400	6
Plant and machinery	7,657,836,170	21,840,180	1,138,723,720	175,332,744	8,888,834,013	2,586,289,717	297,742,160	143,782,510	2,985,223,318	5,903,610,695	6
		(104,898,801)					(42,591,069)				
Electric and gas installation	23,818,152	-	1,699,989	-	25,518,141	15,163,066	1,541,635	-	16,704,701	8,813,440	10
Other works equipment	148,665,300	4,126,157	27,762,598	-	180,554,055	26,115,906	10,505,457	-	36,621,363	143,932,692	10
Pallets	35,433,562	-	-	-	35,433,562	25,132,699	2,590,111	-	27,722,810	7,710,752	33.33
Office and IT Equipment	126,500,967	5,631,500	-	-	132,132,467	47,470,431	6,007,141	-	53,477,572	78,654,895	10 & 33.33
Furniture and fixture	48,540,808	638,486	-	-	49,179,294	19,200,983	2,684,733	-	21,885,716	27,293,578	10
Vehicles	120,139,970	-	-	-	47,803,694	86,814,575	2,426,274	-	26,811,805	20,991,889	20
		(72,336,276)					(62,429,044)				
	10,058,406,735	34,843,711	1,363,286,519	175,332,744	11,454,634,632	3,148,165,208	373,760,186	143,782,510	3,560,687,791	7,893,946,841	
		(177,235,077)					(105,020,113)				
Right of use assets											
Building	133,686,254	-	-	-	133,686,254	42,333,981	26,737,251	-	69,071,232	64,615,022	20
Plant and Machinery	362,414,560	-	60,314,128	(175,332,744)	247,395,944	70,303,501	8,181,780	(143,782,510)	(65,297,229)	312,693,173	6
Vehicles	81,945,913	-	-	-	48,686,683	48,937,656	9,756,318	-	37,813,382	10,873,301	33.33
		(33,259,230)					(20,880,592)				
	578,046,727	-	60,314,128	(175,332,744)	429,768,881	161,575,138	44,675,349	(143,782,510)	106,884,614	388,181,496	
		(33,259,230)					(20,880,592)				
31 December 2021	10,636,453,462	34,843,711	1,423,600,647	-	11,884,403,513	3,309,740,346	418,435,535	-	3,667,572,405	8,282,128,337	
		(210,494,307)					(125,900,705)				

17.1.1 Operating fixed assets

		2020									
	Cost / revalued amount 01 January	Additions / (deletions)	Transfer from ROU to owned assets	Cost / revalued amount 31 December	Accumulated depreciation as at 01 January	Depreciation charge / (deletions) / for the year	Transfer from ROU to owned assets	Accumulated depreciation as at 31 December	Book value as at 31 December	Rate of depreciation %	
----- Rupees -----											
Owned assets											
Freehold land	726,543,375	-	-	726,543,375	-	-	-	-	726,543,375	-	
Buildings on freehold land	1,164,464,965	6,463,466	-	1,170,928,431	259,053,734	82,924,097	-	341,977,831	828,950,600	6	
Plant and machinery	7,503,502,571	154,613,599 (280,000)	-	7,657,836,170	2,079,980,411	507,459,043 (130,634)	-	2,586,289,717	5,071,546,453	6	
Electric and gas installation	23,818,152	-	-	23,818,152	13,450,138	1,712,928	-	15,163,066	8,655,086	10	
Other works equipment	139,439,514	9,225,786	-	148,665,300	16,297,495	9,818,411	-	26,115,906	122,549,394	10	
Pallets	35,433,562	-	-	35,433,562	23,110,521	2,022,178	-	25,132,699	10,300,863	33.33	
Office and IT Equipment	124,643,479	1,857,488	-	126,500,967	38,391,851	9,078,580	-	47,470,431	79,030,536	10 & 33.33	
Furniture and fixture	48,222,668	318,140	-	48,540,808	16,297,322	2,903,661	-	19,200,983	29,339,825	10	
Vehicles	52,279,539	-	72,457,000 (4,596,569)	120,139,970	28,802,827	3,165,358 (2,264,349)	57,110,739	86,814,575	33,325,395	20	
	9,818,347,825	172,478,479 (4,876,569)	72,457,000	10,058,406,735	2,475,384,299	619,084,256 (2,394,983)	57,110,739	3,148,165,208	6,910,241,527		
Right of use assets											
Building	133,686,254	-	-	133,686,254	15,596,730	26,737,251	-	42,333,981	91,352,273	20	
Plant and Machinery	357,369,494	5,045,066	-	362,414,560	41,610,413	28,693,088	-	70,303,501	292,111,059	6	
Vehicles	215,453,912	2,896,740 (63,947,739)	(72,457,000)	81,945,913	127,283,473	25,411,994 (46,647,072)	(57,110,739)	48,937,656	33,008,257	33.33	
	706,509,660	7,941,806 (63,947,739)	(72,457,000)	578,046,727	184,490,616	80,842,333 (46,647,072)	(57,110,739)	161,575,138	416,471,589		
31 December 2020	10,524,857,485	180,420,285 (68,824,308)	-	10,636,453,462	2,659,874,915	699,926,589 (49,042,055)	-	3,309,740,346	7,326,713,116		

17.1.2 Disposal of operating assets

Particulars of assets	Cost/Revalued Amount	NBV	Amount Received	Gain	Mode of Disposal	Relationship With Company	Particulars of purchaser
----- Rupees -----							
Plant and machinery							
Filling Machine	104,898,800	62,307,732	77,500,000	15,192,268	Market Value	Third Party	Ecolean Pakistan
Vehicles							
Hino FB	2,616,060	148,203	4,500,000	4,351,797	Auction	Third Party	Sikander Khan
Hino FB	2,616,060	148,203	4,600,000	4,451,797	Auction	Third Party	Farakh Iqbal
Hino FB	2,686,791	152,211	4,500,000	4,347,789	Auction	Third Party	Fakhar Iqbal Tarrar
Bolan	633,140	57,119	400,000	342,881	Bidding	Employee	Muhammad Umar Farooq
Toyota Corolla	1,660,500	274,007	332,100	58,093	Company Policy	Employee	Zulfqar Ali
Toyota Corolla	1,660,500	238,651	332,100	93,449	Company Policy	Ex Employee	Haroon Javed Cheema
Toyota Corolla	1,660,500	282,845	332,100	49,255	Company Policy	Employee	Asad Ahmad
Toyota Corolla	1,660,500	274,007	1,191,220	917,213	Insurance Claim	Employee	Aakif Abbas
Mehran	683,000	126,167	136,600	10,433	Company Policy	Ex Employee	Waqas Safdar
Mehran	683,000	133,588	136,600	3,012	Company Policy	Employee	Numan Nafees
Mehran	683,000	129,877	136,600	6,723	Company Policy	Employee	Ubaid Zada
Mehran	683,000	133,588	136,600	3,012	Company Policy	Employee	Usman Hassan Rahmani
Mehran	683,000	133,588	206,600	72,472	Company Policy	Ex Employee	Dawar Khan
Mehran	683,000	129,877	136,600	6,723	Company Policy	Employee	Ibrahim Khan
Mehran	683,000	129,877	136,600	6,723	Company Policy	Ex Employee	Syed Zohaib Ali Shah
Mehran	683,000	126,167	717,000	590,833	Company Policy	Ex Employee	Kamran Ahmed Rana
Mehran	683,000	126,167	136,600	10,433	Company Policy	Employee	Oman Ahmed Paracha
Cultus	1,039,000	203,219	290,237	87,018	Company Policy	Employee	Raja Wasif Rafique
Toyota Altis	1,990,500	291,992	398,100	106,108	Company Policy	Ex Employee	Imran Afzal
Toyota Corolla	1,662,000	313,229	332,400	19,171	Company Policy	Employee	Arfan Nazir
Toyota Altis	1,990,500	297,905	398,100	100,195	Company Policy	Employee	Zakir Hussain
Toyota Altis	1,992,000	405,396	1,414,593	1,009,197	Company Policy	Employee	Tehseen Ullah
Mehran	688,000	132,238	680,000	547,762	Bidding	Employee	Faisal Yaseen
Toyota Corolla	1,660,500	258,381	332,100	73,719	Company Policy	Employee	Hammad Ali Janjua
Toyota Altis	1,990,500	390,032	398,100	8,068	Company Policy	Employee	Rao M. Imran
Toyota Altis	1,973,000	307,008	394,600	87,592	Company Policy	Employee	Muhammad Tanzeel Ur Rehman
Mehran	688,000	134,811	137,600	2,789	Company Policy	Ex Employee	Syed Farhan-ul-Haq
Mehran	688,000	137,600	137,600	-	Company Policy	Employee	Mubeen Shah
Mehran	688,000	118,951	137,600	18,649	Company Policy	Employee	Ahsan Akhtar
Mehran	688,000	126,881	137,600	10,719	Company Policy	Employee	Azmat Abbasi
Mehran	688,000	114,986	137,600	22,614	Company Policy	Ex Employee	Salman Khan
Mehran	688,000	134,811	137,600	2,789	Company Policy	Employee	Hammad Khan
Toyota Corolla	1,643,000	328,086	421,457	93,371	Company Policy	Ex Employee	Muhammad Kashif Kamran
Cultus	1,099,000	219,456	219,800	344	Company Policy	Employee	Ejaz Ahmad
Mehran	688,000	133,344	137,600	4,256	Company Policy	Ex Employee	Enmad Iqbal Abbasi
Toyota Altis	2,015,500	319,608	403,100	83,492	Company Policy	Employee	Akhtar Hussain
Toyoyota Altis	1,990,500	414,695	536,759	122,064	Company Policy	Employee	Farhat Manzoor
Toyota Corolla	1,660,500	304,011	332,100	28,089	Company Policy	Ex Employee	Hamza Shakeel
Toyota Corolla	1,660,500	304,011	332,100	28,089	Company Policy	Employee	Fahd Khaliq
Toyota Corolla	1,660,500	332,100	332,100	-	Company Policy	Employee	Adeel Ahmad Khan
Toyota Corolla	1,660,500	332,100	332,100	-	Company Policy	Employee	Muhammad Ali Asad
Toyota Corolla	1,660,500	283,045	332,100	49,055	Company Policy	Employee	Ahmad Irfan
Toyota Corolla	1,660,500	324,977	332,200	7,223	Company Policy	Employee	Adnan Akram
Cultus	1,099,000	240,012	1,070,500	830,488	Bidding	Employee	Muhammad Junaid
Toyota Corolla	1,643,000	274,389	328,600	54,211	Company Policy	Employee	Tariq Mahmood
Toyota Corolla	1,643,000	284,943	2,200,000	1,915,057	Bidding	Employee	Rizwan Ullah Khan
Mehran	688,000	137,600	137,600	-	Company Policy	Ex Employee	Junaid Hassan
Mehran	688,000	141,415	675,000	533,585	Company Policy	Ex Employee	Syed Muhammad Zeeshan Ali
Mehran	688,000	132,576	137,600	5,024	Company Policy	Employee	Zaheen Iqbal
Mehran	688,000	137,600	137,600	-	Company Policy	Ex Employee	Muhammad Sarfaraz
Cultus	1,099,000	219,800	219,800	-	Company Policy	Ex Employee	Nasir Ali
Toyota Altis	1,997,500	199,750	199,750	-	Company Policy	Ex Employee	Lt.Col Ishtarullah Khan Niazi
Mehran	708,000	141,600	141,600	-	Company Policy	Employee	Atif Qaddus
Mehran	708,000	141,600	141,600	-	Company Policy	Employee	Raja Naveed Sultan
Mehran	708,000	118,239	141,600	23,361	Company Policy	Employee	Zaheer Ahmad Khan
Mehran	708,000	118,239	141,600	23,361	Company Policy	Employee	Habib Younis
Mehran	708,000	113,692	141,600	27,908	Company Policy	Employee	Muhammad Umair
Mehran	708,000	122,787	141,600	18,813	Company Policy	Employee	Osama Niazi
Mehran	708,000	145,525	181,924	36,399	Company Policy	Ex Employee	Mirza Haseeb Baig
Mehran	703,000	121,426	140,600	19,174	Company Policy	Ex Employee	Muhammad Hussain
Mehran	703,000	121,426	140,600	19,174	Company Policy	Employee	Faizan Mirza
Mehran	703,000	126,097	169,860	43,763	Company Policy	Ex Employee	Saleem Rasheed
Toyota Corolla	1,660,500	337,026	425,219	88,193	Company Policy	Ex Employee	Abdul Moeed Hassan
Toyota Corolla	1,660,500	320,242	1,850,000	1,529,758	Company Policy	Ex Employee	Syed Kamran Shamsi
Toyota Altis	1,997,500	591,853	2,160,000	1,568,147	Company Policy	Ex Employee	Umar Farooq Ahmad
Mehran	762,000	219,507	364,057	144,550	Company Policy	Ex Employee	Raja Shafaqat Ali Khan
Toyota Corolla	1,682,000	387,622	640,007	252,385	Company Policy	Ex Employee	Imran Aslam
Toyota Altis	2,694,623	970,287	1,399,551	429,264	Company Policy	Employee	Muhammad Babar Rashid
Toyota Altis	2,606,000	1,303,001	3,000,000	1,696,999	Company Policy	Ex Employee	Imran Mirza
Toyota Corolla	1,967,000	868,152	2,041,570	1,173,418	Bidding	Employee	Abdul Rehman Butt
Toyota Altis	2,704,381	1,210,295	1,210,295	-	Company Policy	Ex Employee	Sabir Mahmood
Honda Civic	3,098,000	956,174	956,174	-	Company Policy	Ex Employee	Muhammad Haseeb Aslam
Toyota Corolla	2,028,740	1,330,579	2,640,000	1,309,421	Bidding	Employee	Muhammad Ifzal Akhtar
Various assets having net book value up to Rs 500,000 each							
	7,581,712	1,345,401	299,215	(1,046,186)			
	210,494,307	84,593,602	128,317,148	43,723,546			

17.1.3 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:

	<u>2021</u>	<u>2020</u>
	Rupees	Rupees
Freehold land	73,365,999	73,365,999
Buildings on freehold land	716,441,997	787,314,842
Plant and machinery - Owned assets	3,773,930,733	4,057,539,486
Plant and machinery - Right of use asset	252,379,045	292,111,059
Electric and gas Installations	5,492,365	7,530,006
Other works equipment	115,619,687	110,216,254
	<u>4,937,229,826</u>	<u>5,328,077,646</u>

17.1.4 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.

17.1.5 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.

17.1.6 The depreciation charge has been allocated as follows:

		<u>2021</u>	<u>2020</u>
	Note	Rupees	Rupees
Cost of sales	27	351,160,345	605,406,962
Marketing and distribution expenses	28	11,960,470	24,364,469
Administrative expenses	29	55,314,721	70,155,158
		<u>418,435,536</u>	<u>699,926,589</u>

17.2 Capital work-in-progress

Plant and machinery - Waste water treatment plant	<u>223,134,724</u>	<u>223,379,724</u>
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	Note	<u>2021</u>	<u>2020</u>
		Rupees	Rupees
18 Intangible assets			
Intangible assets	18.1	402,421	19,183,317
Capital work-in-progress	18.3	<u>1,169,826</u>	<u>1,169,826</u>
		<u>1,572,247</u>	<u>20,353,143</u>

	Note	<u>2021</u> Rupees	<u>2020</u> Rupees
19 Deferred taxation - net			
The deferred tax asset comprises of the following:			
Deductible temporary differences:			
- unused tax losses	19.1	1,162,417,618	789,405,453
- minimum tax		136,357,747	14,316,124
- provisions		39,680,226	99,206,787
		1,338,455,591	902,928,364
Less: Taxable temporary differences:			
- accelerated tax depreciation allowances net of lease liability		706,399,548	661,690,694
- surplus on revaluation of property, plant and equipment		632,056,043	241,237,670
		1,338,455,591	902,928,364
Deferred taxation - net	19.2	<u>-</u>	<u>-</u>

19.1 The aggregate unused tax losses and tax credits available to the Company for set off against future taxable profit as at 31 December 2021 amount to Rs. 20,179.41 million (2020: Rs. 18,080.92 million) and Rs. 136.36 (2020: Rs. 14.32 million) respectively. Of these, deferred tax assets on unused tax losses and minimum tax credits amounting to Rs. 3,983.32 million (2020: Rs. 2,722.09 million) and Rs. 136.36 million (2020: Rs. 14.32 million) respectively have been recognized.

Expiry of tax losses for which no deferred tax asset has been recognized is as follows:

Tax year	<u>2021</u> Rupees	<u>2020</u> Rupees
2024	141,710,613	1,527,803,944
2025	2,671,290,831	2,671,290,831
2026	3,487,579,099	3,487,579,099
2027	3,408,831,285	3,408,831,285
2028	1,708,512,145	-
No expiry (depreciation loss)	4,778,299,857	4,263,325,750

19.2 Movement in deferred tax balances is as follows:

	<u>2021</u>			
	<u>Opening</u>	<u>Reversal from / (charge to)</u>		<u>Closing</u>
		Profit or loss	Equity	
	----- (Rupees) -----			
Deferred taxation				
Deductible / (taxable) temporary difference				
Unused tax losses	789,405,453	(373,012,165)	-	1,162,417,618
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)
	<u>-</u>	<u>405,588,641</u>	<u>(405,588,641)</u>	<u>-</u>

	2020			
	Reversal from / (charge to)			
	Opening	Profit or loss	Equity	Closing
Deductible / (taxable) temporary difference	----- (Rupees) -----			
Unused tax losses	834,573,351	(45,167,898)	-	789,405,453
Unused tax credit	23,474,943	(23,474,943)	-	-
Minimum Tax U/s 113	-	14,316,124	-	14,316,124
Provisions	47,266,219	51,940,568	-	99,206,787
Accelerated tax depreciation allowances	(637,272,659)	(24,418,035)	-	(661,690,694)
Surplus on revaluation of property, plant and equipment	(268,041,854)	26,804,184	-	(241,237,670)
	-	-	-	-

	Note	2021 Rupees	2020 Rupees
20 Stores, spares and loose tools			
Stores		8,917,538	10,570,843
Spares		182,905,894	189,185,495
		191,823,432	199,756,338
Less: provision for obsolescence		(8,612,801)	(8,612,801)
		183,210,631	191,143,537
21 Stock-in-trade - Net of provision for NRV			
Raw and packing material			
- In hand		270,624,472	467,962,968
- In transit		22,463,675	14,841,894
		293,088,147	482,804,862
Work-in-process		118,186,971	173,006,590
Finished goods		326,816,255	156,040,982
		738,091,373	811,852,434
Less: Stocks written off during the year	31	-	(207,342,928)
Less: Provision for obsolescence	21.1	(30,504,149)	(60,526,693)
	21.2	707,587,224	543,982,813
21.1 Movement in provision for obsolescence			
Balance as at 01 January		60,526,693	55,283,299
Provision for the year	31	-	34,947,112
Written off during the year		(30,022,544)	(29,703,718)
Balance as at 31 December		30,504,149	60,526,693

21.2 The amount charged to the statement of profit or loss on account of write down of finished goods and work-in-process to net realizable value amounts to Rs. 2.3 million (2020: Rs. 2.2 million).

22 Trade debts	Note	2021	2020
		Rupees	Rupees
Unsecured			
- Considered good		566,068,117	350,850,105
- Considered doubtful		22,455,914	22,455,914
Loss allowance against trade debts	22.1	(22,455,914)	(22,455,914)
		566,068,117	350,850,105

22.1 Loss allowance against trade debts

Loss allowance as at 01 January	22,455,914	14,777,210
Loss allowance for the year	-	7,678,704
Loss allowance as at 31 December	22,455,914	22,455,914

23 Loan and advances - unsecured

Due from employees - Considered good		21,588,342	8,543,591
Advances to suppliers - Considered good	23.1	116,790,447	142,656,099
		138,378,789	151,199,690

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

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

24 Deposits, prepayments and other receivables	Note	2021	2020
		Rupees	Rupees
Security deposits		59,701,855	54,393,092
Prepayments		10,138,807	12,330,886
Other receivables	24.1	12,314,953	12,325,036
		82,155,615	79,049,014

24.1 Due from associated undertakings - unsecured

Noon International (Private) Limited	39,247	39,247
Fauji Cereals	5,829,210	2,839,293
	5,868,457	2,878,540

24.1.1 Maximum outstanding balance with reference to month end balances:

	In the month of	In the month of	2021 Rupees	2020 Rupees
Fauji Cereals	May 2021	December 2020	5,829,210	2,839,293
Noon International (Private) Limited	December 2021	December 2020	39,247	39,247

24.1.2 Due from associate is outstanding for more than six months.

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

25	Cash and cash equivalents	Note	2021 Rupees	2020 Rupees
	Cash-in-hand		99,015	95,940
	Cash at banks on:			
	- Current accounts		1,351,328,377	106,678,949
	- Saving accounts	25.1	522,258,306	741,891,849
	- Dividend accounts		221,491	221,491
		25.2	1,873,808,174	848,792,289
	Term Deposit Receipt (TDR)	25.3	-	40,000,000
			1,873,907,189	888,888,229

25.1 This carries profit at the rates ranging from 6% to 7.8% (2020: 4% to 6%) per annum.

25.2 This includes amount of Rs. 1,453.99 million (2020: Rs. 804.70) at Askari Bank Limited, a related party.

25.3 This represented TDR having maturity of one month. It carried mark-up at the rate of Nil (2020: 5% per annum).

26	Revenue from contracts with customers - net	2021 Rupees	2020 Rupees
	Gross sales	9,466,139,369	8,428,955,114
	Less: Sales tax	(458,973,667)	(519,418,737)
	Trade discounts	(420,769,358)	(536,374,310)
		(879,743,025)	(1,055,793,047)
		8,586,396,344	7,373,162,067

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	2021	2020
		Rupees	Rupees
27 Cost of Sales			
Raw materials consumed		4,743,368,897	3,876,828,076
Salaries, wages and other benefits	27.1	198,959,205	191,317,516
Freight and forwarding		128,097,183	116,081,921
Power and fuel		316,023,441	229,183,058
Packing materials consumed		1,741,298,323	1,859,712,643
Stores and spares consumed		92,801,667	129,745,885
Repair and maintenance		189,835,083	183,644,708
Depreciation on property, plant and equipment	17.1.6	351,160,345	605,406,962
Rent, rates and taxes		656,521	2,531,983
Travelling and conveyance		6,938,157	5,224,782
Communication, establishment & others		795,677	-
Printing and stationery		659,013	222,614
Legal and professional charges		1,698,254	1,216,631
Insurance		8,025,370	8,918,691
Others		998,753	422,727
		7,781,315,889	7,210,458,197
Adjustment of work-in-process			
Opening stock		173,006,590	146,456,393
Closing stock	21	(118,186,971)	(173,006,590)
		54,819,619	(26,550,197)
Cost of goods manufactured		7,836,135,508	7,183,908,000
Adjustment of finished goods			
Opening stock		156,040,982	283,032,995
Closing stock	21	(326,816,255)	(156,040,982)
		(170,775,273)	126,992,013
		7,665,360,235	7,310,900,013

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

	2021	2020
	Rupees	Rupees
Provident fund	9,473,900	9,409,798
Long term accumulated compensated absences	4,319,192	2,201,206
Gratuity	7,540,940	3,404,888
	21,334,032	15,015,892

In addition, salaries, wages and other benefits relating to milk procurement department amounts to Rs. 98.31 million (2020: Rs. 94.22 million) and provident fund amounts to Rs. 1.88 million (2020: Rs. 1.05 million).

28 Marketing and distribution expenses	Note	2021	2020
		Rupees	Rupees
Freight and forwarding		134,970,766	140,309,229
Salaries, wages and other benefits	28.1	261,278,989	170,493,913
Repair and maintenance		2,128,315	5,515,548
Rent, rates and taxes		4,710,401	7,715,417
Travelling and conveyance		7,622,450	8,504,855
Vehicles' running and maintenance		32,371,944	22,165,665
Advertisement and sales promotion		553,182,762	465,283,240
Insurance		1,179,266	2,073,912
Depreciation on property, plant and equipment	17.1.6	11,960,470	24,364,469
Communication, establishment and others		9,653,900	7,716,762
		1,019,059,263	854,143,010

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

	Note	2021	2020
		Rupees	Rupees
Provident fund		9,622,933	7,158,978
Long term accumulated compensated absences		4,319,191	2,201,206
Gratuity		7,540,940	3,404,888
		21,483,064	12,765,072

29 Administrative expenses

Salaries, wages and other benefits	29.1	191,949,952	172,817,965
Travelling and conveyance		4,148,984	2,249,591
Directors' meeting fee	36	13,105,000	9,065,000
Rent, rates and taxes		1,314,130	1,979,417
Entertainment		1,212,748	1,997,568
Communication and establishment		13,527,697	18,952,043
Printing and stationery		2,262,153	2,103,267
Electricity, gas and water		7,926,724	7,625,226
Insurance		1,586,437	2,913,995
Repair and maintenance		3,028,011	2,487,958
Vehicles' running and maintenance		7,269,477	10,721,294
Subscription		7,901,722	736,999
Legal and professional charges		21,993,622	23,769,461
Auditors' remuneration	29.2	1,590,000	1,425,000
Cash security charges		3,995,440	4,983,720
Depreciation on property, plant and equipment	17.1.6	55,314,721	70,155,158
Amortization of intangible assets	18.2	18,780,896	19,040,421
Others		2,216,969	2,408,129
		359,124,683	355,432,212

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

	2021	2020
	Rupees	Rupees
Provident fund	5,680,024	4,942,355
Long term accumulated compensated absences	2,159,596	1,100,600
Gratuity	3,770,470	1,702,444
	11,610,090	7,745,399

29.2 Legal and professional charges

The charges for professional services include the following in respect of auditors' services for:

- Statutory audit fee	1,210,000	1,100,000
- Half yearly review	150,000	125,000
- Certification charges	150,000	130,000
- Out-of-pocket expenses	80,000	70,000
	1,590,000	1,425,000

30 Other income	Note		
Income from financial assets			
Profit on saving accounts / TDRs	25.1	12,226,916	44,490,685
Income from non-financial assets			
Sale of scrap		20,282,614	21,973,316
Gain on disposal of property, plant and equipment	17.1.2	43,723,546	32,240,063
		76,233,076	98,704,064
31 Other expenses			
Exchange loss		523,991	628,831
Provision for obsolete stocks and stores	20.1 & 21.1	-	34,947,112
Stock written off	21	-	207,342,927
		523,991	242,918,870
32 Finance cost			
Islamic mode of financing			
- Short term borrowings		19,359,116	203,935,674
Interest / mark-up on interest / mark-up based loans			
- Long term finance		493,113,151	490,572,682
- Short term borrowings		599,235,970	926,250,488
- Restructuring fee		-	78,319,607
- Lease liabilities		30,427,897	42,546,830
Bank charges and commission		12,914,390	10,642,126
		1,155,050,524	1,752,267,407

33 Taxation	Note	2021 Rupees	2020 Rupees
Current:			
- For the year	33.1	122,041,623	14,316,124
		122,041,623	14,316,124
Deferred:			
- For the year		(405,588,641)	-
- Prior year		-	-
		(283,547,018)	14,316,124

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

34 Loss per share		2021	2020
<u>Loss per share - basic and diluted</u>			
Loss for the year	Rupees	(1,252,942,258)	(3,058,111,505)
Weighted average number of ordinary shares in issue during the year	Number	783,675,538	Restated 779,194,756
Loss per share - basic and diluted	Rupees	(1.60)	Restated (3.92)

35 Cash and cash equivalents	Note	2021 Rupees	2020 Rupees
Cash and bank balances	25	1,873,907,189	888,888,229
Running finance balances	12.1	(1,704,824,596)	(1,646,167,111)
		169,082,593	(757,278,882)

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	
	2021	2020	2021	2020	2021	2020
	-----Rupees-----					
Managerial remuneration	19,920,000	7,200,000	-	-	100,507,184	71,385,910
Meeting fee	-	-	13,105,000	9,065,000	-	-
Consultancy fee	-	-	-	-	-	-
Provident fund	1,528,000	720,000	-	-	10,151,345	6,739,941
House rent	5,940,000	3,240,000	-	-	83,976,464	61,007,317
Utilities	1,320,000	720,000	-	-	10,050,728	7,138,590
Relocation allowance	-	-	-	-	3,042,221	427,246
Others	2,200,000	1,200,000	-	-	19,164,679	5,179,060
	30,908,000	13,080,000	13,105,000	9,065,000	226,892,621	151,878,064
Number of persons	1	1	14	18	40	32

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	
	2021	2020	2021	2020
37 Number of employees	(Number of persons)		(Number of persons)	
Total number of employees as at 31 December	430	559	617	730
Average number of employees during the year	500	624	681	804
38 Capacity and production	Capacity		Production	
	2021	2020	2021	2020
Liquid products - liters	221,920,000	221,920,000	57,077,538	61,144,281
Non - Liquid products - Kg	6,743,375	6,743,375	3,906,943	1,940,207

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	2021 Rupees	2020 Rupees
<u>Associated Undertakings</u>				
Fauji Fertilizer Bin Qasim Limited (FFBL)	Parent Company	TA/DA, repair and maintenance and rent expense charged by related party	1,004,252	720,146
	(Shareholding and common directorship)	Expense of IT facilities charged by related party	6,000,000	6,000,000
		Expense borne by related party on behalf of the Company	660,998	-
		Loan received	-	5,925,000,000
		Finance cost charged by related party	457,466,704	293,073,510
		Conversion of loan as subscription received against right issue	5,925,000,000	-
		Share issuance against debt and accrued markup	-	2,748,863,714
Fauji Foundation	Associated Undertaking	Management shared services charged by related party	6,069,741	1,249,999
	(Shareholding and common directorship)	TA/DA and boarding expenses charged by related party	1,446,725	84,530

Name of the Company	Relationship	Nature of transactions	2021 Rupees	2020 Rupees
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost charged by related party	58,777,408	89,415,480
		Interest income on saving accounts	8,272,438	7,997,517
Ward Howell International	Associated Undertaking (Common directorship)	Head Hunter fee of CEO appointment	-	2,472,000
FFBL Power Company Limited	Associated Undertaking (Common directorship)	Purchase of coal	94,749,089	32,472,749
Fauji Cereals	Associated Undertaking (Common directorship)	Purchase of Goods	-	1,934,400
		Salary of executive charged to the related party	4,938,165	2,224,800
		Travelling expense charged to the related party	442,458	167,506
		Head Hunter fee of appointment charged to related party	-	444,960
Fauji Security Services (Private) Limited	Associated Undertaking (Common directorship)	Expenses paid against security services	232,000	1,880,400
Noon Sugar Mills	Associated Undertaking (Common directorship)	Purchase of sugar	39,530,734	52,662,600
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the year	52,328,260	50,361,862
Directors		Meeting fee	13,105,000	9,065,000
Key Management Personnel		Remuneration and benefits	100,053,584	77,288,737

39.1 Associated companies / related parties percentage of shareholding has been disclosed in note 5.3.

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:

40.1.1 Market risk

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

40.1.1.1 Foreign exchange risk

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

The Company is exposed to exchange risk arising from currency exposures mainly with respect to the Euro and US Dollar on import of raw material, packing material and stores and spares. Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities. The Company's is not exposed to foreign exchange risk as at 31 December 2021 as it has no financial instruments denominated in foreign currency.

40.1.1.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

40.1.1.3 Interest rate risk

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

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

	2021	2020	2021	2020
	----- Effective rate -----		Rupees	Rupees
Financial assets				
Fixed rate instruments				
Saving accounts	6% to 7.8%	4% to 6%	522,258,306	741,891,849
Term Deposit Receipt	0%	5%	-	40,000,000
Financial liabilities				
Variable rate instruments				
Lease liabilities	8.20% to 13.51%	7.56% to 14.39%	190,991,389	254,729,697
Long term finances	8.79% to 9.85%	8.40% to 14.40%	6,038,607,101	6,167,582,315
Short term borrowings	8.29% to 9.35%	8.0% to 14.60%	1,933,798,755	1,875,297,551
Loan from Parent Company	8.80% to 9.27%	8.5% to 14.5%	-	5,925,000,000
Total exposure			8,163,397,245	14,222,609,563

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 2021, 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. 76.41 million (2020: Rs. 134.41 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

40.1.2 Credit risk

Credit risk represents the risk of a financial loss if a customer or counter party to a financial instrument fails to discharge its contractual obligation. The Company'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.

40.1.2.1 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 was:

	2021	2020
Financial assets at amortized cost	Rupees	Rupees
Security deposits	66,307,977	60,999,214
Trade debts	566,068,117	350,850,105
Due from related parties	5,868,457	2,878,540
Other receivables	12,314,953	9,446,496
Bank balances	1,873,808,174	848,792,289
Term Deposit Receipt	-	40,000,000
	2,524,367,678	1,312,966,644

40.1.2.2 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 - Bank balances

These include banking companies and financial institutions, which are counterparties to bank balances. 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		Rating Agency	2021	2020
	Short Term	Long term		Rupees	Rupees
Bank balances					
National Bank Of Pakistan	AAA	A1+	PACRA	4,845,721	4,408,950
United Bank Limited	AAA	A1+	JCR-VIS	294,722	294,720
Askari Bank Limited	AA+	A1+	PACRA	1,453,999,677	754,072,720
JS Bank	AA-	A1+	PACRA	218,679	-
Bank Alfalah Limited	AA+	A1+	PACRA	5,738	5,737
MCB Bank Limited	AAA	A1+	PACRA	109,379,836	82,412,515
Habib Bank Limited	AAA	A1+	JCR-VIS	421,094	1,769,759
Faysal Bank Limited	AA	A1+	PACRA	156,218,756	3,674,216
Bank Islami Pakistan	A+	A1	PACRA	284,999	284,999
Bank Al-Habib Limited	AAA	A1+	PACRA	7,827	8,068
Soneri Bank Limited	AA-	A1+	PACRA	148,056,183	-
Dubai Islamic Bank	AA	A1+	JCR-VIS	74,942	1,860,605
				1,873,808,174	848,792,289

Counter parties without external credit ratings - Trade debts

These mainly include customers which are counter parties to trade debts. As explained in note 3.5, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 31 December 2021 (on adoption of IFRS 9) was determined as follows:

	2021				
	0-90 days	91-180 days	181-365 days	Above 365 days	Total
	-----Rupees-----				
Expected credit loss rate (%)	0%	1%	1%	98%	
Estimated total gross carrying amount at default	22,134,560	90,931,700	19,556,300	21,937,775	154,560,335
Estimated total gross carrying amount - secured	122,349,471	214,664,261	9,802,613	79,847,351	433,963,696
Expected credit loss	19,585	741,746	195,563	21,499,020	22,455,914
	2020				
	0-90 days	91-180 days	181-365 days	Above 365 days	Total
	-----Rupees-----				
Expected credit loss rate (%)	0%	0%	0%	99%	
Estimated total gross carrying amount at default	-	-	-	21,937,775	21,937,775
Estimated total gross carrying amount - secured	329,365,278	-	-	744,966	351,368,244
Expected credit loss	-	-	-	22,455,914	22,455,914

40.1.2.3 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.

40.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. 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
At 31 December 2021				
----- Rupees -----				
Non derivative financial liabilities				
Lease liabilities	190,991,389	229,493,836	84,721,252	144,772,584
Long term finances	6,038,607,101	9,101,289,876	589,832,703	8,511,457,173
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	-
Loan from Parent Company	-	-	-	-
	10,284,953,134	13,386,138,356	4,729,908,599	8,656,229,757
At 31 December 2020				
----- Rupees -----				
Non derivative financial liabilities				
Lease liabilities	254,729,697	317,755,521	93,334,587	224,420,934
Long term finances	6,167,582,315	12,523,230,140	442,751,686	12,080,478,454
Trade and other payables	741,936,120	741,936,120	741,936,120	-
Accrued finance cost	533,632,385	533,632,385	533,632,385	-
Short term borrowings	1,875,297,551	1,875,297,551	1,875,297,551	-
Loan from Parent Company	5,925,000,000	5,925,000,000	5,925,000,000	-
	15,498,178,068	21,916,851,717	9,611,952,329	12,304,899,388

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.

40.2 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

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

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

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

40.2.1 Fair value measurement of financial instruments

		2021		
		Carrying amount		
		Financial assets at amortised cost	Other financial liabilities	Total
		----- Rupees -----		
31 December 2021				
Financial assets not measured at fair value				
Security deposits		66,307,977	-	66,307,977
Trade debts - considered good	22	566,068,117	-	566,068,117
Due from employees	23	-	-	-
Other receivables	24	12,314,953	-	12,314,953
Due from related parties	24	5,868,457	-	5,868,457
Cash and bank balances	25	1,873,907,189	-	1,873,907,189
		<u>2,524,466,693</u>	<u>-</u>	<u>2,524,466,693</u>
Financial liabilities not measured at fair value				
Long term finances	8	-	6,038,607,101	6,038,607,101
Lease liabilities	9	-	190,991,389	190,991,389
Short term borrowing	12	-	1,933,798,755	1,933,798,755
Trade and other payables	14	-	853,631,207	853,631,207
Accrued finance cost	15	-	1,267,924,682	1,267,924,682
		<u>-</u>	<u>10,284,953,134</u>	<u>10,284,953,134</u>

		2020		
		Carrying amount		
		Financial assets at amortised cost	Other financial liabilities	Total
	Note	----- Rupees -----		
31 December 2020				
Financial assets not measured at fair value				
Security deposits		60,999,214	-	60,999,214
Trade debts	22	350,850,105	-	350,850,105
Due from employees	23	8,543,591	-	8,543,591
Other receivables	24	9,446,496	-	9,446,496
Due from related parties	24	2,878,540	-	2,878,540
Cash and Bank balances	25	888,888,229	-	888,888,229
Term Deposit Receipt	25	40,000,000	-	40,000,000
		<u>1,361,606,175</u>	<u>-</u>	<u>1,361,606,175</u>
Long term finances	8	-	6,167,582,315	6,167,582,315
Lease liabilities	9	-	254,729,697	254,729,697
Short term borrowing	12	-	1,875,297,551	1,875,297,551
Loan from parent company	13	-	5,925,000,000	5,925,000,000
Trade and other payables	14	-	741,936,120	741,936,120
Accrued finance cost	15	-	533,632,385	533,632,385
		<u>-</u>	<u>15,498,178,068</u>	<u>15,498,178,068</u>

40.2.2 Fair value versus carrying amounts

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

40.3 Capital risk management

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

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

There was no change to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. As at the reporting date, the Company has accumulated losses of Rs. 16,388 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.

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

	2021						Total
	Long term finances	Short term borrowings	Loan from Parent Company	Accrued finance cost	Lease liabilities	Unclaimed dividend	
Balance as at 01 January 2021	6,167,582,315	1,875,297,551	5,925,000,000	533,632,385	254,729,697	965,752	9,955,252,787
Cash flows							
Short term borrowings repaid net of receipts	-	(156,281)	-	-	-	-	(156,281)
Repayment of long term finances	(128,975,214)	-	-	-	-	-	(128,975,214)
Repayment of lease rentals	-	-	-	-	(63,738,308)	-	(63,738,308)
Subscription received against right issue	-	-	-	-	-	-	1,882,945,960
Finance cost paid	-	-	-	(407,843,837)	-	-	(407,843,837)
Share issuance cost adjusted against share premium	-	-	-	-	-	-	(67,819,062)
Dividends paid	-	-	-	-	-	-	-
Total changes from financing cash flows	(128,975,214)	(156,281)	-	(407,843,837)	(63,738,308)	-	1,214,413,260
Other changes including non-cash							
Changes in running finance	-	58,657,485	-	1,155,050,524	-	-	58,657,485
Finance cost	-	-	-	-	-	-	-
Conversion of loan to equity	-	-	(5,925,000,000)	-	-	-	5,925,000,000
Assets acquired on lease	-	-	-	-	-	-	-
Total liability related other changes	-	58,657,485	(5,925,000,000)	1,155,050,524	-	-	1,213,708,009
Closing as at 31 December 2021	6,038,607,101	1,933,798,755	-	1,280,839,072	190,991,389	965,752	27,140,581,756
	----- Rupees -----						
	2020						Total
	Long term finances	Short term borrowings	Loan from Parent Company	Accrued finance cost	Lease liabilities	Unclaimed dividend	Share capital / share premium
Balance as at 01 January 2020	4,316,666,667	6,691,944,126	2,630,000,000	554,807,673	392,831,171	965,752	7,209,412,827
Cash flows							
Short term borrowings repaid net of receipts	-	(1,320,867,588)	-	-	-	-	(1,320,867,588)
Repayment of long term finances	1,850,915,648	-	5,925,000,000	-	-	-	1,850,915,648
Repayment of lease rentals	-	-	-	-	(138,101,474)	-	(138,101,474)
Share issuance cost adjusted against share premium	-	-	-	-	-	-	(3,023,750)
Finance cost paid	-	-	-	(1,654,578,985)	-	-	(1,654,578,985)
Dividends paid	-	-	-	-	-	-	(3,023,750)
Total changes from financing cash flows	1,850,915,648	(1,320,867,588)	5,925,000,000	(1,654,578,985)	(138,101,474)	-	4,659,343,851
Other changes including non-cash							
Changes in running finance	-	(3,495,778,987)	-	1,752,267,407	-	-	(3,495,778,987)
Finance cost	-	-	-	(118,863,710)	-	-	1,752,267,407
Sponsor support converted to equity	-	-	(2,630,000,000)	-	-	-	2,748,863,710
Assets acquired on lease	-	-	-	-	-	-	-
Total liability related other changes	-	(3,495,778,987)	(2,630,000,000)	1,633,403,697	-	-	(1,743,511,580)
Closing as at 31 December 2020	6,167,582,315	1,875,297,551	5,925,000,000	533,632,385	254,729,697	965,752	24,712,460,487

42 Date of authorization of issue

These financial statements have been authorized for issue by the Board of Directors of the Company on January 25, 2022.

43 Events after the reporting date

There are no subsequent events occurring after reporting date.

44 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



fauji foods



ANNUAL
REPORT
2021

PRODUCT PORTFOLIO



fauji foods



ANNUAL
REPORT
2021





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.



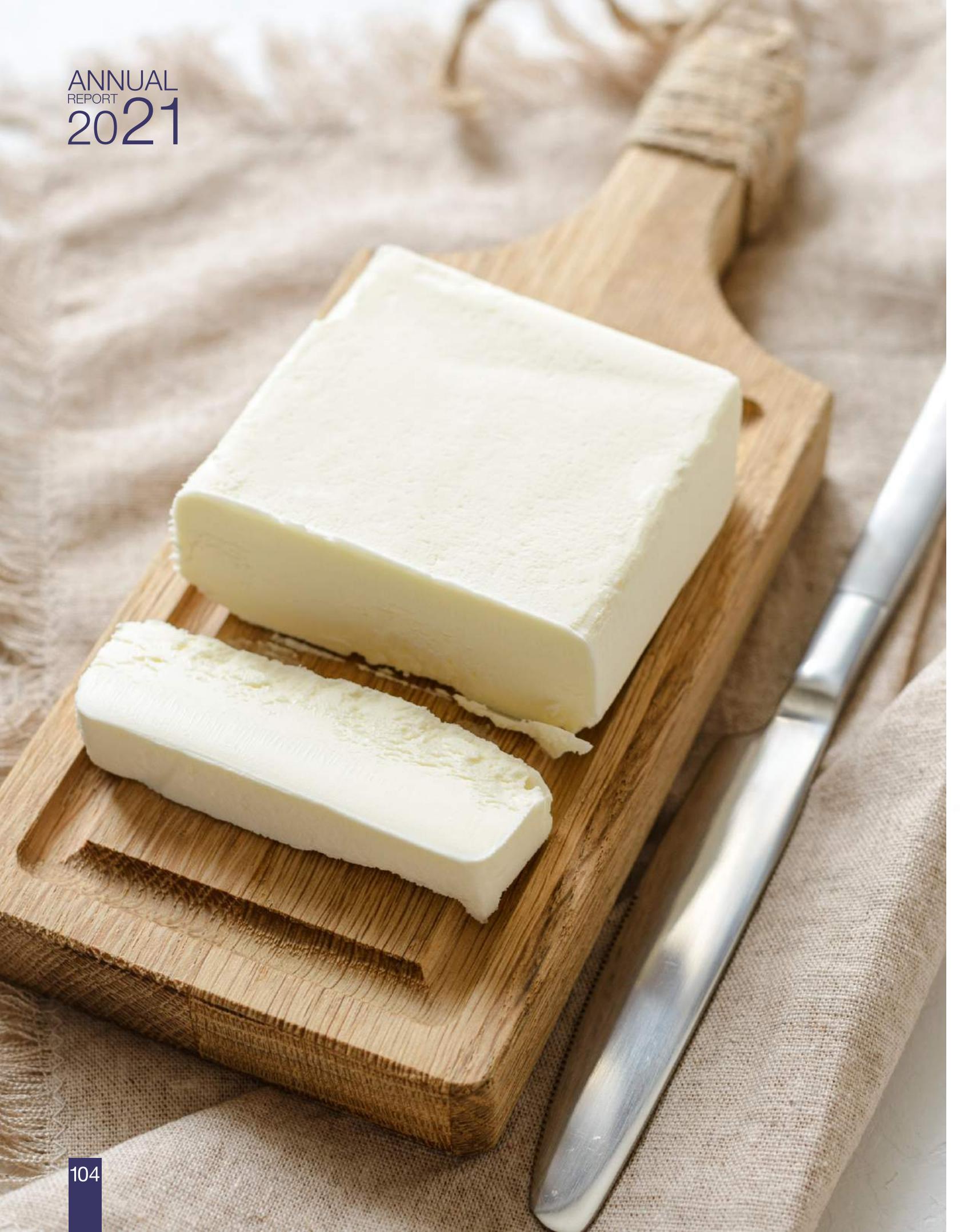


fauji foods

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.





fauji foods

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.





fauji foods

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.





fauji foods

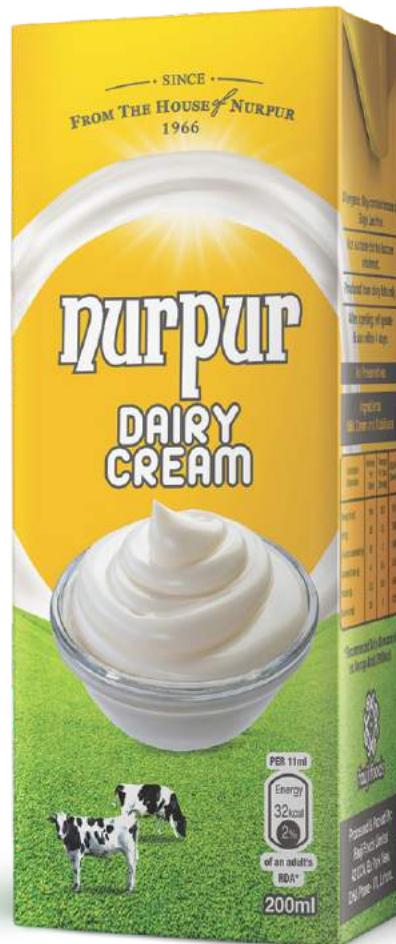
NURPUR FLAVOURED MILK



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.





fauji foods

DOSTEA TEA WHITENER



DOSTEA Tea Whitener provides a rich and mouthful cup of tea. It is 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.

PRODUCT PORTFOLIO INCLUDES:

BUTTER SALTED & UNSALTED



UHT MILK



TEA WHITENER





fauji foods

CHEESE CHEDDAR & MOZZARELLA



JAMS & MARMALADE



CHOCOLATE DIP



FLAVOURED MILK



OUR CERTIFICATIONS & LICENSES

- FSSC 22000 (REV 5.1)



- HALAL CERTIFICATION



- ISO 9001:2015



- PRODUCT REGISTRATION
WITH PSQCA



- YUM! BRANDS APPROVAL
FOR KFC & PIZZA HUT



- SWA, GMP & SQMS APPROVAL



- RSP APPROVAL



- PFA APPROVAL



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*Mobile apps are also available for download for android and ios devices

FAUJI FOODS LIMITED

FORM OF PROXY

Registered Folio No. /
CDC Account No. _____

I/We _____
(Name)

of _____
(Address)

being a member of FAUJI FOODS LIMITED, hereby appoint

(Name)

of _____
(Address)

or failing him _____
(Name)

of _____
(Address)

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 55th Annual General Meeting of the Company to be held on Wednesday, March 16, 2022 at 11:00 a.m. at FFL Head Office, 42 CCA, Ex Park View, DHA Phase-VIII, Lahore and virtually through video-link and at any adjournment thereof.

As witness my hand this _____ day of _____ 2022.

Revenue Stamp Rs.5/-

Signature of the Shareholder/ Appointer

Revenue Stamp Rs. 5/-

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 NIC.

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

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Blue Area, Islamabad

January 26, 2000

Circular No. 1 of 2000

Sub: GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES

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

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

پراکسی فارم

رجسٹرڈ فوئیو نمبر /-----

سی ڈی سی اکاؤنٹ نمبر -----

میں / ہم -----

(نام)

(پتہ)

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

(نام)

(پتہ)

یا اسکی غیر حاضری کی صورت میں۔

(نام)

(پتہ)

(کمپنی کا/کی رکن ہونے کے ناطے) ہمارے ایما پر کمپنی کے بروز بدھ، مورخہ 16 مارچ 2022 کو بوقت 11:00 بجے صبح FFL کے صدر دفتر، 42 CCA، ایکس پارک ویو، ڈی ایچ اے فیئر VIII، لاہور میں اور ورچوئل وڈیولنک کے ذریعے ہونے والے 55 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 ----- 2022

پانچ روپے کارسیدی ٹکٹ یہاں چسپاں کریں

شیر ہولڈر کے دستخط

گواہ 2

گواہ 1

دستخط

دستخط

نام

نام

پتہ

پتہ

قومی شناختی کارڈ نمبر

قومی شناختی کارڈ نمبر

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

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

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Blue Area, Islamabad

January 26, 2000

Circular No. 1 of 2000

Sub: GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES

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- (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.



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(h) غیر نظر ثانی شدہ حسابات کی بنیاد پر، اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 31 دسمبر 2021 کو 171 ملین روپے تھی۔
(I) بورڈ نے آزاد ڈائریکٹرمیٹ نان ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی کی منظوری دی ہے۔
(J) پیٹرن آف شیئر ہولڈنگ اور اضافی معلومات اس سالانہ رپورٹ میں شامل ہیں۔

آڈیٹرز

آڈٹ کمیٹی نے سیکڈوش ہونے والے آڈیٹرز EY FORD RHODES، چارٹرڈ اکاؤنٹنٹس جنہوں نے اہل ہونے کی بناء پر کمپنی کو آزاد پیروئی آڈٹ خدمات فراہم کرنے کے لئے دوبارہ تقرری کی رضامندی کا جائزہ لیا۔ آڈٹ کمیٹی نے سیکڈوش 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 ضابطہ اخلاق کی تعمیل:

31 دسمبر 2021 کو مکمل ہونے والے سال کے لیے متعلقہ لسٹڈ 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۔
FFL 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۔

ڈیویڈنڈ

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 2021 کو مکمل ہونے والے سال کے لیے کمپنی کے سالانہ مالیاتی گوشواروں کی منظوری کے لیے 55 واں سالانہ اجلاس عام مورخہ 16 مارچ 2022 بوقت 11:00 بجے صبح 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، تندہی اور محنت کو بھی سراہتا ہے۔

منجانب بورڈ

عباد خالد

چیف ایگزیکٹو آفیسر

Suzmay Ahmed Khan

سرفراز احمد رحمان

چیئر مین

لاہور:

مورخہ: 25 جنوری 2022

مستقبل کا نظریہ

کمپنی آپریٹنگ نقصانات سے بحالی کی راہ پر گامزن ہے، جیسا کہ سال 2021 کے نتائج سے ظاہر ہے۔ نمو اور آپریٹنگ کارکردگی کو ایک متوازن لچک بھرتی حکمت عملی کے ذریعے آگے بڑھایا جا رہا ہے۔

آپریٹنگ کارکردگی

لاگت کے انتظامات کے اقدامات ہماری ویلیو چین میں لاگو کیے جا رہے ہیں۔ کارکردگی پر مبنی انتظامی نقطہ نظر اور ذہن سازی کو مضبوط کیا جا رہا ہے۔ کمپنی کو پہلے ہی پیداوار اور سپلائی چین جیسے اہم شعبوں میں فوائد حاصل ہونا شروع ہو گئے ہیں۔ مزید برآں، یہ ذہن سازی پوری کمپنی میں مقررہ اخراجات کی بتدریج اصلاح کے قابل بنا رہی ہے۔

ڈیری اڈیشن کے لیے پائیدار ترقی

شعبے کی پائیدار نمو کے حصول کے لیے، یہ بات بہت اہمیت کی حامل ہے کہ GOP کا مستقبل کارپوریٹ اور مالیاتی پالیسیاں اس اہم شعبے کے لیے مستقل اور معاون ہوں۔ کمپنی پاکستان ڈیری ایسوسی ایشن (PDA) کے ذریعے متعدد متعلقہ اور اہم اسٹیک ہولڈرز کے ساتھ مصروف عمل ہے جو قوم کو صحت مند اور صحت بخش مصنوعات فراہم کرنے کے لیے بیک شدہ دودھ اور متعلقہ مصنوعات کی اہمیت پر زور دیتی ہے۔

تاہم، انتظامیہ افراط زر کے چیلنجوں، صارفین کی قوت خرید پر دباؤ اور کوویڈ کے مسلسل خطرے کے ساتھ ملے جلے میکرو اکنامک اور کاروباری ماحول کی پیش گوئی کرتی ہے۔ منجمنٹ ٹیم کمپنی کے کاروبار کو پائیدار اور منافع بخش بنانے کے لیے صلاحیتوں میں اضافہ اور مزید آپریٹنگ کارکردگی بڑھا مارکیٹ میں چیلنجوں سے نمٹنے کے لیے پرعزم 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 منجمنٹ 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 آپریٹنگ کو کوئی خاص خطرہ اور غیر یقینی صورتحال لاحق نہیں ہے، سوائے اس کے جو مالیاتی گوشواروں کے ہنگامی حالات اور کمنٹس نوٹ 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 رقم، جیسا کہ متعلقہ ہیڈز کے تحت قابل رسائی قیمتوں کے مطابق ظاہر کیا گیا ہے۔ مالی گوشواروں میں ظاہر کیے گئے 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، آپریٹنگ 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 مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے کوٹنگ کنٹریں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ٹیکس، ڈیوٹی، لیویز اور دیگر چارجز کی مدین کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 31 دسمبر 2021 کو بقایا ہوں، سوائے ان کے جن کا مالی گوشواروں میں انکشاف کیا گیا ہے۔

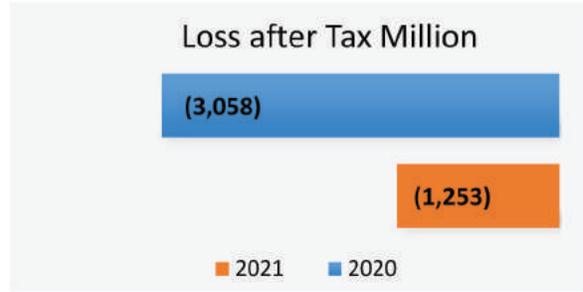
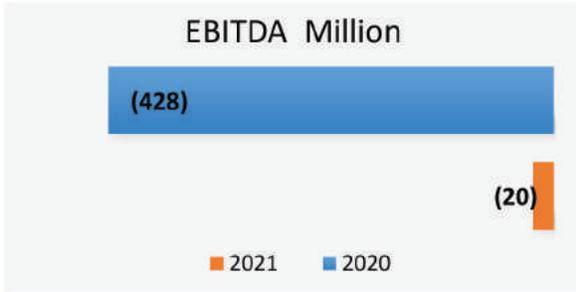
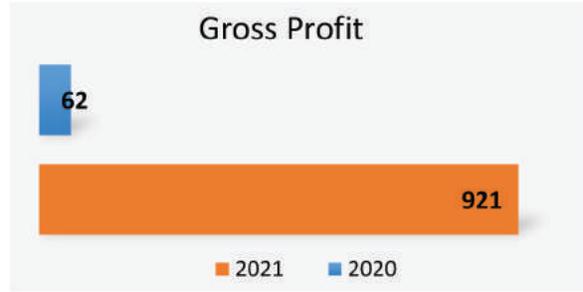
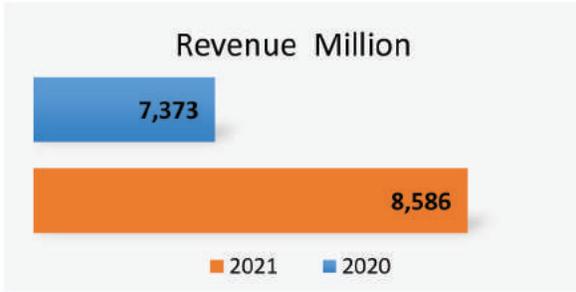


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مالیاتی کارکردگی

مثبت تبدیلیاں جدت/تزمین و آرائش، پروڈکٹ اور چینل مکس کی بہتری، قیمتوں کے تعین، لاگت کی اصلاح اور فروخت/تقسیم میں موثر توسیع سے منسوب ہیں۔ کچے دودھ کی قیمت، تاہم، کچھ مشکل رہی، حالانکہ ہمارے دودھ کو جمع کرنے کو مضبوط بنانے کی ہماری حکمت عملی پہلے ہی فوائد فراہم کر رہی ہے۔

پاکستانی روپے بلین	2021	2020	اضافہ/(کمی) %
خالص فروخت	8,586	7,373	16%
مجموعی منافع	921	62	1,379%
EBITDA	(20)	(428)	95%
(نقصان) ٹیکس کے بعد	(1,253)	(3,058)	59%



مجاز کیپٹل اور رائٹ ایشو میں اضافہ

28 جولائی 2021 کو ہونے والی غیر معمولی اجلاس عام میں، شیئرز ہولڈرز نے ایک خصوصی قرارداد کے ذریعے، مجاز کیپٹل میں ہر ایک /- 10 روپے کے 10,000 ملین شیئرز سے بڑھا کر ہر ایک /- 10 روپے کے 18,000 ملین شیئرز تک اضافے کی منظوری دی ہے۔ مزید برآں سال کے دوران بورڈ آف ڈائریکٹرز نے 04 ستمبر 2021 کو کمپنی کے حصص کے 97.2% رائٹ اجراء کی منظوری دی جس کی مجموعی رقم 7,807,945,960 (سات بلین آٹھ سو سات ملین نو سو پینتالیس ہزار نو سو ساٹھ) جو کہ ہر ایک 10 روپے کے 780,794,596 (سات سو اسی ملین سات سو چورانوے ہزار پانچ سو چھیانوے) شیئرز میں منقسم ہے۔ رائٹ شیئرز کے اجراء نے کمپنی کی ایکویٹی اور لیکویڈیٹی کو تقویت دی ہے۔

کوویڈ اور متعلقہ اقدامات

COVID کے مستقل خطرے سے متعلق چیلنجز کی مکمل نگرانی اور فعال احتیاطی تدابیر اور تخفیف کے اقدامات کیے جا رہے ہیں۔ ہر کسی کی صحت اور حفاظت کو یقینی بنانے کے لیے، ملازمین اور خدمات فراہم کرنے والوں کے لیے کوویڈ سے متعلق ضروری ایس او پیز نافذ کیے گئے ہیں۔ اس میں فیس ماسک اور ہر وقت مقررہ سماجی فاصلہ برقرار رکھنا شامل ہے۔ مزید برآں، تجارت اور صارفین کو ہموار فراہمی کو یقینی بنانے کے لیے تمام تر کوششیں کی جا رہی ہیں۔

تحص داران کوڈائریٹریز کی رپورٹ

فوجی فوڈز لمیٹڈ کے بورڈ آف ڈائریٹریز کی جانب سے، ہمیں 31 دسمبر 2021 کو مکمل ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی حسابات پر ڈائریٹریز کی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔



بنیادی سرگرمیاں

فوجی فوڈز لمیٹڈ، فوجی فریڈلائزر بن قاسم لمیٹڈ (71.63% شیئرز ہولڈنگ) اور فوجی فاؤنڈیشن (4.25% شیئرز ہولڈنگ) کی اکثریتی ملکیت والی کمپنی ڈیری مصنوعات کی پروسیسنگ اور مارکیٹنگ میں مصروف عمل ہے۔ کمپنی کے برانڈز میں ہاؤس آف نور پور شامل ہے، جو کہ اعلیٰ درجے کی ڈیری مصنوعات سے بھری پڑی ہے۔ نور پور برانڈز کا پورٹ فولیو ہمارے صارفین کے لیے معیار اور غذائیت کو یقینی بناتا ہے۔ اس کے علاوہ، کمپنی ٹی کریمر کیٹیگری میں بھی مصروف ہے جو پاکستانی صارفین کو ایک معروف برانڈ یعنی DOSTEA فراہم کرتی ہے۔

مجموعی جائزہ

کمپنی نے تمام بیرونی مشکلات کا سامنا کرتے ہوئے 2020 میں 7.4 بلین روپے کے مقابلے 8.6 بلین روپے خالص ریونیو میں 16.5% کی متاثر کن نمو حاصل کی۔ یہ کارکردگی مزید بہتر ہوئی ہے چونکہ ہم نے پچھلے سال کے سلسلے میں اپنے آپریٹنگ اخراجات کو برقرار رکھا۔ کمپنی نے اس کارنامے کو حاصل کرنے کے لیے کوویڈ کے دوران درپیش مشکلات پر قابو پایا۔ سال کے لیے آپریٹنگ نقصانات میں 59% کی بڑی کمی واقع ہوئی، جس سے نمونہ رقم کو مزید تقویت ملی اور کمپنی کی مالی حالت مستحکم ہوئی۔ جب ہم افراط زر اور سماجی و اقتصادی دباؤ سے درپیش مشکلات کا محاسبہ کرتے ہیں تو یہ اعداد و شمار زیادہ متاثر کن ہیں۔

2021 کے دوران نمونہ رقم مزید تیز ہو گئی اور یہ رقم ایک بہت ہی حوصلہ افزا رجحان کو ظاہر کرتی ہے۔ یہ نمونہ کمپنی کو اپنے مستقبل کی تعمیر کے لیے ایک ٹھوس بنیاد فراہم کرتی ہے۔ اس نے کمپنی کی ایک صحت مند شناخت مارجن حاصل کرنے میں مدد کی ہے جو مجموعی منافع کے رجحان کو بہتر بنا رہا ہے۔ 2020 میں 62 بلین روپے کے مجموعی منافع کے مقابلے میں 2021 میں 921 بلین روپے کا مجموعی منافع نئے کاروباری ماڈل کی سمت اور نتائج کا ثبوت ہے۔

بنیادی کاروباری ماڈل میں بہتری کے ذریعے، کمپنی اپنی بدنی نمو اور منافع کی ریکوری حاصل کرنے میں کامیاب رہی۔ یہ بہتری صرف صارف اور گاہک کی مرکزیت کے کلچر پر انحصار کرنے سے ہی ممکن تھی۔ ویلیو چین کا بہترین استعمال پوری کمپنی میں مؤثر ڈرائیونگ اور آپریٹنگ کارکردگی میں مدد کرتا ہے۔ ایک متحرک قیادت کی موجودگی میں، صلاحیتوں میں اضافہ کیا گیا اور ایک کراس فنکشنل ماڈل نے کمپنی کو بغیر کسی رکاوٹ کے اپنے اہداف حاصل کرنے میں مدد کی۔



جدت/ترتیب و آرائش کے ذریعے ڈیری کے درجہ کی تعمیر

ہماری حکمت عملی کی کلیدی بنیادوں میں جدت/ترتیب و آرائش کے پروگرام پر انحصار شامل ہے۔ ہمارا مقصد اپنے مشہور نور پور برانڈ اور اس کی پورٹ فولیو سے بھرپور فائدہ اٹھانا ہے۔ نور پور کریم مارکیٹ میں بالکل نئی متعارف کرائی گئی۔ اس کی نمو کے انداز نے یہ ظاہر کیا ہے کہ ہمارے صارفین معیار اور غذائیت کے لیے نور پور کی طرف دیکھتے ہیں۔ اپنی سوچ میں صارفین کی سہولت کو سامنے رکھتے ہوئے، ہم وقت پسندیدہ نور پور بیٹر کو بیٹر میں لانچ کیا گیا۔ اس کے علاوہ، کھپت کے رجحانات کو مد نظر رکھتے ہوئے، Unsalted Butter کی ایک قسم متعارف کروائی گئی، جو اب ہر گھر کے لیے ایک اہم چیز ہے۔ نور پور بیٹر ایک نئی پیکیٹنگ اور بہتر معیار کے ساتھ تصویر میں آیا جس نے صارفین کے ذہن میں ڈیری ایکسپریٹ ہونے کے حوالے سے ہماری پوزیشن کو مزید مستحکم کر دیا۔ مزید دلچسپ لائچر پائپ لائن میں ہیں۔ صارفین کی جانچ اور ہماری جدت طرازی (مصنوعات، تصورات) کمپنی کے آگے بڑھنے کے لیے امید افزا مواقع دکھا رہے ہیں۔

سپلائی چین اور پیداوار میں آپریٹنگ کارکردگی کو بہتر بنانا

ہماری حکمت عملی میں ہماری پوری ویلیو چین میں لاگت کی اہلیت کو بہتر بنانے پر گہری توجہ شامل ہے۔ شیڈ مارکنگ، نارگٹ سیننگ اور لاگت کے انتظام کے اقدامات کا نفاذ متغیر اور متحرک لاگت میں نمایاں پیش رفت کو قابل بنا رہا ہے۔

دودھ جمع کرنے، زرعی خدمات اور کلیدی خام مال کی خریداری کی مہارت کو مضبوط بنانا صلاحیتوں میں بہتری اور سپلائی/کسان کی ترقی کے اقدامات دودھ کی فراہمی اور دیگر اہم خام مال کی ہماری پائیداری کو مضبوط بناتے ہیں۔

پائیدار ترقی کا مقصد

ہمارا پائیدار ویلیو چین ہماری کیوٹی سے صحت اور غذائیت کے وعدے کو برقرار رکھنے میں اہم کردار ادا کرتا ہے۔ ہماری دودھ جمع کرنے اور زرعی خدمات کی ٹیمیں یقینی بناتی ہیں کہ ہم کسانوں کی دیکھ بھال اور پراسیس میں پائیداری حاصل کرنے میں ان کی کیوٹی کی مدد کرتے ہیں۔ یہ حکمت عملی اس بات کو یقینی بنانے میں کلیدی کردار ادا کرتی ہے کہ ہمارے پاس ایک مضبوط ویلیو چین ہے جو کوویڈ کی وبا جیسے بے مثال مشکل وقت کا مقابلہ کر سکتی ہے۔

ورکنگ کپٹل کی کارکردگی اور مالیاتی انتظامات کو بہتر بنانا

کنورژن سائیکل میں بہتری مؤثر ورکنگ کپٹل مینجمنٹ کے ذریعے لائی جاتی ہے۔ اس نے ڈیبٹ سروسنگ کے اخراجات میں کمی کے ذریعے مزید مدد کی ہے جو رائٹ اجزاء/اسپائرسز کے قرض کو ایکویٹی میں تبدیل کرنے کے ذریعے حاصل ہوئی ہے۔



(b) - پراسیز کی تقرری کے لئے

- (i) - بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مندرجہ بالا ہدایت کے مطابق پراسیز فارم جمع کروانا ہوگا:
 - (ii) - پراسیز فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔
 - (iii) - پراسیز فارم دینے والے ممبر اور پراسیز ہولڈر کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراسیز فارم کے ہمراہ منسلک ہونا چاہئیں۔
 - (iv) - پراسیز ہولڈر اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ برائے شناخت مہیا کرے گا۔
 - (v) - کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی معہ مخصوص دستخط پراسیز فارم کے ہمراہ کمپنی کو پیش کرنا ہوگا۔
- 5 - 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۔
- 6 - 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، فوئیو/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، ونگز آرکیڈ، 1-K، 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 کروائیں۔

اگر کمپنی کو جنرالیٹی محل وقوع پر رہنے 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۔ 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 _____

فوجی فوڈز لمیٹڈ، کے ممبر ہونے کی حیثیت سے _____ عام حصص بمطابق رجسٹرڈ فوئیو/CDC اکاؤنٹ نمبر _____

میں ویڈیو کانفرنس کی سہولت کا انتخاب کرتے _____ بذریعہ ہذا _____

ممبر کے دستخط

7 - ای ووٹنگ

ممبران کمپنیز ایکٹ، 2017 کے سیشن 143-145 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی لاگو شدہ تقاضوں کے تقاضوں کو پورا کرتے ہوئے رائے شماری کا مطالبہ کرنا کا پنا حق استعمال کر سکتے ہیں۔

فوجی فوڈز لمیٹیڈ اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس مطلع کیا جاتا ہے کہ فوجی فوڈز لمیٹیڈ کے حصص داران کا 55 واں سالانہ اجلاس عام بروز بدھ، مورخہ 16 مارچ 2022ء کو صبح 11:00 بجے FFL کے صدر دفتر، 42 CCA، ایکس پارک ویو، ڈی ایچ اے فیڑ VIII، لاہور میں اور ورچوئل وڈیولنک کے ذریعے، مندرجہ امور کی انجام دہی کے لئے منعقد کیا جائیگا:

عمومی امور

- 1- 26 نومبر 2021 کو منعقدہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- 31 دسمبر 2021ء کو اختتام پذیر ہونے والے سال کیلئے آڈٹ شدہ مالی گواشاہوں مع ان پریڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔
- 3- آئندہ مدت اگلے سالانہ اجلاس عام تک کے لئے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین کرنا۔

دیگر امور

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

حصص منتقلی کتابوں کی بندش

کمپنی کی حصص کی منتقلی کتابیں مورخہ 10 مارچ 2022 تا 16 مارچ 2022 (بشمول دونوں ایام) سالانہ اجلاس عام کے انعقاد کے مقصد کے لئے بند رہیں گی۔

بحکم بورڈ



لاہور: مورخہ 25 جنوری 2022

نوٹس:

بریکنڈ میٹر حامد محمود ڈار (ریٹائرڈ)
کمپنی سیکرٹری

سالانہ اجلاس عام کی کارروائی میں شرکت

- 1- COVID-19 حالات کی روشنی میں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے سرکلر نمبر 4 آف 2021 کی رو سے مورخہ 15 فروری 2021 تمام لسٹڈ کمپنیوں کو اس سرکلر کی تاریخ سے اگلے احکامات تک باقاعدہ فوج کے طور پر فزیکل میٹنگ کا انعقاد لیکٹراٹک ذرائع، ویڈیولنک، ویپنار، زومنگ وغیرہ کے ذریعے اپنے عام اجلاس منعقد کرنے کی اجازت دی ہے۔ عملی طور پر AGM میں شرکت کے لیے ویڈیولنک کمپنی کی ویب سائٹ یعنی www.faujifoods.com پر دستیاب کر دیا جائے گا۔
- 2- فزیکل شرکت کی صورت میں براہ مہربانی COVID-19 ایس او پیز اپنائیں۔
- 3- 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 پر کسی مقرر کر سکتا/سکتی ہے۔ پر آکسیاں تاکہ مؤثر 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 پر کسی مقرر نہیں کر سکتا۔ حصص دار کے CNIC کی مصدقہ کاپی پر کسی فارم کے ہمراہ لازماً منسلک ہونی چاہئے۔
- 4- سی ڈی سی/سب 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۔
- (ii) کارپوریٹ ادارہ ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع مخصوص دستخط اجلاس کے وقت مہیا کرنا ہوگا۔



fauji foods

Head Office

42 CCA, Ex Park View,
DHA Phase - VIII, Lahore.

Tel: +92-42-37136310,
37136315-17

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